

THE CATHOLIC FOUNDATION OF THE ROMAN  
CATHOLIC DIOCESE OF ERIE, INC.  
D/B/A CATHOLIC FOUNDATION OF  
NORTHWEST PENNSYLVANIA

FINANCIAL STATEMENTS

DECEMBER 31, 2024 AND 2023

TOGETHER WITH INDEPENDENT AUDITOR'S REPORT

THE CATHOLIC FOUNDATION OF THE ROMAN CATHOLIC DIOCESE OF ERIE, INC.  
D/B/A CATHOLIC FOUNDATION OF NORTHWEST PENNSYLVANIA

TABLE OF CONTENTS

	<u>PAGE</u> <u>NO.</u>
INDEPENDENT AUDITOR'S REPORT	1 - 2
STATEMENTS OF FINANCIAL POSITION	3
STATEMENTS OF ACTIVITIES	4
STATEMENTS OF FUNCTIONAL EXPENSES	5
STATEMENTS OF CASH FLOWS	6
NOTES TO THE FINANCIAL STATEMENTS	7 - 21

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**INDEPENDENT AUDITOR'S REPORT**

To the Board of Directors  
The Catholic Foundation of the Roman Catholic  
Diocese of Erie, Inc. d/b/a Catholic Foundation  
of Northwest Pennsylvania  
Erie, Pennsylvania

**Opinion**

We have audited the financial statements of The Catholic Foundation of the Roman Catholic Diocese of Erie, Inc., d/b/a Catholic Foundation of Northwest Pennsylvania (Foundation), which comprise the statements of financial position as of December 31, 2024 and 2023, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Foundation as of December 31, 2024 and 2023, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP).

**Basis for Opinion**

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

**Responsibility of Management for the Financial Statements**

Management is responsible for the preparation and fair presentation of the financial statements in accordance with U.S. GAAP, 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 the Foundation's ability to continue as a going concern for one year after the date that the financial statements are issued.

Board of Directors  
The Catholic Foundation of the Roman  
Catholic Diocese of Erie, Inc.  
d/b/a Catholic Foundation of Northwest Pennsylvania

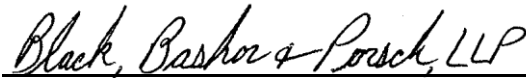
Auditor's Responsibility for the Audit of the Financial Statements

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 U.S. 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 U.S. 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 the Foundation'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 the Foundation'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.



Sharon, Pennsylvania  
August 4, 2025

THE CATHOLIC FOUNDATION OF THE ROMAN CATHOLIC DIOCESE OF ERIE, INC.  
D/B/A CATHOLIC FOUNDATION OF NORTHWEST PENNSYLVANIA

STATEMENTS OF FINANCIAL POSITION

DECEMBER 31, 2024 AND 2023

A S S E T S

	<u>2024</u>	<u>2023</u>
<u>ASSETS:-</u>		
Cash and Cash Equivalents	\$ 314,404	\$ 178,860
Cash Surrender Value of Life Insurance	19,026	17,168
Prepaid Expenses	1,997	-
<u>Investments at Fair Value -</u>		
Endowment Funds	25,651,117	22,801,170
Corporate	951,066	907,754
<u>TOTAL ASSETS:-</u>	<u>\$ 26,937,610</u>	<u>\$ 23,904,952</u>

L I A B I L I T I E S    A N D    N E T    A S S E T S

<u>LIABILITIES:-</u>		
Accounts Payable	\$ 21,432	\$ 23,959
Accrued Payroll	12,027	9,718
Accrued Compensating Absences	9,035	11,162
Agency Fund Obligations	10,224,512	8,895,960
<u>TOTAL LIABILITIES:-</u>	<u>10,267,006</u>	<u>8,940,799</u>
<u>NET ASSETS:-</u>		
Without Donor Restrictions	16,234,940	14,555,320
With Donor Restrictions	435,664	408,833
<u>TOTAL NET ASSETS:-</u>	<u>16,670,604</u>	<u>14,964,153</u>
<u>TOTAL LIABILITIES AND NET ASSETS:-</u>	<u>\$ 26,937,610</u>	<u>\$ 23,904,952</u>

The Accompanying Notes are an Integral Part of These Financial Statements

THE CATHOLIC FOUNDATION OF THE ROMAN CATHOLIC DIOCESE OF ERIE, INC.  
D/B/A CATHOLIC FOUNDATION OF NORTHWEST PENNSYLVANIA

