

# Roman Catholic Bishop of Helena Montana

Financial Statements

June 30, 2023 and 2022



**WIPFLI**

## **Independent Auditor's Report**

Most Reverend Austin Anthony Vetter  
Roman Catholic Bishop of Helena Montana  
Helena, Montana

### ***Qualified Opinion***

We have audited the accompanying financial statements of Roman Catholic Bishop of Helena Montana (the "Diocese"), a nonprofit organization, which comprise the statements of financial position as of June 30, 2023 and 2022, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, except for the omission of the information described in the Basis for Qualified Opinion section of our report, the accompanying financial statements present fairly, in all material respects, the financial position of Roman Catholic Bishop of Helena Montana as of June 30, 2023 and 2022, and the the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America ("GAAP").

### ***Basis for Qualified Opinion***

As disclosed in Note 1, the financial statements presented here reflect only those assets, liabilities, net assets and financial activities associated with the Chancery operations and the Historic St. Mary's Mission, Inc. These financial statements do not include the assets, liabilities, net assets and financial activities of the Diocese of Helena, which are material in amount. Accounting principles generally accepted in the United States require the consolidation of a controlled organization into its financial statements. The effects of this departure from accounting principles generally accepted in the United States on the accompanying financial statements has not been determined.

### ***Responsibilities of Management for the Financial Statements***

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Roman Catholic Bishop of Helena Montana's ability to continue as a going concern for one year after the date the financial statements are available to be issued.

## ***Auditor's Responsibilities for the Audit of the Financial Statements***

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Roman Catholic Bishop of Helena Montana's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Roman Catholic Bishop of Helena Montana'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.



Wipfli LLP

Helena, Montana

February 11, 2024

# Roman Catholic Bishop of Helena Montana

## Statements of Financial Position

<i>As of June 30,</i>	2023	2022
<b>ASSETS</b>		
Cash	\$ 3,546,226	\$ 3,987,223
Money market funds	32,093	148,198
<b>Total cash and cash equivalents</b>	<b>3,578,319</b>	<b>4,135,421</b>
Accounts receivable, net of allowance	298,929	359,395
Grants receivable	174,139	145,859
Promises receivable, net	32,405	65,130
Current portion of loan receivable	-	39,018
Accrued investment interest receivable	1,750	3,059
<b>Total receivables, net</b>	<b>507,223</b>	<b>612,461</b>
Prepaid expenses	2,288	67,761
<b>Total current assets</b>	<b>4,087,830</b>	<b>4,815,643</b>
Property and equipment, net	6,244,092	6,410,190
Contribution receivable - Foundation for the Diocese of Helena	3,531,571	3,547,234
Investments	4,824,724	3,146,331
Long-term loan receivable	-	131,452
Cash surrender value of life insurance	24,714	13,328
<b>Total assets</b>	<b>\$ 18,712,931</b>	<b>\$ 18,064,178</b>

# Roman Catholic Bishop of Helena Montana

## Statements of Financial Position (Continued)

<i>As of June 30,</i>	2023	2022
<b>LIABILITIES</b>		
Accounts payable	\$ 365,428	\$ 314,798
Accrued vacation	40,640	33,972
Accrued payroll taxes	22,368	77,195
Annuity obligations	300,732	353,157
<b>Total current liabilities</b>	<b>729,168</b>	<b>779,122</b>
Notes payable	555,208	555,208
Annuity liability	260,982	244,802
Due to related parties	5,142	1,487
<b>Total long-term and related party payables</b>	<b>821,332</b>	<b>801,497</b>
Fiscal agent liabilities	865,099	473,747
Deferred revenue	172,238	133,717
Post-retirement benefits (net of parish allocation)	2,565,295	3,274,812
<b>Total liabilities</b>	<b>5,153,132</b>	<b>5,462,895</b>
<b>NET ASSETS</b>		
Net asset without donor restrictions	9,512,392	8,539,257
Net assets with donor restrictions	4,047,407	4,062,026
<b>Total net assets</b>	<b>13,559,799</b>	<b>12,601,283</b>
<b>Total liabilities and net assets</b>	<b>\$ 18,712,931</b>	<b>\$ 18,064,178</b>

See accompanying notes to financial statements.

# Roman Catholic Bishop of Helena Montana

## Statement of Activities

<i>Year Ended June 30, 2023</i>	Without donor restrictions	With donor restrictions	Total
<b>REVENUE AND SUPPORT</b>			
Diocesan assessments	\$ 1,400,064	\$ -	\$ 1,400,064
Grant income	129,761	-	129,761
Fees for service	894,824	-	894,824
Other revenue	153,327	-	153,327
Rental income	51,500	-	51,500
Contributions	1,663,038	2,080,433	3,743,471
In-kind income	369,175	-	369,175
Reimbursed expenses	407,606	-	407,606
Change in value of split interest agreements	(23,539)	-	(23,539)
Gain on investments	12,775	-	12,775
Gain on sale of asset	463,804	-	463,804
Interest and dividend income	167,707	-	167,707
Net assets released from restriction	2,095,052	(2,095,052)	-
<b>Total revenue and support</b>	<b>7,785,094</b>	<b>(14,619)</b>	<b>7,770,475</b>
<b>EXPENSES</b>			
Total program expenses	4,053,553	-	4,053,553
Total management and general	2,356,527	-	2,356,527
Total fundraising	401,879	-	401,879
<b>Total expenses</b>	<b>6,811,959</b>	<b>-</b>	<b>6,811,959</b>
<b>CHANGE IN NET ASSETS</b>	<b>973,135</b>	<b>(14,619)</b>	<b>958,516</b>
<b>NET ASSETS - BEGINNING OF YEAR</b>	<b>8,539,257</b>	<b>4,062,026</b>	<b>12,601,283</b>
<b>NET ASSETS - END OF YEAR</b>	<b>\$ 9,512,392</b>	<b>\$ 4,047,407</b>	<b>\$ 13,559,799</b>

See accompanying notes to financial statements.

# Roman Catholic Bishop of Helena Montana

## Statement of Activities

<i>Year Ended June 30, 2022</i>	Without donor restrictions	With donor restrictions	Total
<b>REVENUE AND SUPPORT</b>			
Diocesan assessments	\$ 1,412,591	\$ -	\$ 1,412,591
Grant income	17,875	-	17,875
Fees for service	928,477	-	928,477
Other revenue	389,965	-	389,965
Rental income	53,500	-	53,500
Contributions	2,618,523	2,213,278	4,831,801
In-kind income, Legendary Lodge	161,997	-	161,997
Reimbursed expenses	256,206	-	256,206
Change in value of split interest agreements	43,579	-	43,579
Loss on investments	(308,126)	-	(308,126)
Gain on sale of asset	611,268	-	611,268
Interest and dividend income	153,485	-	153,485
Net assets released from restriction	2,286,847	(2,286,847)	-
<b>Total revenue and support</b>	<b>8,626,187</b>	<b>(73,569)</b>	<b>8,552,618</b>
<b>EXPENSES</b>			
Total program expenses	3,361,083	-	3,361,083
Total management and general	1,831,536	-	1,831,536
Total fundraising	366,616	-	366,616
<b>Total expenses</b>	<b>5,559,235</b>	<b>-</b>	<b>5,559,235</b>
<b>CHANGE IN NET ASSETS</b>	<b>3,066,952</b>	<b>(73,569)</b>	<b>2,993,383</b>
<b>NET ASSETS - BEGINNING OF YEAR</b>	<b>5,472,305</b>	<b>4,135,595</b>	<b>9,607,900</b>
<b>NET ASSETS - END OF YEAR</b>	<b>\$ 8,539,257</b>	<b>\$ 4,062,026</b>	<b>\$ 12,601,283</b>

See accompanying notes to financial statements.

