

# **Catholic Relief Services - United States Conference of Catholic Bishops and Affiliates**

**Consolidated Financial Statements**  
Years Ended September 30, 2024 and 2023

The report accompanying these financial statements was issued by BDO USA, P.C., a Virginia professional corporation, and the U.S. member of BDO International Limited, a UK company limited by guarantee.



**Catholic Relief Services - United  
States Conference of Catholic  
Bishops and Affiliates**

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Consolidated Financial Statements  
Years Ended September 30, 2024 and 2023

# **Catholic Relief Services - United States Conference of Catholic Bishops and Affiliates**

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## **Independent Auditor's Report**

Board of Directors  
**Catholic Relief Services - United States Conference  
of Catholic Bishops and Affiliates**  
Baltimore, Maryland

### **Opinion**

We have audited the consolidated financial statements of Catholic Relief Services - United States Conference of Catholic Bishops and Affiliates (CRS), which comprise the consolidated statements of financial position as of September 30, 2024 and 2023, and the related consolidated statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the consolidated financial statements.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of CRS as of September 30, 2024 and 2023, and the changes in their net assets and their 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 Consolidated Financial Statements section of our report. We are required to be independent of CRS and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### ***Emphasis of Matter***

As described in Note 2 to the consolidated financial statements, CRS is assessing the impact of the Executive Order on Reevaluating and Realigning United States Foreign Assistance Programs. Our opinion is not modified with respect to this matter.

### **Responsibilities of Management for the Consolidated 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 CRS'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 Responsibility for the Audit of the Consolidated 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 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 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.

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 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 CRS'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 CRS'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.

*BDO USA, P.C.*

McLean, Virginia  
March 13, 2025

## **Consolidated Financial Statements**

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**Catholic Relief Services - United States Conference of Catholic Bishops  
and Affiliates**

**Consolidated Statements of Financial Position**

(Amounts in Thousands)

<i>September 30,</i>	<b>2024</b>	<b>2023</b>
<b>Assets</b>		
Cash and cash equivalents	\$ 96,106	\$ 119,573
Programs receivable and other assets	257,342	317,915
Investments	207,907	165,343
Segregated investments	42,802	42,502
Undistributed commodities and program materials	40,895	179,698
Operating lease right-of-use assets	23,763	23,026
Land, building and equipment, net	44,463	42,879
<b>Total assets</b>	<b>\$ 713,278</b>	<b>\$ 890,936</b>
<b>Liabilities and Net Assets</b>		
Accounts payable, accrued expenses and other liabilities	\$ 126,112	\$ 119,264
Line of credit	-	30,000
Advances received for programs	178,009	183,572
Deferred revenue - commodities	32,007	176,604
Operating lease liabilities	23,350	21,780
Annuities payable	30,809	30,967
Retirement plan liabilities	3,260	8,527
Long-term debt, net of unamortized debt issuance costs	18,074	21,250
<b>Total liabilities</b>	<b>411,621</b>	<b>591,964</b>
<b>Net assets</b>		
Without donor restrictions	132,906	124,864
With donor restrictions	168,751	174,108
<b>Total net assets</b>	<b>301,657</b>	<b>298,972</b>
<b>Total liabilities and net assets</b>	<b>\$ 713,278</b>	<b>\$ 890,936</b>

*See accompanying notes to consolidated financial statements.*

**Catholic Relief Services - United States Conference of Catholic Bishops  
and Affiliates**

**Consolidated Statement of Activities**

(Amounts in Thousands)

Year Ended September 30, 2024 (with comparative totals for 2023)	2024			2023
	Without Donor Restrictions	With Donor Restrictions	Total	
Support and revenue				
Private contributions	\$ 110,261	\$ 39,194	\$ 149,455	\$ 167,502
Foundation and other private revenue	83,400	-	83,400	65,876
Bequests	49,316	5,167	54,483	35,923
Catholic Relief Services Rice Bowl	-	8,254	8,254	7,948
Catholic Relief Services Collection	7,939	-	7,939	6,849
Total private support and revenue	250,916	52,615	303,531	284,098
Public support and revenue				
Donated non-financial assets	285,897	-	285,897	493,201
United States government grants and agreements	547,865	-	547,865	521,300
Other public grants and contributions	158,386	-	158,386	161,588
Total public support and revenue	992,148	-	992,148	1,176,089
Miscellaneous income	2,546	2,199	4,745	1,434
Net assets released from restrictions	70,491	(70,491)	-	-
Total support and revenue	1,316,101	(15,677)	1,300,424	1,461,621
Expenses				
Program services	1,242,234	-	1,242,234	1,398,395
Supporting services				
Management and general	48,293	-	48,293	50,401
Public awareness	9,709	-	9,709	8,985
Fundraising	30,873	-	30,873	29,236
Total supporting services	88,875	-	88,875	88,622
Total expenses	1,331,109	-	1,331,109	1,487,017
Change in net assets before investments and other gains	(15,008)	(15,677)	(30,685)	(25,396)
Investment and other gains				
Net change in annuities, trusts and pooled income fund	588	1,712	2,300	6,784
Realized and unrealized gain on investments and financial instruments	18,574	8,608	27,182	16,179
Defined benefit plan adjustments	3,888	-	3,888	8,718
Total investment and other gains	23,050	10,320	33,370	31,681
Change in net assets	8,042	(5,357)	2,685	6,285
Net assets				
Beginning of year	124,864	174,108	298,972	292,687
End of year	\$ 132,906	\$ 168,751	\$ 301,657	\$ 298,972

See accompanying notes to consolidated financial statements.



**Catholic Relief Services - United States Conference of Catholic Bishops  
and Affiliates**

**Consolidated Statement of Activities**

(Amounts in Thousands)

	2023		
	Without Donor Restrictions	With Donor Restrictions	Total
<i>Year Ended September 30, 2023</i>			
Support and revenue			
Private contributions	\$ 104,373	\$ 63,129	\$ 167,502
Foundation and other private revenue	65,876	-	65,876
Bequests	35,606	317	35,923
Catholic Relief Services Rice Bowl	-	7,948	7,948
Catholic Relief Services Collection	6,849	-	6,849
Total private support and revenue	212,704	71,394	284,098
Public support and revenue			
Donated non-financial assets	493,201	-	493,201
United States government grants and agreements	521,300	-	521,300
Other public grants and contributions	161,588	-	161,588
Total public support and revenue	1,176,089	-	1,176,089
Miscellaneous (loss) income	(157)	1,591	1,434
Net assets released from restrictions	80,173	(80,173)	-
Total support and revenue	1,468,809	(7,188)	1,461,621
Expenses			
Program services	1,398,395	-	1,398,395
Supporting services			
Management and general	50,401	-	50,401
Public awareness	8,985	-	8,985
Fundraising	29,236	-	29,236
Total supporting services	88,622	-	88,622
Total expenses	1,487,017	-	1,487,017
Change in net assets before investments and other gains	(18,208)	(7,188)	(25,396)
Investment and other gains			
Net change in annuities, trusts and pooled income fund	3,047	3,737	6,784
Realized and unrealized gain on investments and financial instruments	12,565	3,614	16,179
Defined benefit plan adjustments	8,718	-	8,718
Total investment and other gains	24,330	7,351	31,681
Change in net assets	6,122	163	6,285
Net assets			
Beginning of year	118,742	173,945	292,687
End of year	\$ 124,864	\$ 174,108	\$ 298,972

*See accompanying notes to consolidated financial statements.*

# Catholic Relief Services - United States Conference of Catholic Bishops and Affiliates

## Consolidated Statements of Cash Flows

(Amounts in Thousands)

<i>Years Ended September 30,</i>	<b>2024</b>	<b>2023</b>
<b>Cash flows from operating activities:</b>		
Change in net assets	\$ 2,685	\$ 6,285
Adjustments to reconcile change in net assets to net cash and cash equivalents provided by (used in) operating activities:		
Depreciation	5,342	4,837
Amortization of operating lease right-of-use assets	12,287	13,208
Loss on disposal of building and equipment	644	74
Realized and unrealized net gain on sales of investments and financial instruments	(27,182)	(16,180)
Contributions restricted for permanent investment	(2)	(19)
Changes in assets and liabilities		
Decrease (increase) in assets		
Programs receivable and other assets	60,573	(50,086)
Undistributed commodities and program materials	138,803	(29,628)
Increase (decrease) in liabilities		
Accounts payable, accrued expenses and other liabilities	6,060	3,726
Advances received for programs	(5,563)	11,013
Deferred revenue - commodities	(144,597)	30,464
Operating lease liabilities	(11,455)	(14,322)
Annuities payable	(158)	(3,444)
Retirement plan liabilities	(5,267)	(9,885)
<b>Net cash provided by (used in) operating activities</b>	<b>32,170</b>	<b>(53,957)</b>
<b>Cash flows from investing activities:</b>		
Proceeds from sale of land, building and equipment	236	84
Purchase of land, building and equipment	(7,806)	(7,038)
Proceeds from sales and maturities of investments	497,336	454,227
Purchase of investments	(512,228)	(419,183)
<b>Net cash (used in) provided by investing activities</b>	<b>(22,462)</b>	<b>28,090</b>
<b>Cash flows from financing activities:</b>		
Principal payments and liquidations of long term debt	(3,177)	(121)
Contributions restricted for permanent investment	2	19
Proceeds from line of credit	174,500	207,000
Payments of line of credit	(204,500)	(182,000)
<b>Net cash (used in) provided by financing activities</b>	<b>(33,175)</b>	<b>24,898</b>
<b>Net decrease in cash and cash equivalents</b>	<b>(23,467)</b>	<b>(969)</b>
Cash and cash equivalents		
Beginning	119,573	120,542
Ending	\$ 96,106	\$ 119,573
<b>Supplemental disclosure of cash flow information</b>		
Cash payments for interest	\$ 1,411	\$ 1,669

*See accompanying notes to consolidated financial statements.*

# Catholic Relief Services - United States Conference of Catholic Bishops and Affiliates

## Consolidated Statement of Functional Expenses

Year Ended September 30, 2024

(Amounts in Thousands)