STATEMENTS OF ACTIVITIES

YEARS ENDED DECEMBER 31, 2024 AND 2023

	2024			2023		
	WITHOUT DONOR RESTRICTIONS	WITH DONOR RESTRICTIONS	TOTALS	WITHOUT DONOR RESTRICTIONS	WITH DONOR RESTRICTIONS	TOTALS
<u>REVENUES, GAINS, AND OTHER</u>						
<u>SUPPORT:-</u>						
Contributions	686,001	\$ -	\$ 686,001	\$ 387,205	\$ -	\$ 387,205
Grant - Related Party	223,000	-	223,000	279,000	-	279,000
Other Income	3,437	-	3,437	14,810	-	14,810
Administrative Revenue from						
Funds	46,117	-	46,117	37,243	-	37,243
Service Agreement Revenue	92,000	-	92,000	71,000	-	71,000
Investment Income, Net of						
Investment Expenses of \$ 74,997						
and \$ 79,173, Respectively	287,516	3,010	290,526	313,617	4,675	318,292
Net Realized and Unrealized						
Gain on Investments	1,360,794	39,812	1,400,606	1,859,717	57,499	1,917,216
Net Assets Released from						
Restriction	15,991	(15,991)	-	15,734	(15,734)	-
<u>TOTAL REVENUES, GAINS,</u>						
<u>AND OTHER SUPPORT:-</u>	2,714,856	26,831	2,741,687	2,978,326	46,440	3,024,766
<u>EXPENSES:-</u>						
<u>Program Expenses -</u>						
Catholic Community Support	677,766	-	677,766	630,331	-	630,331
<u>Support Services -</u>						
Management and General	270,291	-	270,291	245,885	-	245,885
Fundraising	87,179	-	87,179	76,297	-	76,297
<u>TOTAL EXPENSES:-</u>	1,035,236	-	1,035,236	952,513	-	952,513
<u>CHANGE IN NET ASSETS:-</u>	1,679,620	26,831	1,706,451	2,025,813	46,440	2,072,253
<u>NET POSITION - BEGINNING OF YEAR:-</u>	14,555,320	408,833	14,964,153	12,529,507	362,393	12,891,900
<u>NET POSITION - END OF YEAR:-</u>	<u>\$ 16,234,940</u>	<u>\$ 435,664</u>	<u>\$ 16,670,604</u>	<u>\$ 14,555,320</u>	<u>\$ 408,833</u>	<u>\$ 14,964,153</u>

The Accompanying Notes are an Integral Part of These Financial Statements

THE CATHOLIC FOUNDATION OF THE ROMAN CATHOLIC DIOCESE OF ERIE, INC.  
D/B/A CATHOLIC FOUNDATION OF NORTHWEST PENNSYLVANIA

STATEMENTS OF FUNCTIONAL EXPENSES

YEARS ENDED DECEMBER 31, 2024 AND 2023

	2024			
	PROGRAM SERVICES	SUPPORT SERVICES		TOTAL
	CATHOLIC COMMUNITY SUPPORT	MANAGEMENT AND GENERAL	FUNDRAISING	
Grants Awarded	\$ 520,456	\$ -	\$ -	\$ 520,456
Salaries and Benefits	102,451	139,503	51,913	293,867
Professional Services	-	84,457	-	84,457
Community Awareness and Advertising	27,296	-	14,698	41,994
Office Supplies	138	1,547	638	2,323
Constituent Relations	11,025	863	2,515	14,403
Sponsored Conferences and Travel	-	736	-	736
Consulting Fees	-	29,323	-	29,323
Gifts and Donations	759	-	-	759
Diocese Service Fees	11,666	11,666	11,667	35,000
Other Expenses	3,974	2,196	5,748	11,918
<u>TOTAL:-</u>	<u>\$ 677,766</u>	<u>\$ 270,291</u>	<u>\$ 87,179</u>	<u>\$ 1,035,236</u>

	2023			
	PROGRAM SERVICES	SUPPORT SERVICES		TOTAL
	CATHOLIC COMMUNITY SUPPORT	MANAGEMENT AND GENERAL	FUNDRAISING	
Grants Awarded	\$ 450,781	\$ -	\$ -	\$ 450,781
Salaries and Benefits	132,143	108,554	48,137	288,834
Professional Services	-	85,329	-	85,329
Community Awareness and Advertising	20,856	-	11,230	32,086
Office Supplies	1,416	1,404	564	3,384
Constituent Relations	9,274	358	1,969	11,601
Sponsored Conferences and Travel	-	66	-	66
Consulting Fees	-	36,146	-	36,146
Gifts and Donations	1,198	-	-	1,198
Life Insurance Premiums	1,453	-	-	1,453
Diocese Service Fees	11,333	11,334	11,333	34,000
Other Expenses	1,877	2,694	3,064	7,635
<u>TOTAL:-</u>	<u>\$ 630,331</u>	<u>\$ 245,885</u>	<u>\$ 76,297</u>	<u>\$ 952,513</u>

The Accompanying Notes are an Integral Part of These Financial Statements

THE CATHOLIC FOUNDATION OF THE ROMAN CATHOLIC DIOCESE OF ERIE, INC.  
D/B/A CATHOLIC FOUNDATION OF NORTHWEST PENNSYLVANIA

