



**THE CATHOLIC FOUNDATION  
OF WEST MICHIGAN**

**FINANCIAL STATEMENTS**

JUNE 30, 2025 and 2024

# THE CATHOLIC FOUNDATION OF WEST MICHIGAN

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## INDEPENDENT AUDITOR'S REPORT

To the Most Reverend David J. Walkowiak  
**The Catholic Foundation of West Michigan**

### Opinion

We have audited the financial statements of The Catholic Foundation of West Michigan, which comprise the statements of financial position as of June 30, 2025 and 2024, and the related statements of activities and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the financial position of The Catholic Foundation of West Michigan as of June 30, 2025 and 2024, and the results of its activities and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

### Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of The Catholic Foundation of West Michigan 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.

### 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, which raise substantial doubt about The Catholic Foundation of West Michigan'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 the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an 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 GAAS 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, including omissions, are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of The Catholic Foundation of West Michigan'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, which raise substantial doubt about The Catholic Foundation of West Michigan'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 audits.

*Doeren Mayhew Assurance*

Grand Rapids, Michigan  
March 09, 2025

# THE CATHOLIC FOUNDATION OF WEST MICHIGAN

## STATEMENTS OF FINANCIAL POSITION JUNE 30, 2025 AND 2024

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	2025		
	Without Donor Restrictions	With Donor Restrictions	Total
<b><u>Assets</u></b>			
Cash	\$ 314,086	\$ -	\$ 314,086
Money market funds	1,430,716	-	1,430,716
Total cash and cash equivalents	1,744,802	-	1,744,802
Investments	45,076,217	90,785,142	135,861,359
Beneficial interest in affiliated organization	-	13,368,895	13,368,895
Other receivables	-	-	-
Prepaid expenses	5,250	-	5,250
Total assets	<u>\$ 46,826,269</u>	<u>\$ 104,154,037</u>	<u>\$ 150,980,306</u>
<b><u>Liabilities and Net Assets</u></b>			
Liabilities			
Deposits	\$ 44,007,727	\$ -	\$ 44,007,727
Accounts payable and accrued expenses	40,296	-	40,296
Total liabilities	44,048,023	-	44,048,023
Net assets	2,778,246	104,154,037	106,932,283
Total liabilities and net assets	<u>\$ 46,826,269</u>	<u>\$ 104,154,037</u>	<u>\$ 150,980,306</u>

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<b>2024</b>		
Without Donor Restrictions	With Donor Restrictions	Total
\$ 1,217,725	\$ -	\$ 1,217,725
1,307,601	-	1,307,601
2,525,326	-	2,525,326
41,178,012	82,659,710	123,837,722
-	12,210,929	12,210,929
415	-	415
-	-	-
<u>\$ 43,703,753</u>	<u>\$ 94,870,639</u>	<u>\$ 138,574,392</u>
\$ 41,481,417	\$ -	\$ 41,481,417
135,168	-	135,168
41,616,585	-	41,616,585
2,087,168	94,870,639	96,957,807
<u>\$ 43,703,753</u>	<u>\$ 94,870,639</u>	<u>\$ 138,574,392</u>

See accompanying notes

# THE CATHOLIC FOUNDATION OF WEST MICHIGAN

## STATEMENTS OF ACTIVITIES YEARS ENDED JUNE 30, 2025 AND 2024

	2025		
	Without Donor Restrictions	With Donor Restrictions	Total
Revenues			
Interest and dividends on investments	\$ 913,615	\$ 1,812,545	\$ 2,726,160
Realized and unrealized gain on investments	3,104,342	6,832,721	9,937,063
Change in value of beneficial interest in affiliated organization	-	1,157,966	1,157,966
Administrative fees	370,889	-	370,889
Contributions	904,699	2,374,694	3,279,393
Net assets released from restrictions			
Satisfaction of donor restrictions	2,894,528	(2,894,528)	-
Total revenues	8,188,073	9,283,398	17,471,471
Expenses			
Allocations to participant accounts	4,187,796	-	4,187,796
Grants	2,541,762	-	2,541,762
Administrative and fundraising expenses	767,437	-	767,437
Total expenses	7,496,995	-	7,496,995
Change in net assets	691,078	9,283,398	9,974,476
Net assets at beginning of year	2,087,168	94,870,639	96,957,807
Net assets at end of year	\$ 2,778,246	\$ 104,154,037	\$ 106,932,283