# Roman Catholic Bishop of Helena Montana

## Statement of Functional Expenses

<i>Year Ended June 30, 2023</i>	Program	Management and General	Fundraising	Total
Activity and recreational supplies	\$ 5,955	\$ -	\$ -	\$ 5,955
Advertising	1,582	7,459	-	9,041
Bank fees and service charges	12,659	13,689	395	26,743
Board and committee meetings	-	22,465	-	22,465
Contract services	193,379	124,447	-	317,826
Credit card discounts	2,759	339	12,334	15,432
Depreciation	24,148	190,810	-	214,958
Disbursements to beneficiaries	145,000	-	35,681	180,681
Dues	9,064	51,991	-	61,055
Education expenses	36,632	9,756	-	46,388
Grants and allocations	1,540,063	1,050	-	1,541,113
Health insurance	539,063	77,148	12,796	629,007
In-kind expense	-	-	139,010	139,010
Insurance - business	116,196	126,658	1,091	243,945
Interest expense	-	23,698	-	23,698
Legal fees	213,474	76,969	-	290,443
Life insurance	13,739	4,982	568	19,289
Miscellaneous expense (income)	-	9,128	-	9,128
Ordinations	23,641	-	-	23,641
Other employee benefits and post-retirement	(559,843)	34,544	1,550	(523,749)
Other expenses	2,916	10,365	-	13,281
Payroll taxes	33,221	48,565	7,329	89,115
Postage and shipping	3,342	21,799	5,212	30,353
Printing and publications	8,036	28,635	20,670	57,341
Professional fees	54,316	443,861	2,145	500,322
Real estate taxes	55	11,447	-	11,502
Rent	7,201	23,004	-	30,205
Repairs and maintenance	1,287	5,652	-	6,939
Salaries and wages	620,688	734,021	100,521	1,455,230
Salary subsidies	1,000	500	-	1,500
Seminarian fees	577,251	-	-	577,251
Software and computer expense	8,000	87,352	-	95,352
Special events	-	-	20,784	20,784
Supplies	188,638	16,490	28,873	234,001
Telephone	6,681	18,346	-	25,027
Travel	192,512	112,042	12,920	317,474
Utilities	20,415	26,283	-	46,698
Workshops and retreats	520	13,992	-	14,512
Write-off expense (recovery)	9,963	(20,960)	-	(10,997)
<b>Total expenses</b>	<b>\$ 4,053,553</b>	<b>\$ 2,356,527</b>	<b>\$ 401,879</b>	<b>\$ 6,811,959</b>

See accompanying notes to financial statements.



# Roman Catholic Bishop of Helena Montana

## Statement of Functional Expenses

<i>Year Ended June 30, 2022</i>	Program	Management and General	Fundraising	Total
Activity and recreational supplies	\$ 7,925	\$ -	\$ -	\$ 7,925
Advertising	-	3,137	565	3,702
Bank fees and service charges	7,260	13,063	1,523	21,846
Board and committee meetings	-	20,567	-	20,567
Contract services	181,277	22,228	-	203,505
Credit card discounts	6,898	256	9,649	16,803
Depreciation	20,379	175,244	-	195,623
Disbursements to beneficiaries	60,000	-	-	60,000
Dues	11,045	64,016	55	75,116
Education expenses	38,673	426	-	39,099
Fees	-	116	-	116
Grants and allocations	1,171,010	-	375	1,171,385
Health insurance	582,260	75,238	17,442	674,940
In-kind expense	750	-	147,821	148,571
Insurance - business	16,559	43,703	705	60,967
Interest expense	-	54,205	-	54,205
Legal fees	19,932	80,667	-	100,599
Life insurance	13,873	2,830	715	17,418
Miscellaneous expense (income)	-	695	-	695
Ordinations	7,504	-	-	7,504
Other employee benefits and post-retirement	(299,667)	31,146	3,232	(265,289)
Other expenses	46,259	3,843	39	50,141
Payroll taxes	26,946	35,999	8,134	71,079
Postage and shipping	1,955	19,575	12,586	34,116
Printing and publications	5,021	44,925	30,440	80,386
Professional fees	84,779	312,936	12,339	410,054
Real estate taxes	57	8,918	-	8,975
Rent	12,001	17,763	2,838	32,602
Repairs and maintenance	13,907	1,806	-	15,713
Salaries and wages	517,448	562,125	112,195	1,191,768
Salary subsidies	900	300	-	1,200
Seminarian fees	476,663	-	-	476,663
Software and computer expense	5,200	102,113	-	107,313
Special events	-	-	4,992	4,992
Supplies	144,734	27,836	(13,733)	158,837
Telephone	5,053	27,255	-	32,308
Travel	134,283	65,288	14,704	214,275
Utilities	17,300	39,163	-	56,463
Workshops and retreats	2,871	14,510	-	17,381
Write-off expense (recovery)	20,028	(40,356)	-	(20,328)
<b>Total expenses</b>	<b>\$ 3,361,083</b>	<b>\$ 1,831,536</b>	<b>\$ 366,616</b>	<b>\$ 5,559,235</b>

See accompanying notes to financial statements.

# Roman Catholic Bishop of Helena Montana

## Statements of Cash Flows

<i>Years Ended June 30,</i>	2023	2022
Cash flows from operating activities		
Change in net assets	\$ 958,516	\$ 2,993,383
Adjustments to reconcile change in net assets to net cash provided from operating activities:		
Depreciation	214,958	195,623
Net (gain) loss on sale of assets	(463,804)	(611,268)
Net (gain) loss on investments	(12,775)	308,126
Donated property and equipment	45,000	-
(Increase) decrease in assets		
Accounts receivable, net of allowance	60,466	413,687
Grants receivable	(12,617)	(7,518)
Promises receivable	32,725	199,836
Accrued interest receivable	1,309	169
Prepays	65,473	10,462
Other assets	(11,386)	4,563
Increase (decrease) in liabilities		
Accounts payable	50,630	(190,175)
Accrued payroll and related	(48,159)	(4,538)
Accrued expenses and other liabilities	355,107	169,169
Dues to related parties	3,655	1,487
Deferred revenue	38,521	(12,463)
Post-retirement benefits	(709,517)	(466,896)
Net cash from operating activities	568,102	3,003,647
Cash flows from investing activities		
Proceeds from sale of property	767,901	1,688,002
Collection on note receivable	170,470	36,455
Proceeds from sale of marketable securities	2,078,020	352,708
Purchases of marketable securities	(3,243,638)	(418,874)
Purchase of certificate of deposits	(500,000)	-
Purchases of property and equipment	(397,957)	(4,072,016)
Net cash from investing activities	(1,125,204)	(2,413,725)
Change in cash and cash equivalents	(557,102)	589,922
Cash and cash equivalents - beginning of year	4,135,421	3,545,499
Cash and cash equivalents - end of year	\$ 3,578,319	\$ 4,135,421
Cash paid for interest	\$ 23,698	\$ 54,205
Debt incurred to purchase equipment	-	555,208

See accompanying notes to financial statements.

