

**CENTRAL AND ADMINISTRATIVE
OPERATIONS OF THE ROMAN CATHOLIC
DIOCESE OF YOUNGSTOWN**

FINANCIAL REPORT

JUNE 30, 2025 and 2024



M MALONEY
+ NOVOTNY LLC

CENTRAL AND ADMINISTRATIVE OPERATIONS OF THE
ROMAN CATHOLIC DIOCESE OF YOUNGSTOWN

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Independent Auditors' Report

To the Most Reverend David J. Bonnar and Finance Council
of The Roman Catholic Diocese of Youngstown
Youngstown, Ohio

Opinion

We have audited the financial statements of the Central and Administrative Operations of The Roman Catholic Diocese of Youngstown (the Diocese) (a nonprofit organization), which comprise the statement of financial position as of June 30, 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 referred to above present fairly, in all material respects, the financial position of the Central and Administrative Operations of The Roman Catholic Diocese of Youngstown as of June 30, 2025 and 2024, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audits of the Financial Statements section of our report. We are required to be independent of Central and Administrative Operations of The Roman Catholic Diocese of Youngstown 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 Central and Administrative Operations of The Roman Catholic Diocese of Youngstown's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditors' Responsibilities for the Audits of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and, therefore, is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than 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 Central and Administrative Operations of The Roman Catholic Diocese of Youngstown'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 Central and Administrative Operations of The Roman Catholic Diocese of Youngstown'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 audits, significant audit findings, and certain internal control related matters that we identified during the audits.

Meloney + Novotny LLC

Cleveland, Ohio
October 13, 2025

CENTRAL AND ADMINISTRATIVE OPERATIONS OF
THE ROMAN CATHOLIC DIOCESE OF YOUNGSTOWN

STATEMENTS OF FINANCIAL POSITION

June 30, 2025 and 2024

<u>ASSETS</u>	<u>2025</u>	<u>2024</u>
CURRENT ASSETS		
Cash and cash equivalents:		
Operating	\$ 10,814,252	\$ 10,079,228
Held for archives building project	2,916,344	-
Total cash and cash equivalents	<u>13,730,596</u>	<u>10,079,228</u>
Accounts receivable, net of allowance for credit losses of \$122,000 and \$148,000 as of June 30, 2025 and 2024, respectively	301,955	524,311
Prepaid expenses and other current assets	217,155	265,225
Current portion of notes and loans receivable	<u>8,372</u>	<u>15,020</u>
Total current assets	<u>14,258,078</u>	<u>10,883,784</u>
 PROPERTY AND EQUIPMENT		
Land	154,744	154,744
Buildings and improvements	4,274,366	3,844,968
Furniture and equipment	<u>307,952</u>	<u>289,320</u>
	4,737,062	4,289,032
Less accumulated depreciation	<u>3,536,542</u>	<u>3,370,332</u>
Total property and equipment	<u>1,200,520</u>	<u>918,700</u>
 OTHER ASSETS		
Investments	42,708,969	37,727,159
Beneficial interest in funds held by others	2,821,873	2,495,798
Notes and loans receivable, net of allowance for credit losses of \$87,619 and \$799,200 as of June 30, 2025 and 2024, respectively	<u>16,006</u>	<u>4,337,709</u>
Total other assets	<u>45,546,848</u>	<u>44,560,666</u>
	<u> </u>	<u> </u>
	<u><u>\$ 61,005,446</u></u>	<u><u>\$ 56,363,150</u></u>

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

CENTRAL AND ADMINISTRATIVE OPERATIONS OF
THE ROMAN CATHOLIC DIOCESE OF YOUNGSTOWN

STATEMENTS OF FINANCIAL POSITION

June 30, 2025 and 2024

<u>LIABILITIES AND NET ASSETS</u>	<u>2025</u>	<u>2024</u>
CURRENT LIABILITIES		
Accounts payable and accrued expenses	\$ 637,328	\$ 717,610
Insurance claims payable	21,795	17,315
Estimated liability for claims incurred but not reported	1,572,000	1,330,000
Funds held for others:		
Custodial	219,001	1,007,541
Archives building project	2,916,344	-
Total funds held for others	<u>3,135,345</u>	<u>1,007,541</u>
Total current liabilities	5,366,468	3,072,466
NET ASSETS		
Net assets without donor restrictions		
Undesignated	3,751,343	2,481,060
Designated	<u>50,746,361</u>	<u>49,827,334</u>
Total net assets without donor restrictions	54,497,704	52,308,394
Net assets with donor restrictions	<u>1,141,274</u>	<u>982,290</u>
Total net assets	55,638,978	53,290,684
	<u><u>\$ 61,005,446</u></u>	<u><u>\$ 56,363,150</u></u>