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<b>2024</b>		
Without Donor Restrictions	With Donor Restrictions	Total
\$ 787,815	\$ 1,545,799	\$ 2,333,614
4,755,571	9,617,097	14,372,668
-	309,899	309,899
311,927	-	311,927
680,066	1,753,189	2,433,255
<u>2,575,022</u>	<u>(2,575,022)</u>	<u>-</u>
9,110,401	10,650,962	19,761,363
5,499,330	-	5,499,330
2,181,205	-	2,181,205
818,987	-	818,987
<u>8,499,522</u>	<u>-</u>	<u>8,499,522</u>
610,879	10,650,962	11,261,841
<u>1,476,289</u>	<u>84,219,677</u>	<u>85,695,966</u>
<u>\$ 2,087,168</u>	<u>\$ 94,870,639</u>	<u>\$ 96,957,807</u>

See accompanying notes

# THE CATHOLIC FOUNDATION OF WEST MICHIGAN

## STATEMENTS OF CASH FLOWS YEARS ENDED JUNE 30, 2025 AND 2024

	2025	2024
Cash flows from operating activities		
Change in net assets	\$ 9,974,476	\$ 11,261,841
Adjustments to reconcile the change in net assets to net cash from operating activities		
Depreciation and amortization	-	10,697
Net change in value of beneficial interest in affiliated organization	(1,157,967)	(309,899)
Realized and unrealized gain on investments	(9,937,063)	(14,372,668)
Allocation to participant accounts	4,187,796	5,499,330
Change in operating assets and liabilities		
Decrease/(increase) in assets		
Other receivables	415	(415)
Prepaid expenses	(5,250)	-
Increase/(decrease) in liabilities		
Change in accounts payable and accrued liabilities	(94,872)	74,595
Total adjustments	(99,707)	74,180
Net cash provided by operating activities	2,967,535	2,163,481
Cash flows from investing activities		
Proceeds from sale of investments	30,893,313	10,615,217
Purchases of investments	(32,979,886)	(11,562,498)
Net cash used by investing activities	(2,086,573)	(947,281)
Cash flows from financing activities		
Deposits received	1,078,056	2,063,346
Deposits withdrawn	(2,739,542)	(1,706,321)
Net cash (used) provided by financing activities	(1,661,486)	357,025
Net change in cash and cash equivalents	(780,524)	1,573,225
Cash and cash equivalents at beginning of year	2,525,326	952,101
Cash and cash equivalents at end of year	\$ 1,744,802	\$ 2,525,326

See accompanying notes

# THE CATHOLIC FOUNDATION OF WEST MICHIGAN

## NOTES TO FINANCIAL STATEMENTS JUNE 30, 2025 AND 2024

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### **Note 1 - Overview of the Foundation**

The Catholic Foundation of West Michigan (Foundation) is a not-for-profit corporation established for the exclusive benefit of the Roman Catholic Diocese of Grand Rapids (Diocese) and its parishes, schools and organizations (collectively known as participants). The Foundation provides a number of fund options, including endowments, which are held in perpetuity. The purpose of The Catholic Foundation of West Michigan is to accept gifts and bequests and administer the resulting earnings for religious, educational and charitable purposes for the participants. The Foundation has no discretion over the use of certain funds received from participants, and accordingly, it records such amounts and earnings thereon as deposit liabilities.

The Foundation has established a number of donor-advised funds and agency funds. Donor-advised funds are used in various ways considering donor recommendations but are classified as without donor restrictions. Agency funds are restricted to support the exclusive benefit of a specific Catholic parish, school, entity or program of the Roman Catholic Diocese of Grand Rapids.

The Foundation employs individuals to deploy the Foundation's strategy for growth. Certain services, including finance, continue to be provided by the Diocesan staff.

These financial statements are not intended to, and do not, reflect the activities of the Roman Catholic Diocese of Grand Rapids as a whole.

### **Note 2 - Summary of Significant Accounting Policies**

#### Basis of Accounting

The Foundation maintains its records on the accrual basis of accounting.