# Roman Catholic Bishop of Helena Montana

## Notes to Financial Statements

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### Note 1: Summary of Significant Accounting Policies

#### Reporting Entity and Principles of Combination

According to the Code of Canon Law of the Roman Catholic Church, a diocese is "a portion of the people of God which is entrusted for pastoral care to a bishop" (Canon 369). A diocese is normally territorial and is divided into distinct parts called parishes (Canon 374).

In 1884, Pope Leo XIII created the Diocese of Helena, (the "Diocese"), with boundaries being the same as the present State of Montana. In 1904, the current boundaries were established so that the Diocese of Helena includes roughly the western one-third of the State of Montana. The Diocese extends credit to the parishes and schools located within this geographic region. As such, the Diocese's receivables are mainly subject to the economic condition of this geographic region.

In civil law, the Diocese is incorporated as the "Roman Catholic Bishop of Helena, Montana, a Montana religious corporation sole," and all property in the Diocese is held in that corporation. There are 59 parishes, many with missions attached to them, four school systems, a retreat center, a summer camp, and various other properties included in the Diocesan Corporation.

The Pope appoints the Bishop of Helena. There are various advisory councils to the Bishop, whose members are appointed by the Bishop. The Bishop appoints pastors to the various parishes. Once appointed, pastors are in charge of the parish to which they are assigned, within the guidelines issued by the universal church and the Diocese. A variety of reports, including a financial report, are required from the parishes each year.

These financial statements have been prepared using the accrual method of accounting and includes the assets, liabilities, net assets and financial activities of all institutions and organizations providing services at the diocesan level of administration which are fiscally responsible to the Bishop of the Diocese of Helena, Montana (the Chancery operations). Also included are the accounts of the Historic St. Mary's Mission, Inc., an organization where the Diocese has authority over the Board of Directors of St. Mary's Mission. All significant inter-organizational balances and transactions have been eliminated to the extent the respective funds of the organizations are combined in one fund for purposes of this presentation. Various religious orders, lay societies, and religious organizations which operate within the Diocese, but which are not fiscally responsible to the Bishop, and schools, parishes and their related institutions, have not been included in the accompanying financial statements.

#### Basis of Presentation and Accounting

The accompanying financial statements are presented in accordance with accounting principles generally accepted in the United States of America ("GAAP"), as codified by the Financial Accounting Standards Board. Under GAAP, the Roman Catholic Bishop of Helena Montana (the "Diocese") is required to report information regarding its financial position and activities according to two classes of net assets: with donor restrictions and without donor restrictions.

# Roman Catholic Bishop of Helena Montana

## Notes to Financial Statements

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### Note 1: Summary of Significant Accounting Policies (Continued)

#### Estimates

The Diocese uses estimates and assumptions in preparing the financial statements. Those estimates and assumptions affect the reported amounts of assets and liabilities, and the disclosure of contingent assets and liabilities. Actual results could differ from those estimates.

#### Cash and Cash Equivalents

The Diocese considers all checking, savings, money market accounts and unrestricted highly liquid investments with an initial maturity of three months or less to be cash equivalents. The Diocese's accounts are subject to FDIC insurance up to \$250,000. The Diocese had \$2,861,981 and \$4,430,767 in interest-bearing accounts held at financial institutions in excess of federal insurance limits as of June 30, 2023 and 2022, respectively.

#### Accounts, Loans, and Promises Receivable

Accounts receivable are stated at the amount billed. There has been a receivables allowance for doubtful accounts created based on receivables whose collection is now doubtful or the Diocese is unaware of assets available to pay receivables. Recoveries of receivables previously written off are recorded as income when received.

Loans receivable (other than deposits) are stated at the amount of principal remaining. Interest is accrued on the principal balance based on the rate agreed to in the contract or loan receivable. Loans receivable are reviewed periodically to determine their collectability and whether any loans should be charged off. At June 30, 2023 and 2022, the loan receivable shown on the statements of financial position is considered to be fully collectible.

Promises receivable are recorded at the amount of the original pledge, if due within one year. Promises receivable for more than a year are discounted to present value using a 1.85% interest rate. Based on historical collections on the promises, an allowance of 2% of the total amount receivable has been established.

While management believes that all existing accounts, loans receivable (excluding promises receivable) are collectible, an allowance for doubtful accounts for accounts receivable of \$49,689 and \$95,323 has been established for the years ended June 30, 2023 and 2022, respectively.

#### Loan Receivable

The Diocese has a loan receivable from Good Samaritan Ministries Thrift Store, secured by a building, as follows:

<i>As of June 30,</i>	2023	2022
Loan receivable, due in monthly installments of \$4,135, including interest at 6.5%; paid off September 20, 2022.	\$ -	\$ 170,470

# Roman Catholic Bishop of Helena Montana

## Notes to Financial Statements

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### **Note 1: Summary of Significant Accounting Policies** (Continued)

#### **Investments**

The Diocese carries investments in marketable securities with readily determined fair values and all investments in debt securities at their fair values in the statements of financial position. Quoted market prices in active markets are used as the basis of measurement. Accumulated unrealized gains and/or losses are included in total net assets. Investment expenses are netted with earnings.

Investments, in general, are exposed to various risks, such as interest rate, credit, and overall market volatility. Due to the level of risk associated with certain investments, it is reasonably possible that changes in the values of certain investments will occur in the near term and that such changes could materially affect the amounts reported in the financial statements. To help manage this risk, the Diocese utilizes professional investment managers who oversee the Diocese's portfolio and make changes as they see fit, within the parameters of the investment policies of the Diocese.

#### **Investment Pools**

The Diocese maintains master investment accounts in the annuity and endowment funds for its donor-restricted and Bishop-designated endowments and deposits. Realized and unrealized gains and losses from securities in the master investment accounts are allocated quarterly to the individual endowments and deposits based on the relationship of the market value of each endowment or deposit to the total market value of the master investment accounts, as adjusted for additions to or deductions from those accounts.

#### **Property and Equipment**

All acquisitions and improvements of property and equipment of \$1,000 or more with an economic life of longer than one year are capitalized, while all expenditures for repairs and maintenance that do not materially prolong the useful lives of assets are expensed. Purchased property and equipment is carried at cost.

