

Catholic Charities of Southwestern Ohio and Subsidiary

**Consolidated Financial Statements with Supplementary Information
December 31, 2025 with Summarized Comparative Totals for 2024
With Independent Auditors' Report**

CATHOLIC CHARITIES OF SOUTHWESTERN OHIO AND SUBSIDIARY

December 31, 2025

With Summarized Comparative Totals for December 31, 2024

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Independent Auditors' Report

The Board of Directors
Catholic Charities of Southwestern Ohio and Subsidiary
Cincinnati, Ohio

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the accompanying consolidated financial statements of Catholic Charities of Southwestern Ohio and Subsidiary (a nonprofit organization), which comprise the consolidated statement of financial position as of December 31, 2025, and the related consolidated 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 consolidated financial statements referred to above present fairly, in all material respects, the financial position of Catholic Charities of Southwestern Ohio and Subsidiary as of December 31, 2025, and the changes in its net assets and its cash flows for the year then ended in accordance 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 and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Catholic Charities of Southwestern Ohio and Subsidiary 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 opinions.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated 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 consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Catholic Charities of Southwestern Ohio and Subsidiary's ability to continue as a going concern within one year after the date that the consolidated financial statements are available to be issued.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated 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 is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* 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 consolidated financial statements.

**Independent Auditors' Report
(Continued)**

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the consolidated 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 consolidated 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 Catholic Charities of Southwestern Ohio and Subsidiary'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 consolidated financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Catholic Charities of Southwestern Ohio and Subsidiary'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.

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The accompanying schedule of expenditures of federal awards, as required by Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, is presented for purposes of additional analysis and is not a required part of the consolidated financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated, in all material respects, in relation to the consolidated financial statements as a whole.

Report on Summarized Comparative Information

We have previously audited Catholic Charities of Southwestern Ohio and Subsidiary's 2024 consolidated financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated June 30, 2025. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2024, is consistent, in all material respects, with the audited financial statements from which it has been derived.

**Independent Auditors' Report
(Continued)**

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated June 30, 2025, on our consideration of Catholic Charities of Southwestern Ohio and Subsidiary's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Catholic Charities of Southwestern Ohio and Subsidiary's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Catholic Charities of Southwestern Ohio and Subsidiary's internal control over financial reporting and compliance.



Cincinnati, Ohio
June 3, 2026

CATHOLIC CHARITIES OF SOUTHWESTERN OHIO AND SUBSIDIARY

Consolidated Statement of Financial Position December 31, 2025 and 2024

	<u>2025</u>	<u>2024</u>
Assets		
Cash and cash equivalents	\$ 3,318,820	\$ 1,222,209
Accounts and grants receivable, net	761,327	1,165,595
Contributions receivable, net	2,365,927	2,144,553
Prepaid expenses	151,307	129,149
Investments	8,438,052	6,848,682
Investments restricted by donors for endowment (in perpetuity)	250,000	250,000
Property and equipment, net	55,082	94,181
Right-of-use asset, net - operating leases	<u>809,268</u>	<u>1,086,588</u>
Total assets	<u><u>\$ 16,149,783</u></u>	<u><u>\$ 12,940,957</u></u>
Liabilities and Net Assets		
Liabilities		
Accounts payable and accrued expenses	\$ 287,162	\$ 565,417
Lease liability - operating leases	<u>848,229</u>	<u>1,141,341</u>
Total liabilities	<u>1,135,391</u>	<u>1,706,758</u>
Net Assets		
Without donor restrictions	11,489,132	8,275,808
With donor restrictions	<u>3,525,260</u>	<u>2,958,391</u>
Total net assets	<u>15,014,392</u>	<u>11,234,199</u>
Total liabilities and net assets	<u><u>\$ 16,149,783</u></u>	<u><u>\$ 12,940,957</u></u>

See accompanying notes to consolidated financial statements

CATHOLIC CHARITIES OF SOUTHWESTERN OHIO AND SUBSIDIARY

Consolidated Statement of Activities Year Ended December 31, 2025

With Summarized Comparative Totals for Year Ended December 31, 2024

	Without Donor Restrictions	With Donor Restrictions	2025 Total	2024 Total
Revenue, gains and other support				
Donations, grants and planned giving	\$ 5,087,919	\$ 1,834,981	\$ 6,922,900	6,337,072
United Way of Greater Cincinnati	442,160	180,000	622,160	533,355
Donated food for distribution	684,808	-	684,808	1,013,015
Governmental grants and fees	3,248,954	-	3,248,954	4,486,820
Program service fees	1,611,089	-	1,611,089	1,392,220
Other in-kind donations	109,192	-	109,192	106,276
Investment income, net	62,441	-	62,441	197,588
Special events	216,615	-	216,615	170,794
Other revenue and support	2,103	-	2,103	97
Net assets released from restriction	1,530,379	(1,530,379)	-	-
Total revenue, gains and other support	12,995,660	484,602	13,480,262	14,237,237
Expenses				
Salaries and related expenses	8,044,093	-	8,044,093	7,431,827
Donated food and other in-kind expense	794,000	-	794,000	1,119,291
Other	719,216	-	719,216	752,844
Occupancy	408,669	-	408,669	404,447
Senior volunteer costs	343,619	-	343,619	379,496
Individual assistance	279,118	-	279,118	1,011,892
Communication	76,526	-	76,526	70,310
Transportation	42,013	-	42,013	54,847
Depreciation	39,099	-	39,099	53,696
Total expenses	10,746,353	-	10,746,353	11,278,650
Change in net assets before other changes	2,249,307	484,602	2,733,909	2,958,587
Other changes:				
Net realized and unrealized gains on investments	964,017	82,267	1,046,284	479,095
Change in net assets	3,213,324	566,869	3,780,193	3,437,682
Net assets, beginning of year	8,275,808	2,958,391	11,234,199	7,796,517
Net assets, end of year	\$ 11,489,132	\$ 3,525,260	\$ 15,014,392	\$ 11,234,199

