BORROMEO SEMINARY

FINANCIAL REPORT

JUNE 30, 2026 and 2025



BORROMEO SEMINARY

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Independent Auditors' Report

Board of Trustees
Borromeo Seminary
Cleveland, Ohio

Opinion

We have audited the financial statements of Borromeo Seminary (a nonprofit organization), which comprise the statements of financial position as of June 30, 2026 and 2025, 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 Borromeo Seminary as of June 30, 2026 and 2025, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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



Cleveland, Ohio
November 20, 2026

BORROMEO SEMINARY

STATEMENTS OF FINANCIAL POSITION

June 30, 2026 and 2025

	2026	2025	Percent Change
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents:			
Operating	$ 949,873	$ 1,017,532	(6.65) %
Savings	79,852	78,088	2.26
Agency cash	1,033,907	1,209,384	(14.51)
Accounts receivable - room and board	40,248	2,029	1,883.64
Accounts receivable - other	-	21,609	(100.00)
Prepaid expenses	2,618	11,915	(78.03)
Total current assets	2,106,498	2,340,557	(10.00)
LONG-TERM ASSETS			
Investments	861,369	751,629	14.60
Beneficial interest in perpetual trust	916,402	820,743	11.66
Total long-term assets	1,777,771	1,572,372	13.06
TOTAL ASSETS	$ 3,884,269	$ 3,912,929	(0.73)
LIABILITIES AND NET ASSETS			
CURRENT LIABILITIES			
Accounts payable	$ 17,149	$ 10,778	59.11
Accrued payroll and related taxes	11,598	23,578	(50.81)
Affiliate payable - Center for Pastoral Leadership	59,026	144,514	(59.16)
Unearned revenue	3,279	3,407	(3.76)
Funds held for others	1,033,907	1,209,384	(14.51)
Total current liabilities	1,124,959	1,391,661	(19.16)
NET ASSETS			
Without donor restrictions	1,169,704	1,101,842	6.16
With donor restrictions	1,589,606	1,419,426	11.99
Total net assets	2,759,310	2,521,268	9.44
TOTAL LIABILITIES AND NET ASSETS	$ 3,884,269	$ 3,912,929	(0.73)

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

BORROMEO SEMINARY

STATEMENT OF ACTIVITIES

Year Ended June 30, 2026

	Without Donor Restrictions	With Donor Restrictions	Total	Percent Change
REVENUES, GAINS AND LOSSES				
Tuition reimbursements	$ 102,023		$ 102,023	(3.38) %
Investment income, net	51,515	$ 6,946	58,461	8.23
Net realized and unrealized gain on investments	54,263	38,824	93,087	41.78
Change in value of beneficial interest in perpetual trust		95,659	95,659	57.32
Gifts and grants	108,108	8,000	116,108	143.79
Priestly formation contribution	1,132,033		1,132,033	(1.26)
Priestly formation annual appeal	350,000		350,000	16.67
Room and board	129,520		129,520	(9.51)
Contributed services - priest/religious faculty	73,982		73,982	(41.21)
Special events, net		45,971	45,971	(11.27)
Net assets released from restrictions	25,220	(25,220)	-	-
Total revenues, gains and losses	2,026,664	170,180	2,196,844	4.56
EXPENSES				
Program services	1,593,277		1,593,277	1.27
Management and general	362,804		362,804	(4.51)
Fundraising	2,721		2,721	(47.76)
Total expenses	1,958,802		1,958,802	0.02
CHANGE IN NET ASSETS	67,862	170,180	238,042	66.95
NET ASSETS – BEGINNING OF YEAR	1,101,842	1,419,426	2,521,268	5.99
NET ASSETS – END OF YEAR	$1,169,704	$1,589,606	$2,759,310	9.44