Depreciation is computed using the straight-line method over the following estimated lives of the assets:

Building and improvements	40 years
Furnishings, equipment and software	3-10 years
Vehicles	5 years

#### **Concentrations**

Concentrations of credit risk with respect to promises receivable are minimal due to the large number of contributors comprising the Diocese's contributor base and their dispersion across different industries. The Diocese's contribution income is subject to the general economic conditions of western Montana.

# Roman Catholic Bishop of Helena Montana

## Notes to Financial Statements

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### Note 1: Summary of Significant Accounting Policies (Continued)

#### Income Taxes

The Diocese is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code. A group ruling on this status was received from the Internal Revenue Service in 1946.

#### Deferred Revenue

Fee for service revenue streams applying to services to be rendered in future periods are recorded as deferred revenue when received and reflected as revenue in the year when the services are performed.

#### Functional Allocation of Expenses

The expenses of providing various programs and other activities have been summarized on a functional basis in the statements of activities. The statements of functional expenses present the natural classification detail of expenses by function. Accordingly, certain expenses have been allocated among the program services and supporting activities benefited, based upon time allocations or square footage, as applicable.

#### Net Assets

Net assets and revenues, expenses, gains, and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets of the Diocese and changes therein are classified and reported as follows:

**Net assets without donor restrictions:** Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions.

**Net assets with donor restrictions:** Net assets subject to donor- (or certain grantor-) imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity.

# Roman Catholic Bishop of Helena Montana

## Notes to Financial Statements

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### Note 1: Summary of Significant Accounting Policies (Continued)

#### Revenue Recognition

Revenues received are recorded as donor restricted or without donor restrictions, depending on the existence and/or nature of any donor restrictions. Support that is not restricted by the donor is reported as an increase in without donor restrictions. When a restriction expires, such stipulated time restriction ends or a purpose restriction is accomplished, donor restrictions are reclassified to without donor restrictions and reported in the statements of activities as net assets released from restrictions.

#### Fees for service - Legendary Lodge

Legendary Lodge summer camps are a ministry of the Diocese. Camp programs are established for 5<sup>th</sup> and 6<sup>th</sup> grade, junior high and high school students. An overview of each camp is listed on the website. Registration for camps typically open on January 1<sup>st</sup> each year and registration is required to be completed by the parent/guardian for each registrant. A 'Reserve Now, Pay Later' system is in place for completing registration. Once registration is completed, a spot is reserved for the child. An e-mail confirmation is sent to confirm registration. An e-mail is sent afterwards, typically in the Spring for those early registrants, with a link to confirm the child's registration and pay the camp fees. A confirmation and payment deadline is linked to the reservation so if the reservation and payment have not been completed by the cutoff date, the reserved spot is cancelled and made available to other campers. There is also an optional fee for the camp "Canteen" snack store that can be purchased during payment. An e-mail confirmation is sent to the parent/guardian once confirmation and payment is completed.

The performance obligations include the week-long camp being held and accessibility to the camp "Canteen" store. The transaction price is stated on the Legendary Lodge website and is included in the payment link sent to the parent/guardian to complete camp registration. For 2023 and 2022, fees for all camps were \$375 and \$360 per child, respectively, with an optional \$15 for use at the camp "Canteen" store.

Revenue is recognized when the camp is held. The camp fees received in advance are booked as a deferred revenue until the camp is held. If the weeklong camp crosses over the fiscal year end, revenue is recognized in the earlier fiscal year. A cancellation and refund policy is in place. Legendary Lodge requests that notice be given as soon as possible if a child is unable to attend camp. In order to receive a refund, notice of cancellation must be given at least one week in advance of the camp start date. All refunds will be charged a \$50 per child processing fee. A refund is not given if a child leaves camp during the week.

#### Grant Revenue

Grants are either recorded as contributions or exchange transactions based on criteria contained in the grant award.

Grant Awards That Are Contributions - Grants awards that are contributions are evaluated for conditions and recognized as revenue when conditions in the award are satisfied. Unconditional awards are recognized as revenue when the award is received. Amounts received in which conditions have not been met are reported as a refundable advance liability.

# Roman Catholic Bishop of Helena Montana

## Notes to Financial Statements

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### Note 1: Summary of Significant Accounting Policies (Continued)

#### Grant Revenue (Continued)

Grant Awards That Are Exchange Transactions - Exchange transactions are those in which the resource provider or grantor receives a commensurate value in exchange for goods or services transferred. Revenue is recognized when control of the promised goods or services is transferred to the customer (grantor) in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Amounts received in excess of recognized revenue are reflected as contract liabilities. There were no grant awards that were considered exchange transactions during the years.

#### Contribution Revenue

Contributions, including promises to give, are considered conditional or unconditional, depending on the nature and existence of any donor or grantor conditions. A contribution or promise to give contains a donor or grantor condition when both of the following are present:

An explicit identifying of a barrier, that is more than trivial, that must be overcome before the revenue can be earned and recognized; and

An implicit right of return of assets transferred or a right of release of a donor or grantor's obligation to transfer assets promised, if the condition is not met.

Conditional contributions are recognized when the barrier(s) to entitlement are overcome. Unconditional contributions are recognized as revenue when received.

Unconditional contributions or conditional contributions in which the conditions have been substantially met or explicitly waived by the donor are recorded as support with or without donor restrictions, depending on the existence and nature of any donor restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions.

Contributed property and equipment are recorded at fair value at the date of donation. Contributions with donor-imposed stipulations regarding how long the contributed assets must be used are recorded as net assets with donor restrictions; otherwise, the contributions are recorded as net assets without donor restrictions.

Donated services are recognized as contributions if the services (a) create or enhance nonfinancial assets or (b) require specialized skills, are performed by people with those skills and would otherwise be purchased by the Diocese.



# Roman Catholic Bishop of Helena Montana

## Notes to Financial Statements

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### **Note 1: Summary of Significant Accounting Policies** (Continued)

#### **New Accounting Pronouncements**

Accounting Standards Update (ASU) No. 2016-13, Measurement of Credit Losses on Financial Instruments, will require the Diocese to present financial assets measured at amortized cost (including trade receivables) at the net amount expected to be collected over their remaining contractual lives. Estimated credit losses will be based on relevant information about historical experience, current conditions, and reasonable and supportable forecasts that affect the collectibility of the reported amounts. This accounting standard will be effective for financial statements issued for interim and annual periods beginning after December 15, 2022. The Diocese is evaluating what impact this new standard will have on its fiscal year 2024 financial statements.

#### **ASC 842 Lease Accounting**

The Diocese has no significant noncancelable operating or financing leases. For all underlying classes of assets, the Diocese has elected to not recognize right-of-use assets and lease liabilities for short-term leases that have a lease term of 12 months or less at lease commencement and do not include an option to purchase the underlying asset that the Diocese is reasonably certain to exercise. Leases containing termination clauses in which either party may terminate the lease without cause and the notice period is less than 12 months are deemed short-term leases with lease costs included in short-term lease expense. The Diocese recognizes short-term lease cost on a straight-line basis over the lease term.