STATEMENTS OF CASH FLOWS

YEARS ENDED DECEMBER 31, 2024 AND 2023

	<u>2024</u>	<u>2023</u>
<u>CASH FLOWS FROM OPERATING ACTIVITIES:-</u>		
Change in Net Assets	\$ 1,706,451	\$ 2,072,253
<u>Adjustments to Reconcile Change in Net Assets to</u>		
<u>Net Cash Provided by Operating Activities -</u>		
Net Realized and Unrealized (Gain) on		
Investments	(1,400,606)	(1,917,216)
<u>(Increase) Decrease In Assets -</u>		
Prepaid Expenses	(1,997)	-
<u>Increase (Decrease) In Liabilities -</u>		
Accounts Payable	(2,527)	1,654
Accrued Payroll	2,309	(212)
Accrued Compensating Absences	(2,127)	(2,718)
Agency Fund Obligations	406,744	743,388
<u>NET CASH PROVIDED BY OPERATING ACTIVITIES:-</u>	<u>708,247</u>	<u>897,149</u>
<u>CASH FLOWS FROM INVESTING ACTIVITIES:-</u>		
Cash Surrender Value of Life Insurance	(1,858)	(312)
Proceeds from Sale of Investments	32,406,628	10,381,643
Purchases of Investments	(32,977,473)	(11,476,549)
<u>NET CASH USED BY INVESTING ACTIVITIES:-</u>	<u>(572,703)</u>	<u>(1,095,218)</u>
<u>NET INCREASE (DECREASE) IN CASH AND CASH</u>		
<u>EQUIVALENTS:-</u>	135,544	(198,069)
<u>CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR:-</u>	<u>178,860</u>	<u>376,929</u>
<u>CASH AND CASH EQUIVALENTS - END OF YEAR:-</u>	<u>\$ 314,404</u>	<u>\$ 178,860</u>
<u>NON-CASH TRANSACTIONS:-</u>		
<u>Non-Cash Adjustments to Investing Activities -</u>		
Net Realized and Unrealized Gain on		
Investments Included Within Agency Funds	<u>\$ 921,808</u>	<u>\$ 1,179,542</u>

The Accompanying Notes are an Integral Part of These Financial Statements



THE CATHOLIC FOUNDATION OF THE ROMAN CATHOLIC DIOCESE OF ERIE, INC.  
D/B/A CATHOLIC FOUNDATION OF NORTHWEST PENNSYLVANIA

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2024 AND 2023

1. NATURE OF ORGANIZATION AND OPERATIONS

The Catholic Foundation of the Roman Catholic Diocese of Erie, Inc., d/b/a Catholic Foundation of Northwest Pennsylvania (Foundation) is a public charity serving donors who want to support the Catholic community in northwest Pennsylvania. As a community foundation, the Foundation encourages the establishment of new charitable endowment funds to ensure long-term resources for the education, social and pastoral ministries in the Diocese of Erie. The Foundation also offers investment oversight for organizations that hold endowments with the Foundation. Revenues and other support for the Foundation are derived principally from the Diocese of Erie and from individual donors' contributions.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

BASIS OF ACCOUNTING

The accompanying financial statements have been prepared on the accrual basis of accounting in conformity with accounting principles generally accepted in the United States of America (U.S. GAAP).

BASIS OF PRESENTATION

The Organization reports information regarding its financial position and activities according to two (2) classes of net assets: net assets without donor restrictions, and net assets with donor restrictions.

USE OF ESTIMATES

The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues, gains, and other supports, expenses, losses, and other changes in net assets during the reporting period. Accordingly, actual results could differ from those estimates.

ENDOWMENT INVESTMENT POLICY

The Foundation's investment objective is to provide long-term growth of principal and generation of income sufficient to offset distributions and investment fees and preserve the purchasing power of the Foundation. To accomplish this objective, the Foundation maintains a diversified portfolio of investments consisting of equity and debt securities with readily determinable fair values. The Foundation maintains a prudent risk policy through its Investment Policy Statement and the asset allocation described therein that is consistent with its public nature and the position of the Foundation.

THE CATHOLIC FOUNDATION OF THE ROMAN CATHOLIC DIOCESE OF ERIE, INC.  
D/B/A CATHOLIC FOUNDATION OF NORTHWEST PENNSYLVANIA

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2024 AND 2023

ENDOWMENT INVESTMENT SPENDING POLICY

The Commonwealth of Pennsylvania has not adopted the Uniform Prudent Management of Institutional Funds Act of 2006 (UPMIFA). The Commonwealth of Pennsylvania has enacted Act 141 (the Act). The Act allows the Foundation to elect a "total return" investment policy with regard to its endowments. Income is defined by the Act to mean a fixed percentage of the "value of the assets" held by the Foundation, not less than 2 percent or more than 7 percent. The "value of the assets" for purposes of the Act, is the average fair value of the assets over a three-year period (or the average value of the assets over any shorter period in the cases of assets held less than three (3) years). The Foundation adopted a total return investment policy with a spending policy up to 4.0 percent for both years ended December 31, 2024 and 2023, based on the three-year average (12 quarters) fair value of the endowment's investments as of December 31<sup>st</sup> of the immediate preceding year. This spending policy determines the funds available for grant making and administrative expenses (appropriated). This calculation excludes funds where the spending policy would reduce the individual fund balances below its stipulated minimum, if applicable.

CASH AND CASH EQUIVALENTS

The Foundation considers all liquid investments with original maturities of three (3) months or less to be cash equivalents. At December 31, 2024, the Foundation's cash accounts exceeded federally insured limits by approximately \$ 84,700.

INVESTMENTS AND INVESTMENT RETURN

The Foundation's assets are administered by the Foundation itself and held at several national banks. The Board of Directors is responsible for establishing standards and reviewing investment manager performance of all invested assets and activities.

