THE FOUNDATION OF THE ROMAN CATHOLIC DIOCESE OF RALEIGH, INC.

FINANCIAL STATEMENTS

As of and for the Years Ended June 30, 2026 and 2025

And Report of Independent Auditor

Cherry Bekaert LLP
Your Guide Forward

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Cherry Bekaert LLP
Your Guide Forward

Report of Independent Auditor

To the Board of Directors
The Foundation of the Roman Catholic Diocese of Raleigh, Inc.
Raleigh, North Carolina

Opinion

We have audited the accompanying financial statements of The Foundation of the Roman Catholic Diocese of Raleigh, Inc. (the "Foundation"), which comprise the statement of financial position as of June 30, 2026, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Foundation as of June 30, 2026, and the changes in its net assets and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of 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 audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Prior Period Financial Statements

The financial statements of the Foundation as of June 30, 2025 were audited by other auditors whose report dated October 23, 2025 expressed an unmodified opinion on those statements.

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 the Foundation's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of 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 auditing standards generally accepted in the United States of America 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 auditing standards generally accepted in the United States of America, 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.

Cherry Bekaert LLP

Raleigh, North Carolina
October 29, 2026

THE FOUNDATION OF THE ROMAN CATHOLIC DIOCESE OF RALEIGH, INC.
STATEMENTS OF FINANCIAL POSITION

JUNE 30, 2026 AND 2025

	2026	2025
ASSETS		
Cash and cash equivalents	$ 635,006	$ 221,427
Due from the Diocese of Raleigh	-	168,020
Prepaid expenses and other assets	912	2,022
Promises to give, Seminarian Partnership Program	520	4,600
Charitable gift annuity receivable	37,294	127,988
Investments, endowments	105,254,393	89,360,422
Investments, charitable gift annuities	1,563,232	1,425,896
Total Assets	$ 107,491,357	$ 91,310,375
LIABILITIES AND NET ASSETS		
Liabilities:		
Accounts payable	$ 3,471	$ 9,360
Due to the Diocese of Raleigh	21,599	32,333
Accrued liabilities	5,690	4,376
Charitable gift annuity obligations	678,544	717,360
Total Liabilities	709,304	763,429
Net Assets:		
Without Donor Restrictions:		
Designated for endowments	52,141,613	42,792,527
Designated for charitable gift annuities	658,239	625,593
Undesignated	605,158	345,400
Total Without Donor Restrictions	53,405,010	43,763,520
With Donor Restrictions:		
Restricted in perpetuity - endowments	23,168,936	19,564,632
Restricted subject to the Foundation's spending policy - endowments	29,943,844	27,003,263
Charitable gift annuities	263,743	210,931
Seminarian Partnership Program	520	4,600
Total With Donor Restrictions	53,377,043	46,783,426
Total Net Assets	106,782,053	90,546,946
Total Liabilities and Net Assets	$ 107,491,357	$ 91,310,375

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

THE FOUNDATION OF THE ROMAN CATHOLIC DIOCESE OF RALEIGH, INC.
STATEMENTS OF ACTIVITIES

YEAR ENDED JUNE 30, 2026

	Without Donor Restrictions	With Donor Restrictions	Total
Revenues, Gains, and Other Support:			
Gifts and bequests	$ 1,999,482	$ 1,379,529	$ 3,379,011
Other revenue	54,000	-	54,000
Net investment return	7,283,638	7,569,024	14,852,662
Net assets released from restrictions	2,464,469	(2,464,469)	-
Total Revenue, Gains, and Other Support	11,801,589	6,484,084	18,285,673
Expenses:			
Program Services:			
Grant disbursements	2,801,686	-	2,801,686
Other program expenses	27,032	-	27,032
Total Program Services	2,828,718	-	2,828,718
Support Services:			
Management and general	312,975	-	312,975
Fundraising and development	194,267	-	194,267
Total Support Services	507,242	-	507,242
Total Expenses	3,335,960	-	3,335,960
Change in Net Assets from Operations	8,465,629	6,484,084	14,949,713
Nonoperating Income (Expenses):			
Change in value of charitable gift annuity receivable	18,895	-	18,895
Endowment transfers	(106,083)	106,083	-
Transfers to closeout charitable gift annuity	(109,589)	109,589	-
Change in value of charitable gift annuity obligations	45,142	(106,139)	(60,997)
Total Nonoperating Income (Expenses)	(151,635)	109,533	(42,102)
Equity transfer	1,327,496	-	1,327,496
Change in net assets	9,641,490	6,593,617	16,235,107
Net assets, beginning of year	43,763,520	46,783,426	90,546,946
Net assets, end of year	$ 53,405,010	$ 53,377,043	$ 106,782,053

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

THE FOUNDATION OF THE ROMAN CATHOLIC DIOCESE OF RALEIGH, INC.
STATEMENTS OF ACTIVITIES

YEAR ENDED JUNE 30, 2025

	Without Donor Restrictions	With Donor Restrictions	Total
Revenues, Gains, and Other Support:			
Gifts and bequests	$ 609,114	$ 1,629,007	$ 2,238,121
Net investment return	4,699,445	5,073,234	9,772,679
Net assets released from restrictions	1,943,544	(1,943,544)	-
Total Revenue, Gains, and Other Support	7,252,103	4,758,697	12,010,800
Expenses:			
Program Services:			
Grant disbursements	2,229,429	-	2,229,429
Other program expenses	53,522	-	53,522
Total Program Services	2,282,951	-	2,282,951
Support Services:			
Management and general	247,921	-	247,921
Fundraising and development	222,511	-	222,511
Total Support Services	470,432	-	470,432
Total Expenses	2,753,383	-	2,753,383
Change in Net Assets from Operations	4,498,720	4,758,697	9,257,417
Nonoperating Income (Expenses):			
Change in value of charitable gift annuity receivable	22,322	-	22,322
Transfers to closeout charitable gift annuity	(181,184)	181,184	-
Change in value of charitable gift annuity obligations	(119,743)	(18,516)	(138,259)
Total Nonoperating Income (Expenses)	(278,605)	162,668	(115,937)
Change in net assets	4,220,115	4,921,365	9,141,480
Net assets, beginning of year	39,543,405	41,862,061	81,405,466
Net assets, end of year	$ 43,763,520	$ 46,783,426	$ 90,546,946

