



**CATHOLIC CHARITABLE BUREAU OF THE ARCHDIOCESE
OF BOSTON, INC. AND AFFILIATES**

**COMBINED FINANCIAL STATEMENTS
JUNE 30, 2025 AND 2024**

CATHOLIC CHARITABLE BUREAU OF THE ARCHDIOCESE OF BOSTON, INC. AND AFFILIATES

Contents

June 30, 2025 and 2024

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Independent Auditor's Report

To the Board of Trustees of
Catholic Charitable Bureau of the Archdiocese of Boston, Inc. and Affiliates:

Opinion

We have audited the combined financial statements of Catholic Charitable Bureau of the Archdiocese of Boston, Inc. and Affiliates (Massachusetts nonprofit corporations) (collectively, the Organization), which comprise the combined statements of financial position as of June 30, 2025 and 2024, and the related combined statements of activities and changes in net assets, cash flows, and functional expenses for the years then ended, and the related notes to the combined financial statements.

In our opinion, the accompanying combined financial statements present fairly, in all material respects, the combined financial position of Catholic Charitable Bureau of the Archdiocese of Boston, Inc. and Affiliates as of June 30, 2025 and 2024, and the changes in their combined net assets and their 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 Organization 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 combined financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of combined financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the combined financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with 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 combined financial statements.

Auditor's Responsibilities for the Audit of the Financial Statements (Continued)

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 combined financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the combined financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Organization'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 combined financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, which raise substantial doubt about the Organization'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.

AAPCPAs, Inc.

Boston, Massachusetts

January 23, 2026

CATHOLIC CHARITABLE BUREAU OF THE ARCHDIOCESE OF BOSTON, INC. AND AFFILIATES

Combined Statements of Financial Position
June 30, 2025 and 2024

Assets	2025	2024
Current Assets:		
Cash and cash equivalents	\$ 9,777,055	\$ 6,448,422
Accounts receivable, net of allowance of \$327,000 and \$190,000 as of June 30, 2025 and 2024, respectively	5,972,371	6,234,564
Program service receivables	742,950	1,052,289
Current portion of pledges and bequests receivable	759,096	297,758
Other assets	348,719	546,392
Total current assets	<u>17,600,191</u>	<u>14,579,425</u>
Investments - Restricted	2,450,411	3,038,428
Pledges and Bequests Receivable, net	803,915	1,014,689
Investments	20,247,060	18,548,374
Beneficial Interests in Perpetual Trusts	5,888,267	5,522,558
Property and Equipment, net	20,721,937	21,201,699
Right-of-Use Assets - Operating	<u>2,027,304</u>	<u>2,290,995</u>
Total assets	<u><u>\$ 69,739,085</u></u>	<u><u>\$ 66,196,168</u></u>
Liabilities and Net Assets		
Current Liabilities:		
Current portion of mortgage and notes payable	\$ 924,031	\$ 464,574
Current portion of finance lease obligations	148,708	71,284
Current portion of operating lease obligations	549,736	582,819
Accounts payable, accrued expenses and other	4,850,545	5,109,002
Current portion of conditional grant advances	2,182,110	2,625,829
Total current liabilities	<u>8,655,130</u>	<u>8,853,508</u>
Long-Term Liabilities:		
Split-interest agreement liability	52,399	73,234
Mortgage and notes payable, net	2,055,205	2,983,105
Finance lease obligations, net	297,653	122,909
Operating lease obligations, net	1,579,300	1,800,232
Conditional grant advances, net	<u>170,000</u>	<u>170,000</u>
Total liabilities	<u><u>12,809,687</u></u>	<u><u>14,002,988</u></u>
Net Assets:		
Without donor restrictions	36,064,157	33,335,583
With donor restrictions	20,865,241	18,857,597
Total net assets	<u>56,929,398</u>	<u>52,193,180</u>
Total liabilities and net assets	<u><u>\$ 69,739,085</u></u>	<u><u>\$ 66,196,168</u></u>

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

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CATHOLIC CHARITABLE BUREAU OF THE ARCHDIOCESE OF BOSTON, INC. AND AFFILIATES

Combined Statement of Activities and Changes in Net Assets
 For the Year Ended June 30, 2025
 (With Summarized Comparative Totals for the Year Ended June 30, 2024)

	Without Donor Restrictions	With Donor Restrictions	2025 Total	2024 Total
Operating Support, Revenue and Gains:				
Program service fees, contract revenue and grants:				
Contract revenue from governmental and other agencies	\$ 37,547,193	\$ -	\$ 37,547,193	\$ 34,824,015
Program service fees	6,271,378	-	6,271,378	5,032,587
Grants	5,132,321	-	5,132,321	4,467,875
Total program service fees, contract revenue and grants	<u>48,950,892</u>	<u>-</u>	<u>48,950,892</u>	<u>44,324,477</u>
Contributions and fundraising:				
Contributions and fundraising	9,755,625	2,575,487	12,331,112	8,526,046
In-kind contributions	3,459,614	-	3,459,614	3,835,072
Contributions from the Roman Catholic Archdiocese of Boston	599,786	-	599,786	679,897
Contributions from United Way organizations	178,090	-	178,090	949,812
Total contributions and fundraising	<u>13,993,115</u>	<u>2,575,487</u>	<u>16,568,602</u>	<u>13,990,827</u>
Other revenue:				
Investment return appropriated for operations	527,784	-	527,784	529,032
Miscellaneous income	1,950	-	1,950	1,350
Net assets released from time restrictions	91,987	(91,987)	-	-
Net assets released from purpose restrictions	1,363,013	(1,363,013)	-	-
Total other revenue	<u>1,984,734</u>	<u>(1,455,000)</u>	<u>529,734</u>	<u>530,382</u>
Total operating support, revenue and gains	<u>64,928,741</u>	<u>1,120,487</u>	<u>66,049,228</u>	<u>58,845,686</u>
Operating Expenses:				
Program services:				
Basic Needs	12,051,010	-	12,051,010	13,972,864
Refugee and Immigrant Services	8,370,900	-	8,370,900	6,322,832
Family and Youth Support	25,898,577	-	25,898,577	22,842,198
Adult Education and Workforce Development	7,238,775	-	7,238,775	6,278,151
Total program services	<u>53,559,262</u>	<u>-</u>	<u>53,559,262</u>	<u>49,416,045</u>
Supporting services:				
Management and general	7,036,919	-	7,036,919	6,978,432
Fundraising	2,283,203	-	2,283,203	1,954,553
Total supporting services	<u>9,320,122</u>	<u>-</u>	<u>9,320,122</u>	<u>8,932,985</u>
Total operating expenses	<u>62,879,384</u>	<u>-</u>	<u>62,879,384</u>	<u>58,349,030</u>
Changes in net assets from operations	2,049,357	1,120,487	3,169,844	496,656
Non-Operating Revenue (Expenses):				
Investment earnings	850,521	569,304	1,419,825	2,270,938
Change in fair value of beneficial interests in perpetual trusts	-	365,709	365,709	415,268
Contributions for long-term purposes - capital	185,636	-	185,636	220,395
Endowment contributions	-	122,988	122,988	98,800
Investment earnings appropriated for operations	(356,940)	(170,844)	(527,784)	(529,032)
Contribution - acquisition	-	-	-	3,000,000
Pension related changes other than net periodic pension cost	-	-	-	(1,864,400)
Changes in net assets	<u>2,728,574</u>	<u>2,007,644</u>	<u>4,736,218</u>	<u>4,108,625</u>
Net Assets:				
Beginning of year	<u>33,335,583</u>	<u>18,857,597</u>	<u>52,193,180</u>	<u>48,084,555</u>
End of year	<u>\$ 36,064,157</u>	<u>\$ 20,865,241</u>	<u>\$ 56,929,398</u>	<u>\$ 52,193,180</u>

CATHOLIC CHARITABLE BUREAU OF THE ARCHDIOCESE OF BOSTON, INC. AND AFFILIATES

Combined Statement of Activities and Changes in Net Assets
For the Year Ended June 30, 2024