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

CENTRAL AND ADMINISTRATIVE OPERATIONS OF
THE ROMAN CATHOLIC DIOCESE OF YOUNGSTOWN

STATEMENT OF ACTIVITIES

Year Ended June 30, 2025

	Without Donor Restrictions	With Donor Restrictions	Total
REVENUES AND OTHER SUPPORT			
Parish assessments	\$ 3,288,156	\$ -	\$ 3,288,156
Support from Annual Diocesan Appeal	1,498,148	-	1,498,148
Program revenue and fees	293,362	-	293,362
Administrative fees	372,050	-	372,050
Premium billings	17,795,076	-	17,795,076
Gifts and donations	877,181	128,680	1,005,861
Interest and dividend income, net of expenses	883,756	19,698	903,454
Other income	117,993	-	117,993
Net assets released from restrictions	82,322	(82,322)	-
Total revenues and other support	<u>25,208,044</u>	<u>66,056</u>	<u>25,274,100</u>
EXPENSES			
Program services	20,846,054	-	20,846,054
Supporting services	2,358,468	-	2,358,468
Development and fundraising	32,548	-	32,548
Total expenses	<u>23,237,070</u>	<u>-</u>	<u>23,237,070</u>
EXCESS OF REVENUES OVER EXPENSES BEFORE NET REALIZED AND UNREALIZED GAIN AND LOAN WRITE-OFF	1,970,974	66,056	2,037,030
OTHER			
Net realized and unrealized gain	4,527,088	92,928	4,620,016
Loan write-off	(4,308,752)	-	(4,308,752)
Total other	<u>218,336</u>	<u>92,928</u>	<u>311,264</u>
CHANGE IN NET ASSETS	2,189,310	158,984	2,348,294
NET ASSETS - BEGINNING OF YEAR	<u>52,308,394</u>	<u>982,290</u>	<u>53,290,684</u>
NET ASSETS - END OF YEAR	<u>\$ 54,497,704</u>	<u>\$ 1,141,274</u>	<u>\$ 55,638,978</u>

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

CENTRAL AND ADMINISTRATIVE OPERATIONS OF
THE ROMAN CATHOLIC DIOCESE OF YOUNGSTOWN

STATEMENT OF ACTIVITIES

Year Ended June 30, 2024

	Without Donor Restrictions	With Donor Restrictions	Total
REVENUES AND OTHER SUPPORT			
Parish assessments	\$ 3,326,642	\$ -	\$ 3,326,642
Support from Annual Diocesan Appeal	1,352,521	-	1,352,521
Program revenue and fees	339,883	-	339,883
Administrative fees	291,140	-	291,140
Premium billings	17,486,703	-	17,486,703
Gifts and donations	470,468	119,249	589,717
Interest and dividend income, net of expenses	715,222	6,817	722,039
Net assets released from restrictions	123,995	(123,995)	-
Total revenues and other support	<u>24,106,574</u>	<u>2,071</u>	<u>24,108,645</u>
EXPENSES			
Program services	19,482,486	-	19,482,486
Supporting services	2,497,941	-	2,497,941
Development and fundraising	63,953	-	63,953
Total expenses	<u>22,044,380</u>	<u>-</u>	<u>22,044,380</u>
EXCESS OF REVENUES OVER EXPENSES BEFORE NET REALIZED AND UNREALIZED GAIN	2,062,194	2,071	2,064,265
OTHER			
Net realized and unrealized gain	<u>4,165,604</u>	<u>60,389</u>	<u>4,225,993</u>
CHANGE IN NET ASSETS BEFORE TRANSFERS	6,227,798	62,460	6,290,258
NET ASSET TRANSFERS BETWEEN FUNDS	(930,632)	-	(930,632)
NET ASSETS - BEGINNING OF YEAR	<u>47,011,228</u>	<u>919,830</u>	<u>47,931,058</u>
NET ASSETS - END OF YEAR	<u>\$ 52,308,394</u>	<u>\$ 982,290</u>	<u>\$ 53,290,684</u>