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

THE FOUNDATION OF THE ROMAN CATHOLIC DIOCESE OF RALEIGH, INC.
STATEMENT OF FUNCTIONAL EXPENSES

YEAR ENDED JUNE 30, 2026

	Program Services			Support Services			
	Grants	Other	Total	Management and General	Fundraising and Development	Total	Total
Grants Disbursed:							
Assistance for the needy	$ 51,500	$ -	$ 51,500	$ -	$ -	$ -	$ 51,500
Campus ministry	30,614	-	30,614	-	-	-	30,614
Capital improvements	19,853	-	19,853	-	-	-	19,853
Catholic Charities	140,987	-	140,987	-	-	-	140,987
Catholic schools and education initiatives	232,455	-	232,455	-	-	-	232,455
Cemetery maintenance	6,550	-	6,550	-	-	-	6,550
Church expansion	475,105	-	475,105	-	-	-	475,105
Diocesan support and assistance	287,399	-	287,399	-	-	-	287,399
Lay formation and education	139,971	-	139,971	-	-	-	139,971
Parish support and assistance	295,255	-	295,255	-	-	-	295,255
Seminarian education and welfare	646,596	-	646,596	-	-	-	646,596
Special ministries	288,149	-	288,149	-	-	-	288,149
Tuition assistance and scholarships	187,252	-	187,252	-	-	-	187,252
Salaries and fringe benefits	-	-	-	60,094	48,793	108,887	108,887
Supplies and office expenses	-	476	476	23,389	19,632	43,021	43,497
Travel and training	-	-	-	5,681	3,777	9,458	9,458
Purchased services	-	26,556	26,556	210,722	111,099	321,821	348,377
Occupancy expenses	-	-	-	13,089	-	13,089	13,089
Other expenses	-	-	-	-	10,966	10,966	10,966
Total Expenses	$ 2,801,686	$ 27,032	$ 2,828,718	$ 312,975	$ 194,267	$ 507,242	$ 3,335,960

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

THE FOUNDATION OF THE ROMAN CATHOLIC DIOCESE OF RALEIGH, INC.
STATEMENT OF FUNCTIONAL EXPENSES

YEAR ENDED JUNE 30, 2025

	Program Services			Support Services			
	Grants	Other	Total	Management and General	Fundraising and Development	Total	Total
Grants Disbursed:							
Assistance for the needy	$ 25,500	$ -	$ 25,500	$ -	$ -	$ -	$ 25,500
Campus ministry	101,883	-	101,883	-	-	-	101,883
Capital improvements	7,295	-	7,295	-	-	-	7,295
Catholic Charities	137,605	-	137,605	-	-	-	137,605
Catholic schools and education initiatives	128,830	-	128,830	-	-	-	128,830
Cemetery maintenance	5,000	-	5,000	-	-	-	5,000
Church expansion	78,105	-	78,105	-	-	-	78,105
Diocesan support and assistance	202,469	-	202,469	-	-	-	202,469
Lay formation and education	87,600	-	87,600	-	-	-	87,600
Parish support and assistance	183,270	-	183,270	-	-	-	183,270
Seminarian education and welfare	764,121	-	764,121	-	-	-	764,121
Special ministries	324,232	-	324,232	-	-	-	324,232
Tuition assistance and scholarships	183,519	-	183,519	-	-	-	183,519
Salaries and fringe benefits	-	19,040	19,040	21,775	99,516	121,291	140,331
Supplies and office expenses	-	63	63	5,000	4,340	9,340	9,403
Travel and training	-	176	176	3,313	10,234	13,547	13,723
Purchased services	-	34,080	34,080	201,677	100,896	302,573	336,653
Occupancy expenses	-	163	163	12,394	1,314	13,708	13,871
Other expenses	-	-	-	3,762	6,211	9,973	9,973
Total Expenses	$ 2,229,429	$ 53,522	$ 2,282,951	$ 247,921	$ 222,511	$ 470,432	$ 2,753,383