Investments are stated at fair market value in the accompanying statements of financial position. Market value is determined by the quoted market price at the date of the statements of financial position. Investment return includes dividend, interest, and realized and unrealized gains and losses on investments.

Investment return that is initially restricted by donor stipulation and for which the restriction will be satisfied in the same year is included in net assets without donor restriction. Other investment returns are reflected in the statements of activities as net assets without restriction and net assets with restriction based upon the existence and nature of any donor or legally imposed restrictions.

The Foundation maintains a pooled investment account for all of its funds. Investment income and realized and unrealized gains and losses from securities in the investment account are allocated monthly to individual funds based on the relationship of the fair value of the interest of each fund to the total fair value of the pooled investment account, as adjusted for additions to or deductions from those accounts. The amounts held for others are also included in the pooled investment account and reflect the funds held by the Foundation for the benefit of outside parties.

THE CATHOLIC FOUNDATION OF THE ROMAN CATHOLIC DIOCESE OF ERIE, INC.  
D/B/A CATHOLIC FOUNDATION OF NORTHWEST PENNSYLVANIA

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2024 AND 2023

AGENCY FUND OBLIGATIONS

The Foundation receives contributions from other not-for-profit organizations in which the donor organization specifies itself as the beneficiary of the fund. In such instances, the Foundation records the contributed assets and any accumulated investment earnings as a liability on the statements of financial position. These amounts represent amounts held by the Foundation on behalf of other charitable organizations. Additions, withdrawals, and income (loss) of Agency Endowment funds do not affect the statements of activities amounts.

NET ASSETS

Net assets, revenues, and realized and unrealized gains and losses are classified based on the existence or absence of donor restrictions.

Net assets without donor restrictions are available for use in general operations and are not subject to donor restrictions. As noted in Note "7", the Foundation has "variance power" over net assets within their endowments. As such, the Foundation presents these net assets as board-designated without donor restrictions.

Net assets with donor restrictions are subject to donor restrictions. Some restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other restrictions are perpetual in nature, where the donor stipulates those resources be maintained in perpetuity.

Donors may restrict contributions for certain beneficiaries. However, the Foundation has "variance power" over these net assets and, accordingly, they are presented as net assets without donor restriction. The Foundation abides by the donor's intentions; however, it can modify donor intent when any restrictions or conditions are unnecessary, incapable of fulfillment, or inconsistent with the charitable needs of the community.

CONTRIBUTIONS

Contributions are provided to the Foundation either with or without restrictions placed on the gift by the donor. Revenues and net assets are separately reported to reflect the nature of those gifts - with or without donor restrictions. Donated securities are recorded at fair value as of the date of donation. Contributions received for a not-for-profit organization for the purpose of establishing an endowment for the benefit of that organization are not considered contributions for financial statement purposes. Such amounts are reflected in the statements of financial position as a liability (See Note "5"). The value recorded for each contribution is recognized as follows:

THE CATHOLIC FOUNDATION OF THE ROMAN CATHOLIC DIOCESE OF ERIE, INC.  
D/B/A CATHOLIC FOUNDATION OF NORTHWEST PENNSYLVANIA

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2024 AND 2023

<u>NATURE OF THE GIFT</u>	<u>VALUE RECOGNIZED</u>
<u>Conditional gifts, with or without restriction:</u>	
Gifts that depend on the Foundation overcoming a donor-imposed barrier to be entitled to the funds	Not recognized until the gift becomes unconditional, i.e., the donor-imposed barrier is met
<u>Unconditional gifts, with or without restriction:</u>	
Received at date of gift - cash and other assets	Fair value
Received at date of gift - property, equipment and long-lived assets	Estimated fair value
Expected to be collected within one (1) year	Net realizable value
Collect in future years	Initially reported at fair value determined using the discounted present value of estimated future cash flows technique

When a donor stipulated time restriction ends or 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.

Gifts having donor stipulations, which are satisfied in the period the gift is received, are reported as revenue and net assets without donor restrictions.

Approximately 57 percent and 51 percent of all contributions were received from three (3) donors in 2024 and four (4) donors in 2023, respectively.

INCOME TAXES

The Foundation is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code and a similar provision of state law. However, the Foundation is subject to federal income tax on any unrelated business taxable income. The Foundation does not file an Internal Revenue Service Form 990 because it qualifies under the Internal Revenue Code as an integrated auxiliary not required to file an information return.

THE CATHOLIC FOUNDATION OF THE ROMAN CATHOLIC DIOCESE OF ERIE, INC.  
D/B/A CATHOLIC FOUNDATION OF NORTHWEST PENNSYLVANIA

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2024 AND 2023

FUNCTIONAL ALLOCATION OF EXPENSES

The costs of supporting the 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. Certain costs have been allocated among the program, management and general, and fundraising categories based upon an estimate of time spent by staff on each activity and other methods.

ADVERTISING COSTS

Advertising costs are expensed as incurred and amounted to \$ 41,994 and \$ 32,086 for the years ended December 31, 2024 and 2023, respectively.

3. INVESTMENTS AND FAIR VALUE MEASUREMENTS

The Foundation invests in various investment securities. Investment securities are exposed to various risks such as interest rate, market, and credit risks. Due to the level of risk 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 change could materially affect the amounts reported in the accompanying statements of financial position.

In determining fair value, the Foundation follows Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) Topic 820 regarding fair value measurements. This establishes a hierarchy for inputs used in measuring fair value that maximizes the use of observable inputs and minimizes the use of unobservable inputs by requiring that the most observable inputs be used when available. Observable inputs are inputs that market participants would use in pricing the asset based on market data obtained from sources independent of the organization. Unobservable inputs are inputs that would reflect an organization's assumptions about the assumptions market participants would use in pricing the asset developed based on the best information available in the circumstances. The hierarchy is broken down into three levels based on the observability of inputs as follows:

Level 1 - Valuations based on quoted market prices in active markets for identical assets that the Foundation has the ability to access. Since valuations are based on quoted market prices that are readily available in an active market, valuations of these products does not entail a significant degree of judgment.

Level 2 - Valuations based on one or more quoted prices in markets that are not active or for which all significant inputs are observable, either directly or indirectly.

Level 3 - Valuations based on inputs that are unobservable and significant to the overall fair value measurement.

THE CATHOLIC FOUNDATION OF THE ROMAN CATHOLIC DIOCESE OF ERIE, INC.  
D/B/A CATHOLIC FOUNDATION OF NORTHWEST PENNSYLVANIA

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2024 AND 2023

The availability of observable inputs can vary from instrument to instrument and is affected by a wide variety of factors, including, for example, the liquidity of markets and other characteristics particular to the transaction. To the extent that valuation is based on models or inputs that are less observable in the market, the determination of fair value requires more judgment.

The Foundation uses prices and inputs that are current as of the measurement date, obtained through multiple third-party custodians from independent pricing services. Due to the complexity, variety, and the manner in which these assets are held, the Foundation aggregates valuation data. Therefore, the Foundation uses a conservative approach to the classification of securities and uses the highest common level for the reporting of each asset class.

Following is a description of the valuation methodologies and inputs used for assets measured at fair value on a recurring basis and recognized in the accompanying statements of financial position, as well as the general classification of such assets pursuant to the valuation hierarchy. There have been no significant changes in the valuation techniques during the years ended December 31, 2024 and 2023.

The fair value of stocks, exchange-traded funds, and closed end funds are valued using quoted market prices in active markets. Such actively traded securities are categorized as Level 1 of the fair value hierarchy.

Closed end funds are investment companies that are chartered to hold assets similar to open-ended mutual funds and have shares issued on domestic exchanges which are traded throughout the trading day. While the fund itself may have a Net Asset Valuation ("NAV"), individual share prices are set by the market. Those which are actively traded, are classified as Level 1. In the case where there is no active market for these shares, the NAV for the fund is used as a practical expedient.

Equity and fixed-income mutual funds are open-ended Securities and Exchange Commission-registered funds, with daily NAV. The mutual funds allow investors to sell their interests at the published daily NAV, with no restrictions on redemptions. These mutual funds are categorized as Level 1 of the fair value hierarchy.

The fixed income securities held directly by the Foundation are all classified as Level 2. These include corporate bonds, government bonds, mortgage-backed securities, and municipal bonds. Such securities are relatively unique, with specific issues being thinly traded, if at all. This requires valuation to be imputed from the bonds' tenor, par value, and issuer, along with comparable market data.

THE CATHOLIC FOUNDATION OF THE ROMAN CATHOLIC DIOCESE OF ERIE, INC.  
D/B/A CATHOLIC FOUNDATION OF NORTHWEST PENNSYLVANIA

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2024 AND 2023

Investments in bank common trust funds are reported at fair value, which is determined based on the net asset value (NAV) of the fund as provided by the trustee or custodian bank. The NAV is used as a practical expedient to estimate fair value, as it represents the price at which the trust can be redeemed at the measurement date. These investments are not publicly traded but are valued using observable inputs and are categorized within Level 2 of the fair value hierarchy based on the underlying assets and liquidity of the fund.

The fair value hierarchy table presenting the Foundation's investments measured at fair value, excluding cash surrender value of life insurance, is as follows as of December 31, 2024 and 2023:

	DECEMBER 31, 2024			
	LEVEL 1	LEVEL 2	LEVEL 3	TOTAL
<u>EQUITIES:-</u>				
Common Stocks	\$ 2,039,914	\$ -	\$ -	\$ 2,039,914
Mutual Funds	4,622,772	-	-	4,622,772
Common Trust Fund	-	11,899,270	-	11,899,270
<u>FIXED INCOME:-</u>				
Corporate	-	2,204,708	-	2,204,708
U.S. Treasury Notes	784,532	-	-	784,532
Government Agency Bonds	-	1,957,701	-	1,957,701
Mortgage Notes	-	106,157	-	106,157
Asset Backed	-	75,041	-	75,041
Mutual Funds	2,912,088	-	-	2,912,088
<u>TOTAL INVESTMENTS:-</u>	<u>\$ 10,359,306</u>	<u>\$ 16,242,877</u>	<u>\$ -</u>	<u>\$ 26,602,183</u>
	DECEMBER 31, 2023			
	LEVEL 1	LEVEL 2	LEVEL 3	TOTAL
<u>EQUITIES:-</u>				
Common Stocks	\$ 10,704,159	\$ -	\$ -	\$ 10,704,159
Exchange Traded Funds	529,245	-	-	529,245
Mutual Funds	4,429,267	-	-	4,429,267
<u>FIXED INCOME:-</u>				
Corporate	-	2,896,704	-	2,896,704
U.S. Treasury Notes	111,299	-	-	111,299
Government Agency Bonds	-	225,649	-	225,649
Municipal Bonds	-	42,636	-	42,636
Mutual Funds	4,769,965	-	-	4,769,965
<u>TOTAL INVESTMENTS:-</u>	<u>\$ 20,543,935</u>	<u>\$ 3,164,989</u>	<u>\$ -</u>	<u>\$ 23,708,924</u>

