

## Report of Chief Financial Officer

Welcome to the Diocese of Cleveland Finance Department website. In a continuing spirit of accountability and transparency, we present financial information across various entities affiliated with and located within the Diocese. This site also contains a message from Bishop Malesic and copies of the various audit reports from our independent auditors, Maloney + Novotny LLC. This report should be read in conjunction with a review of the Diocese's Central Administrative Office (CAO) and other various audited financial statements and financial schedules included on this website. We invite you to visit this site periodically as we will be updating it with current financial information as timing dictates. You will note that some of the legal entities affiliated with the Diocese have June 30 fiscal year ends, while others report on a calendar year basis.

I want to publicly thank the members of the Diocesan Finance Council for the support they provide to the Bishop and the CAO and extend that appreciation to Catholics throughout the Diocese. The continuing generosity of the Catholic community and the sharing of time, talent and treasure make possible the good works of our Church in the Diocese of Cleveland.

### Central Administration Office

The CAO is the administrative office of the Diocese and serves the separate parishes and other Diocesan-affiliated organizations by providing assistance in the administration of pastoral, education, and vocational services; providing funding for religious education and vocation development, community and human development, Diocesan schools, and charitable activities; and providing administrative support in areas of finance, legal matters, human resources, facilities management and technology. The resources of the CAO come from parish and school assessments, investment income, grants, contributions, and other miscellaneous sources. The CAO does not include (nor would it be appropriate to include) the separate entities affiliated with the Diocese that prepare stand-alone financial statements, such as the seminaries, Catholic Cemeteries Association, Catholic Charities, Diocesan-operated schools, and the Catholic Community Foundation. Many of these financial statements are also available on the Diocesan website. Lastly, the CAO does not include the operations of any parishes because they are considered separate legal entities under both canon and civil law. Consequently, it would be inappropriate to consolidate or comingle parish financial statements and reports with those of the Diocese

The CAO Statement of Financial Position consists primarily of cash and investments for use in funding the activities of the CAO as noted above. The net assets are either available for immediate and unrestricted use (primarily the general operating cash of the Diocese) or restricted for either spending on a donor-specified purpose or permanently held as endowments (primarily in support of seminaries and priestly education and care). The Net Assets (\$\$ in millions) at June 30, 2024 and 2023 are:

	<b>June 30, 2024</b>	<b>June 30, 2023</b>
Without restrictions	\$ 25.7	\$ 25.3
With restrictions	\$138.2	\$130.3
<b>Total</b>	<b>\$163.9</b>	<b>\$155.6</b>

The increase in net assets in 2024 was substantially due to positive investment market returns, along with a mild operating surplus.

Offertory collections in our parishes in FY 2024 were approximately equal to offertories in FY's 2023 and 2022. The faithful people of the Diocese of Cleveland continue their generosity and support of their parishes and the broader Church. Assessments collected by the CAO from the parishes were \$14.9 million and \$15.0 million in the years ended June 30, 2024 (FY 2024) and June 30, 2023 (FY 2023), respectively, and are determined by the level of parish offertories and enrollment in parish schools. Contribution income generally represents receipts specifically related to activities managed by the CAO, including training and education of priests, parish support, and evangelization programs, as well as other miscellaneous gifts. Other Revenue includes funds provided by Catholic Charities for services provided by the CAO (primarily related to management of facilities), grants, estate gifts, lease revenue, magazine advertising revenue and other miscellaneous receipts. Investment market results have been volatile in recent years, however, significant market appreciation occurred in FY's 2024 and 2023. Also, increases in interest income in FY 2024 resulted from steadily increasing interest rates. Most investment earnings are recorded as restricted income and are transferred to unrestricted status when restrictions expire and the funds are used in support of appropriate expenses, and are recorded as "Net assets released from restrictions" upon transfer. Net assets transferred to unrestricted status in FY 2024 and FY 2023 were used to support seminary operations, priest education and care, communication programs, parish support, renovations to the Diocesan Cathedral and seminaries, and other CAO activities.

Expenses in the CAO include personnel and other direct costs incurred to deliver its services; support for the United States and global Church; and subsidies to other Diocesan entities, including the seminaries, Center for Pastoral Leadership, certain Diocesan-owned schools, the Cathedral, Catholic Community Foundation, and Catholic Charities Facilities Services. Total reported expenses in FY 2024 versus FY 2023 (\$26.9 million versus \$26.3 million) increased due to general salary/benefits inflation and increased professional fees related to the publication of the diocesan magazine and the catholic education strategic plan. The mild surplus from unrestricted operations in FY 2024 and FY 2023 of approximately \$451,400 and \$402,800, respectively, is the result of higher than expected interest income and careful expense management and efforts to keep expenses in line with available resources.

### **Borromeo & St. Mary's Seminaries and the Center for Pastoral Leadership**

The Center for Pastoral Leadership Services, Inc. (CPL) is a non-profit corporation that operates and manages the facility in Wickliffe that houses the seminaries as well as the formation programs for deacons and lay ecclesial ministers, and the Office of Continuing Education and Formation of Ministers. The CPL also manages and leases any excess space in the buildings, generally to non-profit entities.