	Without Donor Restrictions	With Donor Restrictions	Total
Operating Support, Revenue and Gains:			
Program service fees, contract revenue and grants:			
Contract revenue from governmental and other agencies	\$ 34,824,015	\$ -	\$ 34,824,015
Program service fees	5,032,587	-	5,032,587
Grants	4,467,875	-	4,467,875
Total program service fees, contract revenue and grants	<u>44,324,477</u>	<u>-</u>	<u>44,324,477</u>
Contributions and fundraising:			
Contributions and fundraising	7,589,869	936,177	8,526,046
In-kind contributions	3,835,072	-	3,835,072
Contributions from the Roman Catholic Archdiocese of Boston	679,897	-	679,897
Contributions from United Way organizations	943,974	5,838	949,812
Total contributions and fundraising	<u>13,048,812</u>	<u>942,015</u>	<u>13,990,827</u>
Other revenue:			
Investment return appropriated for operations	529,032	-	529,032
Miscellaneous income	1,350	-	1,350
Net assets released from time restrictions	118,750	(118,750)	-
Net assets released from purpose restrictions	884,875	(884,875)	-
Total other revenue	<u>1,534,007</u>	<u>(1,003,625)</u>	<u>530,382</u>
Total operating support, revenue and gains	<u>58,907,296</u>	<u>(61,610)</u>	<u>58,845,686</u>
Operating Expenses:			
Program services:			
Basic Needs	13,972,864	-	13,972,864
Refugee and Immigrant Services	6,322,832	-	6,322,832
Family and Youth Support	22,842,198	-	22,842,198
Adult Education and Workforce Development	6,278,151	-	6,278,151
Total program services	<u>49,416,045</u>	<u>-</u>	<u>49,416,045</u>
Supporting services:			
Management and general	6,978,432	-	6,978,432
Fundraising	1,954,553	-	1,954,553
Total supporting services	<u>8,932,985</u>	<u>-</u>	<u>8,932,985</u>
Total operating expenses	<u>58,349,030</u>	<u>-</u>	<u>58,349,030</u>
Changes in net assets from operations	558,266	(61,610)	496,656
Non-Operating Revenue (Expenses):			
Investment earnings	1,079,734	1,191,204	2,270,938
Change in fair value of beneficial interests in perpetual trusts	-	415,268	415,268
Contributions for long-term purposes - capital	220,395	-	220,395
Endowment contributions	-	98,800	98,800
Investment earnings appropriated for operations	(357,780)	(171,252)	(529,032)
Contribution - acquisition	3,000,000	-	3,000,000
Pension related changes other than net periodic pension cost	(1,864,400)	-	(1,864,400)
Changes in net assets	<u>2,636,215</u>	<u>1,472,410</u>	<u>4,108,625</u>
Net Assets:			
Beginning of year	<u>30,699,368</u>	<u>17,385,187</u>	<u>48,084,555</u>
End of year	<u>\$ 33,335,583</u>	<u>\$ 18,857,597</u>	<u>\$ 52,193,180</u>

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

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CATHOLIC CHARITABLE BUREAU OF THE ARCHDIOCESE OF BOSTON, INC. AND AFFILIATES

Combined Statements of Cash Flows
For the Years Ended June 30, 2025 and 2024

	2025	2024
Cash Flows from Operating Activities:		
Changes in net assets	\$ 4,736,218	\$ 4,108,625
Adjustments to reconcile changes in net assets to net cash provided by operating activities:		
Depreciation and amortization	1,765,247	1,616,017
Net change in pension benefits liability	-	1,864,400
Net realized and unrealized gain on investments	(399,330)	(1,447,254)
Bad debt	155,589	64,996
Change in fair value of beneficial interests in perpetual trusts	(365,709)	(415,268)
Change in discount on pledges and bequests receivable and allowance	32,550	21,162
Amortization expense of right-of-use assets - operating	263,691	608,378
Contributions for long-term purposes - capital	(185,636)	(220,395)
Contribution - acquisition	-	(3,000,000)
Endowment contributions	(122,988)	(98,800)
Changes in operating assets and liabilities:		
Accounts receivable	106,604	(1,791,200)
Program service receivable	309,339	21,278
Pledges and bequests receivable	(283,114)	210,269
Other assets	197,673	1,896,160
Operating lease obligations	(254,015)	(596,849)
Accounts payable, accrued expenses and other	(297,646)	879,696
Conditional grant advances	(443,719)	603,642
Split-interest agreement liability	(20,835)	-
Net cash provided by operating activities	<u>5,193,919</u>	<u>4,324,857</u>
Cash Flows from Investing Activities:		
Purchases of investments	(4,571,581)	(1,782,402)
Proceeds from sale of investments	4,026,350	1,682,463
Purchase of investments - restricted	(166,108)	(3,038,428)
Purchase of property and equipment	(896,566)	(1,313,240)
Net cash used in investing activities	<u>(1,607,905)</u>	<u>(4,451,607)</u>
Cash Flows from Financing Activities:		
Cash received - endowment contributions	122,988	98,800
Proceeds from contributions for long-term purposes - capital	185,636	220,395
Contribution to pension benefits	-	(700,000)
Principal payments on mortgage and notes payable	(468,443)	(121,758)
Principal payments on finance lease obligation	(97,562)	(64,847)
Net cash used in financing activities	<u>(257,381)</u>	<u>(567,410)</u>
Net Change in Cash and Cash Equivalents	3,328,633	(694,160)
Cash and Cash Equivalents:		
Beginning of year	<u>6,448,422</u>	<u>7,142,582</u>
End of year	<u>\$ 9,777,055</u>	<u>\$ 6,448,422</u>
Supplemental Disclosure of Cash and Non-Cash Investing and Financing Activities:		
Cash paid for interest	<u>\$ 234,513</u>	<u>\$ 148,257</u>
Property and equipment included in accounts payable	<u>\$ 85,334</u>	<u>\$ 46,145</u>
Construction in process placed in service	<u>\$ 195,261</u>	<u>\$ 18,009</u>
Investments held by others - purchases	<u>\$ 122,987</u>	<u>\$ 98,800</u>
Non cash promissory note related to annuity purchases	<u>\$ -</u>	<u>\$ 3,004,400</u>
Property and equipment financed by finance lease obligation	<u>\$ 349,730</u>	<u>\$ -</u>

CATHOLIC CHARITABLE BUREAU OF THE ARCHDIOCESE OF BOSTON, INC. AND AFFILIATES

Combined Statement of Functional Expenses

For the Year Ended June 30, 2025

(With Summarized Comparative Totals for the Year Ended June 30, 2024)

	2025								2024	
	Program Services				Supporting Services				Total Expenses	Total Expenses
	Basic Needs	Refugee and Immigrant Services	Family and Youth Support	Adult Education and Workforce Development	Total Program Services	Management and General	Fundraising	Total Supporting Services		
Expenses:										
Personnel and related costs	\$ 3,747,360	\$ 4,061,137	\$ 13,372,982	\$ 5,161,821	\$ 26,343,300	\$ 4,699,342	\$ 1,235,031	\$ 5,934,373	\$ 32,277,673	\$ 28,758,083
Family child care providers	-	-	6,625,247	-	6,625,247	-	-	-	6,625,247	6,806,070
Other expenses	464,948	382,314	2,076,931	230,529	3,154,722	878,320	730,986	1,609,306	4,764,028	4,473,389
Occupancy	1,287,459	50,477	1,417,973	796,767	3,552,676	149,729	31,762	181,491	3,734,167	3,326,029
In-kind goods and rent	3,099,623	-	270,000	-	3,369,623	26,790	63,200	89,990	3,459,613	3,835,072
Professional services	1,527,834	98,714	323,329	41,670	1,991,547	999,206	162,165	1,161,371	3,152,918	3,489,419
Client assistance	952,223	1,648,954	25,189	334,008	2,960,374	71	150	221	2,960,595	2,213,098
Interpreter fees	138,442	2,083,969	330	1,285	2,224,026	-	-	-	2,224,026	1,502,114
Supplies	596,748	-	1,025,357	150,898	1,773,003	109,153	33,714	142,867	1,915,870	2,329,739
Depreciation and amortization	236,373	45,335	761,239	521,797	1,564,744	174,308	26,195	200,503	1,765,247	1,616,017
Total expenses	\$ 12,051,010	\$ 8,370,900	\$ 25,898,577	\$ 7,238,775	\$ 53,559,262	\$ 7,036,919	\$ 2,283,203	\$ 9,320,122	\$ 62,879,384	\$ 58,349,030

CATHOLIC CHARITABLE BUREAU OF THE ARCHDIOCESE OF BOSTON, INC. AND AFFILIATES

Combined Statement of Functional Expenses
For the Year Ended June 30, 2024

	Program Services					Supporting Services				Total Expenses
			Adult							
	Basic Needs	Refugee and Immigrant Services	Family and Youth Support	Education and Workforce Development	Total Program Services	Management and General	Fundraising	Total Supporting Services		
Expenses:										
Personnel and related costs	\$ 4,308,417	\$ 3,055,772	\$ 11,054,797	\$ 4,499,413	\$ 22,918,399	\$ 4,805,598	\$ 1,034,086	\$ 5,839,684	\$ 28,758,083	
Family child care providers	-	-	6,806,070	-	6,806,070	-	-	-	6,806,070	
Other expenses	635,192	274,971	1,715,052	181,367	2,806,582	908,934	757,873	1,666,807	4,473,389	
Occupancy	1,444,645	47,755	1,057,974	579,972	3,130,346	180,830	14,853	195,683	3,326,029	
In-kind goods and rent	3,562,613	-	213,750	-	3,776,363	21,209	37,500	58,709	3,835,072	
Professional services	2,289,242	121,142	132,572	102,811	2,645,767	773,737	69,915	843,652	3,489,419	
Client assistance	437,357	1,343,629	93,062	339,050	2,213,098	-	-	-	2,213,098	
Interpreter fees	92,227	1,407,703	104	2,080	1,502,114	-	-	-	1,502,114	
Supplies	918,971	29,422	1,068,051	153,229	2,169,673	146,710	13,356	160,066	2,329,739	
Depreciation and amortization	284,200	42,438	700,766	420,229	1,447,633	141,414	26,970	168,384	1,616,017	
Total expenses	\$ 13,972,864	\$ 6,322,832	\$ 22,842,198	\$ 6,278,151	\$ 49,416,045	\$ 6,978,432	\$ 1,954,553	\$ 8,932,985	\$ 58,349,030	

CATHOLIC CHARITABLE BUREAU OF THE ARCHDIOCESE OF BOSTON, INC. AND AFFILIATES

Notes to Combined Financial Statements
June 30, 2025 and 2024

1. OPERATIONS

The Catholic Charitable Bureau of the Archdiocese of Boston, Inc. and Affiliates (collectively, the Organization) is an affiliate of Catholic Social Services, Inc. (CSS), its sole corporate member. CSS is a not-for-profit corporation under the auspices of the Roman Catholic Archdiocese of Boston (RCAB). The following is a summary of affiliates which are included in the Organization's combined financial statements:

Catholic Charitable Bureau of the Archdiocese of Boston, Inc. (the Agency), a Massachusetts not-for-profit corporation under the auspices of the RCAB, provides emergency response and basic needs, family and youth support services, refugee and immigrant services and adult education and workforce development programs.