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

BORROMEO SEMINARY

STATEMENT OF ACTIVITIES

Year Ended June 30, 2025

	Without Donor Restrictions	With Donor Restrictions	Total
REVENUES, GAINS AND LOSSES			
Tuition reimbursements	$ 105,595		$ 105,595
Investment income, net	47,846	$ 6,172	54,018
Net realized and unrealized gain on investments	38,274	27,384	65,658
Change in value of beneficial interest in perpetual trust		60,805	60,805
Gifts and grants	47,626		47,626
Priestly formation contribution	1,146,471		1,146,471
Priestly formation annual appeal	300,000		300,000
Room and board	143,124		143,124
Contributed services - priest/religious faculty	125,840		125,840
Special events, net		51,811	51,811
Net assets released from restrictions	13,511	(13,511)	-
Total revenues, gains and losses	1,968,287	132,661	2,100,948
EXPENSES			
Program services	1,573,220		1,573,220
Management and general	379,936		379,936
Fundraising	5,209		5,209
Total expenses	1,958,365		1,958,365
CHANGE IN NET ASSETS	9,922	132,661	142,583
NET ASSETS – BEGINNING OF YEAR	1,091,920	1,286,765	2,378,685
NET ASSETS – END OF YEAR	$1,101,842	$1,419,426	$2,521,268

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

BORROMEO SEMINARY

STATEMENTS OF FUNCTIONAL EXPENSES

Years Ended June 30, 2026 and 2025

	June 30, 2026			
	Program Services	Management and General	Fundraising	Total
Salaries and benefits	$ 796,775	$ 90,894	$ 248	$ 887,917
Contributed services - priest/religious faculty	47,940	23,674	2,368	73,982
General office expense	25,298	83,048	105	108,451
Student support	45,428			45,428
Spiritual formation	22,250			22,250
Rent expense	495,562	165,188		660,750
Academic	96,427			96,427
Food service	63,597			63,597
Golf outing deposit and course reservation			26,792	26,792
Total expenses by function	1,593,277	362,804	29,513	1,985,594
Less expenses included with special events, net on the statements of activities			(26,792)	(26,792)
Total expenses included in the expenses section on the statements of activities	$1,593,277	$ 362,804	$ 2,721	$1,958,802

	June 30, 2025			
	Program Services	Management and General	Fundraising	Total
Salaries and benefits	$ 730,846	$ 91,027	$ 248	$ 822,121
Contributed services - priest/religious faculty	81,544	40,269	4,027	125,840
General office expense	24,388	83,452	934	108,774
Student support	35,702			35,702
Spiritual formation	35,525			35,525
Rent expense	495,562	165,188		660,750
Academic	81,965			81,965
Food service	87,688			87,688
Golf outing deposit and course reservation			28,607	28,607
Total expenses by function	1,573,220	379,936	33,816	1,986,972
Less expenses included with special events, net on the statements of activities			(28,607)	(28,607)
Total expenses included in the expenses section on the statements of activities	$1,573,220	$ 379,936	$ 5,209	$1,958,365

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

BORROMEO SEMINARY

STATEMENTS OF CASH FLOWS

Years Ended June 30, 2026 and 2025

	2026	2025
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	$ 238,042	$ 142,583
Adjustments to reconcile change in net assets to net cash used by operating activities:		
Net realized and unrealized gain on investments	(93,087)	(65,658)
Change in value of beneficial interest in perpetual trust	(95,659)	(60,805)
Change in operating assets and liabilities:		
Accounts receivable - room and board	(38,219)	150
Accounts receivable - other	21,609	(13,336)
Affiliate receivable/payable - Center for Pastoral Leadership	(85,488)	99,163
Prepaid expenses	9,297	8,237
Accounts payable	6,371	(3,716)
Accrued payroll and related taxes	(11,980)	4,350
Unearned revenue	(128)	504
Funds held by others	(175,477)	(232,748)
Total adjustments	(462,761)	(263,859)
Net cash used by operating activities	(224,719)	(121,276)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of investments	(16,653)	(14,799)
CHANGE IN CASH AND CASH EQUIVALENTS	(241,372)	(136,075)
CASH AND CASH EQUIVALENTS – BEGINNING	2,305,004	2,441,079
CASH AND CASH EQUIVALENTS – ENDING	$2,063,632	$2,305,004

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

Note 1. Nature of Organization

Borromeo Seminary (the Seminary) is organized as a non-profit corporation under the stewardship of the Bishop of the Catholic Diocese of Cleveland. The Catholic Diocese of Cleveland approved a plan in 1991 to restructure the Diocesan seminary programs. Accordingly, the academic year ending June 30, 1991 was the last year of degree-granting operations. The operations have continued as a house of formation.

Note 2. Summary of Significant Accounting Policies

The following significant accounting policies have been followed in the preparation of the financial statements:

A. Basis of Presentation – The financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America. The Seminary has reported information regarding its financial position and activities according to two classes of net assets: without donor restrictions and with donor restrictions.

A description of these categories follows:

Net assets without donor restrictions: Net assets available for use in general operations and not subject to donor-imposed stipulations. Included in this category are board-designated funds functioning as an endowment.

Net assets with donor restrictions: Net assets from contributions or other inflows that are subject to donor-imposed stipulations that may or will be met either by actions of the Seminary and/or the passage of time. Also included in this category are net assets from contributions where the use is limited by donor-imposed restrictions that neither expire by passage of time nor can be fulfilled or removed by actions of the Seminary.

B. Use of Estimates – The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America 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 and expenses during the reporting period. Actual results could differ from those estimates.

C. Cash and Investments – Cash and cash equivalents: For purposes of the statements of cash flows, the Seminary considers all highly liquid investments, with initial maturities of three months or less, to be cash equivalents. The Seminary maintains its cash accounts at a national financial institution. The balance, at times, may exceed federally insured limits.

Investments: The Seminary's long-term investments are in a pooled investment account at the Diocese of Cleveland, and are reported at fair value. Realized and unrealized gains and losses from securities in the pooled investment are allocated to the individual funds based on the fair value of each fund to the total. Investment income (interest and dividends), net of investment fees, has been recognized in the statements of activities in accordance with the terms of any donor restrictions.

Note 2. Summary of Significant Accounting Policies (Continued)

D. Accounts Receivable – The Seminary provides for uncollectible accounts receivable using the allowance method. Management estimates an allowance for credit losses based on their review of delinquent accounts, an assessment of the Seminary's historical evidence of collections and the current and future condition of the economy as a whole. Management has deemed all accounts receivable collectible and, accordingly, no allowance is recorded at June 30, 2026 and 2025.

E. Beneficial Interest in Perpetual Trust – In 2005, the Seminary became an income beneficiary of one trust fund. The fund is held in trust by others under legal trust instruments created by donors independent of the reporting organization. The Seminary has an irrevocable right to receive the income from the trust's assets in perpetuity but will never receive the trust's assets. The fund assets, which had a fair value on June 30, 2026 and 2025 of $916,402 and $820,743, respectively, are included in the financial statements of the Seminary as net assets with donor restrictions. Investment income, net without donor restrictions from the trust was $39,570 and $35,469 in the fiscal years ending June 30, 2026 and 2025, respectively.

F. Equipment – The Seminary capitalizes all purchases or donations of equipment exceeding $5,000 at cost or fair market value at date of donation. Equipment is depreciated utilizing the straight-line method over its estimated useful life ranging from five to ten years. All equipment is fully depreciated as of June 30, 2026 and 2025.

G. Agency Fund – The agency fund represents assets held in trust to be used for disbursement at the discretion of the rector. Summary transactions for the fund for the years ended June 30 were as follows:

	2026	2025
Donations received	$ 214,768	$ 439,644
Disbursements made	(390,245)	(672,392)
Net change in account	$(175,477)	$(232,748)

H. Fair Value of Financial Instruments – The Seminary's financial instruments include cash and cash equivalents, short term investments, accounts receivable and accounts payable. The carrying values of cash and cash equivalents, short term investments, accounts receivable and accounts payable are reasonable estimates of fair value due to the short-term nature of these financial instruments.

The Seminary's financial instruments are measured at fair value on a recurring basis in accordance with Fair Value Measurements standards, as defined by accounting principles generally accepted in the United States of America. Fair value is defined as the price that would be received to sell 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:

Level 1 – Quoted market prices in active markets for identical assets and liabilities

Level 2 – Observable market-based inputs or unobservable inputs that are corroborated by market data

Level 3 – Unobservable inputs in which little or no market data exists

Note 2. Summary of Significant Accounting Policies (Continued)

H. Fair Value of Financial Instruments (Continued)

The financial assets and liabilities are classified in their entirety based on the lowest level of input that is significant to the fair value measurement.

The following tables set forth by level within the fair value hierarchy the Seminary's financial assets and liabilities that were accounted for at a fair value on a recurring basis as of June 30:

	June 30, 2026		
	Level 1	Level 2	Level 3
Assets			
Investments - pooled investment fund		$861,369	
Beneficial interest in perpetual trust			$916,402

	June 30, 2025		
	Level 1	Level 2	Level 3
Assets			
Investments - pooled investment fund		$751,629	
Beneficial interest in perpetual trust			$820,743

Investments - pooled investment fund – The Seminary invests in a pooled investment fund managed by the Diocese of Cleveland, which invests in publicly traded fixed income and equity securities. The Diocese of Cleveland provides the fair value of the Seminary's proportionate interest in the pooled fund, therefore, it is considered to be a Level 2 input.

Beneficial interest in perpetual trust – The beneficial interest in perpetual trust is held by others, not under the direct control of the Seminary. There is not an active market for the interest in the trust, therefore, it is classified as a Level 3 input.

The methods described above may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. There have been no changes in the methodologies used from 2025 to 2026. Furthermore, while the Seminary believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

I. Revenue Recognition – In accordance with professional accounting standards, unconditional contributions received are recorded as without donor restrictions or with donor restrictions, depending on the existence and/or nature of any donor restrictions.

All contributions are considered without donor restrictions unless specifically restricted by the donor. Support that is restricted by the donor is reported as an increase in net assets without donor restrictions if the restriction expires in the reporting period in which the support is recognized. All other donor-restricted support is reported as an increase in net assets with donor restrictions.

Note 2. Summary of Significant Accounting Policies (Continued)

I. Revenue Recognition (Continued)

When a restriction expires (that is, when a 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.

The Seminary recognizes revenue from tuition reimbursements during the year in which the related services are provided to students. The performance obligation of delivering educational services is simultaneously received and consumed by the students; therefore, the revenue is recognized ratably over the course of the academic year. In addition, the students have an option to room and board on the premises. The performance obligation of providing access to housing and meals is satisfied ratably over the academic period in which the student chooses to live on campus and purchase a meal plan. Contracts for tuition, room and board are combined into a single portfolio of similar contracts. Payments are generally required prior to the beginning of the school year. All amounts received prior to the commencement of the school year, including enrollment deposits, are deferred to the applicable period. All prior year unearned revenue was recognized as current year revenue.

J. Noncash Contributions – Donated items are reflected as gifts and grants at their estimated values at the date of contribution.

The Seminary records the estimated fair value of contributed faculty services. The donated amount is calculated by comparing actual amounts paid to or on behalf of faculty members with standard industry figures compiled by the Association of Theological Schools. The monetary value of services contributed by the priest faculty of $73,982 and $125,840 for the years ended June 30, 2026 and 2025, respectively, has been recorded in the financial statements as revenue from contributed services and a corresponding expense. There were no donor restrictions on the contributed services for the years ended June 30, 2026 and 2025.

K. Income Taxes – The Seminary is a not-for-profit entity and has been granted an exemption from income taxes under Section 501(c)(3) of the Internal Revenue Code. The Seminary is listed in the Official Catholic Directory and, therefore, exempt from filing a federal 990 tax return. The Seminary believes that it has the appropriate support for any tax positions taken and, as such, does not have any uncertain tax positions that are material to the financial statements.

L. Functional Expenses – 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 expenses that are allocated include general office expense and rent expense, which are allocated based on square footage, as well as salaries and benefits and contributed services, which are allocated on the basis of estimates of time and effort.

M. Subsequent Events – The Seminary has evaluated subsequent events through November 20, 2026, which is the date the financial statements were available to be issued. There are no subsequent events that require disclosure.

Note 3. Investments

Long-term investments of the Seminary are held and managed by the finance office of the Catholic Diocese of Cleveland in a general fund that is part of a pooled investment fund. The pooled investment fund had investment targets of 60% equity and 40% fixed income as of June 30, 2026 and 2025. The actual allocations approximate target allocations. Investments are stated at fair value and are summarized as follows as of June 30:

	2026			2025		
	Cost	Fair Value	Unrealized Appreciation	Cost	Fair Value	Unrealized Appreciation
Without donor restrictions	$ 451,687	$ 507,116	$ 55,429	$ 386,125	$ 443,146	$ 57,021
With donor restrictions	314,656	354,253	39,597	267,749	308,483	40,734
	$ 766,343	$ 861,369	$ 95,026	$ 653,874	$ 751,629	$ 97,755

Note 4. Endowment Funds

The Board of Trustees of the Seminary has elected to invest its endowment funds with the Catholic Diocese of Cleveland, as part of the general fund. The Catholic Diocese of Cleveland has an investment policy detailing the long-term goals, asset allocation, guidelines for security selection, measurable objectives and on-going communication. The investment funds are managed to produce growth and income while controlling risk.

The Seminary's endowment consists of both donor-restricted endowment funds and funds designated by the Board of Trustees to function as endowments. As required by applicable standards, net assets associated with endowment funds, including funds designated by the Board of Trustees to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions.

The Board of Trustees has interpreted the Uniform Prudent Management of Institutional Funds Act (UPMIFA) as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, the Seminary maintains in perpetuity (a) the original value of donor-restricted gifts donated to the endowment and (b) the original value of subsequent donor-restricted gifts to the endowment. Any accumulations to the endowment are included in net assets with donor restrictions until those amounts are appropriated for expenditure by the Seminary in a manner consistent with the standard prudence prescribed by UPMIFA.

Endowment funds are appropriated based on an approval process through the Board of Trustees. The Seminary appropriates for distribution each year up to 5% of its endowment fund's average fair value over the last three years.

From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor or UPMIFA requires the Seminary to retain as a fund of perpetual duration. The Seminary has interpreted UPMIFA to permit spending from underwater endowments in accordance with prudent measures required under law. The Seminary had no funds with deficiencies at June 30, 2026 and 2025.

Note 4. Endowment Funds (Continued)

	June 30, 2026				
		With Donor Restrictions			
	Without Donor Restrictions	Original Gift Amount	Accumulated Gains	Total With Donor Restrictions	Total
Endowment net assets, beginning of year	$ 65,722	$142,873	$165,610	$308,483	$374,205
Investment return:					
Investment income, net	1,346		6,946	6,946	8,292
Net appreciation (realized and unrealized)	7,521		38,824	38,824	46,345
Total investment return	8,867		45,770	45,770	54,637
Appropriation of endowment assets for expenditure				-	-
Endowment net assets, end of year	$ 74,589	$142,873	$211,380	$354,253	$428,842

	June 30, 2025				
		With Donor Restrictions			
	Without Donor Restrictions	Original Gift Amount	Accumulated Gains	Total With Donor Restrictions	Total
Endowment net assets, beginning of year	$ 59,222	$142,873	$132,054	$274,927	$334,149
Investment return:					
Investment income, net	1,196		6,172	6,172	7,368
Net appreciation (realized and unrealized)	5,304		27,384	27,384	32,688
Total investment return	6,500		33,556	33,556	40,056
Appropriation of endowment assets for expenditure				-	-
Endowment net assets, end of year	$ 65,722	$142,873	$165,610	$308,483	$374,205

Note 5. Pension and Annuity Plans

The Seminary participates in the Diocese of Cleveland's pension plan for eligible lay employees. The plan provides for the vesting of benefits after five years of employment. It is the policy of the Seminary to fund pension cost accrued. The pension expense was $34,987 and $35,628 for the years ended June 30, 2026 and 2025, respectively.

Note 5. Pension and Annuity Plans (Continued)

The clergy, except for the Borromeo Capuchins, are covered by the Priests' Retirement Trust Agreement and Plan of the Diocese of Cleveland. The total contribution to this program is paid by the Seminary. The expense was $13,750 for the years ended June 30, 2026 and 2025.

Note 6. Transactions With Related Organizations

The Seminary is affiliated with various religious organizations. The Seminary receives a contribution of earnings from the Catholic Diocese of Cleveland from its Priestly Formation Endowment Fund and from the Priestly Formation Annual Appeal. For the years ended June 30, 2026 and 2025, the Seminary received $1,132,033 and $1,146,471, respectively, from the Priestly Formation Endowment earnings as well as $350,000 and $300,000, respectively, from the Priestly Formation Annual Appeal.

The Seminary has an ongoing informal commitment with the Center for Pastoral Leadership (CPL) calling for annual rentals. For the years ended June 30, 2026 and 2025, the Seminary paid a base rent of $660,750.

The Seminary shares various personnel, space and operating expenses with CPL and St. Mary Seminary. At June 30, 2026 and 2025, the Seminary had a payable to CPL for $59,026 and $144,514, respectively.

Note 7. Net Assets With Donor Restrictions

Net assets with donor restrictions are designated for the following purposes as of June 30:

	2026	2025
Net Assets With Donor Restrictions:		
Subject to expenditure for specified purpose:		
Scholarships	$ 318,951	$ 290,200
Endowments:		
Subject to endowment spending policy and appropriation:		
Unappropriated endowment earnings	211,380	165,610
Funds restricted in perpetuity	142,873	142,873
	354,253	308,483
Not subject to spending policy and appropriation:		
Beneficial interest in perpetual trust - operating	916,402	820,743
	$1,589,606	$1,419,426

Separate accounts are required for the Reymann Fund, Kusiak Endowment Fund and Hrastar Memorial Scholarship Fund.

Note 8. Liquidity and Availability

The table below presents financial assets available for general expenditures within one year at June 30:

	2026	2025
Cash and cash equivalents, less agency cash	$1,029,725	$1,095,620
Accounts receivable	40,248	23,638
Distributions from beneficial interest in perpetual trusts	39,600	35,500
	$1,109,573	$1,154,758

The Seminary's resources are primarily from tuition and earnings from endowments held at the Diocese of Cleveland to support the Seminary. The Seminary considers contributions restricted for program services which are ongoing, major and central to its annual operations to be available to meet cash needs for general expenditures. The Seminary also receives general operating support from the Diocese of Cleveland on an annual basis. The Seminary manages its liquidity and reserves following three guiding principles: operating within a prudent range of financial soundness and stability, maintaining adequate liquid assets to fund near-term operating needs and maintaining sufficient reserves to provide reasonable assurance that long-term obligations will be discharged.

Additionally, the Seminary has a board-designated endowment of $74,589 and $65,722 as of June 30, 2026 and 2025, respectively. Although the Seminary does not intend to spend from its board-designated endowment funds other than amounts appropriated for general expenditure as part of its annual budget approval and appropriation process, amounts from its board-designated endowment could be made available if necessary. The Seminary also has long-term investments without donor restrictions of $432,527 and $377,424 as of June 30, 2026 and 2025, respectively, which could be made available if necessary.