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

THE FOUNDATION OF THE ROMAN CATHOLIC DIOCESE OF RALEIGH, INC.
STATEMENTS OF CASH FLOWS

YEARS ENDED JUNE 30, 2026 AND 2025

	2026	2025
Cash flows from operating activities:		
Cash received from contributions, net of amounts restricted or designated for endowment	$ 636,632	$ 364,474
Other cash receipts	54,000	-
Interest and dividend income from investments, net of fees	3,060,840	2,095,365
Cash payments to employees and vendors	(520,064)	(651,674)
Grants disbursed	(2,801,686)	(2,229,429)
Cash received from Diocese to fund charitable gift annuities	109,589	181,184
Charitable gift annuity payments	(100,108)	(211,973)
Net cash flows from operating activities	439,203	(452,053)
Cash flows from investing activities:		
Proceeds from the sale of investments	3,360,808	2,771,161
Purchase of investments	(7,609,463)	(3,968,613)
Net cash flows from investing activities	(4,248,655)	(1,197,452)
Cash flows from financing activities:		
Contributions restricted or designated for investment in endowment	4,223,031	1,688,001
Net change in cash and cash equivalents	413,579	38,496
Cash and cash equivalents, beginning of year	221,427	182,931
Cash and cash equivalents, end of year	$ 635,006	$ 221,427
Reconciliation of change in net asset to net cash flows from operating activities		
Change in net assets	$ 16,235,107	$ 9,141,480
Adjustments to reconcile change in net assets to net cash flows from operating activities:		
Realized and unrealized gains on investments	(11,782,357)	(7,837,895)
Contributions restricted for investment in endowment	(4,223,031)	(1,688,001)
Change in value of split-interest agreements held	60,997	138,259
Change in value of charitable gift annuity receivable	(18,895)	(22,322)
Changes in operating assets and liabilities:		
Due from the Diocese of Raleigh	168,020	(167,723)
Prepaid expenses and other assets	1,110	2,155
Promises to give, Seminarian Partnership Program	4,080	4,540
Charitable gift annuity receivable	109,589	181,184
Accounts payable	(5,889)	(24,891)
Due to Diocese of Raleigh	(10,734)	28,758
Accrued liabilities	1,314	4,376
Charitable gift annuity obligations	(100,108)	(211,973)
Net cash flows from operating activities	$ 439,203	$ (452,053)

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

Note 1—Nature of operations and summary of significant accounting policies

Nature of Activities – The Foundation of the Roman Catholic Diocese of Raleigh, Inc. (the "Foundation") was established on August 14, 2018 as a North Carolina nonprofit corporation. The Foundation, headquartered in Raleigh, North Carolina, was formed to cultivate endowed and major gifts for the long-term benefit of the administrative offices, parishes, schools, programs, and ministries of the Catholic Diocese of Raleigh while providing effective and efficient management and distribution of invested funds. Under U.S. generally accepted accounting principles ("U.S. GAAP"), the financial statements of the Foundation are considered financially interrelated with those of the Catholic Diocese of Raleigh (the Diocese). Thus, under the principles of consolidation, the Diocese consolidates these separately issued financial statements with those of the Diocese.

Basis of Accounting – The accompanying financial statements have been prepared using the accrual basis of accounting in accordance with U.S. GAAP. The Financial Accounting Standards Board ("FASB") has established the *Accounting Standards Codification* ("ASC") as the source of authoritative accounting principles to be applied in the preparation of financial statements in accordance with U.S. GAAP.

Cash and Cash Equivalents – The Foundation considers temporary deposits in financial institutions, Diocesan savings, and short-term investments with original maturities of three months or less to be cash equivalents, except for those short-term investments managed as part of investment management strategies.

Net Assets – The Foundation reports information regarding its financial position and activities according to two net asset categories as follows:

> *Net Assets Without Donor Restrictions* – includes unrestricted resources which represent the portion of funds that are available for the operating objectives of the Foundation.
>
> *Net Assets With Donor Restrictions* – consist of donor restricted contributions. Amounts restricted by donors for a specific purpose are deemed to be earned and reported as donor-restricted revenue when received, and such unexpended amounts are reported as donor-restricted net assets at year-end. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity. When the donor restriction expires, that is, when a stipulated time or purpose restriction is accomplished, donor-restricted net assets are reclassified to net assets without donor restrictions and reported in the statements of activities as net assets released from restrictions.

Revenue Recognition – Contributions are recognized when the donor makes an unconditional promise to transfer assets. Contributions received are recorded as with or without donor restrictions, depending on the existence and/or nature of any donor stipulations. Amounts received designated for future periods or restricted by the donor for a specific purpose are reported as support with donor restrictions and as an increase to the related net asset class. In the event monies both with and without donor restrictions are available for use for activities that comply with donor restrictions, the Foundation will use funds having donor restrictions first.

Promises to give expected to be collected within one year are recorded at net realizable value. Promises to give expected to be collected in future years are recorded at the present value of their estimated future cash flows. The Foundation reviews promises to give and other receivables for collectability on a recurring basis and, based on an assessment of creditworthiness, estimates the portion, if any, of the balance that will not be collected. Such amounts are recorded as an allowance, if necessary. There was no allowance recorded as of June 30, 2026 and 2025.

Note 1—Nature of operations and summary of significant accounting policies (continued)

Conditional promises to give, which are defined as those promises to give that contain a measurable performance or other barrier and a right of return, are not recognized until the conditions on which they depend have been met. If a condition related to a donor-restricted contribution is fulfilled in the same period in which the contribution is received, the Foundation reports the support as unrestricted. The Foundation is named as a beneficiary in numerous wills and testaments. These intentions to give are considered conditional as they may be changed during the lifetime of the donors and, as such, they are not recorded as revenue in the financial statements. The amount of these intentions to give are indeterminable.

Compensated Absences – Employees are permitted to carry over up to five days of vacation time earned. As of June 30, 2026 and 2025, the Foundation had $-0- accrued for compensated absences.

Donated Services – The Foundation records contributed services if the services received create or enhance long-lived assets or require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation. A number of unpaid volunteers, who serve primarily in the capacity of board members, have made significant contributions of their time in the furtherance of the Foundation's programs. The value of this contributed time is not reflected in these financial statements because it does not meet the above recognition criteria.

Charitable Gift Annuities – The Foundation is the beneficiary of several irrevocable remainder interests of one-life and two-life charitable gift annuities ("CGA"). These interests are measured at fair value. Annuity obligations arising from these split-interest gifts are reported as CGA obligations in the accompanying statements of financial position. The change in fair value of the annuity liabilities is reported as a change in value of CGA obligations in the accompanying statements of activities and changes in net assets.

The Foundation also has a CGA receivable for underwater annuities. The CGA receivable, as reported in the accompanying statements of financial position, is measured at fair value. The change in fair value of the receivable is reported as a change in value of CGA receivable in the accompanying statements of activities and changes in net assets.

As further discussed in Note 12, payments received to liquidate underwater CGA's occur when the donor passes away. At the time the annuities are closed, the Foundation records transfers between net asset classes to administratively close the annuities. These transfers are reflected on the statements of activities and changes in net assets as transfers to close out CGA.

Income Taxes – The Foundation has been recognized by the Internal Revenue Service ("IRS") as exempt from federal income tax under Section 501(a) as an organization described in Section 501(c)(3). Accordingly, no income taxes have been provided in the accompanying financial statements.

Management has evaluated the effect of the guidance provided by the provisions of U.S. GAAP on accounting for uncertainty in income taxes. Management believes that the Foundation continues to satisfy the requirements of a tax exempt entity at June 30, 2026 and 2025. Management has evaluated all other tax positions that could have a significant effect on the financial statements and determined that the Foundation had no uncertain income tax positions as of June 30, 2026 and 2025.

Note 1—Nature of operations and summary of significant accounting policies (continued)

Functional Expense Allocation – The cost of providing the Foundation's programs and other activities is summarized on a functional basis in the statements of functional expenses. Expenses that can be identified with a specific program or support service are charged directly to that program or support service. Costs common to multiple functions have been allocated among the various functions benefitted. Salaries and benefits are allocated on the basis of estimates of time and effort. Supplies and office expenses, travel and training, purchased services, occupancy expenses and other expenses are allocated based on the percentage of usage.

Use of Estimates – The preparation of the financial statements in accordance 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 amount of revenues and expenses during the reporting period. Actual results could differ from those estimates and assumptions.

Note 2—Liquidity and availability

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the statements of financial position date, comprise the following:

	2026	2025
Financial assets at June 30:		
Cash and cash equivalents	$ 635,006	$ 221,427
Due from the Diocese of Raleigh	-	168,020
Sales tax receivables	912	923
	$ 635,918	$ 390,370

Endowment funds consist of donor-restricted endowments and board-designated endowments. Income from donor-restricted endowments that are restricted for specific purposes and board-designated endowments held on behalf of others are not available for general expenditure.

As part of the Foundation's liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations become due. To meet this objective, the Foundation has obtained the commitment of the Diocese to provide short-term cash flow assistance to address cash shortages in the event that they occur. The Foundation invests cash in excess of daily requirements in short-term investments and money market funds.

Note 3—Financial instruments and concentrations

The Foundation places its cash and cash equivalents on deposit with financial institutions in the United States. The Federal Deposit Insurance Corporation covers $250,000 for substantially all depository accounts. During the years ended June 30, 2026 and 2025, the Foundation, from time to time, may have had amounts on deposit in excess of the insured limits. The cash balances are maintained at financial institutions with high credit quality ratings and the Foundation believes no significant risk of loss exists with respect to those balances. The Foundation also maintains savings accounts with the Diocese. While these deposits are not subject to FDIC insurance, the Foundation believes no significant risk of loss exists with respect to those balances.

Note 3—Financial instruments and concentrations (continued)

A substantial amount of the Foundation's support is generated through contributions and pledges from other organizations or individuals, primarily in eastern North Carolina and the surrounding area. Changes in economic conditions can directly affect a donor's ability and willingness to make future contributions to the Foundation. Also, the limited geographic area in which the Foundation's contributors reside increases the Foundation's exposure to certain business concentrations. During the year ended June 30, 2026, contributions from two contributors represented 53.21% of total contribution revenue. During the year ended June 30, 2025, there were no apparent concentrations of contributions.

Note 4—Investments

The Foundation maintains investments in equity, debt securities, and private equity funds. Net investment return, which consists of interest and dividends, realized gains and losses, and unrealized gains and losses, from these securities are allocated to the various funds with and without donor restrictions based on each fund's percentage ownership of total invested assets. Net investment return is reported net of investment fees on a separate line in the statements of activities. Net investment return is recorded as with or without donor restrictions, depending on the existence and/or nature of any donor stipulations. Amounts received designated for future periods or restricted by the donor for a specific purpose are reported as net investment return with donor restrictions and as an increase or decrease to the related net asset class.

Investments are carried at fair value with the following underlying asset concentrations at June 30:

	2026		
	Cost	Market Value	Unrealized Gain (Loss)
Cash and cash equivalents	$ 1,790,093	$ 1,790,093	$ -
Fixed income	24,462,778	24,057,879	(404,899)
Equities	46,538,149	63,248,375	16,710,226
Mutual funds	7,547,496	7,780,768	233,272
Exchange-trade funds	1,382,225	2,640,344	1,258,119
Real assets	40,024	36,459	(3,565)
Private funds	7,172,844	7,263,707	90,863
	$ 88,933,609	$ 106,817,625	$ 17,884,016

	2025		
	Cost	Market Value	Unrealized Gain (Loss)
Cash and cash equivalents	$ 2,385,994	$ 2,385,994	$ -
Fixed income	20,242,862	19,942,871	(299,991)
Equities	44,719,669	54,291,379	9,571,710
Mutual fund	2,500,000	2,480,315	(19,685)
Real assets	3,926,587	5,301,416	1,374,829
Private funds	6,082,868	6,384,343	301,475
	$ 79,857,980	$ 90,786,318	$ 10,928,338

Note 5—Fair value measurements

U.S. GAAP defines fair value as the exchange price that would be received for an asset or paid to transfer a liability in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date. The Foundation's assets and liabilities recorded at fair value, except certain assets for which the NAV per share is used as a practical expedient, are measured and classified in accordance with a fair value hierarchy consisting of three levels based on the observability of the inputs used in measuring the fair value.

The hierarchy consists of three broad levels of inputs that may be used to measure fair value as follows:

Level 1 – Inputs to the valuation methodology are quoted prices available in active markets for identical assets and are given the highest priority.

Level 2 – Inputs consist of observable inputs other than quoted prices for identical assets.

Level 3 – Inputs consist of unobservable inputs and are given the lowest priority.

The asset or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize use of observable inputs and minimize the use of unobservable inputs.

Fixed Income Securities – These investments consist primarily of individual corporate bonds that are valued based on the market approach, and U.S. Treasury bonds, which are valued based on quoted market prices in an active market.

Equity Securities – These investments consist primarily of individual corporate stocks and are valued based on quoted market prices in an active market.

Mutual Funds – Shares of open-end registered investment companies are valued using the published NAV per share as of the close of trading on the measurement date, which represents the price at which the Foundation could transact with the fund. Because these funds transact daily in an active market, they are classified within Level 1 of the fair value hierarchy.

Exchange-Traded Funds – These investments are valued using the market approach using the unadjusted official closing price (or last reported sales price) as of the close of trading in an active market.

Real Assets – These investments are public investment vehicles valued using the NAV provided by the administrator of the fund. NAV is based on the value of the underlying assets owned by the fund, minus its liabilities, and then divided by the number of shares outstanding. NAV is a quoted price in an active market.

Investments Measured at Net Asset Value – These investments consist of interests in four different private placement alternative investment hedge funds that are valued at NAV provided by the administrators of the funds. These investments are not valued and traded in an active market and NAV is based on the value of the Foundation's capital accounts, which consist of the Foundation's capital contributions and withdrawals and an allocation of net income or loss from the underlying investment activity of the funds.

Charitable Gift Annuity Receivable and Obligations – The fair value of the CGA receivable and obligations is discussed in Note 12.

Note 5—Fair value measurements (continued)

Below are the Foundation's financial instruments carried at fair value on a recurring basis by the fair value hierarchy levels as of June 30:

	2026			
	Total	**Level 1**	**Level 2**	**Level 3**
Assets:				
Cash and cash equivalents	$ 1,790,093	$ -	$ 1,790,093	$ -
Fixed income	24,057,879	2,983,212	21,074,667	-
Equities	63,248,375	63,248,375	-	-
Mutual funds	7,780,768	7,780,768	-	-
Exchange-traded funds	2,640,344	2,640,344	-	-
Real assets	36,459	36,459	-	-
Total investments at fair value	99,553,918	76,689,158	22,864,760	-
Investments measured at net asset value (a)	7,263,707	-	-	-
Investments at fair value	106,817,625	76,689,158	22,864,760	-
Charitable gift annuity receivables	37,294	-	-	37,294
Total assets	$ 106,854,919	$ 76,689,158	$ 22,864,760	$ 37,294
Liabilities:				
Charitable gift annuity obligations	$ 678,544	$ -	$ -	$ 678,544
Total liabilities	$ 678,544	$ -	$ -	$ 678,544

	2025			
	Total	**Level 1**	**Level 2**	**Level 3**
Assets:				
Cash and cash equivalents	$ 2,385,994	$ 2,385,994	$ -	$ -
Fixed income	19,942,871	4,888,023	15,054,848	-
Equities	54,291,379	54,291,379	-	-
Mutual fund	2,480,315	2,480,315	-	-
Real assets	5,301,416	-	5,301,416	-
Total investments at fair value	84,401,975	64,045,711	20,356,264	-
Investments measured at net asset value (a)	6,384,343	-	-	-
Investments at fair value	90,786,318	64,045,711	20,356,264	-
Charitable gift annuity receivables	127,988	-	-	127,988
Total assets	$ 90,914,306	$ 64,045,711	$ 20,356,264	$ 127,988
Liabilities:				
Charitable gift annuity obligations	$ 717,360	$ -	$ -	$ 717,360
Total liabilities	$ 717,360	$ -	$ -	$ 717,360

(a) In accordance with FASB ASC subtopic 820-10, certain investments that were measured at net asset value per share (or its equivalent) have not been classified in the fair value hierarchy. The fair value amounts presented in this table are intended to permit reconciliation of the fair value hierarchy to the line items presented in the statements of financial position.

Note 5—Fair value measurements (continued)

The following reconciles the beginning and ending balances of financial assets measured at fair value on a recurring basis using significant unobservable (Level 3) inputs during the years ended June 30:

	2026	2025
Charitable gift annuity receivable:		
Balance, beginning of year	$ 127,988	$ 286,850
Receipts	(109,589)	(181,184)
Change in estimate of commitment to fund underwater CGA by the Diocese of Raleigh	18,895	22,322
Balance, end of year	$ 37,294	$ 127,988

The following reconciles the beginning and ending balances of financial liabilities measured at fair value on a recurring basis using significant unobservable inputs during the years ended June 30:

	2026	2025
Charitable gift annuity obligations:		
Balance, beginning of year	$ 717,360	$ 791,074
Additions	295	-
Distributions	(100,108)	(211,973)
Change in value	60,997	138,259
Balance, end of year	$ 678,544	$ 717,360

The following table provides additional information for investments measured at fair value using NAV as a practical expedient as of June 30:

	2026		
	Fair Value	Redemptions Frequency	Notice Period (Days)
TrueBridge Seed & Micro VC Fund I & II (a)	$ 1,616,274	Withdrawal not permitted	Withdrawal not permitted
BP Transtrend Diversified Fund (b)	$ 2,816,463	Allowed Monthly	5 Business Days
ACL Alternative Fund (c)	$ 2,830,970	Daily	Daily

	2025		
	Fair Value	Redemptions Frequency	Notice Period (Days)
TrueBridge Seed & Micro VC Fund I & II (a)	$ 1,481,273	Withdrawal not permitted	Withdrawal not permitted
BP Transtrend Diversified Fund (b)	$ 2,517,156	Allowed Monthly	5 Business Days
ACL Alternative Fund (c)	$ 2,385,914	Daily	Daily

Note 5—Fair value measurements (continued)

(a) TrueBridge Seed & Micro-VC Fund I (Cayman), L.P. and TrueBridge Seed & Micro-VC Fund II (Cayman Feeder), L.P. (the "Funds") are Cayman Islands exempted limited partnerships (LP). The Funds were organized with the purpose of investing in venture capital and growth-related private equity funds, and direct investments into start-up and development stage companies. The Foundation's investments in the Funds are long-term investments and the Foundation may not assign, transfer, encumber, or otherwise redeem, its interest in the Funds. The Foundation bears the economic risk of its investments until termination of the fund Partnerships.

(b) BP Transtrend Diversified Fund, LLC is a Delaware limited liability company, which utilizes an adaptive trend-based strategy following major developments in the world. The Fund is designed to pursue capital growth within the limits of a defined risk tolerance and has an absolute return objective that neither follows nor strives to outperform any benchmark or index. Instead, the program analyzes the price behavior of markets and aims to profit from the underlying trends that move these markets, primarily medium to long term price trends. The fund seeks to identify underlying trends through analysis of price trends in multiple markets and its portfolio is based on being positioned in different underlying trends based on a defined risk tolerance.

(c) Abbey Capital Limited ("ACL") Alternative Fund is a segregated account of ACL Alternative Fund SAC Limited. ACL Alternative Fund SAC Limited is an open-ended investment fund, located in Bermuda with variable capital and limited liability. The Fund's investment objective is to seek long-term capital appreciation for its shareholders through allocation to 21 trading funds utilizing a variety of trading styles with market exposure that is broadly diversified with positions in global currency, financial and commodities markets.

As of June 30, 2026 and 2025, the Foundation has an unfunded commitment of $129,208 and $115,000, respectively, for TrueBridge Seed & Micro VC Fund I. The Foundation also has an unfunded commitment of $384,603 and $450,000, respectively, for TrueBridge Seed & Micro VC Fund II. The Foundation has no other unfunded commitments as of June 30, 2026 and 2025.

The Foundation uses appropriate valuation techniques based on the available inputs. When available, the Foundation measures fair value using Level 1 inputs as they generally provide the most reliable evidence of fair value. Level 2 and Level 3 inputs were only used when Level 1 inputs were not available. The market approach was used for assets and liabilities classified as Level 1 and Level 2 while the income approach was used for those classified as Level 3.

The Foundation relies on fair value measurement calculations performed by third party pricing services for the majority of instruments reported in Level 2 and Level 3. Inputs, even if determined by the Foundation, include the credit risk of the issuer, maturity, current yield, and other terms and conditions of each instrument. There were no changes to the valuation techniques during the years ended June 30, 2026 and 2025.

The related net investment return is reported in the statements of activities as net investment return; change in value of CGA receivable; and change in value of CGA obligations.

Note 6—Endowments

The Foundation's endowments consist of approximately 189 individual funds established for a variety of purposes. The endowments include donor-restricted endowment funds and funds designated by the Diocesan Finance Council and the Board of Directors of the Foundation to function as endowments and all net assets are classified and reported based on the existence or absence of donor-imposed restrictions in the accompanying statements of financial position and activities.

The Board of Directors of the Foundation has implemented policies 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 these policies, the Foundation classifies the following as net assets with donor restrictions in perpetuity:

- The original value of gifts donated to the permanent endowment;
- The original value of subsequent gifts to the permanent endowment; and
- Accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund.

Donor-restricted amounts not retained in perpetuity are subject to appropriation for expenditures by the Foundation in a manner consistent with the standard of prudence prescribed by the North Carolina Uniform Prudent Management of Institutional Funds Act (UPMIFA). The Foundation considers the following factors in making decisions related to appropriations for expenditures or accumulations of donor-restricted endowment funds:

- The duration and preservation of the various funds;
- The purposes of the donor-restricted endowment funds;
- General economic conditions;
- The possible effect of inflation and deflation;
- The expected total return from income and the appreciation of investments;
- Other resources of the Foundation; and
- The investment policies of the organization.

Investment Return Objectives, Risk Parameters, and Strategies

The Foundation has adopted investment policies, approved by the Board of Directors of the Foundation, that attempt to emphasize total return. While shorter-term investment results are monitored, adherence to the sound long-term investment policy balancing short-term spending needs with the preservation of the real inflation-adjusted value of assets is of primary importance. The Foundation expects to attain an inflation-adjusted minimum average annual return, net of fees, over a rolling 10-year period. This real return is defined as the sum of capital appreciation (loss) and current income (interest and dividends) adjusted for inflation as measured by the Consumer Price Index.

Investment policies are based on principles of responsible financial stewardship, as well as ethical and social stewardship. The Foundation is committed to a diversified asset allocation strategy, consisting primarily of domestic equities, international equities, domestic fixed income, international fixed income, real assets, and alternative investments.

Spending Policy – Under the Foundation's spending policy, the annual distribution available from endowment funds is generally 4% of the average fair value of the endowment over the 12 calendar quarters preceding December 31 of each year.

Note 6—Endowments (continued)

Additionally, the Foundation has a policy whereby a distribution is taken from the endowment to support the operations and administration of the Foundation. This distribution is calculated annually and assessed quarterly based on the twelve-quarter average fair value of the assets of each endowment fund and may not exceed 1%. Administrative distributions totaled $731,756 and $708,014 for the years ended June 30, 2026 and 2025, respectively.

Endowment composition by type of fund is as follows as of June 30:

	2026		
	Without Donor Restrictions	With Donor Restrictions	Total
Endowment funds with donor restrictions:			
Original donor-restricted gift amount and amounts required to be maintained in perpetuity by donor	$ -	$ 13,767,442	$ 13,767,442
Accumulated investment gains	-	9,401,494	9,401,494
Amounts held in term endowments	-	29,943,844	29,943,844
Board-designated endowment and other funds	52,141,613	-	52,141,613
	$ 52,141,613	$ 53,112,780	$ 105,254,393

	2025		
	Without Donor Restrictions	With Donor Restrictions	Total
Endowment funds with donor restrictions:			
Original donor-restricted gift amount and amounts required to be maintained in perpetuity by donor	$ -	$ 12,968,997	$ 12,968,997
Accumulated investment gains	-	6,595,635	6,595,635
Amounts held in term endowments	-	27,003,263	27,003,263
Board-designated endowment and other funds	42,792,527	-	42,792,527
	$ 42,792,527	$ 46,567,895	$ 89,360,422

Note 6—Endowments (continued)

Changes in endowment for the years ended June 30:

	2026		
	Without Donor Restrictions	With Donor Restrictions	Total
Endowment at beginning of year	$ 42,792,527	$ 46,567,895	$ 89,360,422
Transfers	(106,083)	106,083	-
Contributions	3,321,756	901,275	4,223,031
Net investment income	6,843,702	7,147,239	13,990,941
Amounts expended	(710,289)	(1,609,712)	(2,320,001)
Endowment at end of year	$ 52,141,613	$ 53,112,780	$ 105,254,393

	2025		
	Without Donor Restrictions	With Donor Restrictions	Total
Endowment at beginning of year	$ 38,571,944	$ 41,859,076	$ 80,431,020
Contributions	595,615	1,092,386	1,688,001
Net investment income	4,279,380	4,650,290	8,929,670
Amounts expended	(654,412)	(1,033,857)	(1,688,269)
Endowment at end of year	$ 42,792,527	$ 46,567,895	$ 89,360,422

Note 7—Net assets released from restrictions

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purpose or by the occurrence of the passage of time or other events specified by the donors as follows for the years ended June 30:

	2026	2025
Release of appropriated endowment amounts:		
Disbursements	$ 1,609,712	$ 1,033,857
Management fee retained by the Foundation	373,072	368,528
Subtotal	1,982,784	1,402,385
Seminarian Partnership Program	143,280	290,489
Other grants	338,405	250,670
	$ 2,464,469	$ 1,943,544

Note 8—Net assets with donor restrictions

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

	2026	2025
Subject to appropriation and expenditures for a specific purpose:		
Restricted by donors for:		
Assistance for the needy	$ 697,511	$ 625,222
Campus ministry	1,086,142	954,586
Capital improvements	698	604
Catholic Charities of the Diocese of Raleigh	1,903,799	1,738,060
Catholic education	376,837	312,733
Cemetery maintenance	352,660	268,579
Church expansion	4,195,761	4,056,330
Diocesan support and assistance	27,870	25,061
Lay leadership	4,182,817	3,751,757
Parish assistance	2,874,502	2,531,358
Religious purposes outside of Diocese	193,184	167,327
Seminarian education	6,630,481	5,962,576
Special ministries	3,403,873	3,041,612
Tuition assistance and scholarships	4,017,709	3,567,458
	$ 29,943,844	$ 27,003,263
Perpetual in nature, earnings from which are subject to endowment spending policy and appropriation:		
Assistance for the needy	$ 273,603	$ 260,771
Campus ministry	153,551	51,644
Capital improvements	828,308	597,803
Catholic Charities of the Diocese of Raleigh	118,988	98,347
Catholic education	975,434	697,830
Diocesan support and assistance	1,389,291	1,255,346
Parish assistance	387,022	317,735
Seminarian education	5,619,846	4,996,004
Special ministries	912,904	792,734
Tuition assistance and scholarships	12,509,989	10,496,418
	$ 23,168,936	$ 19,564,632
Subject to the passage of time and for a specified purpose:		
Charitable gift annuities	$ 263,743	$ 210,931
Subject to expenditure for a specified purpose:		
Seminarian Partnership Program	$ 520	$ 4,600

Note 9—Net assets with board designations

The following net assets without donor restrictions have been designated by the Board of Directors of the Foundation for the following purposes or periods as of June 30:

	2026	2025
Subject to appropriation and expenditures for a specific purpose:		
Campus ministry	$ 352,079	$ 314,934
Capital improvements	355,316	220,934
Catholic Charities of the Diocese of Raleigh	2,484,521	2,195,094
Catholic schools and education initiatives	10,870,490	8,341,162
Cemetery maintenance	5,297,492	4,211,027
Church expansion	2,673,948	2,336,999
Clergy and religious welfare	13,729,275	10,636,030
Diocesan support and assistance	4,060,783	3,637,869
Parish assistance	2,258,382	1,930,259
Seminarian education	2,894,756	2,593,267
Special ministries	6,626,206	5,908,530
Tuition assistance and scholarships	538,365	466,422
	$ 52,141,613	$ 42,792,527
Charitable gift annuities	$ 658,239	$ 625,593

Note 10—Investment savings plan

Effective July 1, 2024, employees of the Foundation joined the Diocese's IRC Section 403(b) Plan ("403(b) Plan"), which covers substantially all employees of the Foundation, Diocese, parishes, schools, and other related entities as well as Diocesan priests. For the year ended June 30, 2025, the Foundation contributed $0.50 for each $1.00 invested by its employees on the first 5.0% of qualified compensation, plus a noncontributory deferral of 4.0% of qualified compensation into accounts of all its eligible employees, up to a maximum of 6.5% of qualified compensation per employee. For the year ended June 30, 2026, the Foundation contributed $0.50 for each $1.00 invested by its employees on the first 8.0% of qualified compensation, plus a noncontributory deferral of 5.0% of qualified compensation into accounts of all its eligible employees, up to a maximum of 9.0% of qualified compensation per employee.