<i>Description</i>	2024 Program Services								Total
	Agriculture and Livelihoods	Education	Emergency	Health and Social Services	Justice, Peacebuilding, and Youth	Partner Capacity Strengthening	Small Enterprise	Water Security	
Salaries and related benefits	\$ 48,491	\$ 37,791	\$ 107,430	\$ 55,214	\$ 15,157	\$ 13,091	\$ 1,211	\$ 6,409	\$ 284,794
Subgrants to implementing partners	36,779	21,363	180,002	57,931	9,763	6,406	1,140	4,168	317,552
Food, other commodities and in-kind contributions	57	23,221	178,976	105,104	4	68	-	-	307,430
Project labor and materials	9,299	11,593	67,390	6,579	3,419	762	179	1,828	101,049
Travel, training and representation	10,043	10,001	14,414	32,125	2,979	2,979	363	1,123	74,027
Contracting and professional fees	7,811	6,373	10,643	9,103	1,791	1,871	141	2,411	40,144
Warehousing and freight	289	10,440	31,212	2,085	4	26	-	1	44,057
Printing, supplies, office and miscellaneous expenses	4,079	1,278	9,687	7,116	1,636	1,228	126	252	25,402
Vehicle and equipment	3,350	2,143	5,981	8,325	955	524	70	455	21,803
Occupancy	1,418	1,951	5,290	3,315	1,039	470	73	428	13,984
Telecommunications and postage	1,383	691	2,009	2,476	256	105	15	43	6,978
Publicity	39	-	22	80	-	1	-	1	143
Depreciation	1,158	142	3,129	359	7	72	1	3	4,871
<b>Total functional expenses</b>	<b>\$ 124,196</b>	<b>\$ 126,987</b>	<b>\$ 616,185</b>	<b>\$ 289,812</b>	<b>\$ 37,010</b>	<b>\$ 27,603</b>	<b>\$ 3,319</b>	<b>\$ 17,122</b>	<b>\$ 1,242,234</b>

*See accompanying notes to consolidated financial statements.*

# Catholic Relief Services - United States Conference of Catholic Bishops and Affiliates

## Consolidated Statement of Functional Expenses Year Ended September 30, 2024

(Continued)

(Amounts in Thousands)

<i>Description</i>	2024 Supporting Services				Total Expenses
	Management and General	Public Awareness	Fundraising	Total	2024
Salaries and related benefits	\$ 26,793	\$ 7,402	\$ 13,291	\$ 47,486	\$ 332,280
Subgrants to implementing partners	1	-	6	7	317,559
Food, other commodities and in-kind contributions	-	361	-	361	307,791
Project labor and materials	-	19	-	19	101,068
Travel, training and representation	1,315	182	469	1,966	75,993
Contracting and professional fees	15,788	569	3,693	20,050	60,194
Warehousing and freight	78	-	2	80	44,137
Printing, supplies, office and miscellaneous expenses	3,219	466	4,300	7,985	33,387
Vehicle and equipment	85	92	52	229	22,032
Occupancy	345	343	406	1,094	15,078
Telecommunications and postage	383	12	2,958	3,353	10,331
Publicity	1	198	5,575	5,774	5,917
Depreciation	285	65	121	471	5,342
<b>Total functional expenses</b>	<b>\$ 48,293</b>	<b>\$ 9,709</b>	<b>\$ 30,873</b>	<b>\$ 88,875</b>	<b>\$ 1,331,109</b>

*See accompanying notes to consolidated financial statements.*

# Catholic Relief Services - United States Conference of Catholic Bishops and Affiliates

## Consolidated Statement of Functional Expenses

Year Ended September 30, 2023

(Amounts in Thousands)

<i>Description</i>	2023 Program Services								Total
	Agriculture and Livelihoods	Education	Emergency	Health and Social Services	Justice, Peacebuilding, and Youth	Partner Capacity Strengthening	Small Enterprise	Water Security	
Salaries and related benefits	\$ 42,764	\$ 35,106	\$ 111,464	\$ 55,685	\$ 15,696	\$ 10,564	\$ 2,270	\$ 5,320	\$ 278,869
Subgrants to implementing partners	26,321	20,040	165,338	71,328	9,148	6,481	1,328	1,782	301,766
Food, other commodities and in-kind contributions	5	13,250	247,178	91,172	8	218	-	-	351,831
Project labor and materials	8,991	11,721	77,913	8,710	2,310	752	1,173	2,484	114,054
Travel, training and representation	8,213	7,743	15,443	26,796	2,660	2,181	516	1,265	64,817
Contracting and professional fees	10,311	5,539	11,202	8,057	2,585	1,995	293	1,442	41,424
Warehousing and freight	295	10,115	161,562	1,868	9	3	2	5	173,859
Printing, supplies, office and miscellaneous expenses	3,824	1,935	6,223	8,870	578	640	(15)	120	22,175
Vehicle and equipment	2,431	2,436	8,924	7,589	881	515	165	370	23,311
Occupancy	1,676	2,028	5,710	3,054	953	370	197	280	14,268
Telecommunications and postage	1,240	626	2,771	2,133	358	102	38	101	7,369
Publicity	37	14	45	60	5	4	-	6	171
Depreciation	1,009	556	2,052	815	9	35	2	3	4,481
<b>Total functional expenses</b>	<b>\$ 107,117</b>	<b>\$ 111,109</b>	<b>\$ 815,825</b>	<b>\$ 286,137</b>	<b>\$ 35,200</b>	<b>\$ 23,860</b>	<b>\$ 5,969</b>	<b>\$ 13,178</b>	<b>\$ 1,398,395</b>

*See accompanying notes to consolidated financial statements.*

# Catholic Relief Services - United States Conference of Catholic Bishops and Affiliates

## Consolidated Statement of Functional Expenses Year Ended September 30, 2023

(Continued)

(Amounts in Thousands)

<i>Description</i>	2023 Supporting Services				Total Expenses
	Management and General	Public Awareness	Fundraising	Total	2023
Salaries and related benefits	\$ 28,714	\$ 6,182	\$ 13,082	\$ 47,978	\$ 326,847
Subgrants to implementing partners	3	-	8	11	301,777
Food, other commodities and in-kind contributions	-	476	-	476	352,307
Project labor and materials	-	36	-	36	114,090
Travel, training and representation	801	266	275	1,342	66,159
Contracting and professional fees	15,786	993	3,318	20,097	61,521
Warehousing and freight	57	6	4	67	173,926
Printing, supplies, office and miscellaneous expenses	3,843	347	4,825	9,015	31,190
Vehicle and equipment	233	79	50	362	23,673
Occupancy	326	279	397	1,002	15,270
Telecommunications and postage	540	10	2,548	3,098	10,467
Publicity	-	215	4,567	4,782	4,953
Depreciation	98	96	162	356	4,837
<b>Total functional expenses</b>	<b>\$ 50,401</b>	<b>\$ 8,985</b>	<b>\$ 29,236</b>	<b>\$ 88,622</b>	<b>\$ 1,487,017</b>

*See accompanying notes to consolidated financial statements.*

# Catholic Relief Services - United States Conference of Catholic Bishops and Affiliates

## Notes to Consolidated Financial Statements (Amounts in Thousands)

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### 1. Nature of Activities

Catholic Relief Services - United States Conference of Catholic Bishops (Catholic Relief Services) was founded in 1943 and is the international humanitarian aid and development agency of the United States Conference of Catholic Bishops (USCCB). Catholic Relief Services is governed by a board composed of 14 Episcopal Directors and 11 Non-episcopal Directors. Catholic Relief Services provides services in 135 countries through 68 offices around the world, including its headquarters in Baltimore, Maryland.

Catholic Relief Services is an organization listed in the 2024 edition of the Official Catholic Directory which makes it exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code (IRC).

The consolidated financial statements include CRS Global Services Private Limited, a wholly owned affiliate in Lucknow, India, which provides technology support services for Catholic Relief Services, and Isidro Investments, LLC (Limited Liability Company), a wholly owned affiliate, as a special investment vehicle to provide loans and loan guarantees to small to medium enterprises and farm cooperatives in Latin America. The consolidated financial statements also include 228 West Lexington Street LLC, a wholly owned affiliate that owns the Catholic Relief Services headquarters building in Baltimore, Maryland.

The consolidated financial statements also include Catholic Relief Services Foundation, Inc. (the Foundation) which is a controlled affiliate which conducts certain fundraising activities on behalf of Catholic Relief Services. The Chairman and President of Catholic Relief Services serve, along with other elected individuals, as members of the board of the Foundation. There was no financial activity within the Foundation for the years ended September 30, 2024 and 2023.

Catholic Relief Services and affiliates, are collectively referred to as, CRS, in these consolidated financial statements.

### ***Mission statement***

CRS carries out the commitment of the Bishops of the United States to assist the poor and vulnerable overseas. We are motivated by the Gospel of Jesus Christ to cherish, preserve and uphold the sacredness and dignity of all human life, foster charity and justice, and embody Catholic social and moral teaching as we act to:

- Promote human development by responding to major emergencies, fighting disease and poverty, and nurturing peaceful and just societies.
- Serve Catholics in the United States (U.S.) as they live their faith in solidarity with their brothers and sisters around the world.

As part of the universal mission of the Catholic Church, we work with local, national and international Catholic institutions and structures, as well as other organizations, to assist people on the basis of need, not creed, race or nationality.

# Catholic Relief Services - United States Conference of Catholic Bishops and Affiliates

## Notes to Consolidated Financial Statements (Amounts in Thousands)

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### 1. Nature of Activities (Continued)

#### *Program services*

The program categories that CRS uses to classify its program service expenses include:

#### *Agriculture and Livelihoods*

Programs helping smallholder farming families increase food security and income by improving sustainable production systems, restoring degraded land, upgrading seed systems, strengthening farmer organizations, enhancing women's decision-making roles, diversifying livelihood strategies, linking household members to markets and financial services, strengthening market systems, and producing more nutritious foods.

#### *Education*

Programs working with schools, families, and communities to ensure that all school-aged children and youth (pre-primary through post-secondary) are safe, healthy, supported, engaged, and resilient, and to influence and strengthen the education system's capacity to provide high quality learning opportunities to all learners.