See accompanying notes to consolidated financial statements

CATHOLIC CHARITIES OF SOUTHWESTERN OHIO AND SUBSIDIARY

Consolidated Statement of Functional Expenses Year Ended December 31, 2025 With Summarized Comparative Totals for Year Ended December 31, 2024

	Mental Health Services	Family Services	Refugee Resettlement	Language Services	Su Casa Hispanic Center	Food For All	Senior and Volunteer Services	Immigration Legal Services	Education	Total Program Services	Management and General	Fundraising	2025 Totals	2024 Totals
Salaries and wages	\$ 596,852	\$ 534,029	\$ 867,285	\$ 214,072	\$ 582,152	\$ 40,807	\$ 417,145	\$ 610,424	\$ 317,546	\$ 4,180,312	\$ 819,200	\$ 371,267	\$ 5,370,779	\$ 5,006,695
Professional fees	60,935	31,736	198,927	454,458	18,462	583	11,362	66,656	9,723	852,842	69,905	207,094	1,129,841	1,021,671
Employee benefits	87,700	110,052	223,422	61,622	147,825	3,510	97,397	107,844	52,355	891,727	128,428	82,378	1,102,533	1,026,885
Payroll taxes	48,852	44,407	74,529	17,429	48,538	3,445	34,026	48,976	26,091	346,293	65,429	29,218	440,940	376,576
	794,339	720,224	1,364,163	747,581	796,977	48,345	559,930	833,900	405,715	6,271,174	1,082,962	689,957	8,044,093	7,431,827
Donated food and other in-kind	-	-	37,090	-	72,102	684,808	-	-	-	794,000	-	-	794,000	1,119,291
Other	96,866	65,289	56,159	20,028	24,823	2,503	24,753	50,394	34,970	375,785	192,751	150,680	719,216	752,844
Occupancy	33,254	51,463	106,977	23,548	39,279	2,901	25,697	43,292	16,916	343,327	50,894	14,448	408,669	404,447
Senior volunteer costs	-	-	-	-	160	-	343,459	-	-	343,619	-	-	343,619	379,496
Individual assistance	-	-	125,339	-	53,016	94,679	-	5,495	589	279,118	-	-	279,118	1,011,892
Communication	8,250	7,415	18,306	3,977	9,984	1,578	4,433	6,893	2,814	63,650	10,208	2,668	76,526	70,310
Transportation	1,953	11,025	9,576	843	5,124	1,360	5,328	2,547	1,760	39,516	1,735	762	42,013	54,847
	934,662	855,416	1,717,610	795,977	1,001,465	836,174	963,600	942,521	462,764	8,510,189	1,338,550	858,515	10,707,254	11,224,954
Depreciation	2,140	2,089	12,928	132	4,791	5,479	1,395	4,250	1,195	34,399	3,527	1,173	39,099	53,696
Total 2025 expenses	<u>\$ 936,802</u>	<u>\$ 857,505</u>	<u>\$ 1,730,538</u>	<u>\$ 796,109</u>	<u>\$ 1,006,256</u>	<u>\$ 841,653</u>	<u>\$ 964,995</u>	<u>\$ 946,771</u>	<u>\$ 463,959</u>	<u>\$ 8,544,588</u>	<u>\$ 1,342,077</u>	<u>\$ 859,688</u>	<u>\$ 10,746,353</u>	
Total 2024 expenses	<u>\$ 628,316</u>	<u>\$ 753,674</u>	<u>\$ 2,897,963</u>	<u>\$ 716,472</u>	<u>\$ 1,194,949</u>	<u>\$ 1,133,359</u>	<u>\$ 985,749</u>	<u>\$ 829,263</u>	<u>\$ -</u>	<u>\$ 9,139,745</u>	<u>\$ 1,430,062</u>	<u>\$ 708,843</u>		<u>\$ 11,278,650</u>

See accompanying notes to consolidated financial statements

CATHOLIC CHARITIES OF SOUTHWESTERN OHIO AND SUBSIDIARY

Consolidated Statement of Cash Flows Years Ended December 31, 2025 and 2024

	<u>2025</u>	<u>2024</u>
Cash flows from operating activities		
Change in net assets	\$ 3,780,193	\$ 3,437,682
Adjustments to reconcile change in net assets to net cash from operating activities:		
Depreciation	39,099	53,696
Net realized and unrealized gains on investments	(1,046,284)	(479,095)
In-kind donations of food for distribution	(684,808)	(1,013,015)
Distribution of food received in-kind	684,808	1,013,015
Non-cash lease benefit	(15,792)	(9,764)
Changes in:		
Accounts and grants receivable, net	404,268	(307,199)
Contributions receivable, net	(221,374)	(1,894,410)
Prepaid expenses	(22,158)	(32,784)
Accounts payable and accrued expenses	(278,255)	193,452
Net cash provided by operating activities	<u>2,639,697</u>	<u>961,578</u>
Cash flows from investing activities		
Purchase of property and equipment	-	(18,772)
Purchase of investments	(688,296)	(7,262,143)
Proceeds from sale of investments	145,210	7,088,953
Net cash used in investing activities	<u>(543,086)</u>	<u>(191,962)</u>
Net change in cash and cash equivalents	2,096,611	769,616
Cash and cash equivalents, beginning of year	<u>1,222,209</u>	<u>452,593</u>
Cash and cash equivalents, end of year	<u><u>\$ 3,318,820</u></u>	<u><u>\$ 1,222,209</u></u>

See Note 6 for supplemental cash flow information related to leases

See accompanying notes to consolidated financial statements

CATHOLIC CHARITIES OF SOUTHWESTERN OHIO AND SUBSIDIARY

Notes to the Consolidated Financial Statements

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Catholic Charities of Southwestern Ohio and Subsidiary (the Organization) is a ministry of the Archdiocese of Cincinnati serving the poor and vulnerable of the community. The Organization's mission is to enlighten, serve and empower their clients, benefactors and others who join with the Organization in living the mission of Christ.