THE CATHOLIC FOUNDATION OF THE ROMAN CATHOLIC DIOCESE OF ERIE, INC.  
D/B/A CATHOLIC FOUNDATION OF NORTHWEST PENNSYLVANIA

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2024 AND 2023

Investments in debt securities with readily determinable fair values are reported at fair value in the statement of financial position with unrealized gains or losses included in the change in net assets. The following is the summary of debt securities at December 31, 2024 and 2023:

	DECEMBER 31, 2024		
	AMORTIZED COST	FAIR VALUE	NET UNREALIZED GAIN (LOSS)
<u>DEBT SECURITIES:-</u>			
Corporate Bonds	\$ 2,192,419	\$ 2,180,633	\$ (11,786)
U.S. Treasury Notes	804,764	777,667	(27,097)
Government Agency Bonds	2,000,703	1,951,407	(49,296)
Mortgage Notes	104,138	105,777	1,639
Asset Backed	74,461	74,713	252
<u>TOTAL:-</u>	<u>\$ 5,176,485</u>	<u>\$ 5,090,197</u>	<u>\$ (86,288)</u>
	DECEMBER 31, 2023		
	AMORTIZED COST	FAIR VALUE	NET UNREALIZED GAIN (LOSS)
<u>DEBT SECURITIES:-</u>			
Corporate Bonds	\$ 3,056,776	\$ 2,867,988	\$ (188,788)
U.S. Treasury Notes	128,295	110,449	(17,846)
Government Agency Bonds	242,748	224,856	(17,892)
Municipal Bonds	48,021	41,984	(6,037)
<u>TOTAL:-</u>	<u>\$ 3,475,840</u>	<u>\$ 3,245,277</u>	<u>\$ (230,563)</u>

The Foundation evaluates whether the decline in fair value has resulted from credit losses or other factors including adverse economic conditions or changes in the rating of a security by a rating agency. Based on this assessment at December 31, 2024 and 2023, the Foundation has determined that no allowance for credit losses for debt securities was necessary.

The Foundation has made an accounting policy election not to measure an allowance for credit losses for accrued interest receivable that is included in the amortized cost basis of notes receivable.

The following is a summary of the unrealized gains and losses recognized during the year ended December 31, 2024 and 2023, that relates to investments held at December 31, 2024 and 2023, respectively:



THE CATHOLIC FOUNDATION OF THE ROMAN CATHOLIC DIOCESE OF ERIE, INC.  
D/B/A CATHOLIC FOUNDATION OF NORTHWEST PENNSYLVANIA

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2024 AND 2023

	<u>2024</u>	<u>2023</u>
Net Gains Recognized on Equity Securities During the Year Ended December 31,	\$ 2,322,414	\$ 3,096,758
<u>LESS:</u> Net Gain and (Losses) Recognized During the Year on Equity Securities Sold During the Year	<u>1,931,753</u>	<u>409,375</u>
Unrealized Gains Recognized in the Year Ended December 31 on Equity Securities Held at Year End	<u>\$ 390,661</u>	<u>\$ 2,687,383</u>

4. AGENCY FUND OBLIGATIONS

The Foundation enters into agreements with unrelated organizations whereby the organization sets-up an endowment fund with the Foundation. Under the terms of the agreement, the Foundation agrees to make distributions back to the organization. The following represents the balances held for these other organizations under Agency Endowment Agreements at December 31, 2024 and 2023, respectively, and the activity for the years then ended:

	<u>2024</u>	<u>2023</u>
<u>BALANCE - BEGINNING OF YEAR:-</u>	\$ 8,895,960	\$ 6,973,030
Additions	533,058	735,384
Withdrawals	(244,166)	(128,102)
Investment Income, Net of Fees	117,852	136,106
Net Realized and Unrealized Gain (Loss)	<u>921,808</u>	<u>1,179,542</u>
<u>BALANCE - END OF YEAR:-</u>	<u>\$ 10,224,512</u>	<u>\$ 8,895,960</u>

5. NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions at December 31, 2024 and 2023, represents endowments restricted for education, pastoral, and social services. Net assets were released from donor restrictions by incurring expenses satisfying the restricted purposes or by occurrence of other events specified by donors.

6. ENDOWMENTS

As of December 31, 2024, the Foundation's endowments consist of approximately 70 individual funds established for a variety of purposes. The endowments includes both donor-restricted endowment funds and funds designated by the governing body to function as endowments (board-designated endowment funds). The Foundation maintains variance power over all endowment funds without donor restrictions (including those established by donors) as provided in the fund agreement. As required by U.S. GAAP, net assets associated with endowment funds, including board-designated endowment funds, are classified and reported based on the existence or absence of donor-imposed restrictions.

THE CATHOLIC FOUNDATION OF THE ROMAN CATHOLIC DIOCESE OF ERIE, INC.  
D/B/A CATHOLIC FOUNDATION OF NORTHWEST PENNSYLVANIA

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2024 AND 2023

The current relevant law for the investment and distribution of restricted endowment funds in the Commonwealth of Pennsylvania is PA Act 141 (Act 141). Act 141 allows an organization to adopt and follow a "total return" investment policy to seek the best total return on the principal, whether from capital appreciation, earnings, or both. The Foundation has elected a "total return" investment policy under Act 141. In addition to the use of Act 141 for donor-restricted endowment funds, the Board of Directors of the Foundation uses Act 141 as a framework for its board-designated endowment funds without donor restriction.

In accordance with Act 141, the Foundation considers the following factors in making a determination to spend or accumulate donor-restricted and board-designated endowment funds:

1. Duration and preservation of the fund
2. Purposes of the Foundation and the fund
3. General economic conditions
4. Possible effect of inflation and deflation
5. Expected total return from investment income and appreciation or depreciation of investments
6. Other resources of the Foundation
7. Investment policies of the Foundation

To satisfy its long-term rate-of-return objectives, the Foundation relies on a total return strategy in which investment returns are achieved through both current yield (investment income such as dividends and interest) and capital appreciation (both realized and unrealized). The Foundation 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.

The Foundation has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs and other items supported by its endowment, while seeking to maintain the purchasing power of the endowment. Endowment assets include those assets of donor-restricted endowment funds the Foundation must hold in perpetuity or for donor-specified periods, as well as those of board-designated endowment funds. Under the Foundation's policies, endowment assets are invested in a manner that is intended to produce results that exceed various industry benchmarks, which are monitored by the investment committee of the Foundation's board of directors. Actual returns in any given year may vary from this amount.

The Foundation's investment objective is to provide long-term growth of principal and generation of income sufficient to offset distributions and investment fees and preserve the purchasing power of the Foundation. To accomplish this objective, the Foundation maintains a diversified portfolio of investments consisting of equity and debt securities with readily determinable fair values. The Foundation maintains a prudent risk policy through its Investment Policy Statement and the asset allocation described therein that is consistent with its public nature and the position of the Foundation.

THE CATHOLIC FOUNDATION OF THE ROMAN CATHOLIC DIOCESE OF ERIE, INC.  
D/B/A CATHOLIC FOUNDATION OF NORTHWEST PENNSYLVANIA

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2024 AND 2023

In establishing its spending policy, the Foundation considers the long-term expected return on its endowment. Accordingly, over the long term, the Foundation expects the current spending policy to allow its endowment to grow. This is consistent with the Foundation's objective to maintain the purchasing power of endowment assets held in perpetuity or for a specified term, as well as to provide additional real growth through new gifts and investment return.

The composition of net assets by type of endowment fund at December 31, 2024 and 2023, is as follows:

	DECEMBER 31, 2024		
	WITHOUT DONOR RESTRICTIONS	WITH DONOR RESTRICTIONS	TOTAL RELATED TO NET ASSETS
Designated	\$ 5,319,022	\$ -	\$ 5,319,022
Education	4,976,844	435,664	5,412,508
Catholic Social Ministries	1,888,891	-	1,888,891
Clergy Health and Welfare	1,953,571	-	1,953,571
Faith Formation	854,613	-	854,613
<u>TOTAL ENDOWMENT FUNDS:-</u>	<u>\$ 14,992,941</u>	<u>\$ 435,664</u>	<u>\$ 15,428,605</u>

	DECEMBER 31, 2023		
	WITHOUT DONOR RESTRICTIONS	WITH DONOR RESTRICTIONS	TOTAL RELATED TO NET ASSETS
Designated	\$ 4,411,236	\$ -	\$ 4,411,236
Education	4,678,683	408,833	5,087,516
Catholic Social Ministries	1,773,999	-	1,773,999
Clergy Health and Welfare	1,832,652	-	1,832,652
Faith Formation	803,668	-	803,668
<u>TOTAL ENDOWMENT FUNDS:-</u>	<u>\$ 13,500,238</u>	<u>\$ 408,833</u>	<u>\$ 13,909,071</u>



THE CATHOLIC FOUNDATION OF THE ROMAN CATHOLIC DIOCESE OF ERIE, INC.  
D/B/A CATHOLIC FOUNDATION OF NORTHWEST PENNSYLVANIA

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2024 AND 2023

7. REVENUE FROM CONTRACTS WITH CUSTOMERS

REVENUE RECOGNITION POLICY

While substantially all of the Foundation's revenues and support is derived from contributions from donors and income, and return from investments, which are both outside of the scope of ASC 606, the Foundation also has revenue and support from customers. These revenues and support are derived from the administrative revenue from funds and service agreement revenue.

TRANSACTION PRICE

Revenue is recognized when services are provided to the Foundation's investment fundholders or affiliates, in an amount that reflects the consideration that it expects to be entitled to in exchange for those services. The amount and timing of revenue recognition varies based on the nature of the services provided and the terms and conditions of the agreements with the fund holders or affiliates. There are no finance components with these services, and consideration received is fixed (i.e., there is no variable consideration).

CONTRACT BALANCES

Contract assets or receivables will be recognized if the services have been performed for the fund holder or affiliate, but they have not yet paid. When the timing of the Foundation's provision of services are different from the timing of the payments made, the Foundation recognizes a contract asset (performance precedes contractual due date) or a contract liability (Foundation's obligation to provide services when consideration has already been received). A receivable will be recognized when the services are performed, and the customer has not yet paid. A deferred revenue will be recognized when the payment is received in advance of the service performed. The Foundation had no contract assets or liabilities recorded as of December 31, 2024 and 2023.

PERFORMANCE OBLIGATIONS AND REVENUE RECOGNITION

ADMINISTRATIVE REVENUE FROM FUNDS

The Foundation's performance obligation for administering the funds is to provide administrative services related to the fund's investments with the Foundation. These services include, but are not limited to, recordkeeping of, managing, investing, and reinvesting assets comprising the fund in common with and in the same manner as the other assets held at the Foundation. The performance obligation is to provide the services. The fee for these services is charged quarterly and revenue is recognized as the services are provided over-time.

SERVICE AGREEMENT REVENUE

The Foundation's performance obligation for the service agreements is to provide its related affiliate (Diocese of Erie) various fundraising services. These services include, but are not limited to, planning and coordinating annual fund solicitation and events. The performance obligation is to provide the services. Fee for these services are charged monthly, and revenue is recognized as the services are provided over-time.

THE CATHOLIC FOUNDATION OF THE ROMAN CATHOLIC DIOCESE OF ERIE, INC.  
D/B/A CATHOLIC FOUNDATION OF NORTHWEST PENNSYLVANIA

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2024 AND 2023

DISAGGREGATION OF REVENUE

As noted above, the Foundation's in-scope material revenue sources are recognized over time and are disaggregated on the face of the statements of activities.

8. RETIREMENT PLAN

The Foundation participates, via a service agreement, in the Diocese of Erie Employees' Retirement Plan, which covers all eligible employees. The plan provides for Foundation matching contributions of 6 percent. In order to receive a Foundation contribution, employees are required to make an elective deferral of 3 percent. Contributions to the plan were \$ 14,213 and \$ 13,474 for the years ended December 31, 2024 and 2023, respectively.

9. RELATED PARTY TRANSACTIONS

The Foundation and the Central Administrative Offices of the Diocese of Erie (Diocese) are related parties that are not financially interrelated organizations. Grants from the Diocese to the Foundation were \$ 223,000 and \$ 279,000 for the years ended December 31, 2024 and 2023, respectively. The Foundation has entered into a service agreement with the Diocese, whereby the Diocese would provide office space, various insurance coverages, consulting, communications, information technology and human resource services to the Foundation. The term of the agreement is for one (1) year, but automatically renews for successive one-year periods, unless either party desires to terminate the agreement. The Foundation paid the Diocese \$ 35,000 and \$ 34,000 for these services during the years ended December 31, 2024 and 2023, respectively. The Foundation has also entered into a service agreement with the Diocese to provide fundraising services. The Diocese paid the Foundation \$ 92,000 and \$ 71,000 for these services during the years ended December 31, 2024 and 2023, respectively.

Accounts payable to the Diocese were \$ 3,369 and \$ 7,348 as of December 31, 2024 and 2023, respectively. The Foundation did not receive any personnel services from affiliates for which they were not charged during the years ended December 31, 2024 and 2023.

THE CATHOLIC FOUNDATION OF THE ROMAN CATHOLIC DIOCESE OF ERIE, INC.  
D/B/A CATHOLIC FOUNDATION OF NORTHWEST PENNSYLVANIA

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2024 AND 2023

10. LIQUIDITY AND AVAILABILITY

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one (1) year of the statements of financial position as of December 31, 2024 and 2023, are comprised of the following:

	<u>2024</u>	<u>2023</u>
Cash and Cash Equivalents	\$ 314,404	\$ 178,860
Investments - Corporate	951,066	907,754
Payout on Donor-Restricted Endowments for Use Over Next 12 Months	15,851	15,991
Payout on Endowments for Use Over Next 12 Months	<u>482,804</u>	<u>472,415</u>
<u>TOTAL FINANCIAL ASSETS:-</u>	<u>\$ 1,764,125</u>	<u>\$ 1,575,020</u>

Donor-restricted endowment funds are not available for general expenditures. Income generated from donor-restricted endowment funds is restricted for specific purposes, with the exception of the amounts available for general use.

The Foundation maintains financial assets in a manner that provides reasonable assurance that sufficient reserves exist for general expenses and to fund grants and programs in accordance with their mission, ensuring their sustainability. In addition, as part of the Foundation's liquidity management, it has a policy to structure its financial assets to be available as its general expenses, liabilities, and other obligations become due. The Foundation invests cash in excess of daily requirements in short-term investments.

11. SUBSEQUENT EVENTS

Subsequent events have been evaluated through August 4, 2025, the date the financial statements were available to be issued, and concluded that no subsequent events have occurred that would require recognition or disclosure in the financial statements or notes.