#### **Change in Accounting Policy**

In February 2016, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) No. 2016-02, Leases (Topic 842). ASU 2016-02 is intended to improve financial reporting of leasing transactions by requiring organizations that lease assets to recognize assets and liabilities for the rights and obligations created by leases on the balance sheet. This accounting update also requires additional disclosures surrounding the amount, timing, and uncertainty of cash flows arising from leases. The Diocese adopted this guidance for the year ended June 30, 2023 with modified retrospective application to July 1, 2022. The Diocese has elected the package of practical expedients permitted in ASC Topic 842. Accordingly, the Diocese accounted for its existing operating leases as operating leases under the new guidance, without reassessing (a) whether the contracts contain a lease under ASC Topic 842, (b) whether the classification of the leases would be different in accordance with ASC Topic 842, or (c) whether any unamortized initial direct costs before transition adjustments (as of June 30, 2022) would have met the definition of initial direct costs in ASC Topic 842 at lease commencement. Similarly, the Diocese did not reassess service contracts evaluated for lease treatment under ASC 840 for embedded leases under ASC 842. The Diocese does not have any significant leases to apply this guidance to for the year ended June 30, 2023 and, as such, this did not have a material impact on the financial statements of the Diocese.

# Roman Catholic Bishop of Helena Montana

## Notes to Financial Statements

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### Note 1: Summary of Significant Accounting Policies (Continued)

#### Subsequent Events

The Diocese has evaluated events and transactions for potential recognition or disclosure in the financial statements through February 11, 2024, which is the date the financial statements were available to be issued.

### Note 2: Promises Receivable

Each October, the Diocese conducts an Annual Catholic Appeal (ACA) for the following fiscal year. Promises to give are restricted to payment of the costs outlined in the campaign program brochures for the Foundation for the Diocese of Helena, Catholic Home Missions, and Catholic Church Extension Society. The unconditional promises to give from ACA, net of any allowance, at June 30, 2023 and 2022 were \$32,405 and \$65,130, respectively. General promises to give, net of allowance, totaled \$0 and \$0 at June 30, 2023 and 2022, respectively.

### Note 3: Grants and Contributions Receivable

Grants receivable represent grants awarded prior to the current year and are expected to be fully received by June 30 of the following year. Total grants receivable are \$174,139 and \$145,859 at June 30, 2023 and 2022, respectively.

### Note 4: Property and Equipment

A summary of property and equipment is as follows as of June 30:

	2023	2022
Real estate, land and improvements	\$ 6,777,667	\$ 7,194,687
Furnishings and equipment	723,375	827,451
Software	1,345	1,345
Vehicles	70,671	70,671
Construction in progress	-	26,214
<b>Total</b>	<b>7,573,058</b>	<b>8,120,368</b>
Less: accumulated depreciation	(1,328,966)	(1,710,178)
<b>Property and equipment, net</b>	<b>\$ 6,244,092</b>	<b>\$ 6,410,190</b>

# Roman Catholic Bishop of Helena Montana

## Notes to Financial Statements

### Note 5: Investments

Investments are stated at fair value as follows at June 30, 2023:

	Cost	Fair Value	Unrealized Gain (Loss)
Corporate bonds	\$ 218,676	\$ 197,726	\$ (20,950)
Corporate stocks	551,543	684,880	133,337
Mutual funds	768,862	880,150	111,288
Certificates of deposit	2,567,000	2,518,011	(48,989)
Other	47,033	43,957	(3,076)
<b>Total</b>	<b>\$ 4,153,114</b>	<b>\$ 4,324,724</b>	<b>\$ 171,610</b>

Of the investments listed above, \$300,732 as of June 30, 2023, have been reserved to fund annuity obligations.

Investments are stated at fair value as follows at June 30, 2022:

	Cost	Fair Value	Unrealized Gain (Loss)
Corporate bonds	\$ 1,607,410	\$ 1,556,509	\$ (50,901)
Corporate stocks	316,042	722,924	406,882
Mutual funds	689,091	743,769	54,678
Other	115,522	123,129	7,607
<b>Total</b>	<b>\$ 2,728,065</b>	<b>\$ 3,146,331</b>	<b>\$ 418,266</b>

Of the investments listed above, \$353,157 as of June 30, 2022, have been reserved to fund annuity obligations.

Investments with an unrealized loss position at June 30, 2023 are as follows:

	Less than 12 months		12 months or more		Total Fair Value	Total Unrealized Loss
	Fair Value	Unrealized Loss	Fair Value	Unrealized Loss		
Corporate bonds	\$ -	\$ -	\$ 98,914	\$ 12,064	\$ 98,914	\$ 12,064
Marketable equity securities	-	-	250,669	9,856	250,669	9,856
<b>Total</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 349,583</b>	<b>\$ 21,920</b>	<b>\$ 349,583</b>	<b>\$ 21,920</b>

# Roman Catholic Bishop of Helena Montana

## Notes to Financial Statements

### Note 5: Investments (Continued)

Investments with an unrealized loss position at June 30, 2022 are as follows:

	Less than 12 months		12 months or more		Total Fair Value	Total Unrealized Loss
	Fair Value	Unrealized Loss	Fair Value	Unrealized Loss		
U.S. Treasury	\$ 1,326,780	\$ 81,938	\$ -	\$ -	\$ 1,326,780	\$ 81,938
Corporate bonds	-	-	108,655	11,631	108,655	11,631
Marketable equity securities	-	-	239,905	10,376	239,905	10,376
<b>Total</b>	<b>\$ 1,326,780</b>	<b>\$ 81,938</b>	<b>\$ 348,560</b>	<b>\$ 22,007</b>	<b>\$ 1,675,340</b>	<b>\$ 103,945</b>

### Note 6: Fair Value Measurement

The Diocese has adopted the accounting pronouncement for measuring fair value under GAAP. This pronouncement defines fair value as the price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date. It requires that valuation techniques maximize the use of observable inputs and minimize the use of unobservable inputs. It also establishes a fair value hierarchy, which prioritizes the valuation inputs into three broad levels:

Level 1 - Quoted prices in active markets for identical assets or liabilities.

Level 2 - Observable inputs other than Level 1 prices, such as quoted prices for similar assets or liabilities; quoted prices in markets that are not active, or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities.

Level 3 - Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities.

Following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used at June 30, 2023 and 2022.

Corporate stock: Valued at fair value based on quoted market prices.

Bonds: Valued at the daily closing price as reported by the market traded within.

Mutual funds: Valued at the daily closing price as reported by the fund. Mutual funds held by the Diocese are open-end mutual funds registered with the Securities and Exchange Commission. These funds are required to publish their daily net asset value (NAV) and to transact at that price. The funds held by the Diocese are deemed to be actively traded.