Su Casa Hispanic Center, LLC (an Ohio limited liability corporation) was formed in 2013 and is a wholly owned subsidiary of Catholic Charities of Southwestern Ohio. Su Casa Hispanic Center was formed for the purpose of separating the operations of the Su Casa Hispanic Center from the general operations of Catholic Charities of Southwestern Ohio.

The Organization seeks revenues adequate to support its programs. Principal providers of funds are the United Way, the Archdiocese of Cincinnati and the Catholic Ministries Appeal, the federal government in the form of grants, other governmental agencies and many legacies, bequests and donations. The stated mission and purpose of its programs are as follows:

Mental Health Services are provided to individuals that exhibit symptoms that could require mental health counseling. These services are provided to individuals, families and groups. A sliding cost of service is available to those who are eligible and meet certain income requirements to help subsidize the costs.

Family Services finds ways to heal broken families and hurting children by providing programs for early childhood mental health intervention, parenting education, and personal and family growth.

Refugee Resettlement provides services to resettle refugees who are fleeing war, persecution, and economically devastated lands. The goal is to provide these individuals with the resources they need to be self-sustainable through housing, employment and language skills.

Language Services coordinates language professionals from the Organization to provide face-to-face interpretation services to non-English speakers or individuals with limited English proficiency to ensure they can access legal, educational, healthcare and other social services.

Su Casa Hispanic Center is the primary provider of social, educational, language, employment and health care federal services to the Hispanic/Latino community in Greater Cincinnati. The mission of Su Casa is to promote self-sufficiency for the Hispanic/Latino immigrant community that comes to the U.S. looking for a better way of life for their families.

Food For All serves individuals through the operation of mobile food pantries and direct cash assistance to individuals in need.

Senior and Volunteer Services provides meaningful opportunities for community members to serve in various programs and for seniors to remain active through the stipend AmeriCorps Seniors Foster Grandparents and Senior Companion Programs.

Immigration Legal Services provides immigration legal services to low-income families and individuals.

CATHOLIC CHARITIES OF SOUTHWESTERN OHIO AND SUBSIDIARY

Notes to the Consolidated Financial Statements (Continued)

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Principles of Consolidation

The accompanying financial statements include the assets, liabilities and financial activities of Catholic Charities of Southwestern Ohio and Su Casa Hispanic Center, LLC (collectively, the Organization). All significant inter-organizational balances and transactions have been eliminated for purposes of this presentation.

Financial Statement Presentation

The financial statements include certain prior year summarized comparative information that does not constitute a presentation in conformity with accounting principles generally accepted in the United States of America. This includes summarized revenues, expenses, gains and losses in total but not by net asset class as well as summarized expenses by nature and by function separately rather than in one location. Accordingly, such information should be read in conjunction with the Organization's financial statements for the year ended December 31, 2024 from which the comparative information was derived.

The consolidated financial statements have been prepared on the accrual basis of accounting in accordance with generally accepted accounting principles (GAAP). The Organization is required to report information regarding its financial position and activities according to two classes of net assets: net assets without donor restrictions, which are available for use in general operations and not subject to donor restrictions; and net assets with donor restrictions, which are either temporary in nature, such as those that will be met by the passage of time or other events specified by the donor, or are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity.

Fair Value Measurements

GAAP has a three-level hierarchy for fair value measurements based on transparency of valuation inputs as of the measurement date. The hierarchy is based on the lowest level of input that is significant to the fair value measurement. The three levels are defined as follows: Level 1 inputs are unadjusted quoted prices for identical assets in active markets; Level 2 inputs are observable quoted prices for similar assets in active markets; Level 3 inputs are unobservable and reflect management's best estimate of what market participants would use as fair value.

Cash and Cash Equivalents

The Organization considers all liquid investments with original maturities of three months or less to be cash and cash equivalents. At December 31, 2025 and 2024, cash equivalents consisted primarily of money market accounts and deposits in the Archdiocese of Cincinnati pooled investment fund. The Archdiocese of Cincinnati maintains a cash management system in which certain parishes and related organizations of the Archdiocese of Cincinnati may participate. This money management system is administered by a bank trust department and funds deposited by each participant are swept into a pooled investment fund on a daily basis. The Archdiocese of Cincinnati pooled investment fund consisted of cash, money market funds and long-term securities.

The Organization maintains its cash in bank deposit accounts which, at times, exceed federally insured limits. The Organization has not experienced any losses in such accounts and management believes it is not exposed to any significant credit risk.

CATHOLIC CHARITIES OF SOUTHWESTERN OHIO AND SUBSIDIARY

Notes to the Consolidated Financial Statements (Continued)

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Account Receivable and Allowance for Credit Losses

The Organization states its accounts receivable net of an allowance for credit losses. The Organization provides an allowance for credit losses, which is based upon a review of outstanding receivables, historical collection information, existing economic conditions and individual credit evaluation and specific circumstances of the customer. Accounts receivable, net, from all contracts with customers as of December 31, 2025, 2024, and 2023 was \$208,800, \$137,320 and \$109,517 respectively. The allowance for credit losses was \$7,946 and \$6,100 at December 31, 2025 and 2024, respectively.