#### *Emergency*

Programs that address urgent lifesaving assistance by helping people survive with dignity, rebuilding homes and lives, and strengthening stability and resilience for long-term recovery. CRS and partners support programs that address the full spectrum of needs, including: Disaster preparedness and risk reduction; strengthened local response capacity; urgent lifesaving assistance—including for food, water, shelter, medical assistance, psychosocial care and protection—and building upon existing local systems to ensure families and communities have support to manage recovery. This is accomplished by responding in close collaboration with partners and affected communities in appreciation for the local context, prioritizing protection and needs among the most vulnerable, and promoting meaningful, community-led engagement throughout relief and recovery.

#### *Health and Social Services*

Programs seeking to ensure that all children reach their full health and development potential in safe and nurturing families by: reducing morbidity and mortality due to preventable diseases, including HIV and malaria; improving nutrition; and ensuring families provide safe and nurturing care.

#### *Justice, Peacebuilding, and Youth*

Programs to strengthen local capacity to foster social cohesion through non-violent conflict prevention, mitigation, and reconciliation; to engage and influence government for more systems and structures that provide opportunity to all; to advance social justice by ensuring that men, women, boys and girls can reach their full potential, preventing violence against women and girls, protecting poor, disaster-affected and conflict-affected children and adults, as well as ensuring people with disabilities can use services; and to develop the marketable and entrepreneurship skills of young people so they can secure and maintain employment or be self-employed, and contribute to an environment where increasing numbers of young people have sustainable livelihoods.



# **Catholic Relief Services - United States Conference of Catholic Bishops and Affiliates**

## **Notes to Consolidated Financial Statements (Amounts in Thousands)**

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### **1. Nature of Activities (Continued)**

#### *Partner Capacity Strengthening*

Programs and activities designed to bolster both the programmatic and operational proficiency of individuals, groups, networks, systems, or organizations. This is achieved through the acquisition and application of new knowledge, skills, and attitudes; by fortifying the systems and structures necessary for effective functioning; and by providing guidance and accompaniment to colleagues in partner organizations to aid in the realization of the organization's local leadership vision and objectives.

#### *Small Enterprise*

Programs to support and develop sustainable, community-led and community-managed savings and internal lending communities that provide a range of financial services (savings, loans, financial education) and products to poor individuals, particularly women, young people, people with disabilities and smallholder farmers, who have limited or no access to financial services in the formal financial markets.

#### *Water Security*

Programs focusing on three priority areas: safe water, sanitation, and hygiene for health, well-being and sustainable livelihoods in emergency and development contexts; improving water and watershed management for agriculture and sustainable landscapes; and water finance and governance, convening stakeholder groups to access capital and equitably govern water resources to achieve sustainable water and sanitation access for all.

### **2. Significant Accounting Policies**

A summary of CRS's significant accounting policies follows:

#### *Principles of consolidation*

The accompanying consolidated financial statements include the worldwide activities of CRS. All intercompany transactions and balances have been eliminated in consolidation.

#### *Basis of accounting*

The consolidated financial statements are presented in conformity with accounting principles generally accepted in the United States of America (U.S. GAAP) on the accrual basis of accounting whereby revenue is recognized when earned, unconditional support is recognized when received, and expenses are recognized when incurred.

#### *Net assets*

As required by U.S. GAAP, CRS reports its activities using two classes of net assets: net assets without donor restrictions and net assets with donor restrictions.

# Catholic Relief Services - United States Conference of Catholic Bishops and Affiliates

## Notes to Consolidated Financial Statements (Amounts in Thousands)

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### 2. Significant Accounting Policies (Continued)

Net assets without donor restrictions: Net assets that are not subject to donor-imposed stipulations.

Net assets with donor restrictions: Net assets with donor restrictions are subject to donor-imposed restrictions. Restrictions may be temporary in nature, such as those that will be met by the passage of time or use for a purpose specified by the donor, or may be perpetual in nature, where the donor stipulates that resources be permanently maintained. Net assets not held in perpetuity are released from restrictions when the stipulated time has elapsed, or purpose has been fulfilled, or both, and are reported on the consolidated statement of activities as net assets released from restriction.

#### *Use of estimates*

The preparation of the consolidated financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

#### *Cash and cash equivalents*

Cash includes demand and time deposits. Cash equivalents include highly liquid investments having a maturity date of three months or less at the date of purchase. Certain donors require cash to be held in segregated bank accounts. As of September 30, 2024 and 2023, restricted cash held in segregated bank accounts was \$48,595 and \$75,122, respectively.

#### *Programs receivable and other assets*

Programs receivable and other assets consist mainly of programs receivables, CRS Collection receivable, bequests, charitable trusts and life insurance policy receivables, other receivables, prepaid expenses, and advances to subrecipients (See note 4).

Programs receivable represent funds expended and recognized as revenue, but not yet received, on donor agreements for conditional grant programs. Management has determined that no allowance for doubtful accounts is required for program receivables.

The CRS collection receivable represents funds recognized as revenue, but still due from USCCB. These funds have been collected by USCCB from church collections specifically designated for CRS. Management has determined that no allowance for doubtful accounts is required for the CRS collection.

Bequest receivables are recorded when the will has gone through probate, is declared legally valid, and the interest that CRS has in a decedent's estate are reasonably estimated and assured to be received. CRS records the portion of CRS's interest in the estate, discounted at a rate of 7% for 2024 and 2023, to account for additional estate fees and taxes. Management has determined that no allowance for doubtful accounts is required for bequest receivables.

Charitable trusts represent the fair value, using present value calculations, of CRS's interest in the donor's trust accounts. These trusts are created by donors independently of CRS and are neither in the possession nor under the control of CRS. The trusts are administered by outside fiscal agents as designated by the donor. CRS records the fair value, using present value of future benefits of the

# Catholic Relief Services - United States Conference of Catholic Bishops and Affiliates

## Notes to Consolidated Financial Statements (Amounts in Thousands)

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### 2. Significant Accounting Policies (Continued)

trust assets, discounted at a rate of 6.5% for fiscal years ended September 30, 2024 and 2023. CRS is the owner and beneficiary of donated life insurance policies. These life insurance policies are recorded at current cash surrender value. The charitable trusts and life insurance policies are recognized as revenue when CRS is notified that it has been named as an irrevocable beneficiary.

Other receivables are carried at original invoice amount less an estimate made for credit losses based on a review of all outstanding amounts on a monthly basis. Management determines the credit loss by using historical experience, current economic conditions, and reasonable forecasts. Other receivables are written off when deemed uncollectible. Other receivables are considered to be past due if any portion of the receivable balance is outstanding for more than 90 days.

Prepaid expenses consist primarily of funds provided to contractors and vendors to meet future obligations. Advances to subrecipients are advances to CRS subgrantees for future program implementation.

#### *Investments*

All investments are carried at fair value. Segregated investments represent investments required to be held in separate accounts related to the charitable gift annuity program and pooled income fund program. Investments received as contributions are recorded at fair value on the date of receipt. Investment income, including realized and unrealized changes in fair value, is recognized when earned in the consolidated statement of activities.

CRS's non-segregated investments include investment pools which are valued at net asset value based on the applicable percentage ownership of the underlying pools' net assets as of the measurement date.

In determining fair value, CRS utilizes valuations provided by the investment fund manager. The investment fund manager values securities and other financial instruments on a fair value basis of accounting. The fair value of CRS's investments generally represents the amount CRS would expect to receive if it were to liquidate its investments. However, the estimated fair values of the assets underlying these investments may include securities for which prices are not readily available and therefore, may not reflect amounts that could be realized upon immediate sale, nor amounts that ultimately may be realized. Accordingly, the estimated fair values may differ from the values that would have been used had a ready market existed for these investments. CRS may adjust the investment fund manager valuations when circumstances support such an adjustment.

#### *Undistributed commodities and program materials*

Undistributed commodities and program materials (inventory) consist of agricultural commodities, pharmaceuticals, bed nets and other non-food program materials not yet used as of September 30, 2024 and 2023. Purchased inventory is recorded at the lower of cost or net realizable value, while donated inventory is recorded at estimated fair value. Inventory is reduced and expensed when used and distributed using the first-in, first-out method.

# Catholic Relief Services - United States Conference of Catholic Bishops and Affiliates

## Notes to Consolidated Financial Statements (Amounts in Thousands)

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### 2. Significant Accounting Policies (Continued)

#### *Land, building and equipment*

Land, building and equipment are capitalized and building and equipment are depreciated on a straight-line basis over the estimated useful lives of the assets, which are 10 to 40 years for building and improvements, and 5 to 15 years for furniture, vehicles and equipment.

#### *Impairment of Long-Lived Assets*

Long-lived assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Recoverability of long-lived assets is measured by a comparison of the carrying amount of the asset to future undiscounted net cash flows expected to be generated by the asset. If such assets are considered to be impaired, the impairment to be recognized is measured by the amount by which the carrying amount of the assets exceeds the estimated fair value of the assets. Assets to be disposed of are reportable at the lower of the carrying amount or fair value, less cost to sell.

#### *Leases*

CRS determines whether an arrangement contains a lease at inception by determining if the contract conveys the right to control the use of identified property, plant, or equipment for a period of time in exchange for consideration and other facts and circumstances.

Right-of-use assets (ROU assets) represent CRS's right to use an underlying asset for the lease term and lease liabilities represent CRS's obligation to make lease payments arising from the lease. ROU assets are calculated based on the lease liability adjusted for any lease payments paid to the lessor at or before the commencement date and initial direct costs incurred by CRS and excludes any lease incentives received from the lessor. Lease liabilities are recognized based on the present value of lease payments over the lease term. As the lessee, CRS cannot determine the implicit interest rate in a lease and therefore, uses its incremental borrowing rate based on the information available at the commencement date in determining the present value of future payments.

Lease expense for operating leases is recognized on a straight-line basis over the term of the lease. Variable lease payments are the portion of lease payments that are not fixed over the lease term. Variable lease payments are expensed as incurred, and include certain non-lease components, such as maintenance and other services provided by the lessor, and other charges included in the lease, as applicable. CRS elected to combine lease and non-lease components as a single lease component and to exclude short-term leases, defined as leases with an initial term of twelve months or less, from its consolidated statement of financial position.

Lease expense for operating leases is recorded within program services within the consolidated statement of activities. Lease expense is further allocated among salaries and related benefits, occupancy, and warehousing expenses within program services.

