CATHOLIC CHARITIES, INC., DIOCESE OF MADISON

FINANCIAL STATEMENTS

December 31, 2025 and 2024

C O N T E N T S

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, 2025 and 2024, 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, 2025 and 2024, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of 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.

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

We also have audited, in accordance with GAAS, the financial statements of Catholic Charities, Inc., Diocese of Madison and its affiliates, which comprise the consolidated statements of financial position as of December 31, 2025 and 2024, and the related consolidated statements of activities, functional expenses, and cash flows for the years then ended (none of which is presented herein), and we expressed an unmodified opinion on those financial statements. Such 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 financial statements.

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.

Wegner CPAs LLP

Wegner CPAs, LLP
Madison, Wisconsin
June 30, 2026

CATHOLIC CHARITIES, INC., DIOCESE OF MADISON
STATEMENTS OF FINANCIAL POSITION
December 31, 2025 and 2024

	2025	2024
ASSETS		
CURRENT ASSETS		
Cash	$ 4,354,164	$ 2,224,520
Accounts receivable	995,050	637,925
Unconditional promises to give	150,000	10,200
Prepaid expenses	250,677	193,688
Investments	17,874,625	14,653,060
Total current assets	23,624,516	17,719,393
PROPERTY AND EQUIPMENT AND RIGHT-OF-USE ASSETS		
Property and equipment, net	6,064,025	4,996,465
Operating lease right-of-use assets	866,712	1,015,319
Finance lease right-of-use assets	224,024	277,755
Total property and equipment and right-of-use assets	7,154,761	6,289,539
OTHER ASSETS		
Unconditional promises to give	160,000	-
Investment in subsidiary	3,398,111	2,942,625
Total other assets	3,558,111	2,942,625
Total assets	$ 34,337,388	$ 26,951,557
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts payable	$ 236,223	$ 169,090
Accrued payroll and related liabilities	437,258	369,349
Deferred revenue	600	-
Operating lease liabilities, current portion	154,113	146,995
Finance lease liabilities, current portion	66,381	59,692
Notes payable, current portion	2,228,668	100,578
Total current liabilities	3,123,243	845,704
NONCURRENT LIABILITIES		
Operating lease liabilities, less current portion	726,404	880,518
Finance lease liabilities, less current portion	163,141	218,342
Notes payable, less current portion	-	2,213,067
Total liabilities	4,012,788	4,157,631
NET ASSETS		
Without donor restrictions	28,152,826	20,625,571
With donor restrictions	2,171,774	2,168,355
Total net assets	30,324,600	22,793,926
Total liabilities and net assets	$ 34,337,388	$ 26,951,557

See accompanying notes.

CATHOLIC CHARITIES, INC., DIOCESE OF MADISON
STATEMENT OF ACTIVITIES
Year Ended December 31, 2025

	Without Donor Restrictions	With Donor Restrictions	Total
REVENUE FROM OPERATIONS			
Program revenues			
Purchase of service contracts	$ 7,091,742	$ -	$ 7,091,742
Program service fees	936,867	-	936,867
Management fees	75,374	-	75,374
Contributions of financial assets			
Diocese of Madison	440,000	-	440,000
United Way workplace campaign	88,264	-	88,264
Other contributions	2,358,660	1,471,676	3,830,336
Contributions of nonfinancial assets	391,245	-	391,245
Contribution received from acquisition of Catholic Multicultural Center	3,196,076	-	3,196,076
Fundraising events, net of costs of direct benefits to donors of $28,610	104,470	-	104,470
Other revenue	6,382	-	6,382
Total revenue from operations	14,689,080	1,471,676	16,160,756
NET ASSETS RELEASED FROM RESTRICTIONS			
Satisfaction of purpose restrictions and expiration of time restrictions	1,473,920	(1,473,920)	-
EXPENSES			
Program services			
Intellectual and developmental disabilities	1,812,682	-	1,812,682
Family services	1,865,716	-	1,865,716
Aging services	1,164,595	-	1,164,595
Restoring lives	3,024,577	-	3,024,577
Parish social ministries	345,352	-	345,352
Catholic Multicultural Center	778,710	-	778,710
Supporting activities			
Management and general	1,714,884	-	1,714,884
Fundraising	456,979	-	456,979
Total expenses	11,163,495	-	11,163,495
Change in net assets from operations	4,999,505	(2,244)	4,997,261
OTHER CHANGES			
Share of net income of subsidiaries	455,486	-	455,486
Investment return, net	1,372,264	5,663	1,377,927
Member distributions	700,000	-	700,000
Total other changes	2,527,750	5,663	2,533,413
Change in net assets	7,527,255	3,419	7,530,674
Net assets at beginning of year	20,625,571	2,168,355	22,793,926
Net assets at end of year	$ 28,152,826	$ 2,171,774	$ 30,324,600