Investments and Investment Return

Investments in equity securities having a readily determinable fair value and all debt securities are carried at fair value. Other investments are valued at the lower of cost or fair value. Investment return includes dividends, interest and realized and unrealized gains and losses on investments, net of investment expenses.

Interest in trust investments consist of investments in unregistered investment pools, which are not valued upon quoted market prices. The unregistered investment pools invest in various equity and debt securities and other vehicles to generate its investment return. These funds record investments at net asset value per share (NAV) as reported by fund managers, which represent the Organization's proportionate interest in the capital of the invested funds.

Investment return that is initially restricted by donor stipulation and for which the restriction will be satisfied in the same year is included in net assets without donor restrictions. Other investment return is reflected in the statement of activities as net assets without donor restrictions or net assets with donor restrictions based upon the existence and nature of any donor or legally imposed restrictions.

Risks and Uncertainties

The Organization's investments are exposed to various risks, such as credit, market and interest rate. Due to the level of uncertainty related to changes in interest rates, market volatility and credit risks, it is at least reasonably possible that changes in these risks could materially affect the fair value of the investments reported in the statement of financial position at December 31, 2025. However, the diversification of the Organization's investments among various asset classes should mitigate the impact of any adverse changes on any one asset class. Investments are managed by the Board of Trustees with advice and assistance from investment professionals.

Property and Equipment

Property and equipment are recorded at cost or, if donated or impaired, at fair value at the time of the gift or determination. Depreciation is calculated on a straight-line basis over the estimated useful lives of the respective assets. Major improvements are capitalized, while maintenance and repairs are expensed as incurred.

In accordance with GAAP, the Organization assesses the recoverability of the carrying amount of property and equipment if certain events or changes occur, such as a significant decrease in market value of the assets or a significant change in operating conditions. Based on its most recent analysis, the Organization believes no impairments existed at December 31, 2025 and 2024.

CATHOLIC CHARITIES OF SOUTHWESTERN OHIO AND SUBSIDIARY

Notes to the Consolidated Financial Statements (Continued)

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Donations and Planned Giving

Gifts of cash and other assets received without donor stipulations are reported as revenue without donor restrictions. Gifts received with a donor stipulation that limits their use are reported as revenues with donor restrictions. When a donor stipulated time restriction ends or purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions. Gifts having donor stipulations which are satisfied in the period the gift is received are reported as revenue without donor restrictions.

Gifts of long-lived assets with explicit restrictions that specify how the assets are to be used and gifts of cash or other assets that must be used to acquire long-lived assets are reported as revenue with donor restrictions. In the absence of explicit donor stipulations about how long-lived assets must be maintained, the Organization reports expirations of donor restrictions when the donated or acquired long-lived assets are placed in service.

Unconditional promises to give expected to be collected within one year are reported at their net realizable value. Unconditional gifts expected to be collected in future years are reported at the present value of estimated future cash flows. The resulting discount is amortized and reported as contribution revenue. Conditional promises to give are recognized as revenues when the conditions on which they depend are substantially met.

Government Fees and Grants

Revenues of the Organization consist of federal, state, and local cost reimbursable grants. The grants are conditional on the Organization incurring allowable expenses in performance of the grants. At December 31, 2025 and 2024 the Organization had remaining available balances on federal and local government conditional grants and contracts of approximately \$2,093,000 and \$3,174,000, respectively. Grant revenue is recognized as support to the extent that the related expenses are incurred. Grant funds received in excess of expenses incurred result in the recognition of a refundable advance (liability). Allowable expenses incurred in excess of grant funds received results in recognition of grants receivable (asset).

In 2026, government grants and fees are expected to decrease due to changes in public policies involving federal contract terminations, funding reductions, and non-renewals. The overall impact to the change in net assets will be managed through decreased expenses and acquisition of alternative funding with a commitment to continue serving affected clients in need as much as possible.

Concentration of Revenue

For the years ending December 31, 2025 and 2024, approximately 20% and 28%, respectively, of total revenue was obtained from grants that were funded, either directly or indirectly, by the United States Federal Government.

Income Taxes

The Organization is exempt from income taxes under Section 501 of the Internal Revenue Code and a similar provision of Ohio law. However, the Organization is subject to federal income tax on any unrelated business taxable income.

CATHOLIC CHARITIES OF SOUTHWESTERN OHIO AND SUBSIDIARY

Notes to the Consolidated Financial Statements (Continued)

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Income Taxes (Continued)

The Organization's IRS Form 990 is subject to review and examination by federal and state authorities. The Organization believes it has appropriate support for any tax positions taken, and therefore does not have any uncertain income tax positions that are material to the financial statements.

Functional Allocation of Expenses

The costs of providing the various programs and other activities have been summarized on a functional basis in the statement of functional expenses. Expenses have been classified based upon the actual direct expenditures and cost allocations. The most significant allocations are salaries and related expenses, which are allocated based on an estimate of time spent by personnel on the related activities, and occupancy, which are allocated to programs based on full time equivalents.

Use of Estimates

The preparation of financial statements 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 the revenues, expenses, gains, losses and other changes in net assets during the reporting period. Actual results could differ from those estimates.

Revenue Recognition

The Organization identifies a contract with a customer for revenue recognition when there is approval and commitment from both parties, the rights of the parties and payment terms are identified, the contract has commercial substance and the collectability of consideration is probable. The Organization evaluates each contract to determine the number of distinct performance obligations in the contract, which requires the use of judgment. To determine the proper revenue recognition method, the Organization evaluates whether two or more contracts should be combined and accounted for as one single contract and whether the combined or single contract should be accounted for as single or more than one performance obligation.

