CATHOLIC DIOCESE OF WILMINGTON, INC.

FINANCIAL STATEMENTS AND INDEPENDENT AUDITOR'S REPORT

JUNE 30, 2025 AND 2024

CATHOLIC DIOCESE OF WILMINGTON, INC.
TABLE OF CONTENTS
JUNE 30, 2025 AND 2024

Independent Auditor's Report

To the Board of Trustees
Catholic Diocese of Wilmington, Inc.

Opinion

We have audited the accompanying financial statements of Catholic Diocese of Wilmington, Inc. (a nonprofit organization), which comprise the statements of assets, liabilities, and net assets - modified cash basis as of June 30, 2025 and 2024, and the related statements of support, revenue, and expenses - modified cash basis, functional expenses - modified cash basis, and cash flows - modified cash basis for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the assets, liabilities, and net assets of Catholic Diocese of Wilmington, Inc. as of June 30, 2025 and 2024, and its support, revenue, expenses, and cash flows for the years then ended in accordance with the modified cash basis of accounting as described in Note 1.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. 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 Catholic Diocese of Wilmington, Inc. and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Basis of Accounting

We draw attention to Note 1 of the financial statements, which describes the basis of accounting. The financial statements are prepared on a modified cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. Note 1 of the financial statements discloses the significant differences between the modified cash basis of accounting implemented by Catholic Diocese of Wilmington, Inc. and accounting principles generally accepted in the United States of America. Included among the

1011 Centre Road • Suite 310 | Wilmington • DE 19805 | Phone: 302.225.0600 | Fax: 302.225.0625

differences is that the organization does not establish accruals under Financial Accounting Standards Board Accounting Standards Codification, 715, *Defined Benefit Plans - Pension*, for employee pension liabilities. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the modified cash basis of accounting described in Note 1, and for determining that the modified cash basis of accounting is an acceptable basis for the preparation of the financial statements in the circumstances. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with 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 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 Catholic Diocese of Wilmington, Inc.'s internal control. Accordingly, no such opinion is expressed.

- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

To the Board of Trustees
Catholic Diocese of Wilmington, Inc.

- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Catholic Diocese of Wilmington, Inc.'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.

Belfint, Lyons & Shuman, P.A.

December 16, 2025
Wilmington, Delaware

CATHOLIC DIOCESE OF WILMINGTON, INC.
STATEMENT OF ASSETS, LIABILITIES, AND NET ASSETS - MODIFIED CASH BASIS
JUNE 30, 2025

	Net Assets Without Donor Restrictions				
	General	Designated	Total	Net Assets With Donor Restrictions	Total
ASSETS					
Cash and Cash Equivalents	$ 478,827	$ 579,376	$ 1,058,203	$ -	$ 1,058,203
Investments	6,755,453	4,496,631	11,252,084	12,063,828	23,315,912
Other Investments - Priests' Retirement and Welfare Trust	-	3,034,436	3,034,436	-	3,034,436
Other Investments - Bishop Malooly Scholarship Fund	-	-	-	8,231,199	8,231,199
Other Assets	-	-	-	58,009	58,009
Intrafund Receivable (Payable)	(86,021)	(535,307)	(621,328)	621,328	-
Accounts Receivable - Net	4,839,817	5,266,588	10,106,405	-	10,106,405
Real Estate	770,340	-	770,340	-	770,340
TOTAL ASSETS	$ 12,758,416	$ 12,841,724	$ 25,600,140	$ 20,974,364	$ 46,574,504
LIABILITIES					
Other Liabilities	$ 832,329	$ 580,000	$ 1,412,329	$ -	$ 1,412,329
TOTAL LIABILITIES	832,329	580,000	1,412,329	-	1,412,329
NET ASSETS					
Net Assets Without Donor Restrictions	11,926,087	12,261,724	24,187,811	-	24,187,811
Net Assets With Donor Restrictions	-	-	-	20,974,364	20,974,364
TOTAL NET ASSETS	11,926,087	12,261,724	24,187,811	20,974,364	45,162,175
TOTAL LIABILITIES AND NET ASSETS	$ 12,758,416	$ 12,841,724	$ 25,600,140	$ 20,974,364	$ 46,574,504

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

CATHOLIC DIOCESE OF WILMINGTON, INC.
STATEMENT OF ASSETS, LIABILITIES, AND NET ASSETS - MODIFIED CASH BASIS
JUNE 30, 2024

	Net Assets Without Donor Restrictions				
	General	Designated	Total	Net Assets With Donor Restrictions	Total
ASSETS					
Cash and Cash Equivalents	$ 278,304	$ 33,667	$ 311,971	$ -	$ 311,971
Investments	6,360,195	5,101,050	11,461,245	11,868,135	23,329,380
Other Investments - Priests' Retirement and Welfare Trust	-	3,281,359	3,281,359	-	3,281,359
Other Investments - Bishop Malooly Scholarship Fund	-	-	-	6,694,119	6,694,119
Other Assets	-	-	-	58,009	58,009
Intrafund Receivable (Payable)	1,151,380	(1,675,000)	(523,620)	523,620	-
Accounts Receivable - Net	4,407,433	5,063,363	9,470,796	-	9,470,796
Real Estate	770,340	-	770,340	-	770,340
Assets Held for Affiliates	-	-	-	1,442	1,442
TOTAL ASSETS	$ 12,967,652	$ 11,804,439	$ 24,772,091	$ 19,145,325	$ 43,917,416
LIABILITIES					
Other Liabilities	$ 954,272	$ 809,000	$ 1,763,272	$ -	$ 1,763,272
Assets Owed to Affiliates	-	-	-	1,442	1,442
TOTAL LIABILITIES	954,272	809,000	1,763,272	1,442	1,764,714
NET ASSETS					
Net Assets Without Donor Restrictions	12,013,380	10,995,439	23,008,819	-	23,008,819
Net Assets With Donor Restrictions	-	-	-	19,143,883	19,143,883
TOTAL NET ASSETS	12,013,380	10,995,439	23,008,819	19,143,883	42,152,702
TOTAL LIABILITIES AND NET ASSETS	$ 12,967,652	$ 11,804,439	$ 24,772,091	$ 19,145,325	$ 43,917,416

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

CATHOLIC DIOCESE OF WILMINGTON, INC.
STATEMENT OF SUPPORT, REVENUE, AND EXPENSES - MODIFIED CASH BASIS
YEAR ENDED JUNE 30, 2025

	Net Assets Without Donor Restrictions				
	General	Designated	Total	Net Assets With Donor Restrictions	Total
REVENUE AND OTHER SUPPORT					
Assessments	$ 4,538,461	$ -	$ 4,538,461	$ -	$ 4,538,461
Annual Appeal	5,438,436	-	5,438,436	-	5,438,436
Investment Income - Net	775,258	581,781	1,357,039	1,366,834	2,723,873
Other Investment Income - Net	15,730	383,166	398,896	856,774	1,255,670
Collections	110,531	128,595	239,126	-	239,126
Contributions	89,349	1,886	91,235	1,672,205	1,763,440
Priests’ Insurance Premiums	-	1,166,234	1,166,234	-	1,166,234
Lay Employee Insurance Premiums	-	11,336,885	11,336,885	-	11,336,885
Property and Liability and Other Insurance Premiums	-	3,043,523	3,043,523	-	3,043,523
Other Program Fees	385,241	69,800	455,041	24,000	479,041
Net Assets Released from Restrictions	2,089,332	-	2,089,332	(2,089,332)	-
TOTAL REVENUE AND OTHER SUPPORT	13,442,338	16,711,870	30,154,208	1,830,481	31,984,689
EXPENSES					
Assistance to Catholic Charities	900,000	-	900,000	-	900,000
Catholic Education	1,709,314	-	1,709,314	-	1,709,314
Communication	218,942	-	218,942	-	218,942
Distributions					
Education Fund	-	1,172,683	1,172,683	-	1,172,683
Other Funds	-	1,301,505	1,301,505	-	1,301,505
Clergy Pension	-	824,597	824,597	-	824,597
Assistance to Diocesan Agencies	676,680	-	676,680	-	676,680
Program Expenses for Restricted Purposes	74,091	-	74,091	-	74,091
Pastoral Services	237,977	-	237,977	-	237,977

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

CATHOLIC DIOCESE OF WILMINGTON, INC.
STATEMENT OF SUPPORT, REVENUE, AND EXPENSES - MODIFIED CASH BASIS - CONTINUED
YEAR ENDED JUNE 30, 2025

	Net Assets Without Donor Restrictions				
	General	Designated	Total	Net Assets With Donor Restrictions	Total
EXPENSES - CONTINUED					
Administration (Including Bad Debts)	$ 910,437	$ 567,248	$ 1,477,685	$ -	$ 1,477,685
Capital Expenditures	85,494	-	85,494	-	85,494
Development	927,699	-	927,699	-	927,699
Finance	1,473,524	-	1,473,524	-	1,473,524
Lay Employee and Priests' Insurance Expense	-	12,475,907	12,475,907	-	12,475,907
Lay Employee Benefits	2,806,574	-	2,806,574	-	2,806,574
Property and Liability and Other Insurance Expense	63,459	2,549,085	2,612,544	-	2,612,544
TOTAL EXPENSES	10,084,191	18,891,025	28,975,216	-	28,975,216
CHANGE IN NET ASSETS BEFORE TRANSFERS	3,358,147	(2,179,155)	1,178,992	1,830,481	3,009,473
Interfund Transfers	(3,445,440)	3,445,440	-	-	-
CHANGE IN NET ASSETS	(87,293)	1,266,285	1,178,992	1,830,481	3,009,473
NET ASSETS - Beginning of Year	12,013,380	10,995,439	23,008,819	19,143,883	42,152,702
NET ASSETS - End of Year	$ 11,926,087	$ 12,261,724	$ 24,187,811	$ 20,974,364	$ 45,162,175

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

CATHOLIC DIOCESE OF WILMINGTON, INC.
STATEMENT OF SUPPORT, REVENUE, AND EXPENSES - MODIFIED CASH BASIS
YEAR ENDED JUNE 30, 2024

	Net Assets Without Donor Restrictions				
	General	Designated	Total	Net Assets With Donor Restrictions	Total
REVENUE AND OTHER SUPPORT					
Assessments	$ 4,400,500	$ -	$ 4,400,500	$ -	$ 4,400,500
Annual Appeal	5,220,334	-	5,220,334	-	5,220,334
Investment Income - Net	639,390	576,699	1,216,089	1,161,229	2,377,318
Other Investment Income - Net	-	445,970	445,970	715,395	1,161,365
Collections	62,357	151,210	213,567	-	213,567
Contributions	90,047	16,147	106,194	1,162,441	1,268,635
Priests' Insurance Premiums	-	1,211,870	1,211,870	-	1,211,870
Lay Employee Insurance Premiums	-	10,542,657	10,542,657	-	10,542,657
Property and Liability and Other Insurance Premiums	-	2,602,884	2,602,884	-	2,602,884
Other Program Fees	226,682	56,500	283,182	-	283,182
Net Assets Released from Restrictions	1,316,568	-	1,316,568	(1,316,568)	-
TOTAL REVENUE AND OTHER SUPPORT	11,955,878	15,603,937	27,559,815	1,722,497	29,282,312
EXPENSES					
Assistance to Catholic Charities	800,004	-	800,004	-	800,004
Catholic Education	1,008,738	-	1,008,738	-	1,008,738
Communication	221,727	-	221,727	-	221,727
Distributions					
Education Fund	-	1,043,652	1,043,652	-	1,043,652
Other Funds	-	1,076,371	1,076,371	-	1,076,371
Clergy Pension	-	899,809	899,809	-	899,809
Assistance to Diocesan Agencies	546,433	-	546,433	-	546,433
Program Expenses for Restricted Purposes	3,643	-	3,643	-	3,643
Pastoral Services	206,456	-	206,456	-	206,456

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

CATHOLIC DIOCESE OF WILMINGTON, INC.
STATEMENT OF SUPPORT, REVENUE, AND EXPENSES - MODIFIED CASH BASIS - CONTINUED
YEAR ENDED JUNE 30, 2024

	Net Assets Without Donor Restrictions				
	General	Designated	Total	Net Assets With Donor Restrictions	Total
EXPENSES - CONTINUED					
Administration (Including Bad Debts)	$ 1,933,925	$ 1,121,738	$ 3,055,663	$ -	$ 3,055,663
Capital Expenditures	61,625	-	61,625	-	61,625
Development	826,637	-	826,637	-	826,637
Finance	1,411,428	-	1,411,428	-	1,411,428
Lay Employee and Priests' Insurance Expense	-	12,460,544	12,460,544	-	12,460,544
Lay Employee Benefits	3,570,189	2,250,000	5,820,189	-	5,820,189
Property and Liability and Other Insurance Expense	59,179	2,154,830	2,214,009	-	2,214,009
TOTAL EXPENSES	10,649,984	21,006,944	31,656,928	-	31,656,928
CHANGE IN NET ASSETS BEFORE TRANSFERS	1,305,894	(5,403,007)	(4,097,113)	1,722,497	(2,374,616)
Interfund Transfers	(2,950,448)	2,950,448	-	-	-
CHANGE IN NET ASSETS	(1,644,554)	(2,452,559)	(4,097,113)	1,722,497	(2,374,616)
NET ASSETS - Beginning of Year	13,657,934	13,447,998	27,105,932	17,421,386	44,527,318
NET ASSETS - End of Year	$ 12,013,380	$ 10,995,439	$ 23,008,819	$ 19,143,883	$ 42,152,702

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

CATHOLIC DIOCESE OF WILMINGTON, INC.
STATEMENT OF FUNCTIONAL EXPENSES - MODIFIED CASH BASIS
YEAR ENDED JUNE 30, 2025

		Supporting Services		
	Program Services	General and Administrative	Fundraising	Total Expenses
Salaries	$ 953,659	$ 1,371,836	$ 286,679	$ 2,612,174
Employee Benefits	192,662	277,144	57,916	527,722
Payroll Taxes	62,384	88,864	19,836	171,084
Total Salaries and Related Expenses	1,208,705	1,737,844	364,431	3,310,980
Advertising	35,588	4,203	14,238	54,029
Assistance to Diocesan Agencies	1,576,680	-	-	1,576,680
Bad Debt Expense	566,436	-	-	566,436
Clergy Pension	824,597	-	-	824,597
Conferences and Meetings	280,281	289,417	12,188	581,886
Dues and Memberships	8,075	63,121	621	71,817
Education	1,443,394	24,981	-	1,468,375
Insurance Settlements Expense	94,101	-	-	94,101
Lay Employee and Priest Insurance Expense	12,226,389	162,187	87,331	12,475,907
Lay Employee Long-Term Disability	105,913	1,405	757	108,075
Lay Employee Pension	2,644,530	35,079	18,890	2,698,499
Occupancy	4,212	151,000	-	155,212
Other Expenses	509,341	487,567	903	997,811
Payroll Processing and Bank Fees	11,258	26,306	63,794	101,358
Postage and Printing	30,765	25,798	57,858	114,421
Professional Fees	134,329	74,409	390,572	599,310
Property and Liability and Other Insurance	2,612,544	-	-	2,612,544
Repairs and Maintenance	29,018	321,289	1,490	351,797
Supplies	29,275	12,560	4,142	45,977
Technology	49,789	67,706	-	117,495
Travel	37,507	8,103	2,299	47,909
Total Expenses	$ 24,462,727	$ 3,492,975	$ 1,019,514	$ 28,975,216

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

CATHOLIC DIOCESE OF WILMINGTON, INC.
STATEMENT OF FUNCTIONAL EXPENSES - MODIFIED CASH BASIS
YEAR ENDED JUNE 30, 2024

	Program Services	Supporting Services: General and Administrative	Supporting Services: Fundraising	Total Expenses
Salaries	$ 937,523	$ 1,311,328	$ 269,260	$ 2,518,111
Employee Benefits	159,932	223,700	45,933	429,565
Payroll Taxes	61,263	85,690	17,595	164,548
Total Salaries and Related Expenses	1,158,718	1,620,718	332,788	3,112,224
Advertising	30,386	2,988	12,786	46,160
Assistance to Diocesan Agencies	1,346,437	-	-	1,346,437
Bad Debt Expense	1,649,532	-	-	1,649,532
Clergy Pension	899,809	-	-	899,809
Conferences and Meetings	140,354	141,660	5,845	287,859
Dues and Memberships	10,151	64,282	345	74,778
Education	1,242,006	108,000	-	1,350,006
Insurance Settlements Expense	227,520	-	-	227,520
Lay Employee and Priest Insurance Expense	12,211,569	161,834	87,141	12,460,544
Lay Employee Long-Term Disability	104,555	1,387	747	106,689
Lay Employee Pension	5,599,230	74,275	39,995	5,713,500
Occupancy	4,047	154,486	31	158,564
Other Expenses	222,378	282,305	2,335	507,018
Payroll Processing and Bank Fees	6,056	24,525	34,320	64,901
Postage and Printing	20,990	33,130	55,810	109,930
Professional Fees	191,587	106,126	557,055	854,768
Property and Liability and Other Insurance	2,214,009	-	-	2,214,009
Repairs and Maintenance	16,265	229,736	1,122	247,123
Supplies	18,790	29,696	4,479	52,965
Technology	56,067	78,355	-	134,422
Travel	25,787	9,512	2,871	38,170
Total Expenses	$ 27,396,243	$ 3,123,015	$ 1,137,670	$ 31,656,928

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

CATHOLIC DIOCESE OF WILMINGTON, INC.
STATEMENTS OF CASH FLOWS - MODIFIED CASH BASIS
YEARS ENDED JUNE 30, 2025 AND 2024

	2025	2024
CASH FLOWS FROM OPERATING ACTIVITIES		
Changes in Net Assets	$ 3,009,473	$ (2,374,616)
Adjustments to Reconcile Changes in Net Assets to Net Cash from Operating Activities		
Net Gains on Investments	(2,294,866)	(2,152,613)
Net Gains on Other Investments	(1,025,795)	(981,406)
Bad Debt Expense	566,436	1,649,532
Amortization of Discount on Promises to Give	-	(8,373)
Changes in Assets and Liabilities		
Accounts Receivable	(1,085,117)	(1,653,160)
Promises to Give	-	500,000
Other Liabilities	(350,943)	131,742
NET CASH FROM OPERATING ACTIVITIES	(1,180,812)	(4,888,894)
CASH FLOWS FROM INVESTING ACTIVITIES		
Amounts Drawn from Investments - Net	2,737,341	2,302,608
Amounts Drawn from (Deposited to) Other Investments for		
Priests' Pension Payments - Net	612,947	1,130,594
Bishop Malooly Scholarship Fund - Net	(684,298)	(736,584)
Reinvestment of Interest and Dividends into Investments - Net of Fees	(429,007)	(224,705)
Reinvestment of Interest and Dividends into Other Investments - Net of Fees	(193,011)	(152,465)
Repayments from (Advances to) Affiliated Corporations - Net	(116,928)	(116,554)
NET CASH FROM INVESTING ACTIVITIES	1,927,044	2,202,894
NET CHANGE IN CASH AND CASH EQUIVALENTS	746,232	(2,686,000)
CASH AND CASH EQUIVALENTS - Beginning of Year	311,971	2,997,971
CASH AND CASH EQUIVALENTS - End of Year	$ 1,058,203	$ 311,971
NONCASH INVESTING AND FINANCING ACTIVITIES		
Net Investments Held for Affiliates Transferred to Affiliates	$ -	$ 32,806,715

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

NOTE 1: NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES

Nature of Activities - Catholic Diocese of Wilmington, Inc. (Diocese) is a nonprofit corporation having as its purpose the promotion of the teachings of Jesus Christ, as taught and set forth by the Roman Catholic Church throughout the Diocese in the state of Delaware and the nine (9) counties of the state of Maryland's Eastern Shore and such territory over which the Diocese will have jurisdiction as delegated by proper authority of the Universal Roman Catholic Church.

Basis of Reporting - The Diocese reports using a modified cash basis of accounting. Support and expenses are generally recognized on a cash basis; however, certain assets other than cash and certain liabilities are recognized to improve the usefulness of the financial statements to the reader. The following identifies the significant differences between the Diocese's modified cash basis of accounting and accounting principles generally accepted in the United States of America:

- The Diocese does not establish accruals under the Financial Accounting Standard's Board Accounting Standards Codification (ASC) 715, *Defined Benefit Plans - Pension*, for employee pension liabilities and priests' health and welfare liabilities.

- The Diocese has not adopted provisions of ASC 360, *Property, Plant, and Equipment*, which requires nonprofit organizations to capitalize long-lived tangible assets and recognize depreciation as a cost of using up the future economic benefits of those long-lived tangible assets. Depreciation expense is not recognized in the financial statements. Also, certain equipment is expensed at the time of purchase that should be capitalized in order to conform to accounting principles generally accepted in the United States of America.

- The Diocese has not adopted ASC 958-205-50-1A, *Reporting Endowment Funds*, which requires organizations to provide certain expanded disclosures for endowment funds.

- The Diocese has not adopted ASC 958-30, *Split Interest Agreements,* which requires organizations to recognize a beneficial interest in a charitable trust as an asset at fair value and contribution revenue.

- The Diocese has not adopted ASC 842, *Leases,* which requires organizations to recognize right of use assets and lease liabilities that arise from substantially all leasing transactions. The Diocese continues to account for lease transactions in accordance with ASC 840.

NOTE 1: NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

Basis of Reporting - Continued

- The Diocese has not adopted ASU 2016-13, *Financial Instruments - Credit Losses,* which requires organizations to present accounts receivable at net realizable value using an expected loss model. This model incorporates historical and current data as well as future forecasts to estimate potential credit losses. The Diocese continues to recognize allowances for doubtful accounts based on an incurred loss model.

In addition, the accompanying financial statements reflect only the operations of the Diocese. Certain other entities have not been consolidated in the accompanying statements, the more significant of which are as follows:

Affiliated Parishes and Schools	Catholic Ministry to the Elderly, Inc.
Catholic Cemeteries, Inc.	Catholic Press of Wilmington, Inc.
Catholic Charities, Inc.	Catholic Youth Organization, Inc.
Catholic Diocese Foundation	Diocese of Wilmington Schools, Inc.

Use of Estimates - The preparation of financial statements in conformity with the modified cash basis of accounting requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities as of the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Financial Statement Presentation - Resources are reported for accounting purposes into separate classes of net assets based on the existence or absence of donor-imposed restrictions. A description of the two net asset classifications as follows:

Net Assets Without Donor Restrictions - Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions, although their use may be limited by other factors, such as by contract or board designation.

Net Assets With Donor Restrictions - Net assets subject to donor- (or certain grantor-) imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both.

NOTE 1: NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

Revenue Recognition - The Diocese recognizes revenue from exchange transactions as follows:

Assessments - Revenue from parish assessments is recognized on a quarterly basis over the calendar year. Parishes are invoiced on a quarterly basis and payment is due 30 days upon receipt of the invoice. The finance council recommends proposed assessments based on parish ordinary income; assessments are then approved by the Bishop.

Priests' and Lay Employee Insurance Premiums - The Diocese administers a self-funded insurance plan. Parishes and affiliated corporations pay the Diocese a premium for their portion of the plan's claims and expenses. Parishes are invoiced for clergy health insurance premiums on an annual basis and payment is due in four quarterly installments upon receipt of the invoice. Revenue from priests' insurance premiums is recognized at a point in time when the parishes are invoiced. Affiliated corporations are invoiced for lay health insurance premiums on a monthly basis and payment is due 20 days upon receipt of the invoice. Revenue from lay employee insurance premiums is recognized on a monthly basis over the coverage period.

Property and Liability and Other Insurance Premiums - The Diocese maintains property and liability coverage for parishes and affiliated corporations on a limited self-insured basis. Parishes and affiliated corporations are billed a premium directly from Waldorf Risk Solutions (the insurance brokerage firm). Parishes remit payment directly to Waldorf Risk Solutions. Waldorf risk solutions wires money collected from the parishes and affiliated corporations to the Diocese on a regular basis throughout the fiscal year as the Diocese pays the related insurance claims. Revenue from property and liability insurance premiums is recognized on a monthly basis over the coverage period.

Other Program Fees - Other program fees consist mainly of payments from workshops and registration fees, other fees, and wellness surcharges. The Diocese recognizes revenue from program fees when payment is received.

Contributions - Under the modified cash basis of accounting, the Diocese recognizes contribution revenue when cash is received. Contributions of cash and other noncapital assets are reported in net assets with donor restrictions if the contributions are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or the purpose of the restriction is accomplished, donor-restricted net assets are reclassified to net assets without donor restriction and reported in the statements of

NOTE 1: NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

Contributions - Continued - support, revenue, and expenses - modified cash basis as net assets released from restrictions. Gifts of long-lived assets and gifts of cash restricted for the acquisition of long-lived assets are released from restriction when the assets are placed in service. Donor-restricted contributions that are received and expended within the same fiscal year are reported in net assets without donor restrictions.

In-Kind Contributions - Contributed nonfinancial assets include donated professional services, donated equipment, and other in-kind contributions which are recorded at the respective fair values of the goods or services received. The Diocese does not sell donated gifts-in-kind. In addition to contributed nonfinancial assets, volunteers contribute time to program services and administrative activities. Under the modified cash basis of accounting, the financial statements do not reflect the value of these contributed services. No significant contributions of such goods or services were received during the years ended June 30, 2025 and 2024.

Cash and Cash Equivalents - Cash and cash equivalents include all highly liquid investments with an original maturity of three months or less. Cash and cash equivalents do not include cash management funds held in the investment accounts.

Investments - Investments are stated at fair value based on quoted market prices. Investment income on the statements of support, revenue, and expenses - modified cash basis includes interest, dividends, and realized and unrealized gains and losses, net of consulting and custodial costs.

As of June 30, 2025 and 2024, the investments were held in a custody account at State Street Global Services and Glenmede (investment custodian) and consisted of a combination of fixed income, equity securities, and mutual funds. The Diocese also invests in a variety of alternative investment funds. Such investments are stated at net asset value, as reported by the fund, as a practical expedient for fair value. The investment portfolio is exposed to various risks, such as interest rate, market, and credit risk. Due to the level of risk associated with certain investments and the level of uncertainty related to changes in the market value of investments, it is at least reasonably possible that changes in risks in the near term could materially affect the amounts reported in the financial statements.

Other Investments - Other investments consist of investments held at State Street and Glenmede Trust Company and are segregated for the Revocable Priests' Retirement and Welfare Trust and the Bishop Malooly Scholarship Fund, respectively.

Accounts Receivable - Accounts receivable are stated at estimated net realizable value and consist of receivables for assessments, lay employee insurance premiums, priests' insurance premiums, payroll-related expenses disbursed on behalf of affiliated corporations, and amounts loaned to affiliated corporations. Accounts receivable are considered

NOTE 1: NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

Accounts Receivable - Continued - past due when they become greater than 30 days old. An allowance for doubtful accounts is established at the discretion of management based on an analysis of a receivable's collectability. The total allowance for doubtful accounts receivable as of June 30, 2025 and 2024, was $11,400,688 and $11,027,134, respectively. Net bad debt expense totaled $566,436 and $1,649,532 for the years ended June 30, 2025 and 2024, respectively.

Other Assets - As of June 30, 2025 and 2024, other assets consisted primarily of the cash surrender value of life insurance.

Real Estate and Equipment - Real estate consists of buildings and the related land. All real estate acquisitions are capitalized at cost, or if donated, at fair value on the date of donation. Equipment is expensed at the time of purchase. When real estate is sold or otherwise disposed of, the asset is removed from the statements of assets, liabilities, and net assets - modified cash basis and a corresponding gain or loss is recognized, if needed, in the statements of support, revenue, and expenses - modified cash basis.

Fair Value - Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants. A fair value hierarchy for inputs is used in measuring fair value that maximizes the use of observable inputs and minimizes the use of unobservable inputs by requiring that the most observable inputs be used when available.

The fair value hierarchy is categorized into three levels based on the inputs as follows:

> *Level 1* - Valuations based on unadjusted quoted prices in active markets for identical assets or liabilities that the Diocese has the ability to access. Since valuations are based on quoted market prices that are readily and regularly available in an active market, it does not entail a significant degree of judgment.
>
> *Level 2* - Valuations based on quoted prices in markets that are not active or for which all significant inputs are observable, either directly or indirectly.
>
> *Level 3* - Valuations based on inputs that are unobservable and significant to the overall fair value measurement.

NOTE 1: NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

Income Taxes - The Diocese is a nonprofit corporation that is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code (IRC) and therefore, has made no provision for federal income taxes in the accompanying financial statements. In addition, the Diocese qualifies for the charitable contribution deduction under Section 170(b)(1)(A) and has been determined by the Internal Revenue Service not to be a "private foundation" within the meaning of Section 509(a)(2) of the IRC.

Income not related to the Diocese's tax-exempt purpose may be subject to taxation as unrelated business income. The Diocese has determined that no liability for uncertain tax positions is required to be accrued and included in the statements of assets, liabilities, and net assets - modified cash basis as of June 30, 2025 and 2024.

The Diocese believes it is no longer subject to examination by tax authorities for years prior to fiscal year ended June 30, 2022.

Special Collections - The Diocese conducts special collections on behalf of charitable organizations, specific missionary appeals, disaster relief funds, or other approved Catholic agencies and charitable causes. These collections are taken up in parishes and remitted to the Diocese for onward transmission to the designated beneficiary organization. Such amounts are recognized as agency transactions rather than as revenue or expense of the Diocese. The Diocese acts solely in an intermediary capacity, collecting funds from parishes and remitting them to the intended recipients without discretion over their use. Receipts from these special collections are recorded as liabilities when received. Disbursements to the designated agencies are recorded as a reduction of this liability. Liabilities related to special collections as of June 30, 2025 and 2024 totaled $507,074 and $532,868, respectively, and are recorded in other liabilities in the statement of assets, liabilities, and net assets - modified cash basis.

Subsequent Events - The Diocese's policy is to evaluate events and transactions subsequent to its year end for potential recognition in the financial statements or disclosure in the notes to the financial statements. Management has evaluated events and transactions through the date of the independent auditor's report, which is the date the financial statements were available to be issued.

Functional Classification of Expenses - The costs of providing the various programs and other activities have been summarized on a functional basis in the statements of functional expenses - modified cash basis. Accordingly, certain costs were allocated among the programs and supporting services benefited. Such allocations are determined by management on a reasonable basis that is consistently applied. Costs are assigned to departments based upon the nature of the program or supporting services performed by that department. Certain costs are allocated across departments based on time and effort.

NOTE 2: AVAILABILITY AND LIQUIDITY

The following reflects the Diocese's financial assets as of the date of the statements of assets, liabilities, and net assets - modified cash basis, reduced by amounts not available for general use because of contractual, board-designated, or donor-imposed restrictions within one year of the statements of assets, liabilities, and net assets - modified cash basis date:

	2025	2024
Financial Assets as of June 30		
Cash and Cash Equivalents	$ 1,058,203	$ 311,971
Investments	23,315,912	23,329,380
Other Investments - Priests' Retirement and Welfare Trust	3,034,436	3,281,359
Other Investments - Bishop Malooly Scholarship Fund	8,231,199	6,694,119
Other Assets - Cash Value of Life Insurance Policy	58,009	58,009
Accounts Receivable - Net	10,106,405	9,470,796
Assets Held for Affiliates	-	1,442
Total Financial Assets as of June 30	45,804,164	43,147,076
Less: Amounts Not Available to be Used Within a Year		
Donor-Restricted Investment Funds	(20,295,027)	(18,562,254)
Board-Designated Investment Funds	(7,531,067)	(8,382,409)
Cash Held in Agency Capacity for Special Collections	(507,074)	(532,868)
Other Net Assets, Donor-Restricted for Specific Purposes	(621,328)	(523,620)
Other Net Assets, Board-Designated for Specific Purposes	(4,730,657)	(2,613,030)
Other Assets - Cash Value of Life Insurance Policy	(58,009)	(58,009)
Noncurrent Portion of Accounts Receivable	(820,194)	(703,266)
Assets Held for Affiliates	-	(1,442)
Financial Assets Available to Meet Cash Needs for General Expenditures Within One Year	$ 11,242,833	$ 11,772,202

The Diocese's short-term liquidity plan is to maintain readily available resources, including operating cash, to cover expenses as they are incurred.

Per the Diocese's investment policies, donor-restricted and board-designated investment funds are generally not available for operations. Therefore, those investment fund amounts have been reflected as unavailable for general expenditures within one year in the chart on the previous page. Although investment funds without donor restrictions or board designations are shown as available in the chart, the Diocese does not intend to spend these funds unless there is an immediate liquidity need.

NOTE 3: NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions consisted of the following as of June 30:

	2025	2024
Subject to Purpose Restriction		
Cash and Receivables - Restricted for Tuition Assistance and Education	$ 621,328	$ 523,620
Donor-Restricted Investment Funds		
Original Gift Values to be Held in Perpetuity	1,391,209	1,391,209
Amount Above Original Gift Values which is Expendable to Support		
Tuition Assistance and Education	15,959,760	14,064,278
Scholarship Assistance to Various Schools	374,641	310,376
Seminary	493,998	389,237
Mass Stipends	278,875	246,719
Capital Renovations/Maintenance - St. Peter's Cathedral	193,821	172,664
Missions	246,593	219,646
Newman Center - University of Delaware	582,002	836,202
Music Program - Church of the Holy Child	124,829	111,607
Education Fund - Capital Improvements	99,623	328,641
Other Restrictions	549,676	491,675
Total Subject to Purpose Restriction	20,916,355	19,085,874
Subject to Time Restriction		
Cash Surrender Value of Life Insurance Policy	58,009	58,009
Total Net Assets With Donor Restrictions	$ 20,974,364	$ 19,143,883

NOTE 4: NET ASSETS WITHOUT DONOR RESTRICTIONS

Net assets without donor restrictions consisted of the following as of June 30:

	2025	2024
Undesignated	$ 11,926,087	$ 12,013,380
Board-Designated Investment Funds		
Diocesan Reserve Fund	3,276,520	2,912,863
Priest Health and Welfare Fund	3,034,436	3,281,359
Seminary Fund	1,512,553	1,345,705
Lay and Clergy Healthcare Fund	(541,516)	619,916
High School Allocations	239,860	213,938
Other Designations	9,214	8,628
	7,531,067	8,382,409
Board-Designated for Specific Purposes		
Lay and Clergy Healthcare	4,730,657	2,613,030
Total Net Assets Without Donor Restrictions	$ 24,187,811	$ 23,008,819

NOTE 5: INVESTMENTS

The composition of investments as of June 30 was as follows:

	2025	2024
Cash and Cash Equivalents	$ 683,475	$ 718,312
Fixed Income	4,426,918	4,753,060
Domestic Equity	8,013,555	9,600,535
International Equity	10,191,964	8,257,473
Investments	$ 23,315,912	$ 23,329,380

Investment Income - Net for the years ended June 30 consisted of the following:

	2025	2024
Interest and Dividends	$ 571,421	$ 444,280
Custodial and Advisory Fees	(142,414)	(219,575)
Net Gains	2,294,866	2,152,613
Investment Income - Net	$ 2,723,873	$ 2,377,318

NOTE 6: OTHER INVESTMENTS

The composition of Other Investments - Priests' Retirement and Welfare Trust as of June 30 was as follows:

	2025	2024
Cash and Cash Equivalents	$ 68,942	$ 52,459
Fixed Income	580,052	678,745
Domestic Equity	1,050,004	1,370,973
International Equity	1,335,438	1,179,182
Other Investments - Priests' Retirement and Welfare Trust	$ 3,034,436	$ 3,281,359

The composition of Other Investments - Bishop Malooly Scholarship Fund as of June 30 was as follows:

	2025	2024
Cash and Cash Equivalents	$ 395,409	$ 318,706
Fixed Income	2,327,876	1,629,419
Domestic Equity	4,381,196	4,087,665
International Equity	1,126,718	658,329
Other Investments - Bishop Malooly Scholarship Fund	$ 8,231,199	$ 6,694,119

Other Investment Income - Net - Priests' Retirement and Welfare Trust for the years ended June 30 consisted of the following:

	2025	2024
Interest and Dividends	$ 74,914	$ 74,436
Custodial and Advisory Fees	(19,306)	(36,711)
Net Gains	310,416	387,894
Other Investment Income - Net - Priests' Retirement and Welfare Trust	$ 366,024	$ 425,619

NOTE 6: OTHER INVESTMENTS - CONTINUED

Other Investment Income - Net - Bishop Malooly Scholarship Fund for the years ended June 30 consisted of the following:

	2025	2024
Interest and Dividends	$ 174,228	$ 143,999
Custodial and Advisory Fees	(36,825)	(29,259)
Net Gains	715,379	593,512
Other Investment Income - Net - Bishop Malooly Scholarship Fund	$ 852,782	$ 708,252

In addition to Other Investment Income - Net from the Priests' Retirement and Welfare Trust and the Bishop Malooly Scholarship Fund, Other Investment Income - Net on the statements of support, revenue, and expenses - modified cash basis includes trust income.

NOTE 7: FAIR VALUE MEASUREMENT

Assets measured at fair value on a recurring basis consist of investments. Investments are presented in the statements of assets, liabilities, and net assets - modified cash basis as follows:

	2025	2024
Investments	$ 23,315,912	$ 23,329,380
Other Investments - Priests' Retirement and Welfare Trust	3,034,436	3,281,359
Other Investments - Bishop Malooly Scholarship Fund	8,231,199	6,694,119
Assets Held for Affiliates	-	1,442
Total Investments	$ 34,581,547	$ 33,306,300

Fair values of assets and liabilities measured on a recurring basis as of June 30 were as follows:

	2025			
	Fair Value	Level 1	Level 2	Level 3
Assets, at Fair Value				
Investments Using Fair Value Hierarchy				
Cash and Cash Equivalents	$ 1,147,826	$ 1,147,826	$ -	$ -
Fixed Income	7,334,846	7,334,846	-	-
Domestic Equity	8,371,347	8,371,347	-	-
International Equity	7,204,650	7,204,650	-	-
Total Investments Using Fair Value Hierarchy	24,058,669	24,058,669	-	-

NOTE 7: FAIR VALUE MEASUREMENT - CONTINUED

	2025			
	Fair Value	Level 1	Level 2	Level 3
Investments Measured at Net Asset Value				
Alternative Investment Funds	$ 10,522,878	$ -	$ -	$ -
Total Assets, at Fair Value	$ 34,581,547	$ 24,058,669	$ -	$ -

	2024			
	Fair Value	Level 1	Level 2	Level 3
Assets, at Fair Value				
Investments Using Fair Value Hierarchy				
Cash and Cash Equivalents	$ 1,097,257	$ 1,097,257	$ -	$ -
Fixed Income	7,059,892	7,059,892	-	-
Domestic Equity	8,299,504	8,299,504	-	-
International Equity	5,951,778	5,951,778	-	-
Total Investments Using Fair Value Hierarchy	22,408,431	22,408,431	-	-
Investments Measured at Net Asset Value				
Alternative Investment Funds	10,897,869	-	-	-
Total Assets, at Fair Value	$ 33,306,300	$ 22,408,431	$ -	$ -
Liabilities, at Fair Value				
Assets Owed to Affiliates	$ 1,442	$ -	$ 1,442	$ -
Total Liabilities, at Fair Value	$ 1,442	$ -	$ 1,442	$ -

The investments in the chart above represent investments, other investments - priests' retirement and welfare trust, other investments - Bishop Malooly scholarship fund, and assets held for affiliates. The investment portfolio consists of a combination of money market, fixed income, equity securities, and mutual funds. The fair value of these investments was primarily determined based on quoted market prices as of June 30, 2025 and 2024. Investments in alternative investment funds that are measured at fair value using the net asset value per share (or its equivalent) practical expedient have not been categorized in the fair value hierarchy. The fair value amounts presented in this table are intended to permit reconciliation of the fair value hierarchy to the amounts presented in the statements of assets, liabilities, and net assets - modified cash basis.

NOTE 8: RELATED-PARTY TRANSACTIONS

Certain members of the Diocese's board are also board members of certain affiliated corporations.

The Diocese includes on its statements of assets, liabilities, and net assets - modified cash basis, assets held for/owed to affiliated corporations, which are reported as restricted assets and liabilities. These assets are owned by the affiliated corporations and are included in the financial statements of the Diocese to portray the fiduciary relationship on these assets.

In years prior to the years ended June 30, 2025 and 2024, the Diocese loaned funds to All Saints School to help fund their operations. This non-interest-bearing loan has no stated repayment terms. The balance due to the Diocese was $263,000 as of June 30, 2025 and 2024, respectively. Management has established a reserve of $175,000 for this balance as an uncollectible account as of June 30, 2025 and 2024. In years prior to the years ended June 30, 2025 and 2024, the Diocese loaned funds to Most Blessed Sacrament School to help fund their operations. This non-interest-bearing loan has no stated repayment terms. The balance due to the Diocese was $321,000 as of June 30, 2025 and 2024. In years prior to the years ended June 30, 2025 and 2024, the Diocese loaned funds to St. Mark’s High School to help fund their operations. This non-interest-bearing loan has no stated repayment terms. The balance due to the Diocese was $706,114 as of June 30, 2025 and 2024, and management has established a reserve for this balance as an uncollectible account.

The Diocese recognized assessment revenue from its parishes and other affiliated entities in the amounts of $4,538,461 and $4,400,500 for the years ended June 30, 2025 and 2024, respectively. In relation to assessments, amounts due to the Diocese from affiliated entities as of June 30, 2025 and 2024, were $5,689,988 and $5,564,591, respectively. Management reserved $2,947,959 and $3,083,052 as of June 30, 2025 and 2024, respectively, for assessment receivables from entities that management has deemed uncollectible. Write-offs of the receivables are made at the discretion of management. The receivables, net of an allowance, are reported on the statements of assets, liabilities, and net assets - modified cash basis as accounts receivable - net.

During the years ended June 30, 2025 and 2024, the Diocese provided funding to certain affiliated corporations. The more significant funding provided was as follows:

	2025	2024
Catholic Press of Wilmington, Inc.	$ 210,170	$ 196,923
Catholic Charities, Inc.	900,000	800,004
Catholic Schools	389,800	327,800

NOTE 8: RELATED-PARTY TRANSACTIONS - CONTINUED

During the years ended June 30, 2025 and 2024, the Diocese disbursed funds on behalf of certain affiliated corporations for expenses including wages, payroll taxes, health benefits, and other miscellaneous expenses. Amounts unreimbursed as of June 30, 2025 and 2024, are included in accounts receivable - net on the statements of assets, liabilities, and net assets - modified cash basis.

The Diocese pays claims and other expenses related to their self-insurance plan. The self-insurance plan covers health insurance for lay employees and priests. Each affiliated corporation pays the Diocese a premium for their portion of the plan's claims and expenses. The Diocese recognized approximately $12,500,000 and $11,755,000, respectively, in premium revenue from affiliated corporations and incurred expenses of approximately $12,475,000 and $12,460,000, respectively, in actual claims and administrative costs for the years ended June 30, 2025 and 2024.

As of June 30, 2025 and 2024, insurance receivables due from affiliated corporations totaled $11,321,523 and $10,465,696, respectively, and are included in accounts receivable - net. As of June 30, 2025 and 2024, insurance receivables that management has deemed uncollectible were reserved in the amount of $6,676,277 and $6,174,761, respectively. Write-offs of the receivables are made at the discretion of management.

The Diocese provides long-term disability for all full-time employees of the Diocese, parishes, and certain affiliated corporations, at no cost to those entities since these amounts were not significant. The Diocese also provides a pension benefit for all full-time employees of the Diocese, parishes, and certain affiliated corporations (Note 9).

NOTE 9: PENSION PLANS

The Diocese sponsors a noncontributory defined benefit pension plan (Lay Pension Plan) covering certain full-time employees of the Diocese, parishes, and affiliated corporations. The Lay Pension Plan calls for benefits to be paid to eligible employees at retirement based on compensation, as defined in the plan documents.

On July 28, 2011, the United States Bankruptcy Court for the District of Delaware executed an order confirming the *Second Amended Chapter 11 Plan of Reorganization of Catholic Diocese of Wilmington, Inc.* (Plan). The Plan provided for several settlement mechanisms and the continued corporate existence of the Diocese as a Reorganized Debtor. A principal term of this settlement agreement required the Diocese to provide the Lay Pension Trust a fully secured, unsubordinated promissory note in the amount of $15,000,000. An entity related to the Diocese agreed to pledge as collateral unencumbered real property on behalf of the Diocese.

NOTE 9: PENSION PLANS - CONTINUED

The Lay Pension Plan benefits froze based on accrued service earned at December 31, 2011. The unvested benefits were permitted to vest upon satisfaction of the ordinary conditions for vesting. The following funded status of the Lay Pension Plan is based on actuarial valuations as of:

	January 1	
	2025	2024
Market Value of Assets	$ 35,251,465	$ 34,731,426
Actuarial Liability	79,429,167	79,445,673
Funded Status Percentage	44.38%	43.72%

During the years ended June 30, 2025 and 2024, the Diocese contributed $2,885,000 and $5,900,000, respectively, to the Lay Pension Plan. Lay pension expense reported in the statements of support, revenue, and expenses - modified cash basis and functional expenses - modified cash basis for the years ended June 30, 2025 and 2024, are shown net of pension contributions collected by affiliated entities.

For fiscal years ending after June 30, 2015, the Diocese will make annual contributions to the Lay Pension Plan Trust equal to the lesser of $2,200,000 (plus 2.5% compounded annually) or the amortized annual contribution required to achieve fully funded status on an actuarial basis by June 30, 2060.

The Diocese also has a Revocable Priests' Retirement and Welfare Trust to cover the health and retirement cost of the clergy of the Diocese. As of June 30, 2025 and 2024, the fund assets totaled $3,034,436 and $3,281,359, respectively. This balance is included in other investments - priests' retirement and welfare trust on the statements of assets, liabilities, and net assets - modified cash basis.

Under the modified cash basis of accounting, there is no liability recognized in the financial statements related to future obligations under the plan or future obligations related to health and retirement costs of the clergy.

NOTE 10: TAX-SHELTERED ANNUITY RETIREMENT PLAN

Effective February 1, 2013, the Diocese adopted a 403(b) tax-sheltered annuity plan. Generally, employees are eligible to participate in the plan if they normally work more than 20 hours per week. Eligible employees are able to make elective deferrals beginning on their date of hire. Eligible employees may participate in employer-matching contributions upon the satisfaction of applicable service requirements. The service requirement for matching contributions is one year of service defined as at least 1,000 hours of service in a year for employees hired before July 1, 2007, or 1,300 hours of service in a year for employees hired after July 1, 2007. Employees are vested in matching contributions at a rate of 0% for less than three years of credited service or 100% for three or more years

NOTE 10: TAX-SHELTERED ANNUITY RETIREMENT PLAN - CONTINUED

of credited service. The Diocese, at its discretion, may make a matching contribution equal to a percentage of an employee's elective deferrals. The Diocese determines whether, and at what rate, it will make matching contributions on an annual basis. For the years ended June 30, 2025 and 2024, matching contributions were $91,030 and $82,756, respectively.

NOTE 11: CONCENTRATION OF CREDIT RISK

The Diocese maintains cash balances at one financial institution, where balances are insured by the Federal Deposit Insurance Corporation. Uninsured cash balances as of June 30, 2025 and 2024, totaled $1,011,101 and $437,021, respectively.

NOTE 12: COMMITMENTS AND CONTINGENCIES

Unpaid Health Insurance Claims - The Diocese sponsors self-insurance plans which cover health insurance for lay and religious employees of the Diocese and affiliated entities (Note 8). A liability for unpaid claims, including incurred but not reported losses, is reflected in the statements of assets, liabilities, and net assets - modified cash basis as other liabilities in the amount of $580,000 and $809,000 as of June 30, 2025 and 2024, respectively.

Litigation Claims - Certain conditions may exist as of the date the financial statements are issued, which may result in a loss to the Diocese but which only will be resolved when one or more future events occur or fail to occur. The Diocese's management and its legal counsel assess such contingent liabilities, and such assessment inherently involves an exercise of judgment. In assessing loss contingencies related to legal proceedings that are pending against the Diocese or unasserted claims that may result in such proceedings, the Diocese's legal counsel evaluates the perceived merits of any legal proceedings or unasserted claims as well as the perceived merits of the amount of relief sought or expected to be sought therein.

NOTE 13: LEASES

The Diocese leases office equipment under noncancelable leases expiring at various dates through May 2030. Rent expenses related to these leases were $19,165 and $18,689 for the years ended June 30, 2025 and 2024, respectively.

NOTE 13: LEASES - CONTINUED

Future minimum lease payments under noncancelable lease agreements as of June 30, 2025 are as follows:

2026	$	11,769
2027		10,126
2028		4,288
2029		3,960
2030		3,630
	$	33,773