#### *Advances received for programs*

Funds received on conditional grants are recorded as advance obligations to the funding entity until the condition is met per the program agreement, at which time they are recognized as revenue.

# Catholic Relief Services - United States Conference of Catholic Bishops and Affiliates

## Notes to Consolidated Financial Statements (Amounts in Thousands)

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### 2. Significant Accounting Policies (Continued)

#### *Annuities payable*

Annuities payable represent the actuarial present value of amounts due under annuity agreements paid over various periods, generally the life of the donor. Present value is calculated using the Annuity 2021 Mortality table with no adjustments, assuming interest rates of 0.75% to 9.5% compounded annually, and no provision for a surplus or contingency reserve. The interest rate is based upon the year of contribution and the guaranteed duration period, if any.

#### *Interest rate swap agreements*

CRS uses interest rate swap contracts principally to manage the risk that changes in interest rates have on its floating rate long-term debt. The following is a summary of CRS's risk management strategy and the effect of this strategy on the consolidated financial statements.

Interest rate swap contracts are used to adjust a portion of total debt that is subject to variable interest rates to a specified fixed rate. Under the interest rate swap contract, CRS agrees to pay an amount equal to a specified fixed rate of interest times a notional principal amount, and to receive in return an amount equal to a specified variable rate of interest times the same notional principal amount. No other cash payments are made unless the contract is terminated prior to maturity, in which case the amount paid or received in settlement is established by agreement at the time of termination, and usually represents the net present value, at current rates of interest, of the remaining obligations to exchange payments under the terms of the contract.

CRS's interest rate swap contracts are considered to be a hedge against changes in the amount of future cash flows associated with CRS's interest payments under variable rate debt obligations. Accordingly, the interest rate swap contracts are reflected at fair value, as described in Note 10, in CRS's consolidated statements of financial position within accounts payable, accrued expenses and other liabilities and the related gain or loss on these contracts is recognized as realized and unrealized gains (losses) on investments and financial instruments in the consolidated statements of activities.

The effect of this accounting on CRS's operating results is that interest expense on the portion of variable rate debt being hedged is generally recorded based on fixed interest rates.

The fair value of interest rate swaps is the estimated amount that the bank or financial institution would receive or pay to terminate the swap agreements at the reporting date, taking into account current interest rates and the current credit worthiness of the swap counterparties.

#### *Designation of revenue*

Support and revenue from the U.S. or foreign governments and from organizations such as the United Nations, The Global Fund to Fight AIDS, Tuberculosis and Malaria (The Global Fund) and other various partners, is classified under public support and revenue. Support and revenue from individuals, parishes and dioceses, as well as non-governmental organizations, foundations and corporations is classified under private support and revenue.

# **Catholic Relief Services - United States Conference of Catholic Bishops and Affiliates**

## **Notes to Consolidated Financial Statements (Amounts in Thousands)**

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### **2. Significant Accounting Policies (Continued)**

#### ***Contributions***

Unconditional contributions, including the CRS Collection, CRS Rice Bowl and bequests, are recorded at net realizable value as revenue at earlier of receipt or when unconditional promises to give are received and collectability is deemed probable. Contribution revenue is recorded as increases in net assets without donor restrictions, unless their use is limited by time or donor-imposed restrictions.

Revenue and expenses related to gift annuities, pooled income, charitable trusts, realized and unrealized gains (losses) on investments, and defined benefit plan adjustments are classified as investment and other gains (losses).

#### ***Donated non-financial assets***

CRS receives donated goods, consisting of agricultural commodities, bed nets, pharmaceuticals and other non-food items, at no cost, from the U.S. Government, the United Nations World Food Program (UNWFP), The Global Fund and other various partners. These gifts are measured at fair value according to valuation techniques suitable for the inventory categorization type or item and with consideration of the principal or most advantageous market for the item received. CRS periodically receives donated freight services in conjunction with the transportation of agricultural commodities. Fair value measures are applied to these services according to the true cost of shipment paid on behalf of CRS by donors.

#### ***Government and other grant funding***

Support and revenue related to government and other grants is recognized when funds are utilized by CRS to carry out the activity stipulated by the grant or contract, since such contracts can be terminated by the grantor, or refunding can be required under certain circumstances coupled with other performance and/or control barriers. For this reason, CRS's grant agreements are considered conditional and so, referred to as "conditional grants" as described in Note 18. Accordingly, amounts received, but not recognized as revenue, are classified in the consolidated statements of financial position as advances received for programs.

#### ***Functional expenses***

The costs of providing CRS's various programs and supporting services have been summarized on a functional basis. Costs that can be identified with a specific program or support service are charged directly according to their natural expenditure classifications. Other costs that are common to multiple program and support functions are allocated on various bases. Vehicle expenses are allocated based on distances driven by program area. All field related program administration and support costs are allocated based on direct costs. Costs related to facilities are allocated to various functions based on space usage. The consolidated statement of functional expenses present the natural classification detail of expenses by function.

# Catholic Relief Services - United States Conference of Catholic Bishops and Affiliates

## Notes to Consolidated Financial Statements (Amounts in Thousands)

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### 2. Significant Accounting Policies (Continued)

#### *Joint costs*

Expenses related to the CRS Rice Bowl program jointly support fundraising and educational and other programming. These expenses totaled \$1,147 and \$1,412 for the years ended September 30, 2024 and 2023, respectively. Expenses were allocated 51% to fundraising and 49% to program services for fiscal year 2024 and 48% to fundraising and 52% to program services for fiscal year 2023.

#### *Self-insured medical plan*

Under the CRS plan, medical insurance coverage is obtained for each employee so that exposure to excessive medical expenses is capped in conjunction with certain stop loss provisions. Provisions for expenses expected under this program are recorded based upon CRS's estimates of the aggregate liability for claims incurred and recorded in accounts payable, accrued expenses and other liabilities on the consolidated statements of financial position.

#### *Income taxes*

CRS is generally exempt from federal income taxes under IRC Section 501(c)(3). In addition, contributions to CRS qualify for charitable deductions under Section 170(b)(1)(A)(vi). CRS has been classified as an organization that is not a private foundation under Section 509(a)(1). Income which is not related to exempt purposes, less applicable deductions, may be subject to federal and state corporate income taxes. For the years ended September 30, 2024 and 2023, CRS has concluded it has no such unrelated business income.

CRS has adopted the standard on accounting for uncertainty in income taxes, which addresses the determination of whether tax benefits claimed or expected to be claimed on a tax return should be recorded in the consolidated financial statements. Under this policy, CRS may recognize the tax benefit from a tax position only if it is more likely than not that the tax position would be sustained on examination by taxing authorities, based on the technical merits of the position.

Management evaluated CRS's tax positions and concluded that CRS had taken no uncertain tax positions that require adjustments to the consolidated financial statements to comply with the provision of this guidance.

#### *Reclassification*

Certain of the 2023 comparative amounts were reclassified to conform to the 2024 presentation. These reclassifications had no effect on the previously reported net assets or the change in net assets.

#### *Subsequent events*

CRS has established a general standard of accounting for the disclosure of events that occur after the consolidated statement of financial position date through the date the consolidated financial statements are issued. CRS has evaluated subsequent events through March 13, 2025, the date on which the consolidated financial statements were issued.

# Catholic Relief Services - United States Conference of Catholic Bishops and Affiliates

## Notes to Consolidated Financial Statements (Amounts in Thousands)

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### 2. Significant Accounting Policies (Continued)

On January 20, 2025, an Executive Order on Reevaluating and Realigning United States Foreign Assistance Programs called for a 90 day “pause” of new obligations for funding while a review of activities takes place by the new administration. This Executive Order, along with “stop-work orders” and “suspension notices” for existing grants and contracts, directly impacted CRS’s operations. The stoppage does not result in a material risk to CRS’s consolidated financial position at September 30, 2024. Prior to issuance of these consolidated financial statements, various waivers and notice of suspension lifts have been issued for a material portion of the projected activities across the program portfolio for the upcoming year. However, only a portion of payments from the United States Agency for International Development (USAID) related activities have resumed. For remaining grants and contracts currently on pause, it is yet to be determined the ultimate decrease in grants and contracts revenue and corresponding program expenses for CRS for the year ending September 30, 2025. Management has taken necessary cost containment strategies in alignment with those program suspensions still ongoing as of March 13, 2025.

#### *Recent adopted accounting pronouncements*

In June 2016, the FASB issued Accounting Standards Update (ASU) 2016-13, *Financial Instruments-Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments*, which creates a new credit impairment standard for financial assets measured at amortized cost and available-for-sale debt securities. The ASU requires financial assets measured at amortized cost (including loans, other receivables and held-to-maturity debt securities) to be presented at the net amount expected to be collected, through an allowance for credit losses that are expected to occur over the remaining life of the asset, rather than incurred losses. The ASU requires that credit losses on available-for-sale debt securities be presented as an allowance rather than as a direct write-down. The measurement of credit losses for newly recognized financial assets (other than certain purchased assets) and subsequent changes in the allowance for credit losses are recorded in the statement of activities as the amounts expected to be collected change. The adoption of this standard did not have a material impact on CRS’s consolidated financial statements.

CRS has assessed other accounting pronouncements issued or effective during the years ended September 30, 2024 and 2023, and deemed they were not applicable to CRS and are not anticipated to have a material effect on the consolidated financial statements.

### 3. Significant Donors and Concentration of Credit Risk

Grant revenue from the U.S. government, including agricultural commodities and ocean freight, was 56% and 62% of CRS’s total support and revenue for the years ended September 30, 2024 and 2023, respectively. Programs receivable from the U.S. government represent 51% and 56% of total programs receivable as of September 30, 2024 and 2023, respectively.

Cash and cash equivalents and segregated investments include demand deposits that are maintained at various financial institutions in the U.S. and foreign countries. The total deposits at institutions in the U.S. exceed the Federal Deposit Insurance Corporation (FDIC) insurance limits. Deposits held at institutions outside of the U.S. are not subject to insurance. At September 30, 2024 and 2023, \$94,894 and \$118,790, respectively, of deposits were in excess of FDIC insurance including \$58,503 and \$64,846, respectively, held in numerous financial institutions outside of the U.S.



