CENTER FOR PASTORAL LEADERSHIP

FINANCIAL REPORT

JUNE 30, 2026 and 2025



CENTER FOR PASTORAL LEADERSHIP

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Independent Auditors' Report

Board of Trustees
Center for Pastoral Leadership
Cleveland, Ohio

Opinion

We have audited the financial statements of Center for Pastoral Leadership (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 Center for Pastoral Leadership 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 Center for Pastoral Leadership 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 Center for Pastoral Leadership'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 Center for Pastoral Leadership'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 Center for Pastoral Leadership'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

CENTER FOR PASTORAL LEADERSHIP

STATEMENTS OF FINANCIAL POSITION

June 30, 2026 and 2025

	2026	2025	Percent Change
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	$ 92,293	$ 144,080	(35.94) %
Agency cash:			
The Fest	121,153	202,365	(40.13)
Bishop's Seminary Fund	43,977	20,462	114.92
Right to Life	2,000	2,000	-
Accounts receivable:			
Rent	20,073	23,593	(14.92)
Affiliate	124,313	144,514	(13.98)
Miscellaneous	1,778	4,522	(60.68)
Prepaids	1,309	175,705	(99.26)
Total current assets	406,896	717,241	(43.27)
PROPERTY AND EQUIPMENT, net of accumulated depreciation	22,201,121	22,980,094	(3.39)
TOTAL ASSETS	$22,608,017	$23,697,335	(4.60)
LIABILITIES AND NET ASSETS			
CURRENT LIABILITIES			
Accounts payable	$ 206,947	$ 77,170	168.17
Affiliate payable	-	78,454	(100.00)
Accrued expenses:			
Payroll and related taxes	4,526	21,404	(78.85)
Real estate tax	8,291	8,174	1.43
Unearned rental revenue	2,651	5,414	(51.03)
Security deposits	-	2,423	(100.00)
Funds held for others:			
The Fest	121,153	202,365	(40.13)
Bishop's Seminary Fund	43,977	20,462	114.92
Right to Life	2,000	2,000	-
Total current liabilities	389,545	417,866	(6.78)
NET ASSETS			
Without donor restrictions	22,218,472	23,279,469	(4.56)
TOTAL LIABILITIES AND NET ASSETS	$22,608,017	$23,697,335	(4.60)

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

CENTER FOR PASTORAL LEADERSHIP

STATEMENTS OF ACTIVITIES

Years Ended June 30, 2026 and 2025

	2026	2025	Percent Change
REVENUES			
Rental income	$ 1,997,137	$ 1,952,974	2.26 %
Contributions - general	10,980	7,505	46.30
Contributions - campaign	-	202,710	(100.00)
Contributed facilities	1,250,000	1,250,000	-
Miscellaneous revenue	93,354	90,630	3.01
Total revenues	3,351,471	3,503,819	(4.35)
EXPENSES			
Salaries and benefits	677,917	589,855	14.93
Property maintenance	1,513,987	1,511,100	0.19
General office expense	119,333	78,940	51.17
Contributed facilities	1,250,000	1,250,000	-
Food service	6,721	4,850	38.58
Depreciation	844,510	821,001	2.86
Total expenses	4,412,468	4,255,746	3.68
CHANGE IN NET ASSETS	(1,060,997)	(751,927)	41.10
NET ASSETS WITHOUT DONOR RESTRICTIONS – BEGINNING	23,279,469	24,031,396	(3.13)
NET ASSETS WITHOUT DONOR RESTRICTIONS – ENDING	$22,218,472	$23,279,469	(4.56)

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

CENTER FOR PASTORAL LEADERSHIP

STATEMENTS OF FUNCTIONAL EXPENSES

Years Ended June 30, 2026 and 2025

	June 30, 2026		
	Program Services	Management and General	Total
Salaries and benefits	$ 328,879	$ 349,038	$ 677,917
Property maintenance	1,438,289	75,698	1,513,987
General office expense		119,333	119,333
Contributed facilities	1,187,500	62,500	1,250,000
Food service	6,721		6,721
Depreciation	844,510		844,510
Total expenses	$3,805,899	$ 606,569	$4,412,468

	June 30, 2025		
	Program Services	Management and General	Total
Salaries and benefits	$ 333,884	$ 255,971	$ 589,855
Property maintenance	1,435,545	75,555	1,511,100
General office expense		78,940	78,940
Contributed facilities	1,187,500	62,500	1,250,000
Food service	4,850		4,850
Depreciation	821,001		821,001
Total expenses	$3,782,780	$ 472,966	$4,255,746

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

CENTER FOR PASTORAL LEADERSHIP

STATEMENTS OF CASH FLOWS

Years Ended June 30, 2026 and 2025

	2026	2025
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	$(1,060,997)	$ (751,927)
Adjustments to reconcile change in net assets to net cash used by operating activities:		
Depreciation	844,510	821,001
Change in operating assets and liabilities:		
Rent receivable	3,520	1,578
Miscellaneous receivable	2,744	(658)
Prepaids	174,396	(8,726)
Accounts payable	129,777	7,876
Affiliate receivable/payable - Borromeo and St. Mary Seminary	(58,253)	(809)
Accrued payroll and related taxes	(16,878)	1,286
Accrued real estate tax	117	(204)
Unearned rental revenue	(2,763)	947
Security deposits	(2,423)	(1,290)
Funds held for others	(57,697)	(70,895)
Total adjustments	1,017,050	750,106
Net cash used by operating activities	(43,947)	(1,821)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property and equipment	(65,537)	(202,709)
CHANGE IN CASH AND CASH EQUIVALENTS	(109,484)	(204,530)
CASH AND CASH EQUIVALENTS – BEGINNING	368,907	573,437
CASH AND CASH EQUIVALENTS – ENDING	$ 259,423	$ 368,907

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

Note 1. Nature of Organization

The Center for Pastoral Leadership (CPL) is a corporation organized in the State of Ohio to operate the Wickliffe campus. CPL charges rent to tenants, other than the Seminaries, based upon formalized lease arrangements. Arrangements with the Seminaries are made on an annual basis.