The Foundation's participants in the 403(b) Plan are immediately vested in their employee contributions and in the basic-matching contribution provided by the Foundation. Employees are vested in the Foundation's noncontributory-deferral contribution after five years of service. Contributions to the 403(b) Plan for the years ended June 30, 2026 and 2025 totaled $7,757 and $6,983, respectively.

Note 11—Fundraising

The Foundation conducts certain fundraising activities to generate revenues to assist in supporting its programs and activities. For the years ended June 30, 2026 and 2025, fundraising expense totaled $194,267 and $222,511, respectively.

Note 12—Charitable gift annuities

The Foundation is the beneficiary of one-life and two-life annuities for which it is the trustee. Under terms of these split-interest agreements, the Foundation is required to pay the various donors an annuity until the donors' death at which time the remaining assets are to be distributed to the Foundation for use in accordance with the donor agreements. During the years ended June 30, 2026 and 2025, the Foundation received $650 and $-0- of contribution revenue, respectively, related to these annuities included as gifts and bequests in the accompanying statements of activities and changes in net assets.

Effective July 1, 2020, the Diocese transferred its interest in several irrevocable one-life and two-life CGA's to the Foundation and granted variance power on the CGA net assets to the Foundation, which allows the Foundation to modify any condition or restriction, on the related net assets, for any specified charitable purpose, if, in the sole judgment of the Foundation's Board of Directors, such restrictions or conditions become unnecessary, incapable of fulfillment, or inconsistent with the charitable purposes for which the Foundation was established.

As per the amended assignment and assumption agreement, the Diocese of Raleigh agrees to reimburse the Foundation for payments made to the CGA donor when the annuity obligation is greater than its allocated investment (the annuity is underwater) for those annuities transferred on July 1, 2020. The Diocese has agreed to pay the underwater payment amounts at the time when the donor passes away and the annuity account is closed. During the years ended June 30, 2026 and 2025, the Diocese paid $109,589 and $181,184, respectively. As of June 30, 2026 and 2025, the estimated commitment to fund underwater CGA's totaled $37,294 and $127,988, respectively, and is included in the accompanying statements of financial position as CGA receivable.

The Foundation had CGA's that were underwater at June 30, 2026 and 2025 totaling $37,294 and $127,988, respectively.

Actuarial assumptions published by the Department of Health and Human Services and a discount rate of 5.5% were used in calculating the present value of the amounts to be received on termination of the individual annuities as of June 30:

	2026			
	Assets Held in Trusts	Underwater Receivable	Liability to Donors	Net Asset (Liability)
Life Annuities	$ 1,563,232	$ 37,294	$ (678,544)	$ 921,982

	2025			
	Assets Held in Trusts	Underwater Receivable	Liability to Donors	Net Asset (Liability)
Life Annuities	$ 1,425,896	$ 127,988	$ (717,360)	$ 836,524

Note 13—Promises to give

During the years ended June 30, 2026 and 2025, the Foundation had promises to give totaling $520 and $4,600, respectively, as shown on the statements of financial position. Promises to give are expected to be collected within one year.

Note 14—Related party transactions

As described in Note 12, as of June 30, 2026 and 2025, the CGA receivable, owed by the Diocese to the Foundation, was valued at $37,294 and $127,988, respectively. The Diocese transferred $109,589 and $181,184 in cash to fund underwater annuities during the years ended June 30, 2026 and 2025, respectively.

Additionally, the Foundation received contributions and equity transfers to endowments from its affiliates including the Diocese, parishes, schools, and other related organizations during the years ended June 30, 2026 and 2025 totaling $3,321,756 and $595,614, respectively. For June 30, 2026, $1,327,496 is included as equity transfer on the statement of activities.

For the years ended June 30, 2026 and 2025, the Foundation made grant distributions to its affiliates including the Diocese, parishes, schools, and other related organizations totaling $2,801,686 and $2,229,429, respectively.

The Diocese provides certain administrative, accounting, human resources, software, advertising, and information technology services for the Foundation. For the years ended June 30, 2026 and 2025, the Diocese charged the Foundation $110,740 and $92,780, respectively, for these services. As of June 30, 2026 and 2025, the Foundation owed the Diocese $21,599 and $32,333, respectively.

Additionally, during the years ended June 30, 2026 and 2025, the Diocese leased certain employees to the Foundation at an amount equal to the estimated costs of salaries, benefits, and supporting costs paid to and on behalf of the employees for services rendered to the Foundation. The Diocese charged the Foundation $191,415 and $146,279, respectively, relating to these leased employees.

Furthermore, during the year ended June 30, 2026, the Foundation leased an employee to the Diocese at an amount equal to the estimated costs paid to and on behalf of the employee for services rendered to the Diocese. The Foundation charged the Diocese $54,000 related to this employee.

During the year ended June 30, 2026, the Foundation opened a savings account at the Diocese. As of June 30, 2026, the balance of the account was $502,993. The Diocese paid the Foundation $2,993 of interest during the year ended June 30, 2026.

As of June 30, 2026 and 2025, the Diocese owed the Foundation $-0- and $168,020, respectively, relating to fundraising efforts provided by the Foundation for the benefit of the Diocese.

Note 15—Commitments

As further discussed in Note 5, the Foundation has entered into investment subscription agreements with a required capital contribution of $2,000,000. As of June 30, 2026 and 2025, the Foundation has a remaining capital commitment of $513,811 and $565,000, respectively.

Note 16—Subsequent events

The Foundation has evaluated subsequent events through October 29, 2026, in connection with the preparation of these financial statements, which is the date the financial statements were available to be issued.