

**CATHOLIC CHARITIES, INC.,
DIOCESE OF MADISON**

FINANCIAL STATEMENTS

December 31, 2024 and 2023

CONTENTS

Independent Auditor's Report	1
Statements of Financial Position	3
Statements of Activities	4
Statements of Functional Expenses	6
Statements of Cash Flows	8
Notes to Financial Statements	9

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Catholic Charities, Inc., Diocese of Madison
Madison, Wisconsin

Opinion

We have audited the financial statements of Catholic Charities, Inc., Diocese of Madison, which comprise the statements of financial position as of December 31, 2024 and 2023, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of Catholic Charities, Inc., Diocese of Madison as of December 31, 2024 and 2023, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Catholic Charities, Inc., Diocese of Madison and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.

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

Financial Statements of Catholic Charities, Inc., Diocese of Madison and Affiliates

We also have audited, in accordance with auditing standards generally accepted in the United States of America, the financial statements of Catholic Charities, Inc., Diocese of Madison and affiliates, which comprise the consolidated statements of financial position, as of December 31, 2024 and 2023, the related consolidated statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements. Such consolidated financial statements are the general-purpose financial statements of Catholic Charities, Inc., Diocese of Madison and its affiliates, and the financial statements of Catholic Charities, Inc., Diocese of Madison presented herein are not a valid substitute for those consolidated financial statements.

Wegner CPAs LLP

Wegner CPAs, LLP
Madison, Wisconsin
June 20, 2025

CATHOLIC CHARITIES, INC., DIOCESE OF MADISON
STATEMENTS OF FINANCIAL POSITION
December 31, 2024 and 2023

	2024	2023
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	\$ 2,169,260	\$ 842,358
Accounts receivable	637,925	1,131,458
Unconditional promises to give	10,200	118,342
Prepaid expenses	193,688	184,973
Investments	2,961,618	4,346,295
Total current assets	5,972,691	6,623,426
LIMITED USE ASSETS		
Cash - donor restricted	55,260	444,586
Investments - board designated	9,625,535	6,460,729
Investments - donor restricted	2,065,907	2,710,361
Total limited use assets	11,746,702	9,615,676
PROPERTY AND EQUIPMENT AND RIGHT-OF-USE ASSETS		
Property and equipment, net	4,996,465	4,940,097
Operating lease right-of-use assets	1,015,319	860,571
Finance lease right-of-use assets	277,755	71,275
Total property and equipment and right-of-use assets	6,289,539	5,871,943
OTHER ASSETS		
Investment in subsidiary	2,942,625	2,676,519
Total assets	<u>\$ 26,951,557</u>	<u>\$ 24,787,564</u>
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts payable	\$ 169,090	\$ 184,731
Accrued payroll and related liabilities	369,349	233,726
Accrued interest payable	-	3,446
Provision for contract repayment	-	6,236
Deferred revenue	-	1,655
Operating lease liabilities, current portion	146,995	354,856
Finance lease liabilities, current portion	59,692	46,748
Notes payable, current portion	100,578	100,539
Total current liabilities	845,704	931,937
NONCURRENT LIABILITIES		
Operating lease liabilities, less current portion	880,518	514,048
Finance lease liabilities, less current portion	218,342	31,801
Notes payable, less current portion, net	2,213,067	2,312,135
Total liabilities	4,157,631	3,789,921
NET ASSETS		
Without donor restrictions - undesignated	11,000,036	11,855,198
Without donor restrictions - board designated	9,625,535	6,436,347
With donor restrictions	2,168,355	2,706,098
Total net assets	22,793,926	20,997,643
Total liabilities and net assets	<u>\$ 26,951,557</u>	<u>\$ 24,787,564</u>

See accompanying notes.

CATHOLIC CHARITIES, INC., DIOCESE OF MADISON
STATEMENT OF ACTIVITIES
Year Ended December 31, 2024

	Without Donor Restrictions	With Donor Restrictions	Total
REVENUE FROM OPERATIONS			
Program revenues			
Purchase of service contracts	\$ 6,763,933	\$ -	\$ 6,763,933
Program service fees	916,053	-	916,053
Management fees	74,000	-	74,000
Contributions of financial assets			
Diocese of Madison	440,000	-	440,000
United Way workplace campaign	88,245	-	88,245
United Way grants	140,000	-	140,000
Other contributions	425,389	764,202	1,189,591
Contributions of nonfinancial assets	391,284	-	391,284
Fundraising events, net of cost of direct benefits to donors of \$21,515	87,317	-	87,317
Other revenue	1,610	-	1,610
Total revenue from operations	9,327,831	764,202	10,092,033
NET ASSETS RELEASED FROM RESTRICTIONS			
Satisfaction of purposes restrictions and expiration of time restrictions	1,307,180	(1,307,180)	-
EXPENSES			
Program services			
Intellectual and developmental disabilities	1,800,422	-	1,800,422
Family services	2,030,006	-	2,030,006
Aging services	948,784	-	948,784
Restoring lives	3,138,560	-	3,138,560
Parish social ministries	491,149	-	491,149
Supporting activities			
Management and general	1,774,298	-	1,774,298
Fundraising	369,332	-	369,332
Total expenses	10,552,551	-	10,552,551
Change in net assets from operations	82,460	(542,978)	(460,518)
OTHER CHANGES			
Share of net income of subsidiaries	266,106	-	266,106
Investment return, net	1,285,460	5,235	1,290,695
Member distributions	700,000	-	700,000
Total other changes	2,251,566	5,235	2,256,801
Change in net assets	2,334,026	(537,743)	1,796,283
Net assets at beginning of year	18,291,545	2,706,098	20,997,643
Net assets at end of year	<u>\$ 20,625,571</u>	<u>\$ 2,168,355</u>	<u>\$ 22,793,926</u>

See accompanying notes.