Revenue from contracts with customers is primarily recognized from program service fees for mental health and translation services during 2025 and 2024. These contracts consist of a single performance obligation as the promise to transfer the service is not separately identifiable from other promises in the contracts and, therefore, not distinct. These amounts are due from clients and third-party payors (including health insurers and government programs). Generally, the Organization bills third-party payors several days after the services are performed. Revenue from mental health and translation services is recognized by the Organization over the time its services are provided to the customer. The Organization generally uses the time elapsed method, an input measure, as it considers it to best depict the simultaneous consumption and delivery of its services. The determination of the method by which the Organization measures its progress towards the satisfaction of its performance obligations requires judgment.

The transaction price is stated in the contracts and is known at time of contract inception. There is no variable consideration associated with the Organization's contracts with customers. Contract service fees are generally due within 30 business days of invoicing.

CATHOLIC CHARITIES OF SOUTHWESTERN OHIO AND SUBSIDIARY

Notes to the Consolidated Financial Statements (Continued)

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Leases

The Organization determines if an arrangement is a lease at inception. Operating leases are included in right-of-use (ROU) asset - operating leases and lease liability - operating leases on the statement of financial position.

ROU assets represent the right to use an underlying asset for the lease term and lease liabilities represent the obligation to make lease payments arising from the lease. Operating lease ROU assets and liabilities are recognized at commencement date based on the present value of lease payments over the lease term.

The Organization has lease agreements with lease and non-lease components, which are generally accounted for separately. For certain leases, such as copier and postage leases, the Organization accounts for the lease and non-lease components as a single lease component. For arrangements accounted for as a single lease component, there may be variability in future lease payments as the amount of the non-lease components is typically revised from one period to the next. These variable lease payments, which are primarily comprised of copier and postage charges for excess usage and common area maintenance, are recognized in operating expenses in the period in which the obligation for those payments was incurred.

As most of the Organization's leases do not provide an implicit rate, the Organization uses a risk-free rate based on the information available at commencement date in determining the present value of lease payments. The Organization also elected to apply the short-term lease exemption to all its classes of assets.

Subsequent Events

The Organization has evaluated subsequent events through June 3, 2026 which is the date the financial statements were available to be issued.

NOTE 2 LIQUIDITY AND AVAILABILITY

The Organization's financial assets available within one year of the statement of financial position date for general expenditures are as follow as of December 31:

	2025	2024
Cash and cash equivalents	\$ 2,754,725	\$ 613,877
Accounts and grants receivable, net	486,326	1,165,595
Contributions receivable, net	1,516,991	1,337,538
Investments	8,042,355	6,510,252
	<u>\$ 12,800,397</u>	<u>\$ 9,627,262</u>

As part of the Organization's liquidity management, it is policy to maintain financial assets to be available as general expenditures, liabilities and other obligations come due. Any donations in excess of short-term operational requirements are invested in short-term investments.

CATHOLIC CHARITIES OF SOUTHWESTERN OHIO AND SUBSIDIARY

Notes to the Consolidated Financial Statements (Continued)

NOTE 3 CONTRIBUTIONS RECEIVABLE

Contributions receivable at December 31 consisted of the following:

	2025	2024
Due within one year	\$ 1,516,991	\$ 1,337,538
Due in one to five years	945,564	917,800
	2,462,555	2,255,338
Less unamortized discount	(96,628)	(110,785)
	<u>\$ 2,365,927</u>	<u>\$ 2,144,553</u>

Beginning in 2024, the Organization embarked on a 5-year \$12,000,000 comprehensive campaign to provide comfort, hope and relief to vulnerable people and those living in poverty regardless of their faith or background. This campaign will provide an investment to support and grow critically important work in the community that Helps More Families Thrive and Welcomes and Assists Migrants and Refugees. As of December 31, 2025 and 2024, \$5,708,722 and \$3,015,039, respectively, in designated donations and pledges had been raised towards the campaign.

Campaign contributions receivable in greater than 12 months are discounted to their present value. The discount ranged from 3.48% to 4.39% in 2025 and 4.15% to 4.39% in 2024.

NOTE 4 INVESTMENTS AT FAIR VALUE

Investments consisted of the following at December 31:

	2025	2024
Level 1:		
Mutual fund	\$ 8,038,086	\$ 6,510,240
Level 2:		
Money market funds	4,269	12
Interest in The Springfield Foundation Charitable Trust	645,697	588,430
Total Level 2	649,966	588,442
	<u>\$ 8,688,052</u>	<u>\$ 7,098,682</u>

CATHOLIC CHARITIES OF SOUTHWESTERN OHIO AND SUBSIDIARY

Notes to the Consolidated Financial Statements (Continued)

NOTE 4 INVESTMENTS AT FAIR VALUE (CONTINUED)

The following table provides a reconciliation of investments reported within the statement of financial position that sum to the total of the same such amounts shown in the investments at fair value table above as of December 31:

	2025	2024
Investments	\$ 8,438,052	\$ 6,848,682
Investments restricted by donors for endowment	250,000	250,000
	<u>\$ 8,688,052</u>	<u>\$ 7,098,682</u>

Fair value of the mutual fund is estimated by reference to the quoted market price available in an active market. Fair values for money market funds and interest in The Springfield Foundation Charitable Trust are estimated using pricing models or quoted prices of securities with similar characteristics. The Organization holds a portion of its investments in The Springfield Foundation Charitable Trust, which combines the assets for investment and administrative purposes of the Organization and other participating organizations. Net investment income of The Springfield Foundation Charitable Trust (representing interest and dividend income, net investment appreciation or depreciation and trust and administrative fees) is allocated to the participating organizations based on their respective share of The Springfield Foundation Charitable Trust's assets.

NOTE 5 PROPERTY AND EQUIPMENT

Property and equipment consisted of the following at December 31:

	2025	2024
Furniture and fixtures	\$ 385,685	\$ 412,515
Computer equipment	156,145	166,617
Automobiles	109,471	109,471
Software license fee	-	42,199
Building improvements	11,247	11,247
	662,548	742,049
Less accumulated depreciation	(607,466)	(647,868)
	<u>\$ 55,082</u>	<u>\$ 94,181</u>

CATHOLIC CHARITIES OF SOUTHWESTERN OHIO AND SUBSIDIARY

Notes to the Consolidated Financial Statements (Continued)

NOTE 6 LEASES

The Organization has operating leases for office space and equipment. The leases have remaining lease terms of one year to four years, some of which may include options to extend the leases for two additional five-year terms.

The components of lease expense were as follows for the year ended December 31:

	<u>2025</u>	<u>2024</u>
Operating lease expense	\$ 372,042	\$ 379,380
Short-term lease expense	6,300	10,400
Variable lease expense	91,187	64,027

Other information related to leases was as follows for the year ended December 31:

	<u>2025</u>	<u>2024</u>
Operating cash flows	\$ 387,834	\$ 389,144
ROU assets obtained in exchange for lease obligations	51,621	100,494
Weighted average remaining lease term in years	2.57	3.53
Weighted average discount rate	4.61%	4.53%

Future minimum lease payments under non-cancellable leases as of December 31, 2025 were:

2026	\$ 377,958
2027	303,666
2028	213,895
2029	<u>1,128</u>
Total future minimum lease payments	896,647
Less imputed interest	<u>(48,418)</u>
Total lease liability	<u><u>\$ 848,229</u></u>

At December 31, 2025, the Organization has executed an operating lease for office space that has not yet commenced of approximately \$923,000. The lease will have a term date of April 30, 2036 with the option to renew for an additional 5 years. The lease commenced after year end on January 1, 2026 with four months of free rent and then monthly lease payments start at \$6,297 that increase by 2% on an annual basis.

CATHOLIC CHARITIES OF SOUTHWESTERN OHIO AND SUBSIDIARY

Notes to the Consolidated Financial Statements (Continued)

NOTE 7 NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions are available for the following periods or purposes at December 31:

	<u>2025</u>	<u>2024</u>
For use in future periods	\$ 2,040,467	\$ 1,761,629
Restricted as to purpose:		
SuCasa	8,863	54,936
Mental health	150,000	50,000
Refugee	147,508	50,896
Immigration legal	486,834	450,000
Other programs	45,891	2,500
Donor-restricted endowment subject to spending policy and appropriation	<u>645,697</u>	<u>588,430</u>
	<u>\$ 3,525,260</u>	<u>\$ 2,958,391</u>

As of December 31, 2025 and 2024, \$250,000 of net assets with donor restrictions are restricted to investment in perpetuity, the income from which is expendable to support counseling and direct assistance to women in poverty.

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purpose or by the passage of time or other events specified by the donors. Amounts for the years ended December 31 are as follows:

	<u>2025</u>	<u>2024</u>
Expiration of time restrictions	\$ 916,071	\$ 151,073
Satisfaction of purpose restrictions:		
SuCasa	54,936	95,670
Mental health	50,000	85,000
Refugee	31,872	75,088
Immigration legal	450,000	70,000
Other programs	2,500	60,000
Appropriated earnings on donor-restricted endowment	<u>25,000</u>	<u>15,000</u>
	<u>\$ 1,530,379</u>	<u>\$ 551,831</u>

CATHOLIC CHARITIES OF SOUTHWESTERN OHIO AND SUBSIDIARY

Notes to the Consolidated Financial Statements (Continued)

NOTE 8 IN-KIND DONATIONS

The Organization received the following in-kind donations that are recognized within revenues and expenses on the statement of activities for the year ending December 31:

	2025	2024
Food	\$ 684,808	\$ 1,013,015
Other goods	109,192	106,276
Total in-kind donations	<u>\$ 794,000</u>	<u>\$ 1,119,291</u>

The Organization estimated the fair value of food and other goods on the basis of wholesale values that would be received for selling similar products in the United States. All in-kind donations are used in the Organizations program services and do not have donor restrictions.

NOTE 9 RELATED PARTY

The Organization paid expenses of \$23,618 and \$20,473 in 2025 and 2024, respectively, to the Archdiocese of Cincinnati. The Organization received \$1,168,497 and \$985,853 in 2025 and 2024, respectively, of public support from the Archdiocese of Cincinnati. No amounts are due to or receivable from the Archdiocese of Cincinnati as of December 31, 2025 and 2024.

NOTE 10 EMPLOYEE BENEFIT PLANS

The Organization participates in the Archdiocese of Cincinnati 401(k) plan. Employees are able to make elective deferrals. In addition, the Organization contributes 4% of compensation for eligible employees. During 2025 and 2024, contributions expensed by the Organization were \$201,749 and \$181,972, respectively.

NOTE 11 ENDOWMENT FUNDS

The Organization's endowment consists of a donor-restricted endowment fund to provide income for operations. As required by GAAP, net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions.

Interpretation of Relevant Law

The Organization follows the Ohio Prudent Management of Institutional Funds Act (OPMIFA). The Organization has interpreted OPMIFA as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, the original value of donated gifts to the donor-restricted endowment funds and the original value of subsequent gifts are classified as net asset with donor restrictions (a time restriction in perpetuity). Investment return from the donor-restricted endowment funds is classified as net assets with donor restrictions (a purpose restriction) until those amounts are appropriated for expenditure by the Organization in a manner consistent with the standard of prudence prescribed by OPMIFA.

CATHOLIC CHARITIES OF SOUTHWESTERN OHIO AND SUBSIDIARY

Notes to the Consolidated Financial Statements (Continued)

NOTE 11 ENDOWMENT FUNDS (CONTINUED)

Interpretation of Relevant Law (Continued)

In accordance with OPMIFA, the Organization considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds: the duration and preservation of the fund; the purposes of the Organization and the donor-restricted endowment fund; 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 Organization; and the investment policies of the Organization.

Investment Policy

The Organization has adopted investment and spending policies for endowment assets that attempt to provide consistent long-term growth of capital, without undue exposure to risk. A secondary focus shall be to achieve annualized total return (net of fees and expenses), through appreciation and income, greater than the rate of inflation plus fund distributions. The return objective shall be accomplished using a strategy of cash equivalents, fixed income securities and equities in a mix which is conducive to participation in rising markets while allowing for protection in falling markets. The performance objectives will be measured against appropriate industry benchmarks such as the S&P 500 Index, Russell 2000 Stock Index, MSCI EAFE Index, and the Barclays US Aggregate Bond Index.

To satisfy its long-term rate-of-return objectives, the Organization relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). The Organization targets a diversified asset allocation that places a greater emphasis on equity-based investments to achieve its long-term return objectives within prudent risk constraints.

Spending Policy

The Organization has a policy of appropriating for distribution each year four percent of its previous three-year moving average of the market value of the endowment assets. The Board of Trustees can authorize additional spending from the Board-designated endowment as it deems appropriate. In establishing this policy, the Organization considered the long-term expected return on its endowment. Accordingly, this spending policy should, over time, protect the inflation-adjusted value of the endowment and, consequently, allow inflation-adjusted spending to occur into the distant future. This is consistent with the Organization's objective to maintain the purchasing power of the endowment assets held in perpetuity or for a specified term as well as to provide additional real growth through new gifts and investment return.

CATHOLIC CHARITIES OF SOUTHWESTERN OHIO AND SUBSIDIARY

Notes to the Consolidated Financial Statements (Continued)

NOTE 11 ENDOWMENT FUNDS (CONTINUED)

Endowment Net Asset Composition

Endowment net asset composition by type of fund is as follows at December 31:

	<u>2025</u>	<u>2024</u>
With donor restrictions		
Donor-restricted endowment, at historic value, restricted in perpetuity	\$ 250,000	\$ 250,000
Accumulated net appreciation of donor-restricted endowment	<u>395,697</u>	<u>338,430</u>
Total with donor restrictions	<u>645,697</u>	<u>588,430</u>
Total endowment net assets	<u><u>\$ 645,697</u></u>	<u><u>\$ 588,430</u></u>

Changes in Endowment Net Assets

Changes in endowment net assets are as follows:

	<u>With Donor Restrictions</u>
December 31, 2023	\$ 552,815
Investment return, net	50,615
Contributions	-
Appropriated for distribution	<u>(15,000)</u>
December 31, 2024	588,430
Investment return, net	82,267
Contributions	-
Appropriated for distribution	<u>(25,000)</u>
December 31, 2025	<u><u>\$ 645,697</u></u>

SUPPLEMENTARY INFORMATION

CATHOLIC CHARITIES OF SOUTHWESTERN OHIO AND SUBSIDIARY

Schedule of Expenditures of Federal Awards Year Ended December 31, 2025

Federal Grantor/Pass-Through Grantor/ Program or Cluster Title	Assistance Listing Number	Pass-through Entity Identifying Number	Federal Expenditures	Passed through to Subrecipients
Corporation for National and Community Service:				
Foster Grandparent/Senior Companion Cluster:				
Foster Grandparent Program	94.011	N/A	\$ 284,522	\$ -
Senior Companion Program	94.016	N/A	415,959	-
Total Corporation for National and Community Service			700,481	-
Department of Health and Human Services				
<i>Passed through Council on Aging of Southwestern Ohio</i>				
National Family Caregiver Support, Title III, Part B	93.044	Not available	2,941	-
<i>Passed through Council on Aging of Southwestern Ohio</i>				
National Family Caregiver Support, Title III, Part E	93.052	Not available	134,065	-
<i>Passed through Council on Aging of Southwestern Ohio</i>				
Special Programs for the Aging, Title III, Part D	93.043	Not available	10,029	-
Refugee and Entrant Assistance - State Administered Programs:				
<i>Passed through Ohio Department of Job and Family Services</i>				
Refugee Social Service Program	93.566	G-2223-17-0989-05 / G-2223-17-0989-06	926,557	-
Refugee Health Promotion Program	93.566	G-2223-17-0024-07 / G-2223-17-0024-08	49,972	-
Refugee Youth Mentoring Program	93.566	G-2425-17-0146-01 / G-2425-17-0146-02	27,706	-
Total Refugee and Entrant Assistance - State Administered Programs			1,004,235	-
<i>Passed through United States Conference of Catholic Bishops</i>				
Refugee and Entrant Assistance Voluntary Agency Programs	93.567	2501DCRVMG	68,874	-
Refugee and Entrant Assistance - Discretionary Grants:				
<i>Passed through United States Conference of Catholic Bishops</i>				
Refugee and Entrant Assistance Discretionary Grants	93.576	90RP0121-04-01	226,519	-
<i>Passed through Catholic Charities USA</i>				
Refugee and Entrant Assistance Discretionary Grants	93.576	90RP0121	24,577	-
Total Refugee and Entrant Assistance - Discretionary Grants			251,096	-
Unaccompanied Alien Children Program:				
<i>Passed through United States Conference of Catholic Bishops</i>				
Unaccompanied Children's Services Program	93.676	90ZU0631-02-00	153,819	-
<i>Passed through Lutheran Immigration and Refugee Service</i>				
Foster Care and Safe Release Support Services	93.676	90ZU0521-02 / 90ZU0521-03	151,108	-
Total Unaccompanied Alien Children Program			304,927	-
<i>Passed through Ohio Department of Children and Youth</i>				
Preschool Developmental Grants Birth to Five	93.434	DCY-G-2627-0536	150,566	-
Total Department of Health and Human Services			1,926,733	-
Department of Housing and Urban Development				
<i>Passed through Hamilton County</i>				
Home-American Rescue Plan	14.239	M-21-UP-39-0211	62,327	-
Department of State				
<i>Passed through United States Conference of Catholic Bishops</i>				
U.S. Refugee Admissions Program	19.510	SPRMC024CA0342/SPRMC024CA0336	153,999	-
Department of the Treasury				
Coronavirus State and Local Fiscal Recovery Funds	21.027	N/A	10,823	-
Total Expenditures of Federal Awards			\$ 2,854,363	\$ -