# Catholic Relief Services - United States Conference of Catholic Bishops and Affiliates

## Notes to Consolidated Financial Statements (Amounts in Thousands)

### 3. Significant Donors and Concentration of Credit Risk (Continued)

CRS invests in a professionally managed portfolio that contains shares of U.S. Treasury and Agency securities, equity securities, corporate and other private debt securities and investment pools. These investments are exposed to various risks, such as interest rate, market and credit. Due to the level of risk associated with such investments and the level of uncertainty related to changes in the value of such investments, it is possible that changes in risks in the near-term would materially affect investment balances and the amounts reported in the consolidated financial statements.

### 4. Programs Receivable and Other Assets

At September 30, 2024 and 2023, programs receivable and other assets consist of the following:

	2024	2023
Programs receivable	\$ 147,592	\$ 183,659
CRS Collection receivable	7,939	6,849
Bequest and other contributions receivable	7,004	6,311
Charitable trust and life insurance policy receivables	17,575	17,778
Other receivables	4,502	8,858
Total receivables	184,612	223,455
Less allowance for doubtful accounts	(689)	(987)
Total receivables, net	183,923	222,468
Prepaid expenses	49,807	67,031
Advances to subrecipients	19,546	24,425
Other assets	4,066	3,991
Total programs receivable and other assets	\$ 257,342	\$ 317,915

### 5. Investments and Fair Value Measurements

U.S. GAAP defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date and within a fair value hierarchy. The fair value hierarchy gives the highest rank to quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest rank to unobservable inputs (Level 3). Inputs are broadly defined as data that market participants would use in pricing an asset or liability. Three levels of the hierarchy are used to determine fair value for consolidated financial statement purposes, as described below:

**Level 1:** Unadjusted quoted prices in active markets for identical assets or liabilities that the reporting entity has the ability to access at the measurement date. Listed equities and holdings in mutual funds are types of investments included in Level 1.

# Catholic Relief Services - United States Conference of Catholic Bishops and Affiliates

## Notes to Consolidated Financial Statements (Amounts in Thousands)

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### 5. Investments and Fair Value Measurements (Continued)

**Level 2:** Inputs other than quoted prices within Level 1 that are observable for the asset or liability, either directly or indirectly; Level 2 includes the use of models or other valuation methodologies. Investments which are in this category generally include corporate loans, less liquid, restricted equity securities and certain corporate bonds, U.S. government bonds and notes and over-the-counter derivatives.

**Level 3:** Inputs are unobservable for the asset or liability and include situations where there is little, if any, market activity for the asset or liability. The inputs into the determination of fair value are based upon the best information in the circumstances and may require significant management judgment or estimation.

In certain cases, the inputs used to measure fair value for a specific investment may fall into different levels of the fair value hierarchy. In such cases, an investment's level within the fair value hierarchy is based on the lowest level of input that is significant to the fair value measurement. CRS's assessment of the significance of a particular input to the fair value measurement in its entirety requires judgment, and considers factors specific to the investment. The following section describes the valuation techniques used by CRS:

**Level 1:** Investments in U.S. equities, emerging markets, and money market funds traded on a national securities exchange, or reported on the NASDAQ national market, are stated at the last reported sales price on the day of valuation. These financial instruments are classified as Level 1 in the fair value hierarchy.

**Level 2:** Investments in U.S. treasury obligations, U.S. government agency bonds, mortgage-backed securities, asset backed securities, corporate, foreign and other obligations are stated at the last reported sales price on the day of valuation. These financial instruments are classified as Level 2 in the fair value hierarchy. CRS's interest rate swap is observable at commonly quoted intervals for the full term of the swap and, therefore, is considered a Level 2 item. For the interest rate swaps in an asset position, the credit standing of the counter party is analyzed and factored into the fair value measurement of the asset. Fair value measurement of a liability must reflect the nonperformance risk of the entity. Therefore, the impact of CRS's credit worthiness has also been factored into the fair value measurement for the interest rate swap in a liability position.

**Level 3:** Charitable trusts are stated at fair value, using present value calculations of the trusts. There is no active market for selling beneficial interests in charitable trusts; therefore, these financial instruments are classified as Level 3 in the fair value hierarchy.

# Catholic Relief Services - United States Conference of Catholic Bishops and Affiliates

## Notes to Consolidated Financial Statements (Amounts in Thousands)

### 5. Investments and Fair Value Measurements (Continued)

The overall total of investments held at September 30, 2024 and 2023, including securities detailed in the disclosure, is as follows:

		2024
Non-segregated investments:		\$ 207,907
Segregated gift annuities	\$ 41,769	
Segregated pooled income fund	1,033	
Total segregated investments		42,802
Total investments		250,709
Accrued interest		(869)
Cash equivalents from segregated investments		(615)
Investments		\$ 249,225
		2023
Non-segregated investments:		\$ 165,343
Segregated gift annuities	\$ 41,556	
Segregated pooled income fund	946	
Total segregated investments		42,502
Total investments		207,845
Accrued interest		(508)
Cash equivalents from segregated investments		(1,390)
Investments		\$ 205,947

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# Catholic Relief Services - United States Conference of Catholic Bishops and Affiliates

## Notes to Consolidated Financial Statements (Amounts in Thousands)

### 5. Investments and Fair Value Measurements (Continued)

The following table presents CRS's fair value hierarchy for those assets reflected in the consolidated statements of financial position, measured at fair value as of September 30, 2024:

Description	Total	Fair Value Measurements Using		
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Financial assets:				
Domestic equities	\$ 68,006	\$ 68,006	\$ -	\$ -
Foreign equities	7,883	7,883	-	-
Domestic government Securities	106,918	-	106,918	-
Other fixed income securities	36,526	-	36,526	-
		<u>\$ 75,889</u>	<u>\$ 143,444</u>	<u>\$ -</u>
Investment pools (a):				
International equities	20,502			
Alternative investment fund	8,223			
Private equity	<u>1,167</u>			
Total investments	<u>\$ 249,225</u>			
Charitable trusts	\$ 16,719	\$ -	\$ -	\$ 16,719
Money market funds	\$ 18,293	\$ 18,293	\$ -	\$ -
Financial liabilities:				
Interest rate swap contracts	\$ 1,231	\$ -	\$ 1,231	\$ -

(a) Certain investments which are measured at net asset value (NAV) per share are not required to be classified in the fair value hierarchy according to ASU 2015-07. The fair value amounts presented in this table are intended to permit reconciliation of the fair value hierarchy to the line items presented in the consolidated statements of financial position.

# Catholic Relief Services - United States Conference of Catholic Bishops and Affiliates

## Notes to Consolidated Financial Statements (Amounts in Thousands)

### 5. Investments and Fair Value Measurements (Continued)

The following table presents CRS's fair value hierarchy for those assets reflected in the consolidated statements of financial position, measured at fair value as of September 30, 2023:

Description	Total	Fair Value Measurements Using		
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Financial assets:				
Domestic equities	\$ 57,015	\$ 57,015	\$ -	\$ -
Foreign equities	6,338	6,338	-	-
Domestic government securities	77,127	-	77,127	-
Other fixed income securities	39,834	-	39,834	-
		<u>\$ 63,353</u>	<u>\$ 116,961</u>	<u>\$ -</u>
Investment pools (a):				
International equities	16,842			
Alternative investment fund	8,194			
Private equity	<u>597</u>			
Total investments	<u>\$ 205,947</u>			
Charitable trusts	\$ 16,760	\$ -	\$ -	\$ 16,760
Money market funds	\$ 15,707	\$ 15,707	\$ -	\$ -
Financial liabilities:				
Interest rate swap contracts	\$ 441	\$ -	\$ 441	\$ -

(a) Certain investments which are measured at NAV per share are not required to be classified in the fair value hierarchy according to ASU 2015-07. The fair value amounts presented in this table are intended to permit reconciliation of the fair value hierarchy to the line items presented in the consolidated statements of financial position.

For the years ended September 30, 2024 and 2023, the fair value hierarchy above includes money market funds of \$18,293 and \$15,707, respectively, which are included as cash equivalents on the consolidated statements of financial position. Cash equivalents and accrued interest are excluded from the fair value hierarchy as cash equivalents are generally measured at cost.

# Catholic Relief Services - United States Conference of Catholic Bishops and Affiliates

## Notes to Consolidated Financial Statements (Amounts in Thousands)

### 5. Investments and Fair Value Measurements (Continued)

Changes in Level 3 assets for the years ended September 30, 2024 and 2023, were as follows:

	Fair Value Measurements Using Level 3 Inputs	
	2024	2023
Beginning balance, October 1	\$ 16,760	\$ 14,562
Distribution	(1,693)	(1,287)
Change in valuation	1,652	3,485
Ending balance, September 30	\$ 16,719	\$ 16,760

CRS investments include investment pools which are measured at NAV. Information pertaining to these investments at September 30, 2024 and 2023, is as follows:

	2024	2023	Unfunded Commitments	Frequency Redemption (If Currently Eligible)	Redemption Notice Period
International equities	\$ 20,502	\$ 16,842	\$ -	Monthly	10 days
Alternative investment funds	8,223	8,194	1,063	N/A	N/A
Private equity	1,167	597	659	N/A	N/A

The international equities include investment pools that seek long-term capital appreciation through two investment portfolios. The value fund invests in non-U.S. stocks of low valuation which the manager believes have the capacity to rebound in value, while the growth fund invests in non-U.S. stocks at a higher price-to-earnings ratio which the manager believes have strong prospects for continued growth.

The alternative investment funds include investment pools targeting impact investments through several investment portfolios. The various portfolios seek to achieve attractive financial returns while promoting a positive social, financial and environmental impact within the communities they serve.

The private equity fund seeks to build a well-diversified portfolio of impact investments, with a focus on clean energy transition, sustainable processes, health and wellness, and community development. The fund will target minority positions in equity and equity related investments alongside leading buyout and growth capital financial sponsors.

# Catholic Relief Services - United States Conference of Catholic Bishops and Affiliates

## Notes to Consolidated Financial Statements (Amounts in Thousands)

### 6. Segregated Investments

CRS is required under various statutory regulations to segregate a certain level of investments to support its charitable gift annuity program. In addition, CRS sponsors a pooled income fund wherein the fund's earnings are distributed to participants until their death at which time the assets become available to CRS.