CATHOLIC CHARITIES, INC., DIOCESE OF MADISON
STATEMENT OF ACTIVITIES
Year Ended December 31, 2023

	Without Donor Restrictions	With Donor Restrictions	Total
REVENUE FROM OPERATIONS			
Program revenues			
Purchase of service contracts	\$ 8,993,637	\$ -	\$ 8,993,637
Program service fees	1,764,803	-	1,764,803
Management fees	74,050	-	74,050
Contributions of financial assets			
Diocese of Madison	440,000	-	440,000
United Way workplace campaign	80,699	860	81,559
United Way grants	184,876	-	184,876
Other contributions	384,894	541,296	926,190
Contributions of nonfinancial assets	313,297	-	313,297
Fundraising events, net of cost of direct benefits to donors of \$31,132	105,996	-	105,996
Other revenue	28,952	-	28,952
Total revenue from operations	12,371,204	542,156	12,913,360
NET ASSETS RELEASED FROM RESTRICTIONS			
Satisfaction of purposes restrictions and expiration of time restrictions	852,228	(852,228)	-
EXPENSES			
Program services			
Services for developmental disabilities	4,759,521	-	4,759,521
Services to families and children	2,383,480	-	2,383,480
Services to homeless persons	1,990,333	-	1,990,333
Services to seniors	1,219,914	-	1,219,914
Services for alcohol and other drug abuse	1,374,165	-	1,374,165
Supporting activities			
Management and general	1,967,333	-	1,967,333
Fundraising	434,095	-	434,095
Total expenses	14,128,841	-	14,128,841
Change in net assets from operations	(905,409)	(310,072)	(1,215,481)
OTHER CHANGES			
Share of net income of subsidiaries	271,990	-	271,990
Investment return, net	1,556,440	4,223	1,560,663
Member distributions	770,000	-	770,000
Total other changes	2,598,430	4,223	2,602,653
Change in net assets	1,693,021	(305,849)	1,387,172
Net assets at beginning of year	16,598,524	3,011,947	19,610,471
Net assets at end of year	\$ 18,291,545	\$ 2,706,098	\$ 20,997,643

See accompanying notes.

CATHOLIC CHARITIES, INC., DIOCESE OF MADISON
STATEMENT OF FUNCTIONAL EXPENSES
Year Ended December 31, 2024

	Program Services					Supporting Activities		Total Expenses
	Intellectual and Developmental Disabilities	Family Services	Aging Services	Restoring Lives	Parish Social Ministries	Management and General	Fundraising	
Personnel	\$ 1,327,473	\$ 1,773,717	\$ 590,733	\$ 1,864,105	\$ 165,078	\$ 1,290,870	\$ 232,619	\$ 7,244,595
Insurance	14,751	13,247	19,321	51,421	7,139	13,176	2,431	121,486
Contracted services - professional	-	58,563	7,095	106,657	15,920	7,359	196	195,790
Supplies	71,385	19,731	129,948	298,942	3,518	8,149	7,836	539,509
Publicity and promotion	8,063	520	12,454	5,886	729	26,805	27,635	82,092
Travel	47,960	27,373	1,593	2,809	5,609	4,924	13	90,281
Equipment and furnishings	73,026	71,758	29,207	100,164	5,301	1,086	29,372	309,914
Occupancy	161,102	38,247	53,628	417,864	263,663	218,569	35,093	1,188,166
Client assistance and recreation	22,289	1,030	15,056	92,049	-	-	-	130,424
Depreciation and amortization	64,667	3,029	45,323	98,088	-	44,501	-	255,608
Interest	227	-	36,214	72,840	-	9,743	-	119,024
Professional fees	-	-	-	-	-	88,275	-	88,275
Grants to others	-	-	-	-	21,000	2,000	-	23,000
Other	9,479	22,791	8,212	27,735	3,192	58,841	34,137	164,387
Total expenses	\$ 1,800,422	\$ 2,030,006	\$ 948,784	\$ 3,138,560	\$ 491,149	\$ 1,774,298	\$ 369,332	\$ 10,552,551

See accompanying notes.