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 costs 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 purpose 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	$ 20,625,571	$ 2,168,355	$ 22,793,926

See accompanying notes.

CATHOLIC CHARITIES, INC., DIOCESE OF MADISON
STATEMENT OF FUNCTIONAL EXPENSES
Year Ended December 31, 2025

	Program Services						Supporting Activities		
	Intellectual and Developmental Disabilities	Family Services	Aging Services	Restoring Lives	Parish Social Ministries	Catholic Multicultural Center	Management and General	Fundraising	Total Expenses
Personnel	$ 1,317,047	$ 1,716,604	$ 669,195	$ 1,883,043	$ 159,751	$ 454,724	$ 1,272,416	$ 344,378	$ 7,817,158
Insurance	13,790	7,884	31,842	47,743	1,218	14,802	6,131	1,603	125,013
Outsourced medical services	-	5,905	-	108,742	-	7,972	12,999	-	135,618
Supplies	38,306	10,124	151,882	272,025	397	87,774	5,500	3,442	569,450
Publicity and promotion	-	510	37	250	556	974	6,225	19,307	27,859
Travel	55,069	21,361	11,590	7,531	4,171	2,439	-	-	102,161
Equipment and furnishings	79,487	60,847	35,791	97,514	2,413	34,007	19,024	21,624	350,707
Occupancy	178,665	24,099	153,091	312,856	164,938	125,686	196,871	53,282	1,209,488
Client assistance and recreation	51,301	461	3,655	117,009	-	1,720	-	-	174,146
Depreciation and amortization	69,942	3,305	72,434	84,638	-	42,118	8,189	-	280,626
Interest	-	-	31,931	70,681	-	-	19,156	-	121,768
Professional fees	-	-	-	-	-	-	84,867	-	84,867
Grants to others	-	-	-	-	9,155	-	-	-	9,155
Other	9,075	14,616	3,147	22,545	2,753	6,494	83,506	41,953	184,089
Total expenses	1,812,682	1,865,716	1,164,595	3,024,577	345,352	778,710	1,714,884	485,589	11,192,105
Less expenses included with revenue on the statement of activities	-	-	-	-	-	-	-	(28,610)	(28,610)
Total expenses included in the expenses section of the statement of activities	$ 1,812,682	$ 1,865,716	$ 1,164,595	$ 3,024,577	$ 345,352	$ 778,710	$ 1,714,884	$ 456,979	$ 11,163,495

See accompanying notes.

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

	Program Services					Supporting Activities		
	Intellectual and Developmental Disabilities	Family Services	Aging Services	Restoring Lives	Parish Social Ministries	Management and General	Fundraising	Total Expenses
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
Outsourced medical services	-	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	55,652	185,902
Total expenses	1,800,422	2,030,006	948,784	3,138,560	491,149	1,774,298	390,847	10,574,066
Less expenses included with revenue on the statement of activities	-	-	-	-	-	-	(21,515)	(21,515)
Total expenses included in the expenses section of the statement of activities	$ 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
STATEMENTS OF CASH FLOWS
Years Ended December 31, 2025 and 2024

	2025	2024
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	$ 7,530,674	$ 1,796,283
Adjustments to reconcile change in net assets to net cash flows from operating activities		
Contribution received from acquisition of Catholic Multicultural Center	(3,196,076)	-
Donated investments	-	(35,117)
Contributions restricted for capital improvements	-	(190,800)
Contributions restricted for long-term purposes	(79,971)	(5,918)
Depreciation and amortization	349,628	307,880
Amortization of operating lease right-of-use assets	148,607	229,449
Loss on early termination of leases	-	17,250
Net realized and unrealized gains on investments	(796,520)	(1,337,810)
Income from subsidiary	(1,155,486)	(966,106)
Change in assets		
Unconditional promises to give	(299,800)	108,142
Accounts receivable	(345,651)	493,533
Prepaid expenses	(42,251)	(8,715)
Change in liabilities		
Accounts payable	61,959	(15,641)
Accrued payroll and related liabilities	67,909	135,623
Accrued interest payable	-	(3,446)
Provision for contract repayment	-	(6,236)
Deferred revenue	600	(1,655)
Operating lease liabilities	(146,996)	(247,444)
Net cash flows from operating activities	2,096,626	269,272
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of investments and reinvested income	(571,796)	(1,500,000)
Proceeds from sales of investments	49,485	1,737,252
Cash received from acquisition of Catholic Multicultural Center	245,807	-
Purchases of property and equipment	(321,689)	(311,976)
Distributions from subsidiaries	700,000	700,000
Net cash flows from investing activities	101,807	625,276
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from contributions restricted for capital improvements	-	190,800
Proceeds from contributions restricted for long-term purposes	79,971	5,918
Principal payments on notes payable	(84,977)	(99,029)
Principal payments on finance lease liabilities	(63,783)	(54,661)
Net cash flows from financing activities	(68,789)	43,028
Net change in cash	2,129,644	937,576
Cash at beginning of year	2,224,520	1,286,944
Cash at end of year	$ 4,354,164	$ 2,224,520
SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION		
Cash paid for interest	$ 115,696	$ 116,399
Noncash investing and financing activities:		
Donated investments	-	35,117
Investments received from acquisition of Catholic Multicultural Center	1,902,734	-
Property and equipment received from acquisition of Catholic Multicultural Center	1,026,497	-

See accompanying notes.

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 is primarily funded through governmental grants, purchase of service contracts, and contributions from the general public. CCI's social service programs include, but are not limited to:

- 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
- Catholic Multicultural Center (CMC) – includes immigrant resources, economic hardship and food insecurity

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. For purposes of estimating expected credit losses on current accounts receivable, CCI has elected the practical expedient that allows it to assume that current conditions as of the date of the statement of financial position do not change for the remaining life of the asset and the accounting policy election that allows it to consider collection activity after date of the statement of financial position. CCI has considered subsequent collection activity through June 30, 2026, which is the date the financial statements were available to be issued. Management believes credit losses on amounts that are uncollected as of this date will be immaterial.

Accounts receivable from contracts with customers were as follows:

	2025	2024
Beginning of year	$ 637,925	$ 1,131,458
End of year	995,050	637,925

NOTE 1—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Promises to Give

Unconditional promises to give are recognized as revenues in the period received and as assets, decreases of liabilities, or expenses depending on the form of the benefits received. Conditional promises to give are recognized only when the conditions on which they depend are substantially met and the promise becomes unconditional.

Investments

CCI reports investments in equity securities with readily determinable fair values and all investments in debt securities 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 such as interest rate, market, and credit risks. Due to the level of risk associated with certain investments, it is at least reasonably possible that changes in the values of investments will occur in the near term and that such change could materially affect the amounts reported in the statement of financial position.

Property and Equipment

All acquisitions of property and equipment in excess of $5,000 are capitalized. Property and equipment are carried 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. In some instances, a funding source may have a reversionary interest in property and equipment purchased with contract funds.

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.

Revenue Recognition

Certain programs of CCI are funded in part by purchase of service contracts with various government agencies. Revenue is recognized in the accounting period when the related allowable expenses are incurred. Amounts received in excess of expenses incurred are reported as a provision for contract repayment. Amounts received prior to incurring the expense for the service are reported 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.

NOTE 1—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Program service fees are 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 fees are recognized as revenue 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

Conditional contributions are not recognized in the financial statements until the conditions are met or explicitly waived by the donor. Donor-restricted contributions that were initially conditional contributions are reported as increases in net assets without donor restrictions if the conditions and restrictions are met in the same reporting period in which the revenue is recognized. All other grants and 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.

Donated Services

Donated services are recognized as contributions if the services create or enhance nonfinancial assets or they require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation. Volunteers also provided a variety of tasks to assist in the day-to-day operations of the aging services, restoring lives, and parish social ministries programs. Services are primarily provided at the Adult Day Center, the Beacon Day Resource Shelter, and mobile food pantries. These volunteer services are performed throughout the year that are not recognized as contributions in the financial statements since the recognition criteria were not met. CCI estimates these hours exceed 5,000 hours per year.

Expense Allocation

Expenses that can be directly identified with a specific program service or supporting activity are directly charged to that program service or supporting activity. Expenses that are attributable to more than one program service or supporting activity are allocated on a reasonable basis that is consistently applied. The expenses that are allocated include occupancy, which are allocated on a square footage basis, as well as salaries and benefits, which are allocated on the basis of estimates of time and effort.

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.

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 Tax Status

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 30, 2026, 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. At December 31, 2025 and 2024, CCI's uninsured cash balances total approximately $35,000 and $806,000, respectively.

NOTE 3—INVESTMENTS

Investments consist of the following:

	2025	2024
Cash equivalents held by investment managers	$ 271,304	$ 42,398
Certificates of deposit	552,510	532,844
Mutual funds	8,895,261	6,883,503
Bonds	6,289,453	5,587,166
Beneficial interest in assets held by The Catholic Diocese of Madison Foundation, Inc. (CDMF)	1,866,097	1,607,149
	$ 17,874,625	$ 14,653,060

NOTE 4—FAIR VALUE MEASUREMENTS

CCI reports certain assets and liabilities at fair value in the financial statements. Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in the principal, or most advantageous, market in an orderly transaction between market participants on the measurement date. Inputs used to determine fair value refer broadly to the assumptions that market participants would use in pricing the asset or liability, including assumptions about risk. Inputs may be observable or unobservable. Observable inputs are inputs that reflect the assumptions market participants would use in pricing the asset or liability based on market data obtained from sources independent of the reporting entity. Unobservable inputs are inputs that reflect the reporting entity's own assumptions about the assumptions market participants would use in pricing the asset or liability based on the best information available. A three-level hierarchy categorizes the inputs as follows:

> Level 1 – Unadjusted quoted prices in active markets for identical assets or liabilities that the reporting entity has the ability to access at the measurement date.
>
> Level 2 – Inputs other than quoted prices within Level 1 that are observable for the asset or liability, either directly or indirectly. These include quoted prices for similar assets or liabilities in active markets, quoted prices for identical assets or liabilities in markets that are not active inputs other than quoted process that are observable for the asset or liability.
>
> Level 3 – Unobservable inputs for the asset or liability. In these situations, inputs are developed using the best information available in the circumstances.

In some cases, the inputs used to measure the fair value of an asset or a liability might be categorized within different levels of the fair value hierarchy. In those cases, the fair value measurement is categorized in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement. Assessing the significance of a particular input to entire measurement requires judgment, considering factors specific to the asset or liability. The categorization of an asset within the hierarchy is based upon the pricing transparency of the asset and does not necessarily correspond to CCI's assessment of the quality, risk, or liquidity profile of the asset or liability.

Investments in mutual funds are classified in Level 1 because they have a readily determinable fair value based in the closing value in actively traded exchanges. Certificates of deposit and bonds are valued by the custodians of the securities using pricing models based on credit quality, time to maturity, stated interest rates, and market-rate assumptions, and are classified in Level 2. CCI's beneficial interest in assets held by CDMF represents an agreement between CCI and CDMF in which CCI transfers assets to CDMF in exchange for future distributions. The beneficial interest is not actively traded and significant other observable inputs are not available. The fair value of beneficial interest in assets held by CDMF is based on the fair value of the underlying investments as reported to CCI by CDMF.Little information about those assets 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.

NOTE 4—FAIR VALUE MEASUREMENTS (continued)

The following table presents assets measured at fair value on a recurring basis at December 31, 2025 and 2024:

	2025			
	Fair Value	Level 1	Level 2	Level 3
Certificates of deposit	$ 552,510	$ -	$ 552,510	$ -
Mutual funds	8,895,261	8,895,261	-	-
Bonds	6,289,453	-	6,289,453	-
Beneficial interest in assets held by CDMF	1,866,097	-	-	1,866,097
	$ 17,603,321	$ 8,895,261	$ 6,841,963	$ 1,866,097

	2024			
	Fair Value	Level 1	Level 2	Level 3
Certificates of deposit	$ 532,844	$ -	$ 532,844	$ -
Mutual funds	6,883,503	6,883,503	-	-
Bonds	5,587,166	-	5,587,166	-
Beneficial interest in assets held by CDMF	1,607,149	-	-	1,607,149
	$ 14,610,662	$ 6,883,503	$ 6,120,010	$ 1,607,149

The following is a reconciliation of the beginning and ending balance of the beneficial interest in assets held by CDMF, which is measured at fair value on a recurring basis using significant unobservable inputs (Level 3) for the years ended December 31, 2025 and 2024:

	Fair Value Measurements Using Significant Unobservable Inputs (Level 3)	
	2025	2024
Balance at beginning of year	$ 1,607,149	$ -
Contributions of investments	78,846	1,500,000
Investment return, net	14,584	10,456
Change in value of beneficial interest	165,518	96,693
Balance at end of year	$ 1,866,097	$ 1,607,149

NOTE 5—PROPERTY AND EQUIPMENT

Property and equipment consist of the following:

	2025	2024
Land	$ 1,184,434	$ 936,500
Buildings	4,896,184	4,152,382
Vehicles and equipment	1,365,212	1,138,908
Leasehold improvements	400,615	270,469
Construction in progress	10,000	10,000
Property and equipment	7,856,445	6,508,259
Less accumulated depreciation	1,792,420	1,511,794
Property and equipment, net	$ 6,064,025	$ 4,996,465

NOTE 6—LINE OF CREDIT

CCI has a $250,000 credit demand note with an interest rate of 8.5% and no stated expiration date. The credit demand note is secured by substantially all assets of CCI. The credit demand note was not used in 2025 and 2024 and there was no outstanding balance at December 31, 2025 and 2024.

NOTE 7—NOTES PAYABLE

Notes payable consist of the following:

	2025	2024
$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.	$ 763,206	$ 807,763
$1,700,000 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.	1,472,859	1,519,350
Total notes payable	2,236,065	2,327,113
Less unamortized debt issuance costs	7,397	13,468
	$ 2,228,668	$ 2,313,645

All remaining principal on the notes payable is due in August 2026. Management has yet to determine if the notes will be refinanced or extinguished either partially or in their entirety.

NOTE 8—NET ASSETS

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

	2025	2024
Strategic initiatives	$ 3,268,257	$ 3,039,643
Operations	6,536,515	6,079,285
Capital reserve	544,710	506,607
Total designated net assets	10,349,482	9,625,535
Undesignated	17,803,344	11,000,036
	$ 28,152,826	$ 20,625,571

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

	2025	2024
Subject to expenditure for specified purpose:		
Services for developmentally disabled	$ 15,153	$ 7,235
The Beacon	541,774	496,278
Family services	36,989	36,989
Aging services	1,293,195	1,434,838
Services for AODA	43,250	36,000
Immigration services	6,765	-
Other	14,224	22,225
Subject to spending policies and appropriation:		
Investments in perpetuity (including original gift amount of $180,821 and $121,370, respectively) which, once appropriated, are expendable to support:		
Adoption services	103,257	98,961
Catholic Multicultural Center	80,214	-
Services for AODA	36,953	35,829
	$ 2,171,774	$ 2,168,355

NOTE 9—LEASES

CCI leases facilities in Madison and Janesville under operating leases that expire at various dates through June 30, 2034. CCI also leases office equipment and vehicles under finance leases that expire at various dates through June 30, 2030. The vehicle leases have residual value guarantees up to $13,375.

NOTE 9—LEASES (continued)

The components of total lease cost are as follows:

	2025	2024
Finance lease cost		
Amortization of right-of-use assets	$ 69,003	$ 52,272
Interest on lease liabilities	10,679	9,010
Operating lease cost	178,060	256,496
	$ 257,742	$ 317,778

Other information related to leases are as follows:

	2025	2024
Cash paid for amounts included in the measurement of lease liabilities:		
Operating cash flows from finance leases	$ 10,730	$ 9,701
Financing cash flows from finance leases	63,732	53,970
Operating cash flows from operating leases	176,449	269,350
Right-of-use assets obtained in exchange for new finance lease liabilities	15,271	289,868
Right-of-use assets obtained in exchange for new operating lease liabilities	-	531,656
Weighted-average remaining lease term		
Finance leases	3.55 years	4.59 years
Operating leases	6.22 years	7.08 years
Weighted-average discount rate		
Finance leases	4.13%	4.28%
Operating leases	3.11%	3.11%

The maturities of lease liabilities as of December 31, 2025, are as follows:

	Finance Leases	Operating Leases
2026	$ 74,628	$ 178,744
2027	65,400	181,085
2028	64,296	183,472
2029	42,864	143,956
2030	-	61,696
Thereafter	-	215,935
Total minimum lease payments	247,188	964,888
Imputed interest	(17,666)	(84,371)
Tota lease liabilities	$ 229,522	$ 880,517

NOTE 10—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:

	2025	2024
Support from Diocese		
General	$ 440,000	$ 440,000
Expenses to Diocese		
Office rent	$ 61,696	$ 200,923
Insurance	75,812	72,190
Phone and utilities	12,982	-
	$ 150,490	$ 273,113

CCI had the following transactions with All Saints Assisted Living Center (ASALC), a wholly owned subsidiary:

CCI has an agreement with ASALC to provide administrative services. Total fees for these services were $62,000 in 2025 and 2024, each year.

CCI received distributions of surplus cash from ASALC of $640,000 in 2025 and 2024, each year.

CCI had the following transactions with All Saints Retirement Center (ASRC), a wholly owned subsidiary:

CCI has an agreement with ASRC to provide administrative services. Total fees for these services were $12,000 in 2025 and 2024, each year.

CCI received a distribution of surplus cash from ASRC of $60,000 in 2025 and 2024, each year.

NOTE 11—ENDOWMENT

CCI's endowment consists of three donor-restricted funds established to provide adoption resources, support AODA services, and support CMC. 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.

NOTE 11—ENDOWMENT (continued)

CCI is subject to Wisconsin's Uniform Prudent Management of Institutional Funds Act (UPMIFA) and, thus, classifies amounts in its donor-restricted endowment funds as net assets with donor restrictions because those net assets are time restricted until the board of directors appropriates such amounts for expenditure. Most of those net assets also are subject to purpose restrictions that must be met before reclassifying those net assets to net assets without donor restrictions. CCI has interpreted UPMIFA as not 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 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/losses 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.

Donor-restricted endowment funds at the end of the year are as follows:

	2025	2024
Original donor-restricted gift amount - Ben Ley	$ 87,931	$ 87,931
Accumulated investment gains - Ben Ley	15,326	11,030
Original donor-restricted gift amount - CMC	58,327	-
Accumulated investment gains - CMC	21,887	-
Original donor-restricted gift amount - Navin	34,563	33,439
Accumulated investment gains - Navin	2,390	2,390
	$ 220,424	$ 134,790

NOTE 11—ENDOWMENT (continued)

Changes in endowment net assets are as follows:

	2025	2024
Endowment net assets at beginning of year	$ 134,790	$ 123,636
Investment return, net	5,663	5,235
Transfer of accumulated earnings from CMC	20,519	-
Contributions	59,452	5,919
Endowment net assets at end of year	$ 220,424	$ 134,790

NOTE 12—CONCENTRATIONS

CCI received 15% and 21%, respectively, of its revenue from Dane County Department of Human Services for the years ended December 31, 2025 and 2024.

NOTE 13—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 $190,833 and $177,217, respectively, in 2025 and 2024.

NOTE 14—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.

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 loan.

NOTE 15—LIQUIDITY AND AVAILABILITY

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

	2025	2024
Cash	$ 4,354,164	$ 2,224,520
Accounts receivable	995,050	637,925
Unconditional promises to give	150,000	10,200
Investments	17,874,625	14,653,060
Financial assets at end of year	23,373,839	17,525,705
Less those unavailable for general expenditures within one year:		
Board designations	(10,349,482)	(9,625,535)
Restricted by donors with time or purpose restrictions	(1,951,350)	(2,033,565)
Endowment assets	(220,424)	(134,790)
	$ 10,852,583	$ 5,731,815

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 which could be used to handle short-term operating cash needs, should the situation arise. CCI holds investment accounts for various needs including operations, strategic growth, and for specific needs as restricted by donors or designated by the board of directors. The investments without restrictions or designations are intended to hold excess operating cash and provide operating cash for liquidity needs.

NOTE 16—CONTRIBUTIONS OF NONFINANCIAL ASSETS

Contributions of nonfinancial assets include:

	2025	2024
Occupancy - facilities	$ 193,860	$ 177,624
Client assistance and recreation - food, clothing, and personal items	166,735	213,660
Professional services	30,650	-
	$ 391,245	$ 391,284

NOTE 16—CONTRIBUTIONS OF NONFINANCIAL ASSETS (continued)

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

The contributed facilities are used at the Beacon location to provide services to homeless individuals 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 food, clothing, and personal items were distributed to families at the Beacon location and through the mobile food pantries. Contributed professional services were used in developing improvements to the Adult Day Center. In valuing the contributed professional services, 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 or services in the United States.

NOTE 17—ACQUISITION OF CATHOLIC MULTICULTURAL CENTER

On August 11, 2025, CCI purchased 100% of the membership interest in CMC. As a result of the acquisition, CCI plans to sunset the food service program, but to continue to provide immigration and other program services to poor and other marginalized populations in Madison, Wisconsin. CCI acquired CMC from a parish fulfilling the Catholic mission in a similar manner. It was determined that CCI would better serve CMC's constituents by providing experience and resources in social services to the community. As such, the fair value of the net assets received by CCI far exceeds the purchase price of $100 and an inherent contribution is recorded in the statement of activities. The following table summarizes the consideration paid for CMC and the amounts of the assets acquired and liabilities assumed recognized at the acquisition date.

Consideration:	
Cash	$ 100
Recognized amounts of identifiable assets acquired and liabilities assumed:	
Cash	245,907
Accounts receivable	11,474
Prepaid expenses	14,738
Investments	1,902,734
Vehicles	34,760
Building - Beld St	969,606
Building - Verona Rd	22,131
Current liabilities	(5,174)
Total identifiable net assets	3,196,176
Inherent contribution received	$ 3,196,076

NOTE 17—ACQUISITION OF CATHOLIC MULTICULTURAL CENTER (continued)

One of the buildings is subject to an option to purchase held by a third party, exercisable for a nominal amount upon the occurrence of specified events, including bankruptcy of CCI, transfer of the property, or failure to use the property for permitted charitable purposes. Management has determined that the option is conditional and avoidable and does not represent a present obligation. The effect of the option was incorporated into the determination of the building's fair value at the acquisition date.

Another building is subject to a reversionary interest held by a third party. The building must be used for charitable purposes serving the poor or other disadvantaged populations in the community, including, but not limited to, education, child care, meal programs, food pantry, public health, job training, and job experience for individuals with barriers to employment. The building is subject to a reversionary interest under which ownership of the property would revert to the original donor upon the occurrence of certain events, including failure to use the property for permitted charitable purposes, bankruptcy of CCI, transfer of the property, inability to allow the third party to utilize the property as specified, or material damage to the property. Management has evaluated the reversionary provisions and determined that CCI controls the building and that the specified reversionary events are avoidable through CCI's ongoing compliance with the original donation. Accordingly, the building is recorded as property and equipment and is depreciated over its estimated useful life. The building is included in net assets without donor restrictions. No liability has been recorded related to the reversionary interest, as no such triggering events had occurred as of the statement of financial position date. The effect of the reversionary interest, including limitations on use and transferability, was incorporated into the determination of the building's fair value at the acquisition date.

NOTE 18—PROMISES TO GIVE

Unconditional promises to give at the end of the year are as follows:

	2025	2024
Receivable in less than on year	$ 150,000	$ 10,200
Receivable in one to five years	160,000	-
	$ 310,000	$ 10,200