CATHOLIC CHARITIES OF SOUTHWESTERN OHIO AND SUBSIDIARY

Notes to the Schedule of Expenditures of Federal Awards Year Ended December 31, 2025

NOTE 1 BASIS OF PRESENTATION

The supplementary schedule of expenditures of federal awards includes the federal grant activity of Catholic Charities of Southwestern Ohio and Subsidiary for the year ended December 31, 2025. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the schedule are reported on the accrual basis of accounting in accordance with generally accepted accounting principles. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

NOTE 3 INDIRECT COST RATE

Catholic Charities of Southwestern Ohio and Subsidiary has elected to use the up to 15% de minimis indirect cost rate as allowed under the Uniform Guidance.

**INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING
AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL
STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

The Board of Directors
Catholic Charities of Southwestern Ohio and Subsidiary
Cincinnati, Ohio

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the consolidated financial statements of Catholic Charities of Southwestern Ohio and Subsidiary (the Organization) (a nonprofit organization), which comprise the consolidated statement of financial position as of December 31, 2025, and the related consolidated statement of activities, functional expenses and cash flows for the year then ended, and the related notes to the consolidated financial statements, and have issued our report thereon dated June 3, 2026.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the consolidated financial statements, we considered the Organization's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the consolidated financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control. Accordingly, we do not express an opinion on the effectiveness of the Organization's internal control.

A *deficiency in internal control* exists when the when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the Organization's consolidated financial statements will not be prevented or detected and corrected on a timely basis. A *significant deficiency* is deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that were not identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Organization's consolidated financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the consolidated financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

**INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING
AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL
STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*
(CONTINUED)**

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the organization's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Cincinnati, Ohio
June 3, 2026

**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM
AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE**

The Board of Directors
Catholic Charities of Southwestern Ohio and Subsidiary
Cincinnati, Ohio

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Catholic Charities of Southwestern Ohio and Subsidiary's (the Organization) compliance with the types of compliance requirements identified as a subject to audit in the *OMB Compliance Supplement* that could have a direct and material effect on each of the Organization's major federal programs for the year ended December 31, 2025. The Organization's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, the Organization complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2025.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the Organization and to meet our other ethical responsibilities, in accordance with 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 opinion on compliance for each major federal program. Our audit does not provide a legal determination of the Organization's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to the Organization's federal programs.

**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM
AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE
(CONTINUED)**

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the Organization's compliance based on our audit. 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 generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the Organization's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, 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 Organization's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the Organization's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control over Compliance

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM
AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE
(CONTINUED)**

Report on Internal Control over Compliance (Continued)

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.



Cincinnati, Ohio
June 3, 2026

CATHOLIC CHARITIES OF SOUTHWESTERN OHIO AND SUBSIDIARY

Schedule of Findings and Questioned Costs Year Ended December 31, 2025

Section I - Summary of Auditors' Results

Financial Statements

Type of auditors' report issued: Unmodified

Internal control over financial reporting:

Material weakness(es) identified? _____ Yes x No

Significant deficiency(ies) identified that is not considered to be a material weakness? _____ Yes x None reported

Noncompliance material to financial statements noted? _____ Yes x No

Federal Awards

Internal control over major programs:

Material weakness(es) identified? _____ Yes x No

Significant deficiency(ies) identified that are not considered to be a material weakness? _____ Yes x None reported

Type of auditors' report issued on compliance for major programs: Unmodified

Any audit findings disclosed that are required to be reported in accordance with *Title 2 U.S. CFR Section 200.516(a)*? _____ Yes x No

Identification of Major Program

Assistance Listing Number(s)

Name of Federal Program or Cluster

93.566

Refugees and Entrant Assistance

Dollar threshold used to distinguish between Type A and Type B programs: \$1,000,000

Auditee qualified as low-risk auditee x Yes _____ No

Section II – Financial Statement Findings

No matters are reportable

Section III – Federal Award Findings and Questioned Costs

No matters are reportable

CATHOLIC CHARITIES OF SOUTHWESTERN OHIO AND SUBSIDIARY

**Summary Schedule of Prior Audit Findings
Year Ended December 31, 2025**

Reference Number	Summary of Finding	Status
	No matters are reportable	