CATHOLIC CHARITIES, INC., DIOCESE OF MADISON
STATEMENT OF FUNCTIONAL EXPENSES
Year Ended December 31, 2023

	Program Services					Supporting Activities		Total Expenses
	Services for Developmental Disabilities	Services to Families and Children	Services to Homeless Persons	Services to Seniors	Services for Alcohol and Other Drug Abuse	Management and General	Fundraising	
Personnel	\$ 3,890,288	\$ 1,868,386	\$ 942,402	\$ 795,901	\$ 840,851	\$ 1,377,907	\$ 264,517	\$ 9,980,252
Insurance	19,205	7,372	6,371	21,520	34,277	29,564	2,001	120,310
Contracted services - professional	195	135,903	74,094	1,467	45,279	25,405	10,591	292,934
Supplies	73,318	157,255	180,665	138,075	142,019	14,038	5,450	710,820
Publicity and promotion	4,029	1,098	6,021	31,127	237	23,534	23,073	89,119
Travel	76,271	23,423	2,228	5,079	6,649	4,155	18	117,823
Equipment and furnishings	93,650	54,111	35,875	21,132	29,927	47,399	28,473	310,567
Occupancy	217,176	79,912	298,645	107,315	83,267	233,479	67,221	1,087,015
Client assistance and recreation	232,639	1,351	414,809	15,844	12,766	-	-	677,409
Depreciation and amortization	104,295	8,448	15,357	36,984	97,161	19,383	5,851	287,479
Interest	26,917	2,496	1,430	36,214	73,584	5,516	1,523	147,680
Professional fees	-	-	-	-	-	100,675	-	100,675
Grants to others	-	-	-	-	-	22,150	-	22,150
Other	21,538	43,725	12,436	9,256	8,148	64,128	25,377	184,608
Total expenses	\$ 4,759,521	\$ 2,383,480	\$ 1,990,333	\$ 1,219,914	\$ 1,374,165	\$ 1,967,333	\$ 434,095	\$ 14,128,841

See accompanying notes.

CATHOLIC CHARITIES, INC., DIOCESE OF MADISON
STATEMENTS OF CASH FLOWS
Years Ended December 31, 2024 and 2023

	2024	2023
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ 1,796,283	\$ 1,387,172
Adjustments to reconcile change in net assets to net cash flows from operating activities		
Donated investments	35,117	-
Contributions restricted for capital improvements	190,800	-
Contributions restricted for long term purposes	5,918	-
Depreciation and amortization	307,880	275,725
Amortization of operating lease right-of-use assets	229,449	352,956
Gain on disposal of property and equipment	-	(23,000)
Loss on early termination of leases	17,250	-
Net realized and unrealized gains on investments	(1,337,810)	(1,288,338)
Income from subsidiary	(966,106)	(1,041,990)
Change in assets		
Unconditional promises to give	108,142	176,447
Accounts receivable	493,533	14,632
Prepaid expenses	(8,715)	57,013
Change in liabilities		
Accounts payable	(15,641)	13,378
Accrued payroll and related liabilities	135,623	(48,598)
Accrued interest payable	(3,446)	-
Provision for contract repayment	(6,236)	(62,911)
Deferred revenue	(1,655)	(70,161)
Operating lease liabilities	(247,444)	(346,889)
Net cash flows from operating activities	732,942	(604,564)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of investments and reinvested income	(1,500,000)	(736,069)
Proceeds from sales of investments	1,667,018	-
Proceeds from sale of property and equipment	-	23,000
Purchases of property and equipment	(311,976)	(203,045)
Distributions from subsidiaries	700,000	770,000
Net cash flows from investing activities	555,042	(146,114)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from contributions restricted for capital improvements	(190,800)	-
Proceeds from contributions restricted for long term purposes	(5,918)	-
Principal payments on notes payable	(99,029)	(96,674)
Principal payments on finance lease liabilities	(54,661)	(49,424)
Net cash flows from financing activities	(350,408)	(146,098)
Net change in cash and cash equivalents	937,576	(896,776)
Cash and cash equivalents at beginning of year	1,286,944	2,183,720
Cash and cash equivalents at end of year	<u>\$ 2,224,520</u>	<u>\$ 1,286,944</u>
SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION		
Cash paid for interest	\$ 116,399	\$ 115,451
Noncash investing and financing activities:		
Donated investments	35,117	-
Lease liabilities arising from obtaining right-of-use assets	826,665	-

See accompanying notes.

CATHOLIC CHARITIES, INC., DIOCESE OF MADISON
NOTES TO FINANCIAL STATEMENTS
December 31, 2024 and 2023

NOTE 1—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Activities

Catholic Charities, Inc., Diocese of Madison (CCI) is a nonprofit corporation that provides professional programs of high quality, in the tradition of the Roman Catholic Church, designed to meet the physical, mental, emotional, and spiritual needs of the residents of the Diocese of Madison, Wisconsin. CCI may also function as a vehicle of expression through implementation of social services to address issues of poverty, social justice, family life, rights of children and the aging, and other social issues that become a concern to the Church or society as a whole. CCI works in concert with the diocesan bishop and services, parishes, community organizations, and government entities to accomplish its purpose. CCI's social service programs include, but are not limited to:

2023 programs:

- Services for developmental disabilities – includes residential and day programs and recreational programs
- Services to families and children – includes Post Adoption resources, Building Bridges, FACE Kids, school and family counseling, and mobile food pantries
- Services to homeless persons – includes Beacon Day Resource center, eviction prevention, and rapid rehousing
- Services to seniors – includes Companion Care, Respite Care Team Ministry, and Adult Day Center
- Services for alcohol and other drug abuse (AODA) – servicing adults with alcohol and/or drug use problems

2024 programs:

- Intellectual and developmental disabilities services – includes Community Living and Community Connections
- Family services – includes Building Bridges, FACE kids, school and youth counseling
- Restoring lives – includes Beacon Day Resource center and 5 Door Recovery center
- Aging services – includes Adult Day Center
- Parish social ministries – includes Care Team Ministries and mobile food pantries

Change in Program Structure

As a result of discontinuation and reorganization of certain program operations, CCI has readjusted the way in which its programs function. This change did not have an effect on the change in net assets but altered how its program service functions are labeled and categorized within the statements of activities and functional expenses. This change occurred as of January 1, 2024 and the program service functions for the year ended December 31, 2023 remain unchanged. Accordingly, direct comparisons between years may not be meaningful. Management believes the revised presentation more accurately reflects the current operational focus of CCI.

Cash and Cash Equivalents

For financial statement presentation purposes, CCI considers money market accounts to be cash equivalents, except for amounts held in brokerage accounts and for security deposits. Cash equivalents are recorded at cost which approximates fair value.

CATHOLIC CHARITIES, INC., DIOCESE OF MADISON
NOTES TO FINANCIAL STATEMENTS
December 31, 2024 and 2023

NOTE 1—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Accounts Receivable

Accounts receivable consist of amounts due from third parties for program services provided by CCI to various individuals, of which CCI has an unconditional right to receive. CCI uses historical loss information based on the aging of accounts receivable as the basis to determine expected credit losses. Management believes the composition of accounts receivable is consistent with historical conditions and accounts receivable are expected to be settled within a relatively short time frame based on current conditions. As such, credit losses are expected to be insignificant.

Accounts receivable from contracts with customers were as follows for the years ended December 31:

	2024	2023
Beginning of year	\$ 1,131,458	\$ 1,146,090
End of year	637,925	1,131,458

Unconditional Promises to Give

Unconditional promises to give are recognized as revenue in the period the promises are received. Conditional promises to give are recognized only when the conditions on which they depend are substantially met and the promise becomes unconditional. At December 31, 2024 and 2023, all promises to give are due in less than one year. Contributions to be received over periods longer than one year are discounted at an interest rate commensurate with risk involved, if material to the financial statements.

Investments

CCI reports investments in equity securities with readily determinable fair values at their fair values in the statement of financial position. Unrealized gains and losses are included in the change in net assets in the accompanying statement of activities.

Investments are exposed to various risks including, but not limited to, interest rate and market and credit risks. Due to the level of risks associated with certain investments, it is at least reasonably possible that changes in the values of investments will occur in the near term.

Property and Equipment

All acquisitions of property and equipment in excess of \$5,000 are capitalized at cost or, if donated, at the approximate fair value at the date of donation. Costs of repairs and maintenance of minor items are charged to expense as incurred. Depreciation is provided using the straight-line method over the estimated useful lives of the assets, which range from 3 to 40 years. Upon disposition, the cost and related accumulated depreciation are removed from the accounts and the resulting gain or loss is reflected in the statement of activities. In some instances, a funding source may have a reversionary interest in property and equipment purchased with contract funds.

CATHOLIC CHARITIES, INC., DIOCESE OF MADISON
NOTES TO FINANCIAL STATEMENTS
December 31, 2024 and 2023

NOTE 1—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Impairment of Long-Lived Assets

CCI reviews long-lived assets, including property and equipment, for impairment whenever events or changes in business circumstances indicate that the carrying amount of an asset may not be fully recoverable. An impairment loss would be recognized when the estimated future cash flows from the use of the asset are less than the carrying amount of that asset. To date, there have been no such losses.

Leases

CCI does not recognize short-term leases in the statement of financial position. For these leases, CCI recognizes the lease payments in the change in net assets on a straight-line basis over the lease term and variable lease payments in the period in which the obligation for those payments is incurred. CCI also does not separate nonlease components from lease components for all classes of underlying assets and instead accounts for each separate lease component and the nonlease components associated with that lease component as a single lease component. If the rate implicit in the lease is not readily determinable, CCI uses a risk-free rate as the discount rate for the lease for all classes of underlying assets.

Investment in Subsidiary

CCI reports its investment in the net assets of subsidiaries using the equity method. Under the equity method, the investment was initially recorded at the amount invested, and subsequently increased by CCI's proportionate share of the subsidiaries' net income and reduced by distributions and CCI's proportionate share of the subsidiaries' net loss. The equity method does not allow the investment to be reduced below zero unless the parent has a loan to the subsidiaries or guarantees the debt of the subsidiaries.

Debt Issuance Costs

Debt issuance costs are presented as a reduction of the carrying amount of the debt. Amortization of debt issuance costs is reported as interest expense in the statements of functional expenses. Amortization expense for the years ended December 31, 2024 and 2023 was \$6,073 and \$6,071, respectively.

Revenue Recognition

Certain purchase of service programs of CCI are funded in part by service contracts and grants with various government agencies. Revenue is recognized in the accounting period when the related allowable expenses are incurred. Amounts received in excess of expenses are reflected as owed back to funders, if specified in the contract. Amounts received prior to incurring the expense for the service are reflected as deferred revenue. Purchase of service contracts that qualify as exchange transactions are reimbursed based on a predetermined rate for services performed. The revenue is recognized in the period the service is performed.

CATHOLIC CHARITIES, INC., DIOCESE OF MADISON
NOTES TO FINANCIAL STATEMENTS
December 31, 2024 and 2023

NOTE 1—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Program service revenue is received from individual clients and third-party payors, including many area school districts, that provide for reimbursement to CCI at amounts that vary based on its established rates. Services provided by professional staff are reimbursed on prospectively determined fee schedules depending on the type of service provided. Program service revenue is recognized in the period the service is performed.

Management fees are recognized over the period of the contract on a straight-line basis. CCI invoices the affiliated organization for the agreed upon price on a monthly basis.

Contributions

Unconditional contributions received are recorded as increases in net assets without donor restrictions and net assets with donor restrictions depending on the existence of any donor restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions. Conditional grants and contributions are not recognized in the financial statements until the conditions are met or explicitly waived by the grantor or donor. Contributions that are restricted by the donor which were initially conditional grants and contributions are reported as increases in net assets without donor restriction if the condition and restriction are met in the same reporting period.

Donated Services

CCI has individuals who volunteer their time and perform a variety of tasks to assist in the program services and supporting activities. However, these services do not meet the criteria for recognition. Therefore, no amounts have been reflected in the financial statements.

Expense Allocation

The financial statements report certain categories of expenses that are attributable to more than one program service or supporting activity. Therefore, these expenses require allocation on a reasonable basis that is consistently applied. Expense line items or costs within a line item are directly charged as either program services or supporting activities based on the nature of the expense. Costs which benefit several programs, such as copy machine costs or office rent, are allocated to those programs which benefit from the expense, based on salary dollars. Program managers' time is allocated to the programs they direct based on their actual time spent for each program. Agency-wide indirect costs such as insurance are allocated to all programs based on salary dollars for each program.

Estimates

Management uses estimates and assumptions in preparing financial statements. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenue and expenses. Actual results could differ from those estimates.

CATHOLIC CHARITIES, INC., DIOCESE OF MADISON
NOTES TO FINANCIAL STATEMENTS
December 31, 2024 and 2023

NOTE 1—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Reclassifications

Certain accounts in the prior-year financial statements have been reclassified for comparative purposes to conform with the presentation in the current-year financial statements.

Income Taxes

CCI is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code.

Date of Management's Review

Management has evaluated subsequent events through June 20, 2025, the date which the financial statements were available to be issued.

NOTE 2—CONCENTRATIONS OF CREDIT RISK

CCI maintains cash balances at several financial institutions located in southern Wisconsin. Accounts at each institution are insured by the Federal Deposit Insurance Corporation up to \$250,000. CCI's uninsured cash balances total approximately \$806,000 and \$188,000 as of December 31, 2024 and 2023, respectively.

NOTE 3—INVESTMENTS

Investments consist of the following:

	2024	2023
Cash equivalents	\$ 42,398	\$ 44,385
Certificates of deposit	532,844	512,342
Mutual funds	6,883,503	7,734,745
U.S. government securities	-	1,869,018
Bonds	5,587,166	3,356,895
Mutual funds held at CDMF	1,607,149	-
	<u>\$ 14,653,060</u>	<u>\$ 13,517,385</u>

Fair values of mutual funds are based on quoted net asset values of the shares as reported by the fund. The mutual funds held by CCI are open-end mutual funds registered with the U.S. Securities and Exchange Commission. The funds must publish their daily net asset value and transact at that price. The mutual funds held by CCI are considered to be actively traded, which are Level 1 fair value measurements. Fair values of bonds and U.S. government securities are determined using a market approach on yields currently available on comparable securities of issuers with similar credit ratings, which are Level 2 fair value measurements. Certificates of deposit are held at financial institutions at the historical cost plus accrued interest, which approximates fair value. Little information about assets held at Catholic Charities Diocese of Madison Foundation, Inc. (CDMF) is released publicly. The estimated fair value does not necessarily represent the amounts that may be ultimately realized due to the occurrence of future circumstances that cannot be reasonably determined.

CATHOLIC CHARITIES, INC., DIOCESE OF MADISON
NOTES TO FINANCIAL STATEMENTS
December 31, 2024 and 2023

NOTE 4—PROPERTY AND EQUIPMENT

Property and equipment consist of the following:

	2024	2023
Land	\$ 936,500	\$ 936,500
Buildings	4,152,382	4,028,741
Vehicles and equipment	1,138,908	950,573
Leasehold improvements	270,469	270,469
Construction in progress	10,000	10,000
Property and equipment	6,508,259	6,196,283
Less accumulated depreciation	1,511,794	1,256,186
	<u>\$ 4,996,465</u>	<u>\$ 4,940,097</u>

NOTE 5—LINE OF CREDIT

CCI has a credit demand note with an interest rate of 8.5% and no stated expiration date. The credit demand note was not used in 2024 and 2023 and there was no outstanding balance at December 31, 2024 and 2023.

NOTE 6—NOTES PAYABLE

Notes payable consist of the following:

	2024	2023
\$1,160,000 note payable to First Business Bank requiring monthly payments of \$7,033, including principal and interest until August 2026. The interest rate is 3.95%. The note is secured by the Fen Oak Dr. land, building, and personal property.	\$ 807,763	\$ 860,926
\$41,312 vehicle note payable to Ally requiring monthly payments of \$788 including principal and interest until December 2024. The interest rate is 5.43%. The note is secured by the vehicle.	-	8,016
\$1,700,000 building note payable to First Business Bank requiring monthly payments of \$9,305 including principal and interest until August 2026. The interest rate is 4.29%. The note is secured by the Olin Ave. building.	1,519,350	1,563,273
Total notes payable	2,327,113	2,432,215
Less unamortized debt issuance costs	13,468	19,541
	<u>\$ 2,313,645</u>	<u>\$ 2,412,674</u>

CATHOLIC CHARITIES, INC., DIOCESE OF MADISON
NOTES TO FINANCIAL STATEMENTS
December 31, 2024 and 2023

NOTE 6—NOTES PAYABLE (continued)

Future minimum principal payments are as follows:

2025	\$ 100,578
2026	<u>2,226,535</u>
Total	<u>\$ 2,327,113</u>

NOTE 7—NET ASSETS

CCI's board of directors has designated net assets without donor restrictions for the following purposes:

	<u>2024</u>	<u>2023</u>
5 Door programming	\$ -	\$ 796,173
All Saints development	-	3,904,355
Strategic initiatives	3,039,643	1,735,819
Operations	6,079,285	-
Capital reserve	<u>506,607</u>	<u>-</u>
Total net assets with board designations	9,625,535	6,436,347
Undesignated	<u>11,000,036</u>	<u>11,855,198</u>
	<u>\$ 20,625,571</u>	<u>\$ 18,291,545</u>

Net assets with donor restrictions are restricted for the following purposes or periods:

	<u>2024</u>	<u>2023</u>
Subject to expenditure for specified purpose:		
Services for developmentally disabled	\$ 7,235	\$ -
The Beacon	496,278	764,626
Family services	36,989	97,750
Aging services	1,434,838	1,576,519
Services to AODA	36,000	-
Other	22,225	30,225
Subject to the passage of time:		
Support of programs in future periods	-	113,342
Subject to spending policies and appropriation:		
Investments in perpetuity (including amounts above original gift amount of \$13,420 and \$8,185 for 2024 and 2023) which, once appropriated, are expendable to support:		
Adoption services	98,961	96,116
Services for AODA	<u>35,829</u>	<u>27,520</u>
	<u>\$ 2,168,355</u>	<u>\$ 2,706,098</u>

CATHOLIC CHARITIES, INC., DIOCESE OF MADISON
NOTES TO FINANCIAL STATEMENTS
December 31, 2024 and 2023

NOTE 8—LEASES

CCI is a payer on numerous residential leases on apartment units on behalf of individual clients in its supportive residential programs in Dane County and Montello area that require monthly payments.

CCI leases facilities in Madison and Janesville requiring monthly payments, expiring through 2034. CCI also leases various office equipment and vehicles that require monthly or quarterly payments and expiring through 2034. The vehicle leases have residual value guarantees up to \$13,375.

The components of total lease cost are as follows:

	2024	2023
Finance lease cost		
Amortization of right-of-use assets	\$ 52,272	\$ 53,531
Interest on lease liabilities	9,010	11,792
Operating lease cost	256,496	378,645
Short-term lease expense	-	2,373
	<u>\$ 317,778</u>	<u>\$ 446,341</u>

Other information related to leases are as follows:

	2024	2023
Cash paid for amounts included in the measurement of lease liabilities:		
Operating cash flows from finance leases	\$ 9,701	\$ 12,218
Financing cash flows from finance leases	53,970	48,998
Operating cash flows from operating leases	269,350	372,578
Right-of-use assets obtained for new finance lease liabilities	289,868	-
Right-of-use assets obtained for new operating lease liabilities	531,656	-
Weighted-average remaining lease term		
Finance leases	4.59 years	1.65 years
Operating leases	7.08 years	4.27 years
Weighted-average discount rate		
Finance leases	4.28%	11.98%
Operating leases	3.11%	2.71%

CATHOLIC CHARITIES, INC., DIOCESE OF MADISON
NOTES TO FINANCIAL STATEMENTS
December 31, 2024 and 2023

NOTE 8—LEASES (continued)

The maturities of lease liabilities as of December 31, 2024, are as follows:

	Finance Leases	Operating Leases
2025	\$ 70,157	\$ 176,449
2026	64,296	178,744
2027	64,296	181,085
2028	64,296	183,472
2029	42,864	143,956
Thereafter	-	277,632
Total minimum lease payments	305,909	1,141,338
Imputed interest	(27,875)	(113,825)
	<u>\$ 278,034</u>	<u>\$ 1,027,513</u>

NOTE 9—RELATED PARTY TRANSACTIONS

All actions of CCI's board of directors are subject to confirmation by the Bishop of the Roman Catholic Diocese of Madison (Diocese) or, in his absence, the Vicar General or Administrator of the Diocese.