During the years ended September 30, 2024 and 2023, CRS received \$2,617 and \$1,862, respectively, of new charitable gift annuities, earned net investment income of \$870 and \$711, respectively, and made contractual annuity payments of \$4,320 and \$4,377, respectively.

During the years ended September 30, 2024 and 2023, the pooled income fund made earnings distributions to participants of \$37 and \$33, respectively.

Revenue from annuity contracts and the pooled income fund is recognized based on the present value of CRS's interest.

### 7. Foreign Currency Translation

Assets and liabilities denominated in foreign currencies are translated into U.S. dollars at exchange rates in effect on the reporting dates. Revenue and expenses are translated at rates in effect on the transaction dates. Translation gains and losses are included in current results. Total net foreign currency translation losses of \$2,443 and \$4,611 for the years ended September 30, 2024 and 2023, respectively, are included in printing, supplies, office and miscellaneous expense in the consolidated statements of functional expenses.

### 8. Land, Building and Equipment

Land, building and equipment at September 30, 2024 and 2023, are summarized as follows:

	2024	2023
Land	\$ 1,786	\$ 1,786
Building and improvements	32,213	32,299
Furniture, equipment and vehicles	86,107	85,014
	120,106	119,099
Less accumulated depreciation	(75,643)	(76,220)
	\$ 44,463	\$ 42,879

Land, building and equipment includes restricted and grant assets of \$9,725 and \$7,348 at September 30, 2024 and 2023, respectively. Of these assets, \$5,776 and \$5,042 at September 30, 2024 and 2023, respectively, are restricted in compliance with federal program grant agreements as to use, resale and maintenance.

# Catholic Relief Services - United States Conference of Catholic Bishops and Affiliates

## Notes to Consolidated Financial Statements (Amounts in Thousands)

### 9. Leases

CRS has operating leases for offices, expatriate housing, warehouses, apartments, and office equipment. CRS's property leases generally contain renewal options for periods ranging from one to five years. If CRS is reasonably certain to exercise these renewal options at lease inception, the options are considered in determining the lease term, and payments associated with the option years. Office equipment leases are inclusive of printer and copier equipment and are generally for terms of 60 months.

The components of lease cost, which are in occupancy expense on the statement of functional expenses, for the years ended September 30, 2024 and 2023, were as follows:

	2024	2023
Operating lease cost	\$ 13,859	\$ 14,760
Short-term lease cost	2,648	2,312
Total lease cost	\$ 16,507	\$ 17,072

Supplemental information regarding assumptions and cash flows for the operating leases is as follows:

	2024	2023
Cash paid for amounts included in the measurement of lease liabilities:		
Operating cash flows from operating leases	\$ 11,455	\$ 14,322
Leased assets obtained for new operating lease liabilities	\$ 8,731	\$ 7,493

The lease term and discount rate for operating leases is as follows:

	2024	2023
Weighted average remaining lease term	3.54 years	3.8 years
Weighted average discount rate	5.48%	4.59%



# Catholic Relief Services - United States Conference of Catholic Bishops and Affiliates

## Notes to Consolidated Financial Statements (Amounts in Thousands)

### 9. Leases (Continued)

As of September 30, 2024, maturities of lease liabilities are as follows:

<i>Years ending September 30:</i>	
2025	\$ 11,881
2026	5,609
2027	3,095
2028	2,111
2029	1,283
Thereafter	1,414
Total lease payments	25,393
Less interest	(2,043)
Present value of lease liabilities	\$ 23,350

### 10. Borrowings

Long-term debt at September 30, 2024 consisted of the following:

	Principal	Unamortized Debt Issuance Costs	Net
Series 2022 tax-exempt variable rate demand bonds	\$ 18,230	\$ 156	\$ 18,074

Long-term debt at September 30, 2023 consisted of the following:

	Principal	Unamortized Debt Issuance Costs	Net
Series 2022 tax-exempt variable rate demand bonds	\$ 19,420	\$ 170	\$ 19,250
Note payable	2,000	-	2,000
Total	\$ 21,420	\$ 170	\$ 21,250

# Catholic Relief Services - United States Conference of Catholic Bishops and Affiliates

## Notes to Consolidated Financial Statements (Amounts in Thousands)

### 10. Borrowings (Continued)

CRS issued Series 2006 tax-exempt variable rate demand bonds in the amount of \$19,555 in connection with renovations of the headquarters space in 2006. On May 1, 2022, the Series 2006 bonds were terminated. Series 2022 tax-exempt variable rate bonds (Series 2022 bonds) in the amount of \$19,555 were issued for refunding of the prior bond. The Series 2022 bonds bear interest at a floating rate as determined by the bond remarketing agent based upon market conditions, unless converted to a fixed rate at the election of the borrower. The interest rate per annum is determined by the remarketing agent based upon market conditions and was 4.60% and 4.97% as of September 30, 2024 and 2023, respectively. The Series 2022 bonds are not publicly traded. Principal payments on the bonds began in May 2023 and continue until final maturity in May 2036.

The bonds contain certain financial and non-financial covenants, which were met for the years ended September 30, 2024 and 2023.

CRS has an interest rate swap agreement to reduce the impact of interest rate changes on its tax-exempt bonds. The agreement was executed with a notional principal in the amount of \$19,145 for the tax-exempt variable rate demand bonds. The contract is based on an issue rate of 80% of Secured Overnight Financing Rate (SOFR), and fixes the interest rate at 3.78%, through May 2036.

The value of the swap instruments as of September 30, 2024 and 2023, and the change in value is reflected as follows:

	2024	2023
Beginning liability balance, October 1	\$ 441	\$ 1,265
Unrealized gain	790	(824)
Ending liability balance, September 30	\$ 1,231	\$ 441

On January 6, 2021, CRS received a note payable of \$1,000 from the Silicon Valley Community Foundation (SVCF), which serves as capital to Isidro Investments, LLC for program uses in Guatemala, El Salvador, Haiti, and other countries approved by the Isidro Board of Directors. CRS repaid the note payable to SVCF on January 4, 2024. On May 28, 2021, CRS received another note payable of \$1,000 from SVCF, which serves as capital to Isidro Investments, LLC for program uses in Latin America, the Caribbean, and other countries approved by the Isidro Board of Directors. CRS repaid the note payable on July 31, 2024.

During the years ended September 30, 2024 and 2023, total interest expense incurred on borrowings totaled \$1,431 and \$1,699, respectively.

# Catholic Relief Services - United States Conference of Catholic Bishops and Affiliates

## Notes to Consolidated Financial Statements (Amounts in Thousands)

### 10. Borrowings (Continued)

Future annual maturities on long-term debt as of September 30, 2024, are as follows:

<i>Years ending September 30:</i>	
2025	\$ 1,235
2026	1,280
2027	1,330
2028	1,375
2029	1,430
Thereafter	11,580
	18,230
Less unamortized debt issuance costs	(156)
	\$ 18,074

CRS has a line of credit agreement with Bank of America with a maximum commitment of \$30,000. This short-term debt includes interest payable on the first of each month. Interest is calculated using the greater of the Bloomberg Short-Term Bank Yield Index rate (BSBY) daily floating rate or the index floor of 0.0% plus 0.90% per annum calculated using a 360-day year. As of September 30, 2024 and 2023 the interest rate was 5.96% and 6.24%, respectively. The line of credit has been extended to May 12, 2025. As of September 30, 2024 and 2023, CRS had an outstanding balance of \$0 and \$30,000, respectively.

### 11. Donated Non-Financial Assets

Donated non-financial assets received in the years ended September 30, 2024 and 2023, consist of the following:

	2024	2023
Agricultural commodities from USAID and USDA	\$ 147,467	\$ 235,702
Agricultural commodities from UN and other donors	16,543	19,148
Ocean freight	14,558	146,818
Bed nets	69,010	64,399
Pharmaceuticals	35,452	24,601
Other items	2,867	2,533
Donated non-financial assets	\$ 285,897	\$ 493,201

CRS receives donated agricultural commodities, ocean freight, pharmaceuticals, bed nets and other in-kind gifts at no cost from the USAID, the United States Department of Agriculture (USDA), the United Nations World Food Program (UNWFP), The Global Fund and other various donors for distribution under agreements related to specific relief programs. All donated non-financial assets will be utilized across CRS's various program areas.

# Catholic Relief Services - United States Conference of Catholic Bishops and Affiliates

## Notes to Consolidated Financial Statements (Amounts in Thousands)

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### 11. Donated Non-Financial Assets (Continued)

At the time of receipt, donated goods, which are inventory related, are recorded as deferred revenue, as significant barriers are deemed to exist in conjunction with both revenue recognition requirements and in accordance with most CRS grant agreements. Barriers for revenue recognition are deemed to have been met once donated goods are dispatched, in conjunction with the terms and provisions of the grant agreements, upon which revenue without donor restrictions is recognized. Donated goods not distributed on September 30, 2024 and 2023 are carried as undistributed commodities and program materials and deferred revenue, so no donor restricted net assets exist at September 30, 2024 or 2023 associated with donated goods. Unless specified in the grant agreements, CRS does not monetize donated goods without donor approval.

Agricultural commodities are valued using guidelines published by the Commodities Credit Corporation (an agency of the U.S. government) or at their insurable value, which approximates fair market value in the most advantageous market. Agricultural commodity donations from other donors are valued at their insurable value, which approximates fair market value in the most advantageous market.

Ocean freight transportation is managed by a third-party agency for shipment of agricultural commodities between CRS and transportation agents. Fair market value for these services is determined based on the actual value paid for commodity shipments to transportation carriers, on behalf of CRS by the U.S. government.

Bed nets are primarily procured via donations from The Global Fund, who purchases bed nets directly from various manufacturers on behalf of CRS. Fair market value is determined based on receipt of the commercial invoice from the bed net manufacturer, which represents the principal market in all geographic distribution areas.

Pharmaceutical donations from U.S. producers are approved by the U.S. Food and Drug Administration (FDA) for use in the U.S. In determining fair value for these pharmaceuticals, management has concluded that the geographical areas where these items are distributed do not represent their principal market and therefore considers the most advantageous market to be the U.S. for those items approved for use in the U.S. Therefore, those approved for use in the U.S. are recorded at the wholesale value as indicated in recognized industry publications.