West Broadway Community Development Corporation, Inc. (WBCDC) is a not-for-profit corporation that was organized during fiscal year 2001 for the purpose of owning real estate for the Organization's Shaughnessy Family Center at Laboure. WBCDC commenced operations in October 2002.

Columbia Road Community Development Corporation, Inc. (CRCDC) is a not-for-profit corporation that was organized during fiscal year 2005 for the purpose of owning real estate for the Organization's Yawkey Center. CRCDC commenced operations in July 2004.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

The Organization prepares its combined financial statements in accordance with generally accepted accounting standards and 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).

Principles of Combination

The combined financial statements include the accounts of the Agency and its controlled affiliates, WBCDC and CRCDC. Significant intercompany accounts and transactions among the combined affiliates have been eliminated in preparing the combined financial statements.

Reclassifications

Certain amounts in the June 30, 2024 combined financial statements have been reclassified to conform with the June 30, 2025 presentation.

Acquisition

In April 2024, the Agency acquired certain assets and assumed certain liabilities of Notre Dame Education Center (NDEC). The Agency assumed ownership of NDEC's facility (a commercial office condominium) (see Note 5). This transaction was recorded in accordance with the FASB's ASU 2010-07, *Not-for-Profit Entities (Subtopic 958-805-25: Acquisition by Not-for-Profit Entities)*. Accordingly, the Organization recorded a contribution - acquisition totaling \$3,000,000 as a result of the transaction. This represented the fair value of the building at the date of the sale.

CATHOLIC CHARITABLE BUREAU OF THE ARCHDIOCESE OF BOSTON, INC. AND AFFILIATES

Notes to Combined Financial Statements
June 30, 2025 and 2024

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Combined Statements of Activities and Changes in Net Assets

The combined statements of activities and changes in net assets present operating revenues and expenses from program activities as changes in net assets from operations. Non-operating activities include investment earnings and spending policy activities, changes in the fair value of beneficial interests in perpetual trusts, contributions for long-term purposes - capital, endowment contributions, contribution – acquisition, and amounts recorded in connection with the defined benefit pension plan (see Note 8).

Use of Estimates

The preparation of combined financial statements in conformity 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 combined financial statements. Estimates also affect the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Net Asset Classifications

Net Assets Without Donor Restrictions

Net assets without donor restrictions are those net resources that are not subject to donor stipulations. Net assets without donor restrictions may be designated for specific purposes by action of the Board of Trustees (see Note 13).

Net Assets With Donor Restrictions

Net assets with donor restrictions are those net assets whose use by the Organization has been limited by donors for a specific period or purpose. There are certain net assets with donor restrictions that have been restricted by donors to be maintained by the Organization in perpetuity (see Notes 14 and 15).

Fair Value Measurements

The Organization follows the accounting and disclosure standards pertaining to ASC Topic, *Fair Value Measurements*, for qualifying assets and liabilities. Fair value represents the price that would be received upon selling an asset or paying to settle a liability in an orderly transaction between market participants.

This fair value guidance establishes a hierarchy of valuation inputs based on the extent to which the inputs are observable in the marketplace. Observable inputs reflect market data obtained from sources independent of the reporting entity and unobservable inputs reflect the entities' own assumptions about how market participants would value an asset or liability based on the best information available. Valuation techniques used to measure fair value under this fair value guidance must maximize the use of observable inputs and minimize the use of unobservable inputs. The standard describes a fair value hierarchy based on three levels of inputs, of which the first two are considered observable and the last unobservable, that may be used to measure fair value.

CATHOLIC CHARITABLE BUREAU OF THE ARCHDIOCESE OF BOSTON, INC. AND AFFILIATES

Notes to Combined Financial Statements
June 30, 2025 and 2024

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fair Value Measurements (Continued)

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 combined statements of financial position at fair value. If a security is directly held by the Organization 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 share prices reported by the funds as of the last business day of the fiscal year.

The Organization's investment in a real estate holding trust is valued using other observable inputs, such as market demand for such securities. A summary of inputs used in valuing the Organization's investments as of June 30, 2025 and 2024, is included in Note 4.

Investments - Common Investment Fund (CIF) (see Note 4) represents the Organization's unit holdings in the Common Investment Fund Roman Catholic Archbishop of Boston (the Common Investment Fund), a separate related organization established to provide a common investment pool in which the Organization and other related organizations may participate. The Common Investment Fund invests nearly all of its funds in the RCAB Collective Investment Partnership (the Investment Partnership); the underlying investments of which include equity and fixed-income securities owned either directly or indirectly through mutual funds and separately managed accounts.

The fair value of the Investment Partnership's investments in actively traded domestic and foreign securities listed on securities exchanges is valued by the investment custodian at their last reported sales price (Level 1 input). For those securities, whose prices are not available through independent pricing services, bid price quotations are obtained by the investment custodian from principal market makers in those securities or at fair value as determined in good faith by investment managers and management (Level 3 input).

Investment holdings of private investment entities that are not actively traded are valued by the managers of these entities at the net asset value (NAV) per share, which is used as a practical expedient to estimate the fair value, unless it is probable that all or a portion of the investment will be sold for an amount different from NAV. As of June 30, 2025 and 2024, the Organization had no plans to sell investments at amounts different from NAV. A summary of inputs used in valuing the Agency's investments as of June 30, 2025 and 2024, is included in Note 4.

CATHOLIC CHARITABLE BUREAU OF THE ARCHDIOCESE OF BOSTON, INC. AND AFFILIATES

Notes to Combined Financial Statements
June 30, 2025 and 2024

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fair Value Measurements (Continued)

Restricted Investments

Restricted investments - Fixed Income Fund (the FIF) represents the Organization's unit holdings in the Fixed Income Fund of the Roman Catholic Archbishop of Boston. The FIF invests in both domestic and foreign securities. Restricted investments represent funds required to be set aside per the promissory note agreement entered into during fiscal year 2024 (see Note 7). At of June 30, 2025 and 2024, restricted investments totaled \$2,450,411 and \$3,038,428, respectively.

Beneficial Interests in Perpetual Trusts

The Organization is a beneficiary of certain trusts that have been established by donors with funds contributed to be held in perpetuity. Under provisions of the trusts, the Organization annually receives income on the trusts' assets, as stipulated by the donor, which can be utilized in any way that is consistent with the Organization's mission. Distributions are recorded as contribution income included in contributions and fundraising without donor restrictions in the accompanying combined statements of activities and changes in net assets. Changes in market value, as determined using Level 1 (fair value of trust assets) and Level 3 (the Organization's beneficial interest percentage) inputs, are recorded as increases or decreases to net assets with donor restrictions in the accompanying combined statements of activities and changes in net assets.

All Other Assets and Liabilities

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

Cash Equivalents

The Organization considers all highly liquid securities purchased with initial maturities of three months or less, other than investments limited as to use, to be cash equivalents. Highly liquid securities are considered Level 1 in the fair value hierarchy.

Accounts Receivable, Net of Allowance

Accounts receivable consists of contract service receivables which are stated as unpaid balances, less an allowance for doubtful accounts. The allowance for doubtful accounts is based on management's estimate of the amount of probable losses in accounts receivable. The allowance is based on specific identification of probable losses and an estimate of additional losses based on historical write-off experience. Management reviews the allowance for doubtful accounts monthly.

CATHOLIC CHARITABLE BUREAU OF THE ARCHDIOCESE OF BOSTON, INC. AND AFFILIATES

Notes to Combined Financial Statements
June 30, 2025 and 2024

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Program Service Receivables and Allowance for Credit Losses

Included in program service receivables are patient service and individual/client receivables (see page 16). Patient service receivables are stated at the amount of consideration to which the Organization expects to be entitled in exchange for providing patient care. The Organization records any implicit price concessions based upon management's experience and other circumstances, which may affect the ability of patients or third-party payors to meet their obligations. Any estimated uncollectible amounts are generally considered implicit price concessions, which directly reduce patient service receivables. Subsequent changes that are determined to be the result of an adverse change in the patient's ability to pay are recorded as credit losses. The Organization recognizes an allowance for expected credit losses on accounts receivable in an amount equal to the current expected credit losses. The credit loss is based on an analysis of historical loss experience, current conditions, and reasonable and supportable expectation of future conditions. Patient service receivable balances are charged off against the allowance when it is probable the receivable will not be recovered.

Pledges and Bequests Receivable, Discount on Pledges and Bequests, and Allowance for Doubtful Accounts

Unconditional promises to give that are expected to be collected within one year are recorded at fair value at the date the promise is received and included in pledges and bequests receivable. Unconditional promises to give that are expected to be collected in future years are recorded at the present value of their estimated future cash flows net of an allowance for uncollectable amounts. Conditional promises to give and indications of intentions to give are reported at fair value at the date the gift is received.

Right-of-Use Assets and Lease Obligations

The Organization determines if an arrangement is a lease or contains a lease at inception of a contract. A contract is determined to be a lease or contain a lease if the contract conveys the right to control the use of identified property, plant or equipment (an identified asset) in exchange for consideration. The Organization determines such assets are leased because the Organization has the right to obtain substantially all of the economic benefits from and the right to direct the use of the identified asset. Management only reassesses its determination if the terms and conditions of the contract are changed. The Organization's lease agreements generally do not contain any material residual value guarantees or material restrictive covenants. The Organization determines lease classification as operating or finance at the lease commencement date.

In evaluating its contracts, the Organization separately identifies lease and non-lease components, such as common area and other maintenance costs, in calculating the right-of-use (ROU) assets and lease obligations for its buildings and equipment.

Leases result in the recognition of ROU assets and lease obligations in the accompanying combined statements of financial position. ROU assets represent the right to use an underlying asset for the lease term, and lease obligations represent the obligation to make lease payments arising from the lease, measured on a discounted basis.

At lease inception, the lease obligation is measured at the present value of the lease payments over the lease term. The ROU asset equals the lease obligation adjusted for any initial direct costs, prepaid or deferred rent, and lease incentives, as necessary. Unless the Organization's lease provides an implicit interest rate within the lease contract, the Organization uses a risk-free rate based on the information available at the commencement date to determine the present value of lease payments.

CATHOLIC CHARITABLE BUREAU OF THE ARCHDIOCESE OF BOSTON, INC. AND AFFILIATES

Notes to Combined Financial Statements
June 30, 2025 and 2024

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Right-of-Use Assets and Lease Obligations (Continued)

In determining lease terms, leases which include options to extend the lease are considered in the determination of the ROU asset and lease obligation when it is reasonably certain that the Organization will exercise that option. Lease expense is generally recognized on a straight-line basis over the lease term.

The Organization has elected not to record leases with an initial term of twelve months or less in the accompanying combined statements of financial position. Lease expense on such leases is recognized on a straight-line basis over the lease term.

Investment Return and Spending Policy

The Organization has approved a formal spending policy in which up to 5% of the average investment portfolio's market value, excluding specific amounts with donor restrictions, using a rolling quarterly average for the preceding three years, ending March 31, is applied to operations (see Notes 4 and 15).

Investment return from net assets without donor restrictions and investment earnings from beneficial interests in perpetual trusts are reported as revenue without donor restrictions. Restricted investment income and gains (losses) on investments held in perpetuity are reported as increases (decreases) in net assets with donor restrictions, unless donor-restricted in perpetuity (change in fair value of beneficial interests in perpetual trusts), in which case they are recorded as increases (decreases) in net assets with donor restrictions in perpetual nature. Net gains on net assets with donor restrictions are classified as net assets with donor restrictions until appropriated under the spending policy by the Board of Trustees and expended. Investment interest and gains (losses) on investments of net assets with donor restrictions are reported as increases (decreases) in net assets with donor restrictions. Investment earnings without donor restrictions used for operations in accordance with the spending policy are reflected as operating income and as a decrease in non-operating revenue (expenses).

Investments, in general, are exposed to various risks, such as interest rate, credit and overall market volatility. As such, it is reasonably possible that changes in the values of investments will occur in the near term and that such changes could materially affect the amounts reported in the combined financial statements.

Property and Equipment

Property and equipment are stated at cost. Maintenance, repairs and minor renewals are expensed as incurred, and major renewals and renovations over the Organization's capitalization policy are capitalized.

Long-lived assets to be held and used are reviewed for impairment whenever circumstances indicate that the carrying amount of an asset may not be recoverable. There were no impairment losses recorded during the years ended June 30, 2025 and 2024.

Depreciation is calculated by use of the straight-line method. Building and improvements, and equipment are depreciated over the useful lives of the assets; leasehold improvements and leased property under capital leases are depreciated over the terms of the leases or the useful lives of the assets, if shorter. Land is not depreciated.

CATHOLIC CHARITABLE BUREAU OF THE ARCHDIOCESE OF BOSTON, INC. AND AFFILIATES

Notes to Combined Financial Statements
June 30, 2025 and 2024

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Property and Equipment (Continued)

Estimated useful lives are as follows:

Buildings and improvements	20 - 40 years
Leasehold improvements	Life of the lease
Vehicles	5 - 7 years
Equipment	Shorter of 3 - 10 years or the life of the lease

Expense Allocation

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

Certain categories of expenses are attributable to more than one program or supporting function and are allocated on a reasonable basis that is consistently applied. The expenses that are allocated are personnel and related costs, which are allocated on the basis of estimates of time and effort; occupancy and depreciation, which are allocated on a square footage basis; and supplies and information technology costs, included in other expense, which are allocated based on usage studies conducted annually.

Revenue Recognition

Revenue from Contracts with Customers - Topic 606

The Organization follows ASC Topic, *Revenue from Contracts with Customers (Topic 606)* whereby revenue is reported for qualifying exchange transactions based on the amount of consideration the Organization expects to be entitled for the transfer of goods or services to a patient or client, then recognizes this revenue when or as the Organization satisfies its performance obligations under a contract, except in transactions where U.S. GAAP provides other applicable guidance. The Organization evaluates its revenue contracts with customers based on the five-step model under Topic 606: (1) Identify the contract with the customer; (2) Identify the performance obligations in the contract; (3) Determine the transaction price; (4) Allocate the transaction price to separate performance obligations; and (5) Recognize revenue when (or as) each performance obligation is satisfied.

Childcare Fees

Childcare fees and private tuition are recognized as services are provided. The performance obligations of delivering childcare services are simultaneously received and consumed by the recipients; therefore, the revenue is recognized over time as childcare services are provided. Childcare fees and private tuition are included in program service fees in the accompanying combined statements of activities and changes in net assets.

Interpreter Service Fees

Interpreter services fees are recognized as services are provided. The performance obligations of interpretation services are met at the point in time which services are completed and consumed by the recipients; therefore, the revenue is recognized as services are provided and are included in program service fees in the accompanying combined statements of activities and changes in net assets.

CATHOLIC CHARITABLE BUREAU OF THE ARCHDIOCESE OF BOSTON, INC. AND AFFILIATES

Notes to Combined Financial Statements
June 30, 2025 and 2024

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Revenue Recognition (Continued)

Revenue from Contracts with Customers - Topic 606 (Continued)

Clinical Services Revenue

Revenue from clinical and counseling services is reported at the amount that reflects the consideration to which the Organization expects to be entitled in exchange for providing services. These amounts are due from individuals, third-party payors (including health insurers and government payors) and others, and include variable consideration for retroactive revenue adjustments due to settlement of audits, reviews and investigations. Revenue is recognized as the Organization satisfies performance obligations under its contracts with clients. Revenue is reported at the estimated transaction price or amount that reflects the consideration to which the Organization expects to be entitled in exchange for providing patient care.

Performance obligations are determined based on the nature of the services provided by the Organization and consist of outpatient behavioral health and other specialty services. Outpatient services are generally provided at a point in time (date of service) and revenue for performance obligations satisfied at a point in time is generally recognized when services are provided to patients and the Organization does not believe it is required to provide additional goods or services related to that date of service.

The Organization determines the transaction price based on standard charges for goods and services provided (fee schedule), reduced by contractual adjustments provided to third-party payors, discounts provided to uninsured patients in accordance with the Organization's sliding fee policy, or implicit price concessions provided to uninsured patients. The Organization determines its estimates of contractual adjustments and discounts based on contractual agreements, its discount policies and historical experience.

The Organization has determined that the nature, amount, timing, and uncertainty of revenue and cash flows are affected primarily by differences among payors (for example, Medicare, MassHealth or commercial insurances) have different reimbursement payment and adjudication methodologies.

Agreements with third-party payors provide for payments using prospectively determined rates and discounts from established charges.

Any provider of third-party services, including the Organization, could be subject to audits by various government sources, MassHealth, Medicare and commercial insurers. There is no reason to believe that any such audit might lead to adjustments to revenue of any material impact.

The Organization has elected the practical expedient allowed under Topic 606 and does not adjust the promised amount of consideration from patients and third-party payors for the effects of a significant financing component due to the Organization's expectation that the period between the time the service is provided to a patient and the time the patient or a third-party payor pays for that service will be one year or less.

CATHOLIC CHARITABLE BUREAU OF THE ARCHDIOCESE OF BOSTON, INC. AND AFFILIATES

Notes to Combined Financial Statements
June 30, 2025 and 2024

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Revenue Recognition (Continued)

Revenue from Contracts with Customers - Topic 606 (Continued)

Disaggregation of Program Service Receivables

The following table presents a disaggregation of service receivable, by type, as of June 30:

	2025	2024	2023
Individual/client receivables, net	\$ 616,787	\$ 894,288	\$ 583,186
Patient service receivables, net	<u>126,163</u>	<u>158,001</u>	<u>490,381</u>
Total	<u>\$ 742,950</u>	<u>\$ 1,052,289</u>	<u>\$ 1,073,567</u>

The Organization's program service fee revenue is considered point in time or over time revenue, under Topic 606. The following table presents a disaggregation of revenue, by type, for the years ended June 30:

	2025	2024
Interpreter service fees - point in time	\$ 3,899,964	\$ 2,793,678
Childcare fees - over time	<u>1,733,179</u>	<u>1,681,245</u>
Clinical services and other - point in time	<u>638,235</u>	<u>557,664</u>
Total	<u>\$ 6,271,378</u>	<u>\$ 5,032,587</u>

Contributions Received and Contributions Made - Topic 958

Contributions, Contract Revenue and Grants

The Organization's primary sources of revenue are from various Commonwealth of Massachusetts agencies (see Note 12). Amounts received under contracts and grants with various government agencies have been recorded in accordance with ASC Subtopic 958-605, *Revenue Recognition (Topic 958)*. These amounts totaled \$42,679,514 and \$39,291,890 for the years ended June 30, 2025 and 2024, respectively, and are considered nonreciprocal transactions because the general public receives the benefit as a result of the assets transferred.

Contributions, contract revenue and grants are recorded as revenue when received or unconditionally committed. Contributions with donor restrictions are recorded as net assets with donor restrictions when unconditionally received or pledged. Transfers are made to net assets without donor restrictions as costs are incurred or time restrictions or program restrictions have lapsed. Donor restricted grants received and satisfied in the same period are included in net assets without donor restrictions.

In accordance with Topic 958, the Organization 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 (see Note 10). 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 Organization should not consider probability of compliance with the barrier when determining if such awards are conditional and should be reported as conditional grant advance liabilities until such conditions are met.

CATHOLIC CHARITABLE BUREAU OF THE ARCHDIOCESE OF BOSTON, INC. AND AFFILIATES

Notes to Combined Financial Statements
June 30, 2025 and 2024

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Revenue Recognition (Continued)

Contributions Received and Contributions Made - Topic 958 (Continued)

Contributions, Contract Revenue and Grants (Continued)

A portion of the Organization's revenue is derived from unit-rate and cost-reimbursable Federal and state contracts and grants, which are conditional upon certain performance requirements and/or the incurrence of allowable qualifying expenses. Amounts received are recognized as revenue when the Organization has incurred expenditure in compliance with specific contract or grant provisions. Amounts received prior to incurring qualifying expenditures are reported as conditional grant advances in the combined statements of financial position.

Legacies and Bequests

The Organization is occasionally named as the beneficiary under various wills and trust agreements; the total realizable amounts of which are not presently determinable. Such bequests are recorded when there is an irrevocable right to the bequest and the proceeds are determinable. These amounts were without donor restrictions and are included in contributions and fundraising in the accompanying combined statements of activities and changes in net assets. Total bequests received or committed were \$2,877,389 and \$1,634,831 for the years ended June 30, 2025 and 2024, respectively.

In-Kind Contributions

The Organization recognizes the fair value of contributed services received if such services a) create or enhance nonfinancial assets or b) require specialized skills that are provided by individuals possessing those skills and would typically need to be purchased if not contributed. The Organization receives services from a large number of volunteers who give significant amounts of their time to the Organization's programs, but do not meet the criteria for combined financial statement recognition.

All in-kind contributions received by the Organization for the fiscal years ended June 30, 2025 and 2024, were contributed without donor restrictions and able to be used by the Organization as determined by the Board of Trustees and management.

The Organization receives donated and discounted food for use in its basic needs programs, primarily the food pantries. The in-kind food is valued based on fair value reports from donating agencies or values obtained from comparative sources.

The Organization receives the use of certain office and program space donated by RCAB and other parties (see Note 11). These amounts are based on the fair rental value of similar space in the respective areas. These spaces are not included in ROU assets, as in-kind rent does not meet the definition of a lease under Topic 842.

The Organization receives additional miscellaneous in-kind contributions which include supplies or goods that are valued by the donor or using comparative values of what the Organization would pay for such items.

CATHOLIC CHARITABLE BUREAU OF THE ARCHDIOCESE OF BOSTON, INC. AND AFFILIATES

Notes to Combined Financial Statements
June 30, 2025 and 2024

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Revenue Recognition (Continued)

Contributions Received and Contributions Made - Topic 958 (Continued)

In-Kind Contributions (Continued)

The Organization received the following in-kind contributions for the years ended June 30:

	<u>2025</u>	<u>2024</u>
Food	\$ 2,938,938	\$ 3,243,444
Rent	520,676	399,669
Miscellaneous and other	-	191,959
 Total in-kind contributions	 <u>\$ 3,459,614</u>	 <u>\$ 3,835,072</u>

Special Events

Special events revenue, included in contributions and fundraising in the accompanying combined statements of activities and changes in net assets, is from the Organization's ability to host fundraising events. Special events income consists of both contributions and sales. The contribution portion of the special event income is recognized as revenue when unconditionally committed or received in accordance with Topic 958. Special events are considered donor restricted if the proceeds of the event are restricted for specific purposes or time periods at the time of the event. The sales portion of the special event income is recognized in accordance with Topic 606 and is derived from various components, including ticket sales from the Organization's Spring Celebration event and other fundraising events held in which the transaction price is determined annually. The ticket sales are deemed immaterial to the combined financial statements.

During fiscal years 2025 and 2024, all contributions and donations relating to events held were not restricted and were recorded as contributions without donor restrictions during the years ended June 30, 2025 and 2024.

Registration fees for these events are set by the Organization and have not been allocated, as the events are each considered to be separate performance obligations and are only recognized in the accompanying combined statements of activities and changes in net assets after the special event has occurred and the performance obligations have been met.

In fiscal years 2025 and 2024, two in-person events were held in which these contributions, as well as a sales portion of the event, were recognized in operations in accordance with the guidance noted in Topics 958 and 606. Registration fees were immaterial during fiscal years 2025 and 2024, and therefore, were not broken out separately from contributions and fundraising on the accompanying combined statements of activities and changes in net assets.

Income Taxes

The Agency derives its Internal Revenue Code (IRC) Section 501(c)(3) tax-exempt status from the group tax-exemption of the Roman Catholic Church. WBCDC and CRCDC are controlled affiliates of the Agency, and therefore, are exempt from taxation under IRC Section 501(a). Although the Agency is exempt from income taxes, certain rental income is considered unrelated business income and is subject to taxes under the IRC and Massachusetts General Law at applicable corporate rates. Unrelated business income for these activities for the years ended June 30, 2025 and 2024, was nominal.

CATHOLIC CHARITABLE BUREAU OF THE ARCHDIOCESE OF BOSTON, INC. AND AFFILIATES

Notes to Combined Financial Statements
June 30, 2025 and 2024

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Income Taxes (Continued)

The Organization accounts for uncertainty in income taxes in accordance with ASC Topic, *Income Taxes*. The Organization has determined that there are no uncertain tax positions which qualify for either recognition or disclosure in the combined financial statements at June 30, 2025 and 2024. The Organization's information and tax returns are subject to examination by the Federal and state jurisdictions.

Subsequent Events

Subsequent events have been evaluated through January 23, 2026, which is the date the combined financial statements were available to be issued. Besides the event disclosed in Note 7, there were no other events that met the criteria for recognition or disclosure in the combined financial statements.

3. OPERATIONS, LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS

The Organization's financial assets available within one year from the combined statements of financial position date for general operating expenses are as follows as of June 30:

	2025	2024
Cash and cash equivalents	\$ 9,777,055	\$ 6,448,422
Accounts receivable, net	5,972,371	6,234,564
Program service receivables	742,950	1,052,289
Current portion of pledges receivable, excluding endowment pledges	759,096	297,758
Estimated fiscal year distribution from beneficial interest in perpetual trusts for the upcoming year	377,430	363,995
Spending policy budgeted for the upcoming year	<u>514,488</u>	<u>528,720</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 18,143,390</u>	<u>\$ 14,925,748</u>

The Organization has a policy to structure its financial assets to be available and liquid as its obligations become due. This is accomplished through monitoring and reviewing the Organization's cash flow needs in a timely manner. The Organization also has available a \$4,000,000 unused line of credit (see Note 7) to support its ongoing operations. Management is focused on sustaining the financial liquidity of the Organization throughout the year.

4. INVESTMENTS

The Organization's unit holdings in the CIF and FIF do not have quoted prices in active markets or significant other observable inputs that have quoted market prices, although the Organization can redeem its investments at the net asset value per share at June 30, 2025 and 2024. In accordance with ASC Subtopic 820-10, *Fair Value Measurements*, certain investments that are measured at fair value using the net asset value per share (or its equivalent) practical expedient have not been classified in the fair value hierarchy. The fair value amounts in this table are intended to permit reconciliation of the fair value hierarchy to the amounts presented in the accompanying combined statements of financial position (see Note 2). The Organization estimates the fair value of its unit holdings in the CIF and FIF, based on the Organization's share of the underlying investment portfolio that consists of actively-traded equities, bonds, private investment entities, mutual funds, and money market funds. Investments - CIF includes \$120,000 of assets pertaining to gift annuities at June 30, 2025 and 2024.

CATHOLIC CHARITABLE BUREAU OF THE ARCHDIOCESE OF BOSTON, INC. AND AFFILIATES

Notes to Combined Financial Statements
June 30, 2025 and 2024

4. INVESTMENTS (Continued)

Investments were composed of the following as of June 30:

	2025			
	Level 1	Level 2	NAV	Total
Money market funds	\$ 544,820	\$ -	\$ -	\$ 544,820
Common stock	<u>44,407</u>	<u>-</u>	<u>-</u>	<u>44,407</u>
Mutual funds - equity investments:				
Large cap blend	5,209,212	-	-	5,209,212
Large cap growth	1,660,349	-	-	1,660,349
Large cap value	1,622,745	-	-	1,622,745
Small-mid cap	<u>523,816</u>	<u>-</u>	<u>-</u>	<u>523,816</u>
Total mutual funds - equity investments	<u>9,016,122</u>	<u>-</u>	<u>-</u>	<u>9,016,122</u>
Mutual funds - fixed income:				
Intermediate term bonds	3,296,541	-	-	3,296,541
Long-term bonds	<u>1,174,265</u>	<u>-</u>	<u>-</u>	<u>1,174,265</u>
Total mutual funds - fixed income	<u>4,470,806</u>	<u>-</u>	<u>-</u>	<u>4,470,806</u>
Real estate	<u>-</u>	<u>859,170</u>	<u>-</u>	<u>859,170</u>
Investments - CIF	<u>-</u>	<u>-</u>	<u>5,311,735</u>	<u>5,311,735</u>
Total	<u>\$ 14,076,155</u>	<u>\$ 859,170</u>	<u>\$ 5,311,735</u>	<u>\$ 20,247,060</u>
	2024			
	Level 1	Level 2	NAV	Total
Money market funds	\$ 448,573	\$ -	\$ -	\$ 448,573
Common stock	<u>44,407</u>	<u>-</u>	<u>-</u>	<u>44,407</u>
Mutual funds - equity investments:				
Large cap blend	5,489,365	-	-	5,489,365
Large cap growth	1,619,893	-	-	1,619,893
Large cap value	<u>1,463,553</u>	<u>-</u>	<u>-</u>	<u>1,463,553</u>
Total mutual funds - equity investments	<u>8,572,811</u>	<u>-</u>	<u>-</u>	<u>8,572,811</u>
Mutual funds - fixed income:				
Intermediate term bonds	3,099,810	-	-	3,099,810
Long-term bonds	<u>1,163,573</u>	<u>-</u>	<u>-</u>	<u>1,163,573</u>
Total mutual funds - fixed income	<u>4,263,383</u>	<u>-</u>	<u>-</u>	<u>4,263,383</u>
Real estate	<u>-</u>	<u>811,492</u>	<u>-</u>	<u>811,492</u>
Investments - CIF	<u>-</u>	<u>-</u>	<u>4,407,708</u>	<u>4,407,708</u>
Total	<u>\$ 13,329,174</u>	<u>\$ 811,492</u>	<u>\$ 4,407,708</u>	<u>\$ 18,548,374</u>

CATHOLIC CHARITABLE BUREAU OF THE ARCHDIOCESE OF BOSTON, INC. AND AFFILIATES

Notes to Combined Financial Statements
June 30, 2025 and 2024

5. PROPERTY AND EQUIPMENT

Property and equipment consisted of the following at June 30:

	2025	2024
Land	\$ 306,887	\$ 306,887
Buildings and improvements	33,530,339	33,495,028
Leasehold improvements	2,905,441	2,786,246
Vehicles	870,403	600,270
Equipment	<u>9,708,898</u>	<u>9,123,311</u>
	47,321,968	46,311,742
Construction in process	550,185	274,926
Less - accumulated depreciation	<u>(27,150,216)</u>	<u>(25,384,969)</u>
	<u><u>\$ 20,721,937</u></u>	<u><u>\$ 21,201,699</u></u>

Construction in process as of June 30, 2025 and 2024, represents primarily the cost of information technology infrastructure and equipment upgrades not yet placed in service as of year end. Property and equipment with a cost of approximately \$1,676,000 as of June 30, 2025 and 2024, and net book value of approximately \$761,000 and \$1,124,000 as of June 30, 2025 and 2024, respectively, have been acquired with funds received from the Commonwealth of Massachusetts (the Commonwealth). Equipment includes ROU finance lease assets with a cost of \$671,779 and \$322,049, respectively, and net book value of \$442,554 and \$188,786, respectively, as of June 30, 2025 and 2024 (see Note 9).

On April 22, 2024, the Organization acquired a 10,789 square foot commercial office condominium that was owned by NDEC as part of an acquisition agreement (see Note 2). The agreement stipulates the Organization is to agree that the building would continue to be maintained for educational purposes by the Organization. An independent appraisal of the condominium was received valuing the building at \$3,250,000. This value is recorded in property and equipment in the accompanying 2024 combined statement of financial position. The Organization acquired the property for \$250,000 and recorded the difference between appraised value and amounts paid as a contribution - acquisition in the 2024 combined statement of activities and changes in net assets.

6. PLEDGES AND BEQUESTS RECEIVABLE

Pledges and bequests receivable, net were as follows at June 30:

	2025	2024
Due in less than one year	\$ 759,096	\$ 311,058
Due in one to six years	<u>1,030,493</u>	<u>1,260,463</u>
	<u>1,789,589</u>	<u>1,571,521</u>
Less - allowance and discount to present value of future cash flows	<u>226,578</u>	<u>259,075</u>
	<u><u>\$ 1,563,011</u></u>	<u><u>\$ 1,312,447</u></u>

A discount rate of 6.22% and 6.73% was used to discount the multi-year pledges and bequests receivable at June 30, 2025 and 2024, respectively.

CATHOLIC CHARITABLE BUREAU OF THE ARCHDIOCESE OF BOSTON, INC. AND AFFILIATES

Notes to Combined Financial Statements
June 30, 2025 and 2024

7. MORTGAGE AND NOTES PAYABLE

Line of Credit

The Organization has a \$4,000,000 line of credit available on which there was no balance outstanding at June 30, 2025 and 2024. Subsequently, in August 2025, the maturity date of the line of credit was extended to March 31, 2027. Collateral for the line of credit includes \$1,000,000 and \$1,900,000 as of June 30, 2025 and 2024, respectively, of marketable securities included in the Organization's investment portfolio. At June 30, 2025 and 2024, the interest rate was calculated based on the Secured Overnight Financing Rate (SOFR) rate of 4.45% and 6.73%, respectively, plus 1.4%.

The line of credit agreement places limitations on additional indebtedness, disposal of assets and mergers, and specifies that certain financial covenants must be maintained. The Organization was in compliance with the financial and non-financial covenants as of June 30, 2025 and 2024.

Mortgage and Notes Payable

The Organization entered into a ten-year commercial mortgage note for \$600,000 for the renovation of a childcare facility in Lynn, Massachusetts (the Child Care Facility). The loan accrues interest at 5.4% per annum and requires monthly principal and interest payments of \$3,677 through September 29, 2025, at which time a final balloon payment of \$452,086 is due. This loan is secured by a first mortgage on the Child Care Facility. As of June 30, 2025 and 2024, the balance of this note is \$455,278 and \$473,915, respectively. This loan was subsequently paid off in September 2025.

On March 15, 2024, the Organization entered into a six-year promissory note for \$3,004,400 with RCAB for the purchase of annuities for participants of the defined benefit plan (see Note 8). The loan bears interest at 5% per annum and requires monthly principal and interest payments of \$48,386 through March 15, 2030. The loan is collateralized with an investment account that is being held by RCAB (see Note 2), totaling \$2,450,411 and \$3,038,428 as of June 30, 2025 and 2024, respectively. This amount is reflected as a restricted investment in the accompanying combined statements of financial position. As of June 30, 2025 and 2024, the balance of this note was \$2,450,411 and \$2,900,218, respectively.

The Organization has a note payable to a third party with a 0% interest rate. The total balance of this note payable as of June 30, 2025 and 2024, was \$73,546. There are no payments due until maturity of the note payable. This note payable is secured by a first mortgage on a property in Lowell, Massachusetts and matures on June 25, 2036.

Aggregate maturities of mortgage and notes payable are as follows as of June 30, 2025:

2026	\$ 924,031
2027	\$ 492,736
2028	\$ 517,944
2029	\$ 544,443
2030	\$ 426,536
Thereafter	\$ 73,546

Interest expense was \$234,513 and \$148,257 for the years ended June 30, 2025 and 2024, respectively, and is included in other expenses in the accompanying combined statements of functional expenses.

CATHOLIC CHARITABLE BUREAU OF THE ARCHDIOCESE OF BOSTON, INC. AND AFFILIATES

Notes to Combined Financial Statements
June 30, 2025 and 2024

8. RETIREMENT BENEFITS

Defined Benefit Plan

Prior to January 1, 2006, the Organization provided retirement benefits for substantially all employees through participation in a non-contributory, multi-employer, defined benefit pension plan administered by the Trustees of the Roman Catholic Archdiocese of Boston Pension Trust under the Roman Catholic Archdiocese of Boston Pension Plan (the RCAB Plan). Effective December 31, 2005, the Organization froze its benefits and participation in the RCAB Plan.

The Organization renegotiated the freeze agreement during fiscal year 2012 with the Trustees of the RCAB Plan and is making payments into the RCAB Plan in accordance with terms of the agreement. The annual payments were intended to extinguish the unfunded liability of the RCAB Plan no later than the date the final payment was due, September 1, 2025.