CCI's transactions with the Diocese consisted of the following:

	2024	2023
Support from Diocese		
General	<u>\$ 440,000</u>	<u>\$ 440,000</u>
Expenses to Diocese		
Office rent	\$ 200,923	\$ 324,414
Insurance	72,190	71,460
Phone and utilities	-	12,354
	<u>\$ 273,113</u>	<u>\$ 408,228</u>

For the year ending December 31, 2023, CCI received \$140,000 from the Diocese, which the Diocese stipulated must be passed through to the Catholic Multicultural Center. Therefore, these funds have been excluded from CCI's revenues and expenses.

CCI had the following related party transactions with All Saints Assisted Living Center (ASALC):

CCI has an agreement with ASALC to provide administrative services. Total fees for these services were \$62,000 in 2024 and 2023, each year.

CCI received distributions of surplus cash from ASALC of \$640,000 and \$340,000 in 2024 and 2023, respectively.

CATHOLIC CHARITIES, INC., DIOCESE OF MADISON
NOTES TO FINANCIAL STATEMENTS
December 31, 2024 and 2023

NOTE 9—RELATED PARTY TRANSACTIONS (continued)

CCI had the following related party transactions with All Saints Retirement Center (ASRC):

CCI has an agreement with ASRC to provide administrative services. Total fees for these services were \$12,000 in 2024 and 2023, each year.

CCI received a distribution of surplus cash from ASRC of \$60,000 and \$430,000 in 2024 and 2023, respectively.

During 2024, CCI made an investment in The Catholic Charities Diocese of Madison Foundation, Inc. (CDMF), a non-for-profit organization that manages funds to provide funding to Catholic schools, parishes, and ministries in the Diocese of Madison. The total investment amounted to \$1,500,000 funded in mutual funds and bonds with the objective of supporting CDMF's long-term mission. The investment does not confer any ownership rights or control over CDMF. Accordingly, it is accounted for as a financial asset. The fair value of the investment at December 31, 2024, was \$1,607,149.

NOTE 10—ENDOWMENT

CCI's endowment consists of two donor-restricted funds. These funds were established to provide adoption resources and support AODA services. As required by accounting principles generally accepted in the United States of America, net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions.

The state of Wisconsin enacted the Uniform Prudent Management of Institutional Funds Act of 2006 (UPMIFA) effective July 20, 2009, the provisions of which apply to endowment funds existing on or established after that date. CCI had determined that its permanently restricted net assets meet the definition of endowment funds under UPMIFA. CCI has interpreted Wisconsin's enacted version of UPMIFA as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. In accordance with Wisconsin's enacted version of UPMIFA, CCI expects it will need to consider the following factors in making a determination to appropriate or accumulate donor restricted endowment funds: (1) the duration and preservation of the various funds, (2) the purposes of the donor restricted endowment funds, (3) general economic conditions, (4) the possible effect of inflation and deflation, (5) the expected total return from income and the appreciation or depreciation of investments, (6) other resources of CCI, and (7) CCI investment policies.

CCI has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment while seeking to maintain the original investment of the endowment. Endowment assets include those assets of donor restricted funds that CCI must hold in perpetuity. Under this policy, as approved by the board of directors, the endowment assets are invested in a manner that is intended to produce returns to support programs.

To satisfy its long-term rate-of-return objectives, CCI relies on a total return strategy in which investment returns are achieved through both realized and unrealized gains/loss and interest and dividends. CCI targets a diversified asset allocation that places a greater emphasis on equity-based investments to achieve its long-term return objectives within prudent risk constraints.

CATHOLIC CHARITIES, INC., DIOCESE OF MADISON
NOTES TO FINANCIAL STATEMENTS
December 31, 2024 and 2023

NOTE 10—ENDOWMENT (continued)

Endowment net assets by type of fund consisted of the following:

	2024	2023
Donor-restricted endowment funds:		
Original donor-restricted gift amount - Ben Ley	\$ 87,931	\$ 87,931
Accumulated investment gains - Ben Ley	11,030	8,185
Original donor-restricted gift amount - Navin	33,439	27,520
Accumulated investment gains	2,390	-
	<u>\$ 134,790</u>	<u>\$ 123,636</u>

Changes in endowment net assets are as follows:

	2024	2023
Endowment net assets at beginning of year	\$ 123,636	\$ 91,893
Investment return, net	5,235	4,223
Contributions	5,919	27,520
	<u>\$ 134,790</u>	<u>\$ 123,636</u>

NOTE 11—CONCENTRATIONS

CCI received 21% and 19%, respectively, of its revenue from Dane County Department of Human Services, for the years ended December 31, 2024 and 2023.

NOTE 12—TAX DEFERRED ANNUITY PENSION PLAN

CCI has a tax deferred annuity pension plan, which covers all employees who have met minimum age and service requirements. Participants are 100% vested in their contributions. CCI matches employee contributions to the plan up to 6% of their annual salary. Employer contributions to the plan were \$177,217 and \$225,375, respectively, in 2024 and 2023.

NOTE 13—PAYCHECK PROTECTION PROGRAM LOAN

On April 15, 2020, CCI received a \$2,212,352 loan under the Paycheck Protection Program (PPP) established by the Coronavirus Aid, Relief, and Economic Security (CARES) Act and administered by the U.S. Small Business Administration (SBA).

On December 8, 2021, the SBA preliminarily approved forgiveness of \$2,110,160 of the loan and \$34,514 of accrued interest. The remaining \$102,192 was repaid by CCI as of December 31, 2021.

CATHOLIC CHARITIES, INC., DIOCESE OF MADISON
NOTES TO FINANCIAL STATEMENTS
December 31, 2024 and 2023

NOTE 13—PAYCHECK PROTECTION PROGRAM LOAN (continued)

CCI must retain PPP documentation in its files for six years after the date the loan is forgiven or repaid in full and permit authorized representatives of SBA to access such files upon request. SBA may review any loan at any time at its discretion. Therefore, SBA may review CCI's good-faith certification concerning the necessity of its loan request, whether CCI calculated the loan amount correctly, whether CCI used loan proceeds for the allowable uses specified in the CARES Act, and whether CCI is entitled to loan forgiveness in the amount claimed on its application. If SBA determines CCI was ineligible for the loan or for forgiveness in whole or in part, SBA will seek repayment of the award.

NOTE 14—LIQUIDITY AND AVAILABILITY

CCI's financial assets available within one year of the statements of financial position dates for general expenditure are as follows:

	2024	2023
Cash and cash equivalents	\$ 2,224,520	\$ 1,286,944
Accounts receivable	637,925	1,131,458
Unconditional promises to give	10,200	118,342
Investments	14,653,060	13,517,385
Financial assets at end of year	17,525,705	16,054,129
Less those unavailable for general expenditures within one year:		
Board designations	(9,625,535)	(6,436,347)
Restricted by donors with time or purpose restrictions	(2,033,565)	(2,469,120)
Endowment assets	(134,790)	(123,636)
	<u>\$ 5,731,815</u>	<u>\$ 7,025,026</u>

CCI engages in contracts for services with various parties, which are usually paid either before, during, or after services are received, depending on the payor. CCI does not experience large seasonal swings in cash as it receives regular payments on contracts throughout the year. CCI's daily cash flow is monitored by management to ensure that revenues received cover operating expenses.

CCI has a credit demand note up to \$250,000 which could be used to handle short-term operating cash needs, should the situation arise. This demand note has not been utilized since it was opened. CCI holds investment accounts for various needs including operations, strategic growth, and for specific needs as restricted by donors or designated by the Board. The investments without restrictions or designations are intended to hold excess operating cash and provide operating cash for liquidity needs.

CATHOLIC CHARITIES, INC., DIOCESE OF MADISON
NOTES TO FINANCIAL STATEMENTS
December 31, 2024 and 2023

NOTE 15—CONTRIBUTIONS OF NONFINANCIAL ASSETS

Contributions of nonfinancial assets include:

	<u>2024</u>	<u>2023</u>
Occupancy - facilities	\$ 177,624	\$ 177,674
Client assistance and recreation - food, clothing, and personal items	213,660	126,482
Supplies	<u>-</u>	<u>9,141</u>
	<u>\$ 391,284</u>	<u>\$ 313,297</u>

CCI recognized contributed nonfinancial assets within revenue, including contributed facilities, leasehold improvements, event supplies, and food, clothing, and personal items. Unless otherwise noted, contributed nonfinancial assets did not have donor-imposed restrictions.

The contributed facilities are used at by the Beacon location to provide services to homeless individual through the restoring lives programs. In valuing the contributed facilities, CCI estimated the fair value on the basis of comparable rentable office space within Wisconsin from the most recent data available.

Contributed event supplies were utilized in fundraising activities for events in which the supplies and awards were designated for. Contributed food was distributed by the mobile food pantries through the parish social ministries program. Contributed food, clothing, and personal items were distributed to families at the Beacon location and through the mobile food pantries. In valuing the event supplies and the contributed food, clothing, and personal items, CCI estimated the fair value on the basis of estimates of retail values that would be received for purchasing similar products in the United States.

NOTE 16—SUBSEQUENT EVENT

During 2025, CCI entered into an agreement to acquire all the assets and assume all the liabilities of Catholic Multicultural Center (CMC). The acquisition is expected to take place on July 1, 2025. CMC's operations will be administered by CCI and expand its programmatic reach. The statement of financial position will be adjusted at July 1, 2025 to reflect this transaction.