# Roman Catholic Bishop of Helena Montana

## Notes to Financial Statements

### Note 6: Fair Value Measurement (Continued)

Certificate of deposits: Valued at cost, which approximates fair value and matures April 2024.

Other: Other assets include miscellaneous investments. Valued at fair value based on quoted market prices.

Fair values of assets measured on a recurring basis at June 30, 2023 are as follows:

	Fair Value	Quoted Prices in Active Markets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Corporate stocks	\$ 684,880	\$ 684,880	\$ -	\$ -
Corporate bonds	197,726	-	197,726	-
Mutual funds	880,150	880,150	-	-
Certificates of deposit	2,018,011	-	2,018,011	-
Other	43,957	43,957	-	-
<b>Total investments in the fair value hierarchy</b>	<b>3,824,724</b>	<b>1,608,987</b>	<b>2,215,737</b>	<b>-</b>
Certificates of deposit - non-trading, at cost	500,000	-	-	-
<b>Total investments</b>	<b>\$ 4,324,724</b>	<b>\$ 1,608,987</b>	<b>\$ 2,215,737</b>	<b>\$ -</b>

Fair values of assets measured on a recurring basis at June 30, 2022 are as follows:

	Fair Value	Quoted Prices in Active Markets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Corporate stocks	\$ 722,924	\$ 722,924	\$ -	\$ -
Corporate bonds	1,556,509	-	1,556,509	-
Mutual funds	743,769	743,769	-	-
Other	123,129	123,129	-	-
<b>Total</b>	<b>\$ 3,146,331</b>	<b>\$ 1,589,822</b>	<b>\$ 1,556,509</b>	<b>\$ -</b>

# Roman Catholic Bishop of Helena Montana

## Notes to Financial Statements

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### Note 7: Post-Retirement Benefits

#### Medical Plan

The Diocese has a non-funded post-retirement medical plan covering all priests and celibate transitory deacons incardinated in the Diocese of Helena or exercising their sacred ministry in the Diocese with the consent of their respective Ordinaries, and non-religious order lay employees.

Medical plan information for disclosure under GAAP as of June 30, 2023 and 2022 follows:

**Plan Status:** The Plan is 100% unfunded.

**Amounts Recognized on the Statements of Financial Position:** The Plan has total liabilities of \$3,349,219 and \$4,160,099 at June 30, 2023 and 2022, respectively, including amounts to be paid by the parishes. Of this amount, \$2,228,043 and \$2,720,722 is recognized in the statements of financial position and represents the amount specific to the Diocese's share at June 30, 2023 and 2022, respectively.

**Projected Benefit Obligation:** \$3,349,219 and \$4,160,099 in total at June 30, 2023 and 2022, respectively; \$2,228,043 and \$2,720,722 of Diocese specific liability at June 30, 2023 and 2022, respectively.

#### **1% Change in Assumptions**

Net periodic post-retirement cost:	\$214,000
Accrued benefit (liability):	\$3,650,000

A 1% change in either direction would approximate the above difference.

**Weighted-average assumptions used to determine benefit obligations at June 30:** 4.50% and 2.75% discount rate at June 30, 2023 and 2022, respectively.

#### Cash Flows

The following benefit payments, which reflect expected future service, as appropriate, are expected to be paid:

<u>Year Ended June 30,</u>	
2024	\$ 132,466
2025	125,357
2026	134,079
2027	142,387
2028	141,305
Thereafter	1,552,449
<hr/>	
Total	<u>\$ 2,228,043</u>

There are no fair values of the Diocese's medical plan since there are no assets.

# Roman Catholic Bishop of Helena Montana

## Notes to Financial Statements

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### Note 7: Post-Retirement Benefits (Continued)

#### Other Post-Retirement Benefits

The Diocese has also accrued a liability for retirement benefits granted outside of the retirement plans discussed in Note 8. The present value liability for these defined benefits was \$13,940 and \$95,859 at June 30, 2023 and 2022, respectively. The following benefits are expected to be paid:

<u>Year Ended June 30,</u>			
2024	\$	1,817	
2025		1,844	
2026		1,922	
2027		2,005	
2028		2,091	
Thereafter		4,261	
<hr/>			
Total	\$	13,940	

### Note 8: Pension Plans

#### **Defined Benefit Pension Plan**

Diocesan priests and celibate transitory deacons incardinated in the Diocese of Helena or exercising their sacred ministry in the Diocese with the consent of their respective Ordinaries are eligible to participate in the Clergy Senior Status & Security Trust (CSS&ST). CSS&ST is a non-contributory defined benefit pension plan and is a separate legal entity. The individual parishes and institutions are responsible for contributions to CSS&ST. The Diocese is only responsible for contributions for the bishop and any priests assigned to the Chancery. Benefits paid to retirees are based upon age at retirement and years of credited service. Periodically bequests and donations name CSS&ST as the beneficiary.

The assets of the CSS&ST are maintained in a single master trust account. They are invested primarily in government securities, common stock and debt securities. The Diocese makes contributions as required under the funded value of vested benefits method. The Diocese uses a June 30 measurement date for the CSS&ST.

Pension plan information for disclosure under GAAP at June 30, 2023 and 2022 follows:

#### Obligations and Funded Status

	2023	2022
Projected benefit obligation	\$ (7,840,990)	\$ (8,542,059)
Plan net assets	5,614,284	5,260,815
<hr/>		
Unfunded status	\$ (2,226,706)	\$ (3,281,244)

# Roman Catholic Bishop of Helena Montana

## Notes to Financial Statements

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### Note 8: Pension Plans (Continued)

**Amounts Recognized on the Statements of Financial Position at June 30, 2023 and 2022:** The Plan has total liabilities of \$2,226,706 and \$3,281,244 at June 30, 2023 and 2022, respectively, including amounts to be paid by the parishes. Of this amount \$323,312 and \$458,231 is recognized in the statements of financial position and represents the amount specific to the Diocese's share at June 30, 2023 and 2022, respectively.

Based on the actuarial assumptions disclosed later in this note, the CSS&ST would be funded on a termination value as of June 30, 2023 with a Diocese contribution of \$2,226,706.

**Projected Benefit Obligation at June 30, 2023 and 2022:** \$7,840,990 and \$8,542,059.

**Plan Net Assets at June 30, 2023 and 2022:** \$5,614,284 and \$5,260,815.

**Accumulated Benefit Obligation at June 30, 2023 and 2022:** \$7,840,990 and \$8,542,059.

#### Assumptions

Weighted-average assumptions used to determine benefit obligations at June 30, 2023 and 2022:  
8.10% and -10.81% discount rate.

Weighted-average assumptions used to determine net periodic benefit costs at June 30, 2023 and 2022:  
4.75% and 4.25% discount rate.  
5.16% and 5.31% expected long term return on plan assets.