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

CENTRAL AND ADMINISTRATIVE OPERATIONS OF
THE ROMAN CATHOLIC DIOCESE OF YOUNGSTOWN

STATEMENT OF FUNCTIONAL EXPENSES

Year Ended June 30, 2025

	Central Services Operations								Self-Insurance Operations				
	Program Services				Supporting Services	Development & Fundraising	Total Central Services Operations	Bishop's Reserve Fund	Program Services	Supporting Services	Total Self-Insurance Operations	Total	
	Canonical	Clergy and Religious	Pastoral	Educational									
Personnel costs - lay	\$ 156,514	\$ 78,225	\$ 715,072	\$ 831,931	\$ 1,781,742	\$ 951,078	\$ 15,224	\$ 2,748,044	\$ -	\$ 444,222	\$ 276,000	\$ 720,222	\$ 3,468,266
Personnel costs - religious	6,804	323,770	28,634	-	359,208	256,731	5,127	621,066	-	-	-	-	621,066
Total personnel costs	163,318	401,995	743,706	831,931	2,140,950	1,207,809	20,351	3,369,110	-	444,222	276,000	720,222	4,089,332
Insurance claims	-	-	-	-	-	-	-	-	-	9,861,033	-	9,861,033	9,861,033
Insurance premiums	-	-	-	-	-	-	-	-	-	5,394,117	-	5,394,117	5,394,117
Subsidy/assessments paid to others	-	50,500	777,071	1,700	829,271	-	-	829,271	-	-	-	-	829,271
Professional fees	9,206	25,620	49,744	138,694	223,264	108,404	1,581	333,249	-	659,829	460,309	1,120,138	1,453,387
Seminarian education	-	155,643	-	-	155,643	-	-	155,643	-	-	-	-	155,643
Events	8,594	107,784	102,113	95,688	314,179	4,539	2,500	321,218	-	-	-	-	321,218
Provision (recovery) for credit losses	-	74,016	-	-	74,016	-	-	74,016	-	-	-	-	74,016
Occupancy	33,245	22,174	177,431	52,626	285,476	94,182	4,422	384,080	-	-	-	-	384,080
Depreciation	24,921	7,818	68,977	27,692	129,408	35,243	1,559	166,210	-	-	-	-	166,210
Meeting and travel expenses	862	12,107	13,928	34,211	61,108	22,832	93	84,033	-	4,423	-	4,423	88,456
Office	3,755	1,414	21,652	10,617	37,438	28,029	182	65,649	-	-	-	-	65,649
Equipment rental and repair	8,439	2,664	16,342	8,978	36,423	12,784	531	49,738	-	-	-	-	49,738
Other	538	2,910	7,453	12,268	23,169	48,923	62	72,154	-	-	-	-	72,154
Postage	3,107	2,225	6,779	4,562	16,673	7,554	382	24,609	-	-	-	-	24,609
Printing	1,436	935	8,191	8,187	18,749	4,040	148	22,937	-	-	-	-	22,937
Professional staff development	6,170	2,908	10,563	15,916	35,657	11,026	-	46,683	-	328	-	328	47,011
Membership dues	1,605	1,096	1,830	13,598	18,129	7,183	-	25,312	-	-	-	-	25,312
Subscriptions and publications	4,428	3,052	29,835	12,576	49,891	18,600	737	69,228	-	-	-	-	69,228
Resource material distributed	-	5,842	22,225	1,750	29,817	7,857	-	37,674	-	-	-	-	37,674
Public relations and advertising	-	-	928	1,913	2,841	3,154	-	5,995	-	-	-	-	5,995
Total expenses	\$ 269,624	\$ 880,703	\$ 2,058,868	\$ 1,272,907	\$ 4,482,102	\$ 1,622,159	\$ 32,548	\$ 6,136,809	\$ -	\$ 16,363,952	\$ 736,309	\$ 17,100,261	\$ 23,237,070

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

CENTRAL AND ADMINISTRATIVE OPERATIONS OF
THE ROMAN CATHOLIC DIOCESE OF YOUNGSTOWN

STATEMENT OF FUNCTIONAL EXPENSES

Year Ended June 30, 2024

	Central Services Operations								Self-Insurance Operations				
	Program Services				Total Program Services	Supporting Services	Development & Fundraising	Total Central Services Operations	Bishop's Reserve Fund	Program Services	Supporting Services	Total Self-Insurance Operations	Total
	Canonical	Clergy and Religious	Pastoral	Educational									
Personnel costs - lay	\$ 150,923	\$ 66,130	\$ 834,488	\$ 912,784	\$ 1,964,325	\$ 953,543	\$ 35,366	\$ 2,953,234	-	\$ 443,478	\$ 276,000	\$ 719,478	\$ 3,672,712
Personnel costs - religious	15,984	271,710	82,309	-	370,003	301,158	6,637	677,798	-	-	-	-	677,798
Total personnel costs	166,907	337,840	916,797	912,784	2,334,328	1,254,701	42,003	3,631,032	-	443,478	276,000	719,478	4,350,510
Insurance claims	-	-	-	-	-	-	-	-	-	9,640,919	-	9,640,919	9,640,919
Insurance premiums	-	-	-	-	-	-	-	-	-	4,548,092	-	4,548,092	4,548,092
Subsidy/assessments paid to others	-	50,000	553,770	-	603,770	48,000	-	651,770	-	-	-	-	651,770
Professional fees	10,622	35,903	27,938	41,451	115,914	142,414	3,387	261,715	-	651,223	519,712	1,170,935	1,432,650
Seminarian education	-	256,629	-	-	256,629	-	-	256,629	-	-	-	-	256,629
Events	2,520	102,889	109,216	257,485	472,110	-	2,036	474,146	-	-	-	-	474,146
Provision (recovery) for credit losses	(30,198)	(30,198)	(30,198)	(30,198)	(120,792)	-	-	(120,792)	-	(179,280)	-	(179,280)	(300,072)
Occupancy	24,836	19,847	179,851	49,671	274,205	84,577	9,922	368,704	-	-	-	-	368,704
Depreciation	20,162	6,503	65,380	22,221	114,266	29,745	3,251	147,262	-	-	-	-	147,262
Meeting and travel expenses	494	9,612	17,087	10,046	37,239	21,564	169	58,972	-	-	-	-	58,972
Office	3,880	2,583	22,277	9,266	38,006	29,741	915	68,662	-	-	-	-	68,662
Equipment rental and repair	8,704	3,353	13,604	10,692	36,353	16,038	1,675	54,066	-	-	-	-	54,066
Other	-	24,710	4,784	17,739	47,233	28,239	-	75,472	50,000	10,515	-	10,515	135,987
Postage	2,267	2,380	4,921	4,288	13,856	6,305	55	20,216	-	-	-	-	20,216
Printing	536	495	6,856	9,281	17,168	6,094	138	23,400	-	-	-	-	23,400
Professional staff development	-	-	10,514	15,169	25,683	4,592	-	30,275	-	-	-	-	30,275
Membership dues	3,350	2,493	3,312	2,662	11,817	10,201	199	22,217	-	-	-	-	22,217
Subscriptions and publications	1,455	531	18,694	2,700	23,380	10,406	203	33,989	-	-	-	-	33,989
Resource material distributed	-	5,994	8,944	-	14,938	9,372	-	24,310	-	-	-	-	24,310
Public relations and advertising	-	-	798	638	1,436	240	-	1,676	-	-	-	-	1,676
Total expenses	\$ 215,535	\$ 831,564	\$ 1,934,545	\$ 1,335,895	\$ 4,317,539	\$ 1,702,229	\$ 63,953	\$ 6,083,721	\$ 50,000	\$ 15,114,947	\$ 795,712	\$ 15,910,659	\$ 22,044,380

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

CENTRAL AND ADMINISTRATIVE OPERATIONS OF
THE ROMAN CATHOLIC DIOCESE OF YOUNGSTOWN

STATEMENTS OF CASH FLOWS

Years Ended June 30, 2025 and 2024

	<u>2025</u>	<u>2024</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets before transfers	\$ 2,348,294	\$ 6,290,258
Adjustments to reconcile change in net assets before transfers to net cash provided by operating activities:		
Depreciation	166,210	147,262
Provision (recovery) for credit losses	-	(300,072)
Loan write-offs	4,308,752	-
Provision for claims incurred but not reported	242,000	(674,000)
Net realized and unrealized (gain) on investments	(4,350,591)	(4,019,829)
Net realized and unrealized (gain) on beneficial interest in funds held by others	(269,425)	(206,164)
Decrease (increase) in:		
Accounts receivable	222,356	372,932
Prepaid expenses and other current assets	48,070	286,105
(Decrease) increase in:		
Accounts payable and accrued expenses	(80,282)	30,000
Insurance claims payable	4,480	(3,876)
Funds held for others	2,127,804	(518,118)
Net cash provided by operating activities	<u>4,767,668</u>	<u>1,404,498</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Payments received on notes and loans receivable	109,137	38,044
Advances on notes and loans receivable	(89,538)	(11,936)
Purchase of property and equipment	(448,030)	(149,255)
Purchase of investments	(16,245,823)	(7,363,520)
Proceeds from sale of investments	15,614,604	6,697,412
Increase in beneficial interest in funds held by others	(56,650)	(47,950)
Net cash used by investing activities	<u>(1,116,300)</u>	<u>(837,205)</u>
INCREASE IN CASH AND CASH EQUIVALENTS	3,651,368	567,293
CASH AND CASH EQUIVALENTS - BEGINNING	<u>10,079,228</u>	<u>9,511,935</u>
CASH AND CASH EQUIVALENTS - ENDING	<u><u>\$ 13,730,596</u></u>	<u><u>\$ 10,079,228</u></u>

Noncash operating transaction during 2025

During the year ended June 30, 2025, the Diocese recognized and subsequently reserved for a noncash loan in the amount of \$74,016.

Noncash financing and operating transaction during 2024

During the year ended June 30, 2024, there was a net asset transfer that initially increased funds held by others by \$930,632, with a balance remaining in funds held for others of \$780,632 at June 30, 2024.

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

CENTRAL AND ADMINISTRATIVE OPERATIONS OF
THE ROMAN CATHOLIC DIOCESE OF YOUNGSTOWN

NOTES TO FINANCIAL STATEMENTS

Organization and Summary of Significant Accounting Policies

- A. Organization – The Central and Administrative Operations of The Roman Catholic Diocese of Youngstown (the Diocese), a nonprofit religious organization, is comprised of the activities of the central services office of the Roman Catholic Diocese of Youngstown. The Diocese serves six counties in northeastern Ohio.

Revenue and support for central services operations are generated primarily by parish assessments, support from Annual Diocesan Appeal, and fees for services rendered by the central services departments.

Major program services provided by central services consist of canonical, clergy and religious, pastoral, and educational services.

The Bishop's Reserve Fund is a Diocesan reserve available for contingencies or extraordinary expenses incurred by the Diocese.

The Diocese has a self-insured program for physical damage to property, equipment and contents as well as comprehensive liability. The central services office, all parishes and certain related institutions participate in the program. Commercial insurance coverage is maintained for losses in excess of self-insured limits.

The Diocese also maintains self-insured health insurance, life and long-term disability insurance, unemployment, and workers' compensation. These programs cover employees of the central services office, all parishes and certain related institutions. The self-insured health insurance program includes insurance for catastrophic claims and specific and aggregate stop loss coverages. Stop loss coverage is also carried for the workers' compensation program.

Third-party administrators assist the central services office in the claims administration of all self-insurance operations.

Effective July 1, 2022, the Diocese discontinued administration of the high school assessment for the support of Diocesan high schools. During the year ended June 30, 2024, the Diocese transferred any excess high school funds to funds held for others.

The financial statements include the financial activities of the Central and Administrative Operations of The Roman Catholic Diocese of Youngstown. The financial statements do not include the accounts of other Diocesan organizations such as Catholic Charities, Catholic Echo, Diocesan Foundation, Diocesan Property Corporation, The Roman Catholic Diocese of Youngstown Annual Diocesan Appeal Corporation, parishes, schools, cemeteries and homes for the aged, which are separate operating entities distinct from the central services office. These organizations administer their own service programs and maintain separate accounts.

- B. Basis of Accounting – The financial statements of the Diocese have been prepared utilizing the accrual basis of accounting. All material interoffice and interdepartmental transactions have been eliminated in the accompanying statements.

CENTRAL AND ADMINISTRATIVE OPERATIONS OF
THE ROMAN CATHOLIC DIOCESE OF YOUNGSTOWN

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

Organization and Summary of Significant Accounting Policies (Continued)

B. Basis of Accounting (Continued)

Self-insurance premium billings include the amounts billed to central services operations for their portion related to health insurance, life and long-term disability insurance, unemployment, workers' compensation, property and equipment and comprehensive liability. The related costs of the above insurance programs are included in the program and supporting services expenses of the central services operations in the statements of activities.

- C. Use of Estimates – The preparation of financial statements in conformity with accounting principles generally accepted in the United States of American (GAAP) requires management to make estimates and assumptions that affect certain reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

The establishment of estimated insurance claims payable is based on known facts and interpretation of circumstances and is, therefore, a complex and dynamic process influenced by a variety of factors. Consequently, the establishment of the insurance claims payable and insurance and benefits expense relies on the judgment and opinion of management, on historical precedent and trends, and on expectations as to future developments. The process of determining the insurance claims payable involves risks that the actual results could substantially deviate from the estimates made.

- D. Cash and Cash Equivalents – Cash and cash equivalents consist of accounts with daily liquidity such as checking, savings and money market accounts. Cash and cash equivalents are maintained at financial institutions and may at times exceed federally insured amounts.
- E. Investments – Investments in marketable securities with readily determinable fair values and all investments in debt securities are reported at their fair values in the statements of financial position. Unrealized gains and losses are included in the change in net assets.
- F. Accounts Receivable and Notes and Loans Receivable – Accounts receivable include uncollateralized obligations due from parishes and other institutions for services provided by the Diocese. Notes and loans receivable include uncollateralized obligations due from parishes, institutions, priests and seminarians. Accounts receivable, net and notes and loans receivable, net at July 1, 2023 was \$412,711 and \$4,563,297, respectively.

The Diocese provides an allowance for credit losses based upon prior experience, existing and future economic conditions, and management's assessment of the collectability of existing receivable accounts. Criteria used to determine when an account is deemed uncollectible include terms and how recently parishes and others have made payments.

CENTRAL AND ADMINISTRATIVE OPERATIONS OF
THE ROMAN CATHOLIC DIOCESE OF YOUNGSTOWN

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

Organization and Summary of Significant Accounting Policies (Continued)

F. Accounts Receivable and Notes and Loans Receivable (Continued)

Changes in the allowance for credit losses for the years ended June 30, 2025 were as follows:

	<u>2025</u>	<u>2024</u>
Balance, beginning of year	\$ 947,200	\$ 2,553,740
Provisions	74,016	-
Write-offs, net of recoveries	(811,597)	(1,606,540)
Balance, end of year	\$ <u>209,619</u>	\$ <u>947,200</u>

The Diocese wrote off a gross loan receivable from a related diocesan organization in the amount of \$5,120,349 that was offset by an existing allowance for credit losses of \$811,597, which resulted in a direct loan write-off of \$4,308,752 during the year ended June 30, 2025.

- G. Property and Equipment – Property and equipment are capitalized at cost, when purchased, or fair value at date of gift, when donated. Depreciation is calculated on the straight-line method over the estimated useful lives of the assets. The Diocese's capitalization policy is to expense any single item whether an improvement, betterment, restoration or adaption of \$2,500 or less.
- H. Beneficial interest in funds held by others – The Diocese established a fund at The Roman Catholic Diocese of Youngstown Foundation (Foundation) to invest contributions from donors and excess cash on hand. A portion of these funds are restricted by donors for seminarian education and the remainder is designated for ministry activities. Under the terms of the agreement with the Foundation, distributions are to be used at the discretion of the Bishop of the Diocese of Youngstown for ministry activities. The Foundation has been granted variance power in accordance with the provisions of the Foundation's code of regulations and articles of incorporation. The Diocese also is the beneficiary of a beneficial interest in a perpetual trust held by Farmers Trust Company at fair market value. Unrealized gains and losses are included in the change in net assets. The beneficial interest in funds held by others represents the present value of the estimated income the Diocese will receive in the future from the funds. Under the terms of the perpetual trust, the Diocese receives one-eighth of the annual distribution of the trust to be used at its discretion for general charitable purposes.
- I. Claims Incurred But Not Reported – A liability has been established for estimated claims incurred but not reported. The liability is based on claims experience and existing matters known by management.
- J. Basis of Presentation – Net assets and revenues and support are classified based on the existence or absence of donor-imposed restrictions. Accordingly, the net assets of the Diocese and changes therein are classified and reported as follows:

Net assets without donor restrictions: Net assets which are available for the general operations of the Diocese, as well as, board-designated net assets set aside for future use.

CENTRAL AND ADMINISTRATIVE OPERATIONS OF
THE ROMAN CATHOLIC DIOCESE OF YOUNGSTOWN

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

Organization and Summary of Significant Accounting Policies (Continued)

J. Basis of Presentation (Continued)

Net assets with donor restrictions: Net assets subject to donor-imposed stipulations that may or will be met either by actions of the Diocese and/or the passage of time. When a donor restriction expires (that is, when a stipulated time restriction ends or a purpose restriction is accomplished), net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities as net assets released from restrictions.

K. Contributions – Unconditional contributions received are recorded as without donor restrictions or with donor restrictions depending on the existence or nature of any donor restrictions. Conditional contributions are recorded when the conditions are met.

L. Recognition of Premium Billing Revenue – The Diocese invoices participating institutions on a monthly basis for insurance. Revenue is recognized on a monthly basis for which coverage is being paid.

M. Federal Income Taxes – In a ruling dated March 25, 1946, the IRS held that the agencies and instrumentalities and all educational, charitable, and religious institutions operated, supervised, or controlled by or in connection with the Roman Catholic Church in the United States, its territories or possessions appearing in *The Official Catholic Directory* 1946, are entitled to exemption from federal income tax under the provisions of section 101(6) of the Internal Revenue Code of 1939, which corresponds to section 501(c)(3) of the 1986 Code. This ruling has been updated annually to cover the activities added to or deleted from the Directory. The Diocese is listed in the Directory.

N. Uncertain Tax Positions – The preparation of financial statements in conformity with GAAP requires the Diocese to report information regarding its exposure to various tax positions taken by the Diocese. The Diocese has determined whether any tax positions have met the recognition threshold and have measured the Diocese's exposure to those tax positions. Management believes that the Diocese has adequately addressed all relevant tax positions and that there are no unrecorded tax liabilities.

O. Functional Allocation of Expenses – The costs of providing various programs and other activities have been summarized on a functional basis in the statements of activities. The statements of functional expenses present the natural classification detail of expenses by function. Accordingly, certain costs have been allocated among the programs and supporting services benefited. The facilities expenses are allocated by square footage and include occupancy, depreciation and two facility lay employee's salaries, benefits and payroll taxes. The shared service expenses are allocated by the number of employees in each department and include professional fees, equipment rental and repair, office, postage and three shared service employee's salaries, benefits and payroll taxes. All other expenses are allocated by specific identification.

P. Retirement Plans – The central services office's eligible lay personnel had the opportunity to participate in a single-employer defined benefit pension plan (Plan) covering the entire Diocese through June 30, 2011. The Plan was frozen effective July 1, 2011. The plan participants include lay employees of the central services office, cemeteries, parishes, schools and other affiliated organizations. The Diocese is responsible for funding the plan. There was no expense for the years ended June 30, 2025 and 2024, respectively. The central services office's policy is to fund pension costs accrued.

CENTRAL AND ADMINISTRATIVE OPERATIONS OF
THE ROMAN CATHOLIC DIOCESE OF YOUNGSTOWN

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

Organization and Summary of Significant Accounting Policies (Continued)

P. Retirement Plans (Continued)

Priests are covered by a noncontributory pension plan. The expense for the years ended June 30, 2025 and 2024 was \$40,400 and \$59,000, respectively.

The employees of the Diocese may voluntarily participate in a defined contribution 403(b) plan. The 403(b) plan includes employer matching contributions of 100% of employee deferrals up to 4% of eligible compensation. To be eligible for the match the employee must work at least 20 hours per week and at least 1,000 hours per year and have completed one year of service prior to the plan entrance dates of July 1st or January 1st of each year. The expense for the years ended June 30, 2025 and 2024 was \$72,320 and \$86,176, respectively.

Q. Reclassifications – Certain reclassifications of prior year amounts have been made to conform to the current year presentation.

R. Subsequent Events – The Diocese has evaluated subsequent events through October 13, 2025, which is the date the financial statements were available to be issued.

Note 1. Liquidity and Availability

The Diocese maintains a liquid cash and cash equivalents balance in checking accounts in an amount necessary to meet its anticipated expenditures. Management will evaluate the working capital needs based on cash flow, timing of receivables, and expectations of expenses to determine the amount. The table below presents financial assets available for general expenditures within one year at June 30:

	<u>2025</u>	<u>2024</u>
Financial Assets		
Cash and cash equivalents	\$ 13,730,596	\$ 10,079,228
Investments	42,708,969	37,727,159
Accounts receivable, net	301,955	524,311
Current portion of notes and loans receivable	<u>8,372</u>	<u>15,020</u>
Total financial assets	56,749,892	48,345,718
Less amounts not available within one year:		
Purpose restricted net assets		
subject to expenditure - grants	(51,980)	(5,622)
Non-marketable securities	(2,980,889)	(2,216,486)
Funds held for others	<u>(3,135,345)</u>	<u>(1,007,541)</u>
Financial assets available to meet cash needs for		
general expenditures within one year	\$ <u>50,581,678</u>	\$ <u>45,116,069</u>

Note 2. Fair Value of Financial Instruments

The Diocese estimates the fair value of financial instruments using available market information and other generally accepted valuation methodologies. Fair value means the price that would be received from selling an asset or would be paid to transfer a liability in an orderly transaction between market participants at the measurement date. The inputs used to measure fair value are classified into three levels:

CENTRAL AND ADMINISTRATIVE OPERATIONS OF
THE ROMAN CATHOLIC DIOCESE OF YOUNGSTOWN

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

Note 2. Fair Value of Financial Instruments (Continued)

Level 1 fair values are based on quoted market prices in active markets for identical assets or liabilities.

Level 2 fair value inputs are based on observable market-based inputs or unobservable inputs that are corroborated by market data.

Level 3 fair values are based on unobservable inputs in which little or no market data exists.

The asset's or liability's fair value measurement is based on the lowest level of any input that is significant to the fair value measurement.

Certain investments that are measured at fair value using the net asset value (NAV) per share (or its equivalent) practical expedient have not been categorized in the fair value hierarchy. The fair value amounts presented are intended to permit reconciliation of the fair value hierarchy to the amounts presented in the statements of financial position.

Following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used at June 30, 2025 and 2024.

Cash and cash equivalents: Consist of money market funds.

Common stock: Valued at the closing price reported on the active market on which the individual securities are traded.

Mutual funds: Valued at quoted market prices on the last business day at year end.

Government obligations, corporate bonds and notes, and municipal bonds: Valued using pricing models using observable inputs for similar securities. This includes basing value on yields available on comparable securities of issuers with similar credit ratings.

Beneficial interest in funds held by others: Valued based on quoted prices of the underlying assets as reported by the trustee. The funds held at the Foundation are invested in pooled investments which do not have an active market and have been classified as Level 2. Due to restrictions on the perpetual trust that do not allow the Diocese redemption rights, fair value for those funds have been classified as Level 3.

Investments (NAV) include nonmarketable securities in two captive insurance companies, namely, The National Catholic Risk Retention Group, Inc. (TNCRRG) and the Bishop's Plan Insurance Company (BPIC). These securities amount to \$680,300 and \$2,300,589, respectively, at June 30, 2025 and \$555,300 and \$1,661,186, respectively, at June 30, 2024. TNCRRG operates as a risk retention group providing excess liability insurance to the Diocese and certain other Roman Catholic Dioceses and Archdioceses that are investing members of the company. BPIC operates as a reinsurance company for workers' compensation, general liability, fidelity and crime, automobile liability, and property losses of Roman Catholic Dioceses and Archdioceses.

CENTRAL AND ADMINISTRATIVE OPERATIONS OF
THE ROMAN CATHOLIC DIOCESE OF YOUNGSTOWN

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

Note 2. Fair Value of Financial Instruments (Continued)

The Diocese's ownership interest in TNCRRG is 1%. The investment in TNCRRG is valued at 1% of the shareholders' equity as of December 31, 2024 and 2023 (date of most recent audited financial statements). The Diocese's ownership interest in BPIC is 10%. The investment in BPIC is valued at 10% of the member's surplus in the company as of December 31, 2024 and 2023 (the date of the most recent audited financial statements). The valuation methods are based upon the best information available and reflect management's assumptions.

The participation agreement for TNCRRG requires that a withdrawing shareholder shall tender for purchase by TNCRRG the share of Class A stock on the effective date of the withdrawal. In addition, at the earlier of (a) five years after the effective date of withdrawal, or (b) on the date on which TNCRRG's actuary certifies that the covered claims of the withdrawing shareholder are closed, the withdrawing shareholder shall tender for purchase by TNCRRG the shares of Class B stock.

All distributions of members' surplus related to BPIC are subject to prior approval of the regulators in the Vermont Department of Bankruptcy, Insurance, Securities and Health Care Administration. There were no unfunded commitments as of June 30, 2025 and 2024.

The methods described above may produce a fair value that may not reflect net realizable value or future fair values. Although the Diocese believes its valuation methods are appropriate and consistent with other market participants, different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value at the reporting date.

The following tables set forth by level, within the fair value hierarchy, the Diocese's assets at fair value as of June 30:

	2025			
	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Investments at fair value:				
Cash and cash equivalents	\$ 720,821	\$ -	\$ -	\$ 720,821
Common stock	14,337,299	-	-	14,337,299
Mutual funds:				
Equity	12,375,049	-	-	12,375,049
Fixed income	5,725,181	-	-	5,725,181
Government obligations	-	2,806,190	-	2,806,190
Corporate bonds and notes	-	2,023,570	-	2,023,570
Municipal bonds	-	<u>1,739,970</u>	-	<u>1,739,970</u>
Investments at fair value	\$ <u>33,158,350</u>	\$ <u>6,569,730</u>	\$ <u>-</u>	39,728,080
Investments at NAV:				
Nonmarketable securities				<u>2,980,889</u>
				\$ <u>42,708,969</u>
Beneficial interest in funds held by others	\$ <u>-</u>	\$ <u>2,633,373</u>	\$ <u>188,500</u>	\$ <u>2,821,873</u>

CENTRAL AND ADMINISTRATIVE OPERATIONS OF
THE ROMAN CATHOLIC DIOCESE OF YOUNGSTOWN

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

Note 2. Fair Value of Financial Instruments (Continued)

	<u>2024</u>			
	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Investments at fair value:				
Cash and cash equivalents \$	483,989	\$ -	\$ -	\$ 483,989
Common stock	13,118,545	-	-	13,118,545
Mutual funds:				
Equity	12,060,787	-	-	12,060,787
Fixed income	3,990,319	-	-	3,990,319
Government obligations	-	2,646,142	-	2,646,142
Corporate bonds and notes	-	1,702,666	-	1,702,666
Municipal bonds	-	<u>1,508,225</u>	-	<u>1,508,225</u>
Investments at fair value	\$ <u>29,653,640</u>	\$ <u>5,857,033</u>	\$ <u>-</u>	35,510,673
Investments at NAV:				
Nonmarketable securities				<u>2,216,486</u>
				\$ <u>37,727,159</u>
Beneficial interest in funds held by others	\$ <u>-</u>	\$ <u>2,308,698</u>	\$ <u>187,100</u>	\$ <u>2,495,798</u>

During the years ended June 30, 2025 and 2024, there were no transfers in or out of Level 3 assets.

Note 3. Notes and Loans Receivable

Notes and loans receivable are unsecured and consist of the following at June 30 (net of the allowance for credit losses):

	<u>2025</u>	<u>2024</u>
Non-interest-bearing notes receivable from individuals with various repayment terms and maturity dates.	\$ 24,378	\$ 22,397
Non-interest-bearing loans receivable from two diocesan organizations with no stipulated repayment terms.	-	<u>4,330,332</u>
	<u>24,378</u>	4,352,729
Less current portion of notes and loans receivable.	<u>8,372</u>	<u>15,020</u>
Totals	\$ <u>16,006</u>	\$ <u>4,337,709</u>

The non-interest-bearing loans receivable were written off during the year ended June 30, 2025.

CENTRAL AND ADMINISTRATIVE OPERATIONS OF
THE ROMAN CATHOLIC DIOCESE OF YOUNGSTOWN

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

Note 4. Funds Held for Others

Funds held for others includes funds from donors designated to be distributed to various organizations, high school assessments previously collected and funds for the archives building project. Cash and investments in the amounts of \$3,135,345 at June 30, 2025 and \$1,007,541 at June 30, 2024 were being held to fund these obligations.

Note 5. Net Assets without Donor Restrictions

Net assets without donor restrictions are available for the following purposes at June 30:

<u>Purpose</u>	<u>2025</u>	<u>2024</u>
Undesignated for central services operations	\$ 3,751,343	\$ 2,481,060
Designated for:		
Self-insurance operations	43,502,890	43,552,773
Bishop's reserve fund	4,310,372	3,836,731
Ministry activities at the discretion of the Bishop	1,732,579	1,519,130
Property and equipment	<u>1,200,520</u>	<u>918,700</u>
	<u>50,746,361</u>	<u>49,827,334</u>
Total net assets without donor restrictions	\$ <u>54,497,704</u>	\$ <u>52,308,394</u>

Note 6. Net Assets with Donor Restrictions

Net assets with donor restrictions are available for the following purposes at June 30:

	<u>2025</u>	<u>2024</u>
Subject to expenditure for specified purpose:		
Seminarian education	\$ 900,794	\$ 789,568
Grant program services	<u>51,980</u>	<u>5,622</u>
	<u>952,774</u>	<u>795,190</u>
Perpetual in nature, not subject to appropriation:		
Perpetual trust held by others	<u>188,500</u>	<u>187,100</u>
Total net assets with donor restrictions	\$ <u>1,141,274</u>	\$ <u>982,290</u>

The investment return from certain purpose restricted net assets is included in net assets with donor restrictions.

Note 7. Significant Concentrations of Credit Risk

Credit risk for loans receivable is concentrated because substantially all of the balances are due from parishes and institutions located within the same geographic region.

The Diocese maintains a major portion of its funds in investment securities. Investment securities are exposed to various risks, such as interest rate, market and credit risks. Due to the level of risks associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect account balances and the amounts reported in the statements of financial position.

CENTRAL AND ADMINISTRATIVE OPERATIONS OF
THE ROMAN CATHOLIC DIOCESE OF YOUNGSTOWN

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

Note 8. Commitments and Contingencies

The Diocese is involved in various matters of litigation. These matters are defended by counsel and ultimately resolved through normal legal procedures. In the opinion of management and legal counsel, the ultimate disposition of all litigation matters will not have a material adverse effect on the financial position of the Diocese.

In addition, the Diocese is guarantor of loans to parishes and schools which totaled \$6,333,919 and \$6,419,893 at June 30, 2025 and 2024, respectively. Also, the Diocese was a guarantor of a bank note to a healthcare facility, which was controlled by a related party of the Diocese, for \$4,803,880 at June 30, 2024. The healthcare facility was sold and the debt was extinguished during the year ended June 30, 2025.

Note 9. Related Party Transactions

The Diocese's activity is generated primarily from other Diocesan organizations.

The Diocese's Chief Financial Officer is the Chairman and President of the Bishop's Plan Insurance Company.

The Diocese is an income beneficiary of several designated funds held by The Roman Catholic Diocese of Youngstown Foundation (Foundation). Several of the funds are designated for seminarian education, priestly life and formation. Other funds are designated for diocesan chancery ministry or for use at the discretion of the Bishop. These funds are not included in the Diocese's statements of financial position. Distributions of income relating to these funds are made at the discretion of the Foundation and are recorded as gifts and donations in the accompanying statements of activities. During the years ended June 30, 2025 and 2024, distributions to the Diocese totaled \$-0- and \$110,000, respectively.