Non-food items consist of other miscellaneous program materials such as sanitation products, educational materials, bicycles and medical diagnostic devices. Fair market value for non-food items is determined based on the pricing provided by the donor (for example, commercial invoices, packing list, etc.) to CRS or fair market assessment for costs of similar products, which would be able to be purchased in the closest geographic procurement source, which is deemed to be the principal market.

# **Catholic Relief Services - United States Conference of Catholic Bishops and Affiliates**

## **Notes to Consolidated Financial Statements (Amounts in Thousands)**

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### **12. Retirement Plans**

CRS has a non-contributory defined benefit pension plan (the pension plan) covering all lay employees who have completed one year of service and attained the age of 21. The pension plan benefits are based on years of service and the employee's highest average compensation during five consecutive years of the last ten years of service. A minimum of five years of service was required to be eligible for pension plan benefit. Pension plan benefits were frozen effective December 31, 2013. CRS also has a post-retirement health plan for employees who retire after the age of 65 with at least twenty years of service. Effective December 31, 2013, the post-retirement health plan was modified to exclude benefit contribution subsidies for any future qualifying participants. CRS funds retiree healthcare premiums on a cash basis, and for the years ended September 30, 2024 and 2023, paid \$183 and \$186, respectively, for retirees' healthcare coverage. The expected contribution for the year ending September 30, 2025, is \$205.

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# Catholic Relief Services - United States Conference of Catholic Bishops and Affiliates

## Notes to Consolidated Financial Statements (Amounts in Thousands)

### 12. Retirement Plans (Continued)

The following schedule sets forth the funded status, components of net periodic benefit cost and weighted-average assumptions of the plans for the years ended September 30, 2024 and 2023:

	Pension Plan		Post-Retirement Health Plan	
	2024	2023	2024	2023
Change in projected benefit obligation:				
Benefit obligation at beginning of period	\$ 86,345	\$ 89,483	\$ 2,167	\$ 2,432
Service cost	122	121	-	-
Interest cost	4,946	4,719	120	124
Plan participant contributions	-	-	50	54
Benefits and administrative expenses paid	(3,643)	(3,467)	(233)	(240)
Actuarial loss (gain)	9,074	(4,511)	309	(203)
Benefit obligation at end of period	96,844	86,345	2,413	2,167
Change in plan assets:				
Fair value of plan assets at beginning of period	79,985	73,503	-	-
Actual return on plan assets	18,455	8,749	-	-
Employer contributions	1,200	1,200	183	186
Plan participant contributions	-	-	50	54
Benefits and administrative expenses paid	(3,643)	(3,467)	(233)	(240)
Fair value of plan assets at end of period	95,997	79,985	-	-
Funded status at end of year	(847)	\$ (6,360)	\$ (2,413)	\$ (2,167)
Amounts recognized in consolidated statements of financial position	(847)	\$ (6,360)	\$ (2,413)	\$ (2,167)
Cumulative amounts recognized in non-operating revenue and expenses:				
Net (gain) loss	\$ (6,826)	\$ (2,545)	\$ (750)	\$ (1,143)
Accrued benefit cost	\$ (6,826)	\$ (2,545)	\$ (750)	\$ (1,143)
Components of net periodic benefit cost:				
Service cost	\$ 122	\$ 121	\$ -	\$ -
Interest cost	4,946	4,719	120	124
Expected return on plan assets	(5,100)	(4,687)	-	-
Amortization of net loss (gain)	-	-	(84)	(59)
Total net periodic benefit cost	(32)	153	36	65
Other changes in plan assets and benefit obligations recognized in non-operating revenue:				
Net (gain) loss	(4,281)	(8,574)	309	(203)
Amortization of net gain	-	-	84	59
Total recognized in non-operating revenue	(4,281)	(8,574)	393	(144)
Total recognized in net periodic benefit cost and non-operating revenue	\$ (4,313)	\$ (8,421)	\$ 429	\$ (79)
Weighted-average assumptions:				
Discount rate	5.01%	5.88%	4.81%	5.79%
Expected return on plan assets	6.50%	6.50%	N/A	N/A
Rate of compensation increase	N/A	N/A	N/A	N/A

# Catholic Relief Services - United States Conference of Catholic Bishops and Affiliates

## Notes to Consolidated Financial Statements (Amounts in Thousands)

### 12. Retirement Plans (Continued)

The investment objective of the pension plan is to attain an overall return in excess of the actuarially assumed rate, while protecting the pension plan's principal by managing investment risk. CRS's Budget and Finance Committee has selected market-based benchmarks to monitor the performance of the investment strategy.

The investment strategy has a target asset allocation policy as follows:

Asset Class	Minimum	Target	Maximum
U.S. equities	33%	47%	58%
Fixed income	30%	35%	45%
International equities	8%	13%	18%
Emerging market equities	0%	5%	10%
Alternative investments	0%	0%	12%

The investment policy requires compliance with applicable state and federal regulations, including the Employee Retirement Income Security Act of 1974 (ERISA), as amended. The expected long-term rate of return on plan assets is based primarily on expectations of future returns for the pension plan's investments, based upon the target asset allocations. Additionally, the historical returns on comparable equity and fixed income investments are considered in the estimate of the expected long-term rate of return on plan assets.

Allocations of pension plan assets at September 30, 2024 and 2023, are as follows:

	2024		2023	
	Amount	Percent	Amount	Percent
U.S. equities	\$ 43,665	46%	\$ 40,851	51%
Fixed income	31,084	32%	24,293	30%
International equities and equivalents	19,282	20%	13,805	17%
Cash equivalents	1,966	2%	1,036	2%
	<b>\$ 95,997</b>	<b>100%</b>	<b>\$ 79,985</b>	<b>100%</b>

# Catholic Relief Services - United States Conference of Catholic Bishops and Affiliates

## Notes to Consolidated Financial Statements (Amounts in Thousands)

### 12. Retirement Plans (Continued)

Pension plan assets as of September 30, 2024 are invested as follows:

Description	Total	Fair Value Measurements Using		
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Investment component:				
Domestic equities:	\$ 43,665	\$ 43,665	\$ -	\$ -
Domestic government securities	22,643	-	22,643	-
Corporate and foreign bonds	8,441	-	8,441	-
	74,749	\$ 43,665	\$ 31,084	\$ -
Investment pools (a):				
International equities	17,191			
Private equities	2,091			
Total investments	\$ 94,031			
Money market funds	\$ 1,966	\$ 1,966	\$ -	\$ -

(a) Certain investments which are measured at NAV per share are not required to be classified in the fair value hierarchy according to ASU 2015-07. The fair value amounts presented in this table are intended to permit reconciliation of the fair value hierarchy to the line items presented in the consolidated statements of financial position.

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# Catholic Relief Services - United States Conference of Catholic Bishops and Affiliates

## Notes to Consolidated Financial Statements (Amounts in Thousands)

### 12. Retirement Plans (Continued)

Pension plan assets as of September 30, 2023 are invested as follows:

Description	Total	Fair Value Measurements Using		
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Investment component:				
Domestic equities:	\$ 40,140	\$ 40,140	\$ -	\$ -
Domestic government securities	16,942	-	16,942	-
Corporate and foreign bonds	7,351	-	7,351	-
	64,433	\$ 40,140	\$ 24,293	\$ -
Investment pools (a):				
International equities	12,953			
Private equities	1,563			
Total investments	\$ 78,949			
Money market funds	\$ 1,036	\$ 1,036	\$ -	\$ -

(a) Certain investments which are measured at NAV per share are not required to be classified in the fair value hierarchy according to ASU 2015-07. The fair value amounts presented in this table are intended to permit reconciliation of the fair value hierarchy to the line items presented in the consolidated statements of financial position.

Pension plan assets include investment pools which are measured at NAV. Information pertaining to these investments at September 30, 2024 and 2023, is as follows:

	2024	2023	Unfunded Commitments	Redemption Frequency (If Currently Eligible)	Redemption Notice Period
International equities (long-term value and growth fund)	\$ 17,191	\$ 12,953	\$ -	Monthly	10 days
Private equities	2,091	1,563	1,415	N/A	N/A

The international equities include investment pools that seek long-term capital appreciation through two investment portfolios. The value fund invests in non-U.S. stocks of low valuation which the manager believes have capacity to rebound in value, while the growth fund invests in non-U.S. stocks at a higher price-to-earnings ratio which the manager believes have strong prospects for continued growth.

# Catholic Relief Services - United States Conference of Catholic Bishops and Affiliates

## Notes to Consolidated Financial Statements (Amounts in Thousands)

### 12. Retirement Plans (Continued)

CRS is invested in two private equity funds. The first fund seeks to build a well-diversified portfolio of impact investments, with a focus on clean energy transition, sustainable processes, health and wellness, and community development. The fund will target minority positions in equity related investments alongside leading buyout and growth capital financial sponsors. The realty fund will focus on investments in value-add properties in the top 20 domestic metropolitan strategic areas, with up to 20 percent invested outside the U.S. The fund can invest across property types and will source assets through local operating partners specialized in particular regions.

The pension plan contribution for the year ending September 30, 2025, is expected to be \$1,200. The pension plan's expected payouts for the next five years and the following five years in the aggregate, are as follows:

#### *Years ending September 30:*

2025	\$ 4,994
2026	4,998
2027	5,009
2028	5,253
2029	5,583
2030 - 2034	29,763

The post-retirement health plan's expected payouts for the next five years and the following five years in the aggregate, are as follows:

#### *Years ending September 30:*

2025	\$ 205
2026	201
2027	201
2028	201
2029	199
2030 - 2034	946

CRS also provides eligible U.S. employees a defined contribution plan, which qualifies under IRC Section 403(b). Under the defined contribution plan, CRS contributes to a participant's account an amount equal to 50% of the participant's contribution, not to exceed 3% of the participant's eligible earnings. CRS also provides an equivalent plan for non-U.S. expatriate staff. The contributions are invested in various readily marketable mutual funds chosen by the participant.

Effective January 1, 2014, the defined contribution plan receives additional employer-provided contributions credited to eligible employees, as approved by the Board of Directors. In addition to the matching component noted above, CRS makes a contribution of 7% of wages for eligible employees and a 3% contribution above that amount for certain lower-waged staff. Also, staff employed on December 31, 2013, who are age 40 or above on that date, receive an additional 1% to 3% contribution, depending upon age.