#### Financial Statement Presentation

Net assets and changes in net assets are classified into two types - without donor restriction and with donor restriction – based on the existence or absence of donor-imposed restrictions.

Endowment assets by their nature are donor restricted.

#### Revenue Recognition

The Foundation provides administrative services for each of the funds held. Administrative fees of a specified percentage are charged based on the average balance held every six months. Revenues are recognized in the period administrative services are provided.

#### Cash and Cash Equivalents

Cash and cash equivalents consist of bank deposit accounts and money market funds, which may, at times, exceed federally insured limits.

#### Contributions

Contributions are recorded as income when an unconditional promise to give is received.

# THE CATHOLIC FOUNDATION OF WEST MICHIGAN

## NOTES TO FINANCIAL STATEMENTS JUNE 30, 2025 AND 2024

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### Investments

Investments are carried at fair value, determined by quoted market prices and other relevant information generated by market transactions. Realized and unrealized gains and losses and other investment earnings are included in the statements of activities as net change in fair value of investments.

### Beneficial Interest in Affiliated Organization

The Foundation is the beneficiary of funds held and administered by Our Shepherds - Our Future (Organization). The beneficial interest in the Organization is recorded at the fair value as determined based on the underlying assets held by the Organization. Gains and losses in the underlying assets are reported as change in value of beneficial interest in the Organization in the statements of activities. The net assets of the Organization consist primarily of investments in marketable securities and pledges receivable.

### Earnings Allocated to Participant Accounts

Earnings allocated to participant accounts consist of interest and dividends, the net change in the fair value of investments, less investment and administrative expenses.

### Functional Allocation of Expenses

The Foundation is required by U.S. generally accepted accounting principles to report expenses on a functional basis by program. The expenses are reported functionally in Note 5. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

### Income Taxes

The Foundation is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code. The Foundation has evaluated relevant criteria and determined that no significant contingencies exist with regard to tax positions.

### Subsequent Events

Management has evaluated significant events or transactions occurring subsequent to June 30, 2025 for potential recognition or disclosure in these financial statements. The evaluation was performed through March 09, 2025, the date the financial statements were available for issuance.

### Accounting Estimates

The preparation of financial statements in conformity with U.S. generally accepted accounting principles 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 reported amounts of revenues and expenses during the report period. Actual results could differ from those estimates.

# THE CATHOLIC FOUNDATION OF WEST MICHIGAN

## NOTES TO FINANCIAL STATEMENTS JUNE 30, 2025 AND 2024

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### Note 3 - Liquidity

The Foundation's financial assets, which are available within one year of the balance sheet date, are as follows:

	<u>2025</u>	<u>2024</u>
Cash	\$ 314,086	\$ 1,217,725
Money market funds	1,430,716	1,307,601
Investments	<u>45,076,217</u>	<u>41,178,012</u>
	<u>\$ 46,821,019</u>	<u>\$ 43,703,338</u>

Management monitors liquid assets to assure cash availability required to pay invoices and requests for withdrawals from deposits on a timely basis within expected terms.

### Note 4 - Investments

Investments are recorded at fair value. Accounting standards provide a framework for establishing the fair value. The framework for determining the fair value is based on a hierarchy which prioritizes the use of inputs to various valuation techniques. The three levels of the fair value hierarchy, with Level 1 given the highest priority, are as follows:

- Level 1 unadjusted quoted prices in active markets for identical assets or liabilities
- Level 2 quoted prices in active markets for similar assets or liabilities, identical or similar assets or liabilities that are not considered to be active or financial instruments for which all significant inputs are observable, either directly or indirectly
- Level 3 significant unobservable inputs which may include the Foundation's own assumptions in determining fair value

# THE CATHOLIC FOUNDATION OF WEST MICHIGAN

## NOTES TO FINANCIAL STATEMENTS JUNE 30, 2025 AND 2024

Investments, at fair value and within the fair value hierarchy, consist of the following at June 30, 2025 and 2024:

	2025 Based on			Total
	Level 1 Quoted Prices in Active Markets for Identical Assets	Level 2 Significant Other Observable Inputs	Level 3 Significant Unobservable Inputs	
Equity securities				
Value equities	\$ 13,479,152	\$ -	\$ -	\$ 13,479,152
Growth equities	9,095,095	-	-	9,095,095
Large Cap Core equities	28,142,282	-	-	28,142,282
Large Cap Growth equities	13,900,429	-	-	13,900,429
Small/Mid Cap Core equities	17,686,971	-	-	17,686,971
Small/Mid Cap	7,479,605	-	-	7,479,605
International equities	14,390	-	-	14,390
Fixed income securities				
Short-term bonds	764,103	27,438,029	-	28,202,132
Intermediate bonds	256,128	15,670,842	-	15,926,970
Real estate investment trust	115	1,934,218	-	1,934,333
Beneficial interest in affiliated organization	-	-	13,368,895	13,368,895
	<u>\$ 90,818,270</u>	<u>\$ 45,043,089</u>	<u>\$ 13,368,895</u>	<u>\$ 149,230,254</u>
	2024 Based on			
	Level 1 Quoted Prices in Active Markets for Identical Assets	Level 2 Significant Other Observable Inputs	Level 3 Significant Unobservable Inputs	Total
Equity securities				
Value equities	\$ 12,191,971	\$ -	\$ -	\$ 12,191,971
Growth equities	8,391,126	-	-	8,391,126
Large Cap Core equities	26,123,220	-	-	26,123,220
Large Cap Growth equities	13,275,345	-	-	13,275,345
Small/Mid Cap Core equities	15,655,920	-	-	15,655,920
Small/Mid Cap	6,691,249	-	-	6,691,249
International Equities	12,038	-	-	12,038
Fixed income securities				
Short-term bonds	1,272,926	38,216,736	-	39,489,662
Real estate investment trust	158	2,007,033	-	2,007,191
Beneficial interest in affiliated organization	-	-	12,210,929	12,210,929
	<u>\$ 83,613,953</u>	<u>\$ 40,223,769</u>	<u>\$ 12,210,929</u>	<u>\$ 136,048,651</u>

The funds are invested primarily with The Michigan Catholic Conference National Catholic Investment Pool, which was established in order to allow Michigan dioceses and related organizations to pool funds for investment in the fixed income and equity markets using socially responsible investment guidelines. The Foundation used significant unobservable inputs (level 3) for the valuation of the beneficial interest. Management used inputs based upon the underlying assets held by the affiliated entity.

# THE CATHOLIC FOUNDATION OF WEST MICHIGAN

## NOTES TO FINANCIAL STATEMENTS JUNE 30, 2025 AND 2024

Following is a reconciliation of activity for assets measured at fair value based on significant unobservable inputs:

Balance at July 1, 2023	\$ 11,901,030
Change in beneficial interest	309,899
Balance at June 30, 2024	12,210,929
Change in beneficial interest	1,157,966
Balance at June 30, 2025	\$ 13,368,895

Net realized and unrealized gains and losses on investments, net of investment fees, reflected in the statements of activities were as follows:

	2025	2024
Fixed income securities	\$ 964,587	\$ 896,441
Equity securities	8,972,476	13,476,227
	\$ 9,937,063	\$ 14,372,668

The investments are exposed to a variety of uncertainties, including interest rate, market and credit risks. Due to the level of risk associated with certain investments, it is possible that changes in the values of these investments could occur in the near term. Such changes could materially affect the amounts reported in the financial statements of the Foundation.

### Note 5 - Functional Expense

The financial statements report certain categories of expenses that are attributable to one or more program or supporting services of The Catholic Foundation of West Michigan. Costs are allocated based on estimates of actual utilization of the costs.

Expenses have been allocated for the Foundation as follows for the years ended June 30:

	2025			
	Program Services	Management and General	Fundraising	Total Expenses
Allocation to participants	\$ 4,187,796	\$ -	\$ -	\$ 4,187,796
Grants	2,541,762	-	-	2,541,762
Salaries and employee benefits	127,307	54,560	181,866	363,733
Professional fees	-	146,032	-	146,032
Miscellaneous	56,728	107,590	93,354	257,672
Total expenses	\$ 6,913,593	\$ 308,182	\$ 275,220	\$ 7,496,995

# THE CATHOLIC FOUNDATION OF WEST MICHIGAN

## NOTES TO FINANCIAL STATEMENTS JUNE 30, 2025 AND 2024

	2024			
	Program Services	Management and General	Fundraising	Total Expenses
Allocation to participants	\$ 5,499,330	\$ -	\$ -	\$ 5,499,330
Grants	2,181,205	-	-	2,181,205
Salaries and employee benefits	143,702	61,587	205,289	410,578
Professional fees	-	155,204	8,700	163,904
Miscellaneous	47,785	129,514	67,206	244,505
Total expenses	\$ 7,872,022	\$ 346,305	\$ 281,195	\$ 8,499,522

### Note 6 - Pension Plan - Lay Employees Retirement Plan

The Foundation participates in the Michigan Catholic Conference Lay Employees Retirement Plan (Lay Plan), a multi-employer defined benefit pension plan established for the benefit of lay employees of the Michigan Roman Catholic dioceses, parishes, schools and other diocesan organizations. The Lay Plan Number and Employer Identification Number is 20-1769136.

The Foundation's contributions to the Lay Plan were \$28,492 and \$28,508 for the years ended June 30, 2025 and 2024, respectively, and were made in amounts equal to 8.6% of compensation paid to qualifying lay employees in 2025. Based on information as of June 30, 2025, the Lay Plan's year-end, the Foundation's contributions to the Lay Plan did not represent more than 5% of the total contributions received by the Lay Plan.

Specific plan information for the Foundation is not available from the Lay Plan's administrator. If the Foundation terminates its participation in the Lay Plan, the Foundation would be obligated to make a contribution to the Lay Plan in an amount equal to its proportionate share of any unfunded liability. The termination liability would be calculated by the actuaries as outlined in the Lay Plan document.

The following information of the Lay Plan as of the plan year beginning January 1, 2025:

	Michigan Catholic Conference Lay Employees Retirement Plan
Fair market value of plan assets	\$ 1,371,096,066
Actuarial present value of accumulated Plan benefits	1,499,087,307
Total contributions received by the Plan	48,292,463
Funded ratio	91.5%

Management believes any exposure related to the unfunded liability of the Plan upon withdrawal or other circumstances would not be material to the Foundation.

# THE CATHOLIC FOUNDATION OF WEST MICHIGAN

## NOTES TO FINANCIAL STATEMENTS JUNE 30, 2025 AND 2024

### Note 7 - Retirement Plan

The Foundation has a retirement plan under Internal Revenue Code Section 403(b) maintained for eligible employees. Under the plan, eligible employees are permitted to contribute amounts limited to the Internal Revenue Service maximums. The Foundation has not made any discretionary matching contributions for the years ended June 30, 2025 and 2024.

### Note 8 - Deposits

The Foundation's deposits are primarily from related organizations and consist of the following:

	<b>2025</b>	<b>2024</b>
Parishes and organizations	\$ 42,064,925	\$ 39,666,862
Roman Catholic Diocese of Grand Rapids	1,942,802	1,814,555
	\$ 44,007,727	\$ 41,481,417

### Note 9 - Net Assets with Donor Restrictions

Net assets with donor restrictions consist primarily of the beneficial interest in Our Shepherds - Our Future and permanently restricted endowment funds, the income from which is designated for the following purposes:

	<b>2025</b>	<b>2024</b>
Education	\$ 32,755,878	\$ 35,381,113
Vocations	41,221,853	37,568,426
Greatest Needs	8,270,891	7,732,584
Social service	5,814,073	5,440,805
Faith formation	5,343,649	5,011,381
Parish and organization funds	10,747,693	3,736,330
	\$ 104,154,037	\$ 94,870,639

Net assets released from restrictions are as follows for the years ended June 30:

	<b>2025</b>	<b>2024</b>
Education	\$ 1,002,166	\$ 1,067,980
Vocations	90,999	89,854
Greatest Needs	350,859	279,784
Social service	209,619	194,546
Faith formation	181,062	141,207
Parish and organization funds	346,778	167,803
Administrative fees	713,045	633,848
	\$ 2,894,528	\$ 2,575,022

# THE CATHOLIC FOUNDATION OF WEST MICHIGAN

## NOTES TO FINANCIAL STATEMENTS JUNE 30, 2025 AND 2024

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### **Note 10 - Endowed Funds**

The endowment funds consist of approximately 150 different funds held and administered by The Foundation. The endowment was established to support religious, educational and charitable purposes. Net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions as well as the Foundation's policy to permanently restrict scholarship donations when a threshold of \$25,000 is met.

The Foundation follows guidance provided by the Financial Accounting Standards Board (FASB) to determine the accounting treatment and disclosure of funds held in endowments and subject to an enacted version of the Uniform Prudent Management of Institutional Funds Act of 2006 (UPMIFA). UPMIFA is a model act approved by the Uniform Law Commission and enacted by the State of Michigan in September 2009 that serves as guidance for states to use in enacting legislation.

The beneficial interest disclosed in Note 4 is not legally subject to UPMIFA because the Foundation does not have the ability to control the investments and the spending policy of these assets.

### Funds with Deficiencies

From time to time, the fair value of assets associated with individual donor restricted endowment funds may fall below the level that the donor or the State Prudent Management of Institutional Funds Act (SPMIFA) requires the Foundation to retain as a fund of perpetual duration. There were no such deficiencies that resulted in the invasion of the principal balance for the years ended June 30, 2025 and 2024.

### Return Objectives and Risk Parameters

The Foundation has adopted investment policies for endowment assets that attempt to provide for preservation of capital. Endowment assets include those assets of donor-restricted funds that the Foundation must hold in perpetuity. Under this policy, as approved by the Board of Trustees, the endowment assets are invested with The Michigan Catholic Conference National Catholic Investment Pool, which was established in order to allow Michigan dioceses and related organizations to pool funds for investment using socially responsible investment guidelines.

### Spending Policy

The Foundation's spending policy helps to ensure the long-term growth of the endowment and that consistent and predictable distributions are made. The spending policy is set at 4% of the market value of the endowment over a three year rolling average for all funds. This distribution is calculated based on the most recent three year average measured semi-annually at the end of each semi-annual period. The Foundation does not permit distributions on endowment funds with deficiencies. Funds are spent in accordance with the original donor intent. In the event that such intent is no longer applicable, the Foundation has been granted variance power to appropriately redirect the funds to be used for alternative purposes.

# THE CATHOLIC FOUNDATION OF WEST MICHIGAN

## NOTES TO FINANCIAL STATEMENTS JUNE 30, 2025 AND 2024

### Interpretation of Relevant Law

The Foundation has interpreted SPMIFA to require the preservation of the fair value of the original gift as of the gift date for funds with donor restrictions, absent explicit donor stipulations to the contrary. If the gift is restricted in perpetuity, the remaining portion of the endowment fund with donor restrictions that is not restricted in perpetuity is classified as net assets with donor restrictions until those amounts are appropriated for expenditure by the Foundation in a manner consistent with the standard of prudence prescribed by SPMIFA. In accordance with SPMIFA, the Foundation will consider the following factors in making a determination to appropriate or accumulate endowment funds with donor restrictions:

- a) The duration and preservation of the fund
- b) The purposes of the Foundation and the funds subject to donor restriction
- c) General economic conditions
- d) The possible effect of inflation and deflation
- e) The expected total return from income and appreciation of investments
- f) Other resources of the Foundation
- g) The investment policies of the Foundation

### Strategies Employed for Achieving Objectives

The Foundation's investment objective is a balanced portfolio with growth and income funds. The Foundation targets a diversified asset allocation that places an emphasis on fixed income and equity-based investments to achieve its long-term return objectives within prudent risk constraints.

Changes in endowment net assets are as follows for the years ended June 30, 2025 and 2024:

	<u>With Donor Restrictions</u>
Net Assets - July 1, 2023	\$ 84,219,677
Gain on investments	11,162,896
Contributions	1,753,189
Change in beneficial interest	309,899
Satisfaction of donor imposed restrictions	<u>(2,575,022)</u>
Net Assets - June 30, 2024	94,870,639
Gain on investments	8,645,266
Contributions	2,374,694
Change in beneficial interest	1,157,966
Satisfaction of donor imposed restrictions	<u>(2,894,528)</u>
Net Assets - June 30, 2025	<u>\$ 104,154,037</u>

### **Note 11 - Reclassifications**

Certain reclassifications have been made to 2024 information to conform to the 2025 presentation.