#### Plan Assets

The Diocese's pension plan weighted-asset allocations by asset category at June 30 are as follows:

	2023	2022
Asset Category		
U.S. Government securities	11.1 %	19.5 %
Corporate bonds and notes	12.9 %	15.5 %
Common stocks	44.0 %	38.8 %
Mutual funds	27.2 %	22.0 %
Other (primarily short-term cash equivalents)	4.8 %	4.2 %
	100.0 %	100.0 %

#### Investment Asset Information

The investment strategy for pension assets has a long-term horizon. CSS&ST assets are externally managed and these managers ensure the assets are appropriately diversified. Their performance is reviewed periodically against market benchmarks.

The current long-term rate of return on plan assets of 8.10% and -10.81% in 2023 and 2022 is based on CSS&ST's asset mix, historical returns, and expectations for future performance.



# Roman Catholic Bishop of Helena Montana

## Notes to Financial Statements

### Note 8: Pension Plans (Continued)

#### Cash Flows

#### Expected Future Benefit Payments

The following benefit payments, which reflect expected future service, as appropriate, are expected to be paid:

<i>Year ended June 30,</i>	
2024	\$ 693,160
2025	656,954
2026	636,519
2027	599,231
2028	576,815
Thereafter	2,794,033
<hr/>	
<b>Total</b>	<b>\$ 5,956,712</b>

The fair values of the Diocese's pension plan assets at June 30, by asset category are as follows:

	2023	2022
U.S. Government securities	\$ 622,592	\$ 1,027,140
Corporate bonds and notes	724,441	813,845
Common stock	2,472,719	2,038,922
Mutual funds	1,529,636	1,157,985
Cash and cash equivalents	264,896	222,923
<hr/>		
<b>Total</b>	<b>\$ 5,614,284</b>	<b>\$ 5,260,815</b>

#### Other Pension Plan

The Diocese offers a 403(b) annuity plan for all permanent employees who have successfully completed a six-month probationary period. The Diocese matches up to 3% on salary deferrals.

The Diocese made contributions to the Plan of \$16,301 and \$17,232 for the years ended June 30, 2023 and 2022, respectively.

### Note 9: Deferred Revenue

Deferred revenue and support at June 30, 2023 and 2022 consists of Legendary Lodge and Youth Ministry event balances totaling \$172,238 and \$133,717, respectively.

# Roman Catholic Bishop of Helena Montana

## Notes to Financial Statements

### Note 10: Notes Payable

The Diocese has the following note payable:

<i>As of June 30,</i>	2023	2022
Note payable	\$ 555,208	\$ 555,208
<b>Total</b>	<b>\$ 555,208</b>	<b>\$ 555,208</b>

The note payable has an interest rate of 4.25%, due in monthly interest only payments of \$1,966. The final amount is due June 17, 2032. The note is secured by property and equipment.

Scheduled principal payments on long-term debt at June 30, 2023, including current maturities, are summarized as follows:

2024	\$	-
2025		-
2026		-
2027		-
2028		-
Thereafter		555,208
<b>Total</b>	<b>\$</b>	<b>555,208</b>

### Note 11: Contributed Nonfinancial Assets

Contributed nonfinancial assets consist of the following:

<i>Years Ended June 30,</i>	2023	2022
Lease amortization	\$ 108,618	\$ 126,879
Gifts	25,557	35,118
Property and equipment sales	235,000	-
<b>Total contributed nonfinancial assets</b>	<b>\$ 369,175</b>	<b>\$ 161,997</b>

The Diocese recognizes contributed nonfinancial assets within revenue, including lease amortization and gifts. Unless otherwise noted, contributed nonfinancial assets did not have donor-imposed restrictions.

Contributed lease amortization is related to use of the Legendary Lodge property used for youth camps. Contributed lease amortization is valued and reported at the estimated fair value in the financial statements based on comparables rates in Montana's real estate market.

# Roman Catholic Bishop of Helena Montana

## Notes to Financial Statements

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### Contributed Nonfinancial Assets (Continued)

Contributed gifts included items donated for the annual fundraiser which were auctioned off in 2022 at fair market value.

The Diocese recognized in-kind contribution provided by a donor from sale of a building in 2023.

### Note 12: Related Parties

#### Receivables

Accounts receivable includes related parties due to operational transactions between the Diocese and the Foundation for the Diocese of Helena (FDH), Clergy Senior Status and Security Trust (CSS&ST), Catholic Social Services of Montana, Inc. (CSSM), Montana Catholic Conference (MCC), and Resurrection Cemetery Association (RCA).

#### Resurrection Cemetery Association, Inc.

The Diocese and the Resurrection Cemetery Association, Inc. are established as two separate legal entities by the State of Montana. At the same time, under Canon Law (the law governing the operation of the Roman Catholic Church), the Bishop of Helena is ultimately responsible for the care, maintenance and financial sustainability of the Diocesan Cemeteries included within the Resurrection Cemetery Association. Consequently, the Diocese has subsidized Cemetery operations through funding support for staff, equipment and capital improvements. The Diocese carries these balances as a receivable, with a full allowance to offset the balance to \$0 as of both June 30, 2023 and 2022.

#### Related Party Contributions

The Diocese contributed \$540,926 and \$254,549 to RCA for the years ended June 30, 2023 and 2022, respectively.

#### Legendary Lodge In-Kind Contribution

On March 17, 2015, FDH purchased the property known as Legendary Lodge from the Diocese. Prior to purchase, FDH obtained an independent appraisal of the property (including land, buildings, and improvements) from a commercial real estate appraiser. FDH purchased for cash the Legendary Lodge property from the Diocese in an arms-length transaction for the appraised value of \$3,585,000 on that date.

In March 2015, FDH signed a 100 year lease with the Diocese, donating the exclusive use of all buildings, land and water rights of the Legendary Lodge to the Diocese. The terms of the lease are as follows:

The Diocese shall pay FDH \$1 per year.

The Diocese is responsible for maintenance costs and is responsible for loss, liability, damage or expense.

Under generally accepted accounting principles, the lease constituted an in-kind contribution to the Diocese. For the year ended June 30, 2015, the Diocese recognized an in-kind contribution receivable for the full value of the Legendary Lodge (\$3,585,000) and net assets with donor restrictions, representing the in-kind contribution revenue. On an annual basis, the in-kind contribution receivable will be reduced and in-kind lease expense will be recognized at an amortized rate of 3% over 100 years.

# Roman Catholic Bishop of Helena Montana

## Notes to Financial Statements

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### **Note 12: Related Parties** (Continued)

#### Other

As described in Note 1, schools, parishes, and their related institutions are not included in these financial statements. However, they are under the control of the Bishop. These financial statements includes various payables and receivables between the Diocese and related schools, parishes, and their related institutions.

### **Note 13: Operating Leases**

On May 1, 2022, the Diocese entered into a lease for a condo in Helena for the Bishop. This lease expires on April 30, 2032 with monthly payments of \$100.

The Diocese also rents parking and storage space on a month to month basis with monthly payments of \$1,005 and \$71, respectively.

Lease expense was \$30,205 and \$32,602 for the years ended June 30, 2023 and 2022, respectively.

### **Note 14: Endowment Funds**

The Roman Catholic Bishop's (RCB) endowment consists of one fund managed by the RCB. As required by generally accepted accounting principles, net assets associated with endowment funds, including funds designated by the Bishop to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions.

#### **Interpretation of Relevant Law**

The Bishop has interpreted the Montana Uniform Prudent Management of Institutional Funds Act ("MUPMIFA") as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, the RCB classifies as net assets restricted into perpetuity (a) the original value of gifts donated to the endowment, (b) the original value of subsequent gifts to the endowment, and (c) any accumulations to the endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. A portion of the donor-restricted endowment fund that is not classified in net assets held to perpetuity is classified as net assets with donor restrictions until those amounts are appropriated for expenditure by the RCB in a manner consistent with the standard of prudence prescribed by MUPMIFA. The remaining portion of the endowment funds are net assets without donor restrictions, quasi-endowments managed in a manner consistent with the standard of prudence prescribed by MUPMIFA under the direction of the Bishop.

# Roman Catholic Bishop of Helena Montana

## Notes to Financial Statements

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### **Note 14: Endowment Funds** (Continued)

In accordance with MUPMIFA, the Diocese considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

1. The duration and preservation of the fund;
2. The purposes of the Diocese and the donor-restricted endowment fund;
3. General economic conditions;
4. The possible effect of inflation and deflation;
5. The expected total return from income and the appreciation of investments;
6. Other resources of the Diocese; and
7. The investment policies of the Diocese.

#### **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 MUPMIFA requires the Diocese to retain as a fund of perpetual duration. There were no such deficiencies of this nature as of June 30, 2023 and 2022.

#### **Return Objectives and Risk Parameters**

The Diocese has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment while seeking to maintain the purchasing power of the endowment assets. Endowment assets include those assets of donor-restricted funds that the Diocese must hold in perpetuity or for a donor-specified period(s) and also holds the funds without restrictions designated by the Bishop. The Diocese expects its endowment funds, over time, to provide a reasonable level of current income to support the spending policy authorized by the Bishop and to grow equity assets. Actual returns in any given year may vary from this amount.

#### **Strategies Employed for Achieving Objectives**

To satisfy its long-term rate-of-return objectives, the Diocese relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). Endowment assets are to be invested in stock and/or bond funds and/or specified alternative investments, and/or certificates of deposit, augmented by bank and mutual savings bank accounts for short-term holdings. All investments must be in conformity with the socially-responsible tenets of the mission philosophy of the Roman Catholic Church.

# Roman Catholic Bishop of Helena Montana

## Notes to Financial Statements

### Note 14: Endowment Funds (Continued)

#### Spending Policy and How the Investment Objectives Relate to Spending Policy

The Diocese has a policy of appropriating for distribution each year only the current yield (interest and dividends) for that year.

	Net assets with donor restriction - temporary	Net assets with donor restriction - perpetual	Total
Endowment net assets, June 30, 2021	\$ -	\$ 349,956	\$ 349,956
Contribution to the Foundation for the Diocese of Helena	-	(64,663)	(64,663)
Endowment net assets, June 30, 2022	-	285,293	285,293
Net realized and unrealized gains	-	17,909	17,909
Amounts appropriated for expenditures	-	(15,646)	(15,646)
Endowment net assets, June 30, 2023	\$ -	\$ 287,556	\$ 287,556

### Note 15: Disaggregation of Revenues from Contracts with Customers

The following is a breakdown of the Diocese's 'Fees for service' by revenue source:

Years ended June 30,	2023	2022
Legendary Lodge camp fees	\$ 217,392	\$ 217,211
Youth ministry events	-	9,670
NCYC/CYC	91,933	114,718
CSSM contract accounting services	5,440	2,340
Priest healthcare and clergy benefit fees	553,122	562,483
Other income	26,937	22,055
<b>Total fees for service revenue</b>	<b>\$ 894,824</b>	<b>\$ 928,477</b>

For 2023 and 2022, revenues that would fall under the purview of ASC 606 - Revenues from Contracts with Customers totaled:

	2023	2022
Revenues recognized at a point in time	\$ 309,325	\$ 341,599
Revenues recognized over time	585,499	586,878
<b>Total</b>	<b>\$ 894,824</b>	<b>\$ 928,477</b>

# Roman Catholic Bishop of Helena Montana

## Notes to Financial Statements

### Note 16: Net Assets with Donor Restriction

Net assets with donor restrictions are restricted for the following purposes or periods.

<i>As of June 30,</i>	2023	2022
Clergy personnel development - perpetuity	\$ 287,556	\$ 285,293
Clergy personnel development	23,442	3,534
Contributions - parishes, institutions, other	16,859	15,041
Pastoral	7,679	7,340
Promises to give	32,405	65,131
Religious and charitable	3,622,171	3,608,043
Religious education	33,411	57,048
Social services and aid to the needy	1,907	1,733
Annuity funds	21,977	18,863
<b>Total</b>	<b>\$ 4,047,407</b>	<b>\$ 4,062,026</b>

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

	2023	2022
Religious and charitable, Clergy personnel development, social services and aid to the needy, and religious education	\$ 2,095,052	\$ 2,286,847
<b>Total</b>	<b>\$ 2,095,052</b>	<b>\$ 2,286,847</b>

### Note 17: Commitments and Contingencies

#### Annuity Contracts

The annuity fund holds annuity contracts guaranteeing a specified rate of return to the annuitants during their lifetime. At the time of death, portions of, or the entire remaining principal reverts to either the Diocese or the Foundation for the Diocese of Helena, Inc. Approximately 2.8% of the total value of these annuities is being held for the Diocese's benefit. Amounts shown in these financial statements represent only those portions related to the Diocese's interest in these annuities.

The Diocese is involved in various legal proceedings from time-to-time in the normal course of business. It is the opinion of management that any judgment or settlement resulting from pending or threatened litigation would not have a material adverse effect on the financial position or operations of the Diocese.

# Roman Catholic Bishop of Helena Montana

## Notes to Financial Statements

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### Note 18: Liquidity and Availability of Financial Resources

The Diocese strives to maintain liquid financial assets sufficient to cover 90 days of general expenditures. Financial assets in excess of daily cash requirements are invested in certificates of deposit, money market funds and other short-term investments.

The following table reflects the Diocese's financial assets as of June 30, 2023 and 2022 reduced by amounts that are not available to meet general expenditures within one year of the statement of financial position date because of contractual restrictions or internal board designations. In the event the need arises to utilize the Bishop-designated funds for liquidity purposes, the reserves could be drawn upon through board resolution. Amounts not available to meet general expenditures within one year also may include net assets with donor restrictions.

<i>As of June 30,</i>	2023	2022
Cash and cash equivalents	\$ 3,578,319	\$ 4,135,421
Investments	4,324,724	3,146,331
Certificates of deposit	500,000	-
Accounts receivable - net	298,929	359,395
Promises receivable - net	32,405	65,130
Other grants receivable	174,139	145,859
Loans receivable	-	170,470
Interest receivable	1,750	3,059
Less: