Report from the Diocesan Chief Financial Officer

Continuing with best practices for accountability and transparency, presented in these pages of the Diocese of Cleveland website are financial reports for various parts of the Diocese. This site also contains a message from Bishop Malesic and copies of audit reports from our independent auditors, Maloney + Novotny LLC. You are invited to visit this site periodically as information will be updated as it becomes available.

Please join me in thanking members of the Diocesan Finance Council for sharing their time and expertise to the Bishop and to my office.

The continuing generosity of the parishioners and surrounding members of our Catholic community make possible the good works of our Church in the Diocese of Cleveland.

Central Administration Office (CAO)

The Central Administration Office (CAO) provides programing and administrative services to parishes and other Diocesan-affiliated organizations. The CAO is the epicenter for many activities throughout the Diocese, including the following:

- Administration of pastoral, education, and vocational services;
- Funding for religious education, vocation development, community development, and various charitable endeavors
- Leadership and direction to Diocesan elementary and high schools;
- Administrative support in the areas of finance, legal matters, human resources, facilities management, and information technology.

The resources of the CAO are derived from parish and school assessments, investment income, grants, contributions, and other miscellaneous sources. CAO financial reports do not include separate legal entities affiliated with the Diocese, 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 financial information for parishes within the Diocese because they are considered separate legal entities under both canon and civil law. Consequently, it would be inappropriate to consolidate 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 noted above. The net assets are either without restriction (and thus available for use as needed) or with restriction (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, 2026 and 2025 are:

	June 30, 2026	**June 30, 2025**
Without restrictions	$ 26.4	$ 26.1
With restrictions	$160.1	$146.5
Total	**$186.5**	**$172.6**

The increase in net assets in 2026 was substantially due to positive investment market returns, along with a small operating surplus.

Offertory collections in our parishes for the year ended June 30, 2026 increased slightly compared to offertories in recent years. 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 and schools were $17.2 million and $16.2 million for the years ended June 30, 2026 and June 30, 2025, 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 grants, estate gifts, lease revenue, magazine advertising revenue, and reimbursement revenues for services provided by the CAO to Catholic Charities (primarily related to management of facilities), and other miscellaneous receipts.

Investment income has been positive given significant market appreciation during the years ended June 30, 2026 and 2025. Most investment earnings are recorded as restricted income and are transferred to unrestricted status when restrictions are met 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 during the years ended June 30, 2026 and 2025 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, and Catholic Community Foundation. Total reported expenses during the years ended June 30, 2026 versus the year ended June 30, 2025 ($27.9 million versus $27.6 million, respectively) increased due to general salary/benefits inflation and increased mission and ministry fees. The surplus from unrestricted operations was $249,332 and $428,687, respectively (approx. 1.5% of revenues) during the years ended June 30, 2026 and 2025 and is the result of higher than expected investment income, 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 financial statements, audited by independent auditors. 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 issues its own financial statements, audited by independent auditors. The financials of 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 (The 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. The Foundation 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 schools throughout the Diocese. Additionally, The 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, and youth athletics. 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.

Funding 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.

****

Should you have any questions regarding this financial report, please contact me at the Catholic Diocese of Cleveland, 1404 East Ninth Street, 8th Floor, Cleveland, Ohio 44114, 216-696-6525, ext. 3920, or at FinanceOffice@DioceseofCleveland.org. I also invite you to visit our website for additional information about our Diocese, at www.DioceseofCleveland.org/finance.

Thank you for your continuing support of our Church.

Sincerely,

Kevin R. Krencisz, CPA, MBA
Chief Financial Officer