CPL, Borromeo, and St. Mary's are three separate corporations and each one issues its own audited financial statements. The combined operating budget for these entities is approximately \$9 million. Funding is provided through endowment earnings, an annual appeal, allocation of CAO assessment receipts, undergraduate and miscellaneous program tuition, and income from the rental of the facilities.

### **Diocesan-operated schools**

The Diocese of Cleveland operates five high schools: Cleveland Central Catholic, Elyria Catholic, Holy Name, Lake Catholic, and Villa Angela-St. Joseph. There are also four Diocesan-operated elementary schools: Metro Catholic, Archbishop Lyke, St. Thomas Aquinas,

and St. Francis. These schools are under the supervision of the Office of Catholic Education, with advisory boards supporting the school administrators. Each high school has its own audited financial statements, and the elementary schools are subject to periodic review by the Finance Office Review Services group. The CAO provides varying amounts of operational and capital support to the schools as necessary to support their needs.

### **Catholic Community Foundation**

The Catholic Community Foundation (CCF or Foundation) is a non-profit corporation established to support the mission of the Diocese by fostering faith-based stewardship for the spiritual, educational, and charitable needs of all. CCF is also the sole member of the Scholarship Granting Organization of the Catholic Community Foundation (a non-profit corporation) which raises funds to support scholarships for students of catholic schools within the diocese and in compliance with the relevant laws of the State of Ohio. The Foundation raises funds for a number of Diocesan ministries, including Catholic Charities, Borromeo and St. Mary Seminaries, and Catholic Education. Additionally, the Catholic Community Foundation assists parishes with stewardship and fund development efforts such as offertory enhancement, planned giving and major campaigns. The financial results included in the audited statements of activity for the Catholic Community Foundation are predominantly reflective of the annual Catholic Charities appeal. The Foundation, in collaboration with the Diocese, also manages endowments for Catholic Charities, Catholic education tuition assistance, parishes, and Diocesan ministries, and offers various philanthropic funds to donors including Donor Advised Funds, Charitable Gift Annuities and Permanent Named Funds.

### **Catholic Cemeteries**

The Catholic Cemeteries Association of the Diocese of Cleveland (CCA) is a non-profit corporation that owns and operates 19 catholic cemeteries throughout the Diocese and is responsible for the care and maintenance of over 700,000 interments. The cemeteries encompass approximately 1,850 acres of land which includes approximately 900 acres of developed land with over 35 miles of roads and approximately 70 buildings. The CCA is a self-sustaining entity that generates revenues in the ordinary course of its important ministry serving the people of our Diocese. In addition to personnel cost, the CCA's largest expense is related to ongoing cemetery operations, including the care and maintenance of these large properties and existing interments. The CCA's operates as a self-funding unit with an annual operating budget of approximately \$20 million.

### **Catholic Charities**

Catholic Charities Corporation is a non-profit corporation that provides and oversees the delivery of health and human services primarily to the people throughout the eight counties of the Diocese.

Catholic Charities operates activities such as emergency assistance, social action, migration services, disability services, the Lorain St. Joseph shelter, youth athletics and youth & young adult ministry. It also provides residential and behavioral health services through the Matt Talbot programs for men and women, and outpatient chemical dependency locations. Catholic Charities provides family-based services, including foster care and adoption, employment, day care, and Head Start. It also provides a variety of other services, including the operation of an adult day care center and Camp Christopher in Summit County. Catholic Charities works in collaboration with the Catholic Community Foundation to conduct the annual Catholic Charities Appeal. St. Augustine Manor, a non-profit corporation affiliated with Catholic Charities, operates a nursing home and an assisted living facility, and provides end of life services through Holy Family Home and Holy Family Hospice.

Combined, the operating budget of Catholic Charities is approximately \$120 million. Monies in support of Catholic Charities are provided through the annual Catholic Charities appeal, as well as government reimbursements and grants, program fees, United Way, investment income, and other contributions and grants.

#### **Diocese of Cleveland Facilities Services**

The Diocese of Cleveland Facilities Services Corporation (DCFSC) is a non-profit corporation that owns and operates many of the facilities that house Catholic Charities activities. A separate facilities department within the CAO provides leadership and expertise in the planning, construction management, construction financing, maintenance and renovation of the buildings in which the charitable activities of Catholic Charities occur under a shared services agreement.

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Should you have any questions regarding this financial report, please contact me at the Catholic Diocese of Cleveland, 1404 East Ninth Street, 8<sup>th</sup> Floor, Cleveland, Ohio 44114, 1-800-869-6525, ext. 5960, or at [FinanceOffice@DioceseofCleveland.org](mailto:FinanceOffice@DioceseofCleveland.org). I also invite you to visit our website for additional information about our Diocese, at [www.DioceseofCleveland.org/finance](http://www.DioceseofCleveland.org/finance).

Thank you for your continuing support of our Church.

Sincerely,

James P. Gulick  
Chief Financial Officer