# Catholic Relief Services - United States Conference of Catholic Bishops and Affiliates

## Notes to Consolidated Financial Statements (Amounts in Thousands)

### 12. Retirement Plans (Continued)

CRS contributed \$11,112 and \$10,863 to the defined contribution plan and equivalent plan for non U.S. expatriate staff for the years ended September 30, 2024 and 2023, respectively.

Effective January 1, 2022, CRS established a nonqualified deferred compensation plan (nonqualified plan) to provide additional retirement savings for certain management employees. For the years ended September 30, 2024 and 2023, \$23 and \$96, respectively, was recognized as expense for this plan. The balance associated with the nonqualified plan was \$738 and \$440 for the years ended September 30, 2024 and 2023, respectively. Nonqualified plan balances are included in programs receivable and other assets and accounts payable, accrued expenses and other liabilities on the accompanying consolidated statements of financial position.

### 13. Self-Insured Medical Plan

CRS maintains a self-insured medical plan for the benefit of its employees. A stop loss policy is in effect, which limits CRS's loss per individual employee to \$225. The self-insured medical plan is administered through a contractual relationship with a third party plan administrator. However, CRS is solely responsible for all claims incurred up to the amount of the stop loss provisions. CRS's expense under the self-insured medical plan amounted to \$11,638 and \$11,277 for the years ended September 30, 2024 and 2023, respectively.

### 14. Net Assets

Net assets at September 30, 2024 and 2023, are composed of the following:

	2024		2023	
	Without Donor Restrictions	With Donor Restrictions	Without Donor Restrictions	With Donor Restrictions
Available for operations	\$ 72,906	\$ -	\$ 64,864	\$ -
Board-designated operating reserve	60,000	-	60,000	-
<i>Net assets with purpose restriction:</i>				
Private emergency funds	-	96,295	-	105,887
Agency strategy and other	-	19,304	-	20,655
<i>Net assets with time restriction:</i>				
Charitable trust and life insurance policy	-	14,406	-	15,097
Pooled income fund	-	1,025	-	997
Private emergency and other Purpose-restricted endowments	-	12,707	-	10,893
General endowments	-	21,841	-	17,898
Third-party trust endowment assets not subject to UPMIFA	-	3,173	-	2,681
<b>Total net assets</b>	<b>\$ 132,906</b>	<b>\$ 168,751</b>	<b>\$ 124,864</b>	<b>\$ 174,108</b>

# Catholic Relief Services - United States Conference of Catholic Bishops and Affiliates

## Notes to Consolidated Financial Statements (Amounts in Thousands)

### 14. Net Assets (Continued)

Net assets were released for the following purposes during the years ended September 30, 2024 and 2023:

	2024	2023
Program restricted purposes met	\$ 67,435	\$ 78,334
Time restricted purposes met	3,056	1,839
	<u>\$ 70,491</u>	<u>\$ 80,173</u>

### 15. Endowments

#### *Interpretation of relevant law*

CRS has interpreted the state of Maryland's enacted version of Uniform Prudent Management of Institutional Funds Act (UPMIFA) 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. CRS therefore classifies as net assets with donor restrictions in perpetuity the original value of the gifts donated to the donor-restricted endowment. The remaining portion of the donor-restricted endowment fund that is not classified in perpetually restricted net assets is classified as time or purpose restricted net assets until those amounts are appropriated for expenditure by CRS in a manner consistent with the standard of prudence prescribed by UPMIFA.

In accordance with UPMIFA, CRS considers the following factors in making a determination to appropriate or accumulate income and gains of donor-restricted endowment funds:

- The duration and preservation of the fund
- The purposes of the donor-restricted endowment fund
- General economic conditions
- The possible effects of inflation and deflation
- The expected total return from income and the appreciation of investments
- Other resources of CRS
- The investment policies of CRS

#### *Return objective and risk parameters*

The long-term goal of the endowment funds is to achieve appreciation of assets without exposure to undue risk. The portfolio is expected to support desired spending, provide additional growth to cover expenses and preserve the purchasing power of the endowment assets over time, net of all fees, over a five-year moving time period.

#### *Spending policy*

The current policy is to distribute an amount up to 5% of the average market value of the endowment based on a 12-quarter moving average, adjusted for contributions and distributions.

# Catholic Relief Services - United States Conference of Catholic Bishops and Affiliates

## Notes to Consolidated Financial Statements (Amounts in Thousands)

### 15. Endowments (Continued)

#### *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 UPMIFA requires CRS to retain as a fund of perpetual duration. Deficiencies of this nature have been recorded as reductions in net assets with donor restrictions. Subsequent gains restore the fair value of the assets of the endowment to the required level. As of September 30, 2023, funds with an original gift value of \$13,031 and fair value of \$11,815, respectively, were deficient by \$1,216. The deficiency resulted from unfavorable market fluctuations of investments. As required by the endowment policies, spending from underwater endowments was restricted to the net investment income fund balance available. There were no deficiencies as of September 30, 2024.

#### Endowment Net Assets with Donor Restrictions

<i>As of September 30,</i>	<b>2024</b>	<b>2023</b>
Purpose-restricted endowment funds	\$ 12,707	\$ 10,893
Time-restricted endowment funds	21,841	17,898
Total funds	\$ 34,548	\$ 28,791

The portion of endowment funds that is required to be retained permanently either by explicit donor stipulation or by UPMIFA was \$28,359 as of September 30, 2024 and 2023.

#### Changes in Endowment Net Assets with Donor Restrictions

<i>Year ended September 30,</i>	<b>2024</b>	<b>2023</b>
Endowment net assets, beginning of the year	\$ 28,791	\$ 26,408
Net investment income	8,142	3,884
Contributions	2	19
Endowment draw to operating	(2,387)	(1,520)
Endowment net assets, end of the year	\$ 34,548	\$ 28,791

### 16. Commitments and Contingencies

CRS entered into a service agreement with a software vendor through 2026, for a minimum financial commitment of \$18,596. Termination rights under the agreement are only for a breach upon 30 days' notice. As of September 30, 2024, the remaining minimum commitment is \$6,888.

CRS receives significant financial and non-financial assistance from the U.S. government. Entitlement to such resources is generally conditioned upon compliance with terms and conditions of the related agreements and applicable federal regulations. The use of such resources is subject to audit by governmental agencies, and CRS is contingently liable to refund amounts received in excess of allowable expenditures.

# Catholic Relief Services - United States Conference of Catholic Bishops and Affiliates

## Notes to Consolidated Financial Statements (Amounts in Thousands)

### 16. Commitments and Contingencies (Continued)

During the year ended September 30, 2018, CRS identified a probable loss of assets relating to a distribution activity in a single overseas operating location. CRS is fully complying with the funder's requests for information. As the matter is still pending resolution, CRS has estimated a contingent liability for the probable loss using information obtained from the investigation as to the nature of how the loss occurred relative to the volume of the overall activity. CRS's estimate of this contingent liability is \$10 million and is included in accounts payable, accrued expenses and other liabilities in the consolidated financial statements as of September 30, 2024 and 2023. The actual loss (reimbursement to funder), if any, may vary from the estimate and that variance could be material.

In the normal course of business, CRS is party to various claims and assessments. In the opinion of management, these matters will not have a material effect on CRS's financial position, change in net assets or cash flow.

### 17. Liquidity and Availability of Financial Assets

The following reflects CRS's financial assets as of the consolidated statements of financial position date, reduced by amounts not available for general use because of contractual or donor-imposed restrictions or internal designations within one year of the consolidated statements of financial position date. Amounts not available include amounts set aside for operating and other reserves that could be drawn upon if the Board of Directors approves that action. Financial assets and donor restrictions due beyond one year are not included below.

<i>As of September 30,</i>	<b>2024</b>	<b>2023</b>
Financial assets due within one year:		
Cash and cash equivalents	<b>\$ 96,106</b>	<b>\$ 119,573</b>
Programs receivable, net	<b>166,095</b>	<b>204,382</b>
Investments	<b>202,362</b>	<b>160,473</b>
Less those unavailable for general expenditures within one year:		
Advances received for programs	<b>(178,009)</b>	<b>(183,572)</b>
Restricted by donor with time or purpose restrictions	<b>(115,599)</b>	<b>(126,542)</b>
Donor-restricted endowments	<b>(34,548)</b>	<b>(28,791)</b>
Board designations:		
Board-designated operating reserve	<b>(60,000)</b>	<b>(60,000)</b>
Financial assets available to meet cash needs for general expenditures within one year	<b>\$ 76,407</b>	<b>\$ 85,523</b>

CRS's endowment funds consist of donor-restricted endowments that are part of net assets with donor restrictions. Certain income from donor-restricted endowments is restricted for specific purposes and, therefore, is not available for general expenditures. According to CRS's endowment spending policy, 5% of the three-year moving average balance of the endowment is available for expenditures consistent with the restriction of each specific endowment.

# **Catholic Relief Services - United States Conference of Catholic Bishops and Affiliates**

## **Notes to Consolidated Financial Statements (Amounts in Thousands)**

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### **17. Liquidity and Availability of Financial Assets (Continued)**

As part of CRS's liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due, to help manage unanticipated liquidity needs. In addition, CRS has a line of credit of \$30,000 (described in Note 10) and a board designated reserve of \$60,000 available to be appropriated for general expenditure if necessary.

### **18. Conditional Promises to Give**

CRS has conditional promises (mainly conditional grants) to give from grantors and donors of \$1,331,179 as of September 30, 2024. Of the outstanding conditional promises to give from donors at September 30, 2024, \$759,810 was awarded by U.S. government donors to be spent through 2029 and \$571,369 was awarded by other donors to be spent through 2033. Future payments are contingent upon CRS carrying out certain activities (meeting donor-imposed barriers) stipulated by the grant or contract.

CRS has made conditional promises (conditional grants) to implementing partners of \$322,839 as of September 30, 2024. Of the outstanding conditional promises to implementing partners, \$194,239 was awarded by U.S. government donors and \$128,600 was awarded by other donors as of September 30, 2024. Future payments are contingent upon the implementing partners carrying out certain activities (meeting donor-imposed barriers) stipulated by the grant or contract.