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. CPL 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.

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 CPL 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 CPL.

During the 2026 and 2025 fiscal years, no assets met the requirements for designation as net assets with donor restrictions.

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 Cash Equivalents – CPL considers all highly liquid investments, with initial maturities of three months or less, to be cash equivalents. CPL maintains its cash accounts at a national financial institution. The balances, at times, may exceed federally insured limits.

D. Accounts Receivable – CPL 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 CPL'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.

Note 2. Summary of Significant Accounting Policies (Continued)

E. Property and Equipment – CPL capitalizes all purchases or donations of property and equipment exceeding $5,000 at cost or fair market value at date of donation. Property and equipment are depreciated utilizing the straight-line method over their estimated useful lives ranging from five to forty years.

To account for the facilities, CPL records the fair market value of the use of real property and contents as an unconditional contribution from the Bishop of the Diocese of Cleveland, who retains legal title to the assets.

F. 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. Rental income is recognized on a monthly basis in accordance with tenants' lease terms.

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 with donor restrictions. However, donor-restricted contributions whose restrictions are met in the same period are reported as without donor restrictions.

G. Contributions – Donated items are reflected as contributions at their fair values at the date of contribution. Contributed facilities are recorded as revenue at the fair rental value, which is the cost that would otherwise be charged to rent the facilities and was determined by the Diocese of Cleveland using cost per square foot. The estimated fair value of the annual rental of the facilities owned by the Diocese of Cleveland and donated to CPL was $1,250,000 for the years ended June 30, 2026 and 2025. There were no donor-imposed restrictions associated with the contributed nonfinancial assets. CPL received $202,710 during the year ended June 30, 2025, from the Catholic Community Foundation primarily from the Heart of a Shepherd (HOS) campaign. These funds were used for one component of the HOS campaign which is the renovation of the second floor residence areas for seminarians and resident cleric faculty and chapel renovation.

H. Income Taxes – CPL 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. CPL is listed in the Official Catholic Directory and, therefore, exempt from filing a federal 990 tax return. CPL 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.

I. Functional Expenses – The costs of program and supporting services 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 expenses that are allocated include property maintenance, general office expense and contributed facilities, which are allocated based on square footage, as well as salaries and benefits, which are allocated on the basis of estimates of time and effort.

Note 2. Summary of Significant Accounting Policies (Continued)

J. Subsequent Events – CPL 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. Property and Equipment

CPL's property and equipment consist of the following at June 30:

	2026	2025
Vehicles	$ 65,537	$ 31,757
Telephone system	96,860	96,860
Accounting software	24,125	24,125
Kitchen equipment	82,613	82,613
Second floor renovation building	19,198,130	19,198,130
Second floor renovation furniture and fixtures	609,198	609,198
Second floor renovation HVAC	1,490,393	1,490,393
Chapel renovation	2,355,764	2,355,764
Bell tower, roofing, tuck-pointing	718,287	718,287
Chapel organ	330,270	330,270
Propaedeutic house	118,099	118,099
Total property and equipment	25,089,276	25,055,496
Less: accumulated depreciation	2,888,155	2,075,402
	$22,201,121	$22,980,094

Depreciation expense was $844,510 and $821,001 for the years ended June 30, 2026 and 2025, respectively.

Note 4. Pension and Annuity Plans

CPL 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 CPL to fund pension cost accrued. The pension expense was $41,353 and $40,164 for the years ended June 30, 2026 and 2025, respectively.

Note 5. Related Party Transactions

CPL is affiliated with various religious organizations. CPL has ongoing informal commitments with Borromeo Seminary and St. Mary Seminary calling for annual rentals. For the years ended June 30, 2026 and 2025, Borromeo Seminary paid a base rent of $660,750 and St. Mary Seminary paid a base rent of $926,720, respectively.

Note 5. Related Party Transactions (Continued)

CPL shares various personnel, space and operating expenses with St. Mary Seminary and Borromeo Seminary. At June 30, 2026, St. Mary Seminary and Borromeo owed CPL $65,287 and $59,026, respectively, for monies advanced from CPL. At June 30, 2025, CPL owed St. Mary Seminary $78,454 and Borromeo owed CPL $144,514, for monies advanced to/from CPL, respectively. The advances are non-interest bearing.

Note 6. 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	$ 92,293	$144,080
Accounts receivable	146,164	172,629
	$238,457	$316,709

CPL considers rental income as ongoing, major and central to its annual operations and available to meet cash needs for general expenditures. CPL also receives general operating support from the Diocese of Cleveland on an annual basis. CPL 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.