Payment amounts were fixed per the agreement as of June 30, 2020. As of June 30, 2020, the RCAB Plan's actuary provided an updated unfunded liability calculation and re-amortized the remaining required payments through September 1, 2025. The actuarial valuation as of June 30, 2020, and re-amortization was required by the renegotiated freeze agreement which required a payment of \$700,000 annually beginning in fiscal year 2022 through fiscal 2026. If the unfunded liability should ever become zero or reflect a surplus, then the Organization's required payments to the RCAB Plan would be suspended.

On March 15, 2024, the Organization purchased annuities from an independent insurance company for participants of the plan in settlement of the plan. Annuities were purchased through utilization of plan assets and a loan from RCAB (see Note 7). The purchase of the annuities transfers the obligation of the plan liability to the insurer. The Organization has recorded a non-operating expense of \$1,864,400 in the 2024 combined statement of activities and changes in net assets. The Organization made employer contributions of \$700,000 for the year ended June 30, 2024, before the annuities were purchased.

Defined Contribution Plan

Effective January 1, 2006, the Organization began providing contributory benefits for substantially all employees through a 403(b) defined contribution plan (the 403(b) Plan). For employees who participated in the Defined Benefit Plan, the Organization contributes between 3% and 8% of eligible annual employees' compensation to the 403(b) Plan based on the employee's age and years of service as of the date of the freeze of the Defined Benefit Plan. For all other employees, employer contributions are 3% of eligible employees' compensation. The 403(b) Plan also allows additional discretionary matching contributions of up to 2% of employees' compensation by the Organization. No additional discretionary matching contributions were made in fiscal years 2025 and 2024. All contributions made by the Organization vest over a period of three years. The Organization's benefit expense for the 403(b) Plan totaled \$642,529 and \$610,397 for the years ended June 30, 2025 and 2024, respectively, and is included in personnel and related costs in the accompanying combined statements of functional expenses.

CATHOLIC CHARITABLE BUREAU OF THE ARCHDIOCESE OF BOSTON, INC. AND AFFILIATES

Notes to Combined Financial Statements
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9. LEASES

The Organization leases certain office equipment, vehicles, and office and program space from outside parties and the RCAB under operating lease agreements expiring at various dates through July 2032. The Organization leases certain information technology equipment under finance leases expiring at various dates through January 2030.

The following summarizes the line items in the combined statement of financial position, which include amounts for operating and finance leases as of June 30:

	2025	2024
Operating Leases:		
ROU assets - operating	<u>\$ 2,027,304</u>	<u>\$ 2,290,995</u>
Operating lease obligations	<u>\$ 2,129,036</u>	<u>\$ 2,383,051</u>
Finance Lease:		
Property and equipment	<u>\$ 671,778</u>	<u>\$ 322,107</u>
Less - accumulated depreciation	<u>(229,224)</u>	<u>(133,321)</u>
Property and equipment, net	<u>\$ 442,554</u>	<u>\$ 188,786</u>
Finance lease obligation	<u>\$ 446,361</u>	<u>\$ 194,193</u>

The following summarizes the weighted-average remaining lease term and discount rate as of June 30:

	2025	2024
Weighted-Average Remaining Lease Term:		
Operating leases	5.83 years	6.43 years
Finance leases	3.72 years	2.75 years
Weighted-Average Discount Rate:		
Operating leases	3.08%	2.94%
Finance leases	3.96%	2.88%

The future minimum undiscounted lease payments of lease liabilities as of June 30, 2025, were as follows:

Year Ending June 30	Operating	Finance
2026	\$ 549,736	\$ 148,708
2027	354,410	136,828
2028	288,024	77,424
2029	296,617	77,424
2030	305,250	38,712
Thereafter	<u>533,439</u>	<u>-</u>
 Total lease payments	 2,327,476	 479,096
Less - current portion	(549,736)	(148,708)
Less - present value discount	<u>(198,440)</u>	<u>(32,735)</u>
 \$ 1,579,300	 \$ 297,653	

CATHOLIC CHARITABLE BUREAU OF THE ARCHDIOCESE OF BOSTON, INC. AND AFFILIATES

Notes to Combined Financial Statements
June 30, 2025 and 2024

9. LEASES (Continued)

The following summarizes the operating lease costs by type which are all included in occupancy in the accompanying combined statements of functional expenses for the years ended June 30:

	2025	2024
Operating lease expenses	\$ 643,165	\$ 686,813
Short-term lease expenses	<u>191,181</u>	<u>148,570</u>
 Total operating lease expense	 <u>\$ 834,346</u>	 <u>\$ 835,383</u>

The following summarizes the finance lease cost by type in the accompanying combined statements of functional expenses for the years ended June 30:

	2025	2024
Amortization of lease assets included in depreciation and amortization expense	\$ 95,962	\$ 66,631
Interest on finance lease obligations included in other expense	<u>10,515</u>	<u>6,438</u>
 Total finance lease expense	 <u>\$ 106,477</u>	 <u>\$ 73,069</u>

The following summarizes cash flow information related to operating leases for the years ended June 30:

	2025	2024
Cash paid for amounts included in the measurement of operating lease liabilities	\$ 633,489	\$ 675,283
ROU assets obtained in exchange for operating lease obligations	\$ 163,046	\$ -
Cash paid for amounts included in the measurement of finance lease liabilities	\$ 109,996	\$ 71,284
ROU assets obtained in exchange for finance lease obligations	\$ 349,730	\$ -

Lease Commitments

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

10. CONTINGENCIES

Legal

In conducting its activities, the Organization, from time-to-time, is the subject of various litigation and other potential claims. In management's opinion, the ultimate resolution of such matters will not have a material effect on the accompanying combined statements of financial position or combined statements of activities and changes in net assets as of and for the years ended June 30, 2025 and 2024.

CATHOLIC CHARITABLE BUREAU OF THE ARCHDIOCESE OF BOSTON, INC. AND AFFILIATES

Notes to Combined Financial Statements
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10. CONTINGENCIES (Continued)

Community Economic Development Assistance Corporation (CEDAC) Grants

The Organization entered into an Early Education and Out of School Time (EEST) Capital Fund grant agreement with \$750,000 from CEDAC in September 2015 to pay for the construction costs associated with the renovation of its Massachusetts Department of Early Education and Care (EEC) funded childcare facility. The grant was recorded as income in 2016. Under the terms of the agreement, the Organization must operate the property as a childcare facility with 25% of childcare slots reserved for low-income families for twenty-five years and four months commencing on September 29, 2015. Failure to meet this requirement will result in a liability to CEDAC. As of June 30, 2025 and 2024, the Organization believes the remaining restriction will be met.

The Organization entered into a EEST Capital Fund grant agreement for \$179,000 with CEDAC in June 2021 to pay for capital improvements on one of its EEC funded childcare facilities. As of June 30, 2025 and 2024, there is no liability recorded relating to this grant as the grant has yet to be received.

The Organization entered into a EEST Capital Fund grant for \$170,000 with CEDAC in July 2022 which was received in October 2022 to pay for the replacement of a roof on one of its EEC funded childcare facilities. In accordance with Topic 958, this grant was recorded as a conditional grant liability as of June 30, 2025 and 2024, and is included in conditional grant advances in the accompanying combined statements of financial position.

Under the terms of the agreement, the Organization must operate the respective facility as a childcare center with 50% of childcare slots reserved for low-income families for a period of five years, at which time the grant will be recognized as revenue without donor restrictions.

Conditional Grants

The Organization received multiple contracts with various government agencies through fiscal year 2025 under unit-rate and cost reimbursable service contracts. These government contracts contain funder-imposed conditions that represent a barrier that must be overcome, as well as a ROU of assets or release from obligations. The funder-imposed conditions for this contract revenue include the requirement for the Organization to incur qualifying expenses and provide qualifying services. Accordingly, no revenue has been recorded in the accompanying combined financial statements pertaining to these conditional agreements. Total contracts committed, but not recognized, summarized by type as of June 30:

	<u>2025</u>	<u>2024</u>
Cost-reimbursable	\$ 3,217,132	\$ 3,105,594
EEST	179,000	179,000
Other	-	1,673,612
Total	<u>\$ 3,396,132</u>	<u>\$ 4,958,206</u>

CATHOLIC CHARITABLE BUREAU OF THE ARCHDIOCESE OF BOSTON, INC. AND AFFILIATES

Notes to Combined Financial Statements June 30, 2025 and 2024

11. RELATED PARTIES

As discussed in Note 1, the Organization is organized under the auspices of RCAB. Certain transactions between the Organization and RCAB are described elsewhere in these notes to the combined financial statements. In addition, the Organization has the following transactions with RCAB:

The Organization received contributions through RCAB to support operations. These contributions totaled \$649,166 and \$560,478 for the years ended June 30, 2025 and 2024, respectively. The contributions included \$512,775 and \$422,822 from Archdiocesan parish collections for the years ended June 30, 2025 and 2024, respectively.

RCAB donated office and building space with a fair rental value of \$520,676 and \$399,669 for the years ended June 30, 2025 and 2024, respectively (see Notes 1 and 2).

The Organization purchases all of its insurance policies (directors' and officers' liability, general liability, automobile, fire and theft, and workers' compensation) through RCAB from various insurance carriers with annual costs totaling \$594,261 and \$571,707 for the years ended June 30, 2025 and 2024, respectively.

During fiscal years 2025 and 2024, the Organization received contributions and recorded pledges received through participation in the Inspiring Hope Campaign, an RCAB capital campaign designed to raise significant funding for endowments, programs and capital needs to benefit virtually every institution in the Archdiocese. Contributions for operations totaled \$232,606 in 2025 and \$119,418 in 2024. The endowment funds raised are managed by the Catholic Community Foundation (CCF), another agency organized under RCAB, and invested as part of the CIF (see Note 4). A memorandum of understanding was negotiated with RCAB outlining responsibilities of each party as part of this campaign.

The Organization's Chief Executive Officer (CEO) and President is also a voting member of the Board of Trustees. Compensation is paid only for the role as CEO and President.

A Board of Trustees member is the parish priest where the Organization operates the Teen Center. During fiscal years 2025 and 2024, the Organization paid rent of \$25,200 and \$25,000, respectively, to the parish.

The Agency leases space from both WBCDC and CRCDC. CCAB does not have formal agreements and is charged the related depreciation expense incurred by the affiliate for each location. For the years ended June 30, 2025 and 2024, the rental income and expense charged by WBCDC and CRCDC is \$209,844 and \$221,604, respectively. All activity relating to these leases is eliminated in the combined financial statements.

The Organization entered into a promissory note with RCAB during fiscal year 2024 (see Note 7). The balance of the note was \$2,450,411 and \$2,900,218 as of June 30, 2025 and 2024, respectively.

CATHOLIC CHARITABLE BUREAU OF THE ARCHDIOCESE OF BOSTON, INC. AND AFFILIATES

Notes to Combined Financial Statements
June 30, 2025 and 2024

12. CONCENTRATIONS

Revenue

The Organization derives a significant amount of its support and revenue without donor restrictions (approximately 58% and 59% for the years ended June 30, 2025 and 2024, respectively) from contracts negotiated with various agencies of the Commonwealth and other governmental agencies. Therefore, the Organization is subject to the regulations and rate formulas of the Massachusetts Division of Purchased Services and other state agencies. These contracts are generally renewable on an annual basis, and there is no assurance that such contracts will be renewed in the future.

Accounts Receivable, Program Service Receivables, and Pledges and Bequests Receivables

Accounts receivable includes approximately 73% and 60% due from Massachusetts state agencies. Approximately 27% and 31% of accounts receivable are due from the Massachusetts Department of Early Education and Care, 22% and 13% due from the Massachusetts Executive Office of Housing and Livable Communities, and 10% and 8% due from the Massachusetts Department of Elementary and Secondary Education as of June 30, 2025 and 2024, respectively.

Program service receivables include approximately 40% and 48% due from two payors as of June 30, 2025 and 2024, respectively.

Pledges and bequests receivables include approximately 92% and 85% due from two donors and one donor as of June 30, 2025 and 2024, respectively.

Certain amounts from Federal and state agencies are subject to possible audit by the respective government agencies. In the opinion of management, the results of such audits, if any, would not have a material effect on the combined financial position of the Organization as of June 30, 2025 and 2024, or on its combined changes in net assets for the years then ended.

Cash and Cash Equivalents

The Organization maintains its cash balances in various banks in Massachusetts. The Federal Deposit Insurance Corporation (FDIC) insures balances at each bank up to certain amounts. At times during the year, certain cash balances exceeded the insured amounts. The Organization has not experienced any losses in such accounts. The Organization believes it is not exposed to any significant credit risk on cash and cash equivalents.

The Organization opened up an enhanced savings program during fiscal year 2023 which allows up to \$50 million to be FDIC insured. As of June 30, 2025 and 2024, the enhanced savings account balance was \$2,322,337 and \$2,226,453, respectively, which is included in cash and cash equivalents in the accompanying combined statements of financial position.

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Notes to Combined Financial Statements
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13. NET ASSETS WITHOUT DONOR RESTRICTIONS

The Organization 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 Organization which bear no external restrictions.

Property and equipment net assets - reflect and account for the activities relating to the Organization's property and equipment and ROU assets, net of related debt and lease liabilities.

Board designated net assets - represent amounts set aside by the Board of Trustees that may only be used with the approval of the Board of Trustees.

Net assets without donor restrictions are comprised as follows:

	2025	2024
Operating	\$ 13,872,366	\$ 10,381,635
Property and equipment	19,559,686	20,321,843
Board designated:		
Stability reserves	2,000,000	2,000,000
Future capital expenditures	<u>632,105</u>	<u>632,105</u>
 Total	 <u>\$ 36,064,157</u>	 <u>\$ 33,335,583</u>

14. NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions consisted of donor-restricted gifts and contributions and investment return appropriated on restricted funds and are summarized as follows at June 30:

	2025	2024
Endowment assets to be held in perpetuity; the income from which is expendable for purposes designated by the donor (see Note 15)	\$ 7,227,223	\$ 7,104,235
Beneficial interests in perpetual trusts	5,888,267	5,522,558
Program services	5,031,601	3,888,892
Accumulated unspent investment return with donor restrictions	2,640,839	2,310,906
Time restricted	<u>77,311</u>	<u>31,006</u>
 Total	 <u>\$ 20,865,241</u>	 <u>\$ 18,857,597</u>

During the years ended June 30, 2025 and 2024, the fair value of the beneficial interest in perpetual trusts changed by \$365,709 and \$415,268, respectively.

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15. ENDOWMENT

Interpretation of Relevant Law and Spending Policy

The Board of Trustees of the Organization has interpreted the Uniform Prudent Management of Institutional Funds Act (UPMIFA) requiring the preservation of the original value of the 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 Organization classifies as net assets with donor restrictions to be held in perpetuity (a) the original value of gifts donated to the endowment, (b) the original gift value of subsequent gifts to the endowment, and (c) accumulations to the endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund.

The remaining portion of the donor-restricted endowment fund that is not classified in net assets with donor restrictions to be held in perpetuity is classified as donor restricted net assets (purpose restricted) until those amounts are appropriated for expenditure in a manner consistent with the standard of prudence prescribed by UPMIFA.

In accordance with UPMIFA, the Organization considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

- (1) The duration and preservation of the fund.
- (2) The purposes of the Organization and the donor-restricted endowment fund.
- (3) General economic conditions.
- (4) The possible effect of inflation and deflation.
- (5) The expected total return from income and the appreciation of investments.
- (6) Other resources.
- (7) The investment policies of the Organization.

Earnings on investments are appropriated using a total return spending policy. Investment income or loss is allocated to operating and non-operating activities under this policy. To preserve the investments' long-term value, up to five percent of the investment portfolio's average market value for the preceding three years (twelve fiscal quarters), can be used to support operating activities.

For the years ended June 30, 2025 and 2024, the Organization budgeted and appropriated 5% spending amounting to \$527,784 and \$529,032, respectively, to operations, excluding a specific investment vehicle with donor restrictions. The total spending policy appropriation for fiscal years 2025 and 2024, is included in operating support, revenue and gains in the accompanying combined statements of activities and changes in net assets. The remaining investment income earned on the investment portfolio, if any, is included in non-operating revenue (expenses).

Underwater Endowments

From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level required that the Organization to retain as a fund of perpetual duration and have quarterly distributions suspended. There were no underwater endowment funds at June 30, 2025 and 2024.

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15. ENDOWMENT (Continued)

Return Objectives and Risk Parameters

The primary financial objectives of the Investment Portfolio are to provide a stream of relatively predictable, stable and constant earnings in support of annual budgetary needs, to preserve and enhance the real, inflation adjusted, purchasing power of endowment assets, and to provide support for capital investment needs as they arise. To satisfy these objectives, the portfolio is managed to the total return concept, which envisions the sources of spending as being from interest, dividends, and capital gains. The investment portfolio is managed to provide for the long-term support of the Organization. To achieve its long-term investment objective, the portfolio should be invested primarily in equities, and will include asset classes to hedge against deflation and inflation. The purpose of diversification is to provide reasonable assurance that no manager, class of securities or individual holding will have a disproportionate impact on the aggregate investment return. The asset allocation is to reflect the proper balance of the Organization's need for liquidity, preservation of purchasing power and risk tolerance.

Strategies Employed for Achieving Objectives

Specific asset allocation targets and acceptable range of the percentage of portfolio investment by asset class have been defined in the Investment Policies and Procedures. The Organization targets an asset allocation strategy wherein assets are diversified among several asset classes. The investments are to be diversified by manager, by assets class and within asset class (by economic sector, industry, quality, and size). Additionally, returns are to be measured against specified indexes as benchmarks. The purpose of the equity allocation is to provide a stream of current income and appreciation of principal that more than offsets inflation. The purpose of the fixed income allocation is to provide a steady stream of income relative to an all-equity fund and to provide a hedge against deflation. The Board Finance/Investment Committee shall review the asset allocation and rebalancing policy annually.

The following schedule summarizes the changes in the Organization's donor-restricted endowment:

	2025	2024
Endowment net assets, beginning of year	\$ 9,415,141	\$ 8,415,173
Investment gain	500,777	1,072,420
Contributions	122,988	98,800
Investment return appropriated for operations under the spending policy	(170,844)	(171,252)
Endowment net assets, end of year	<u>\$ 9,868,062</u>	<u>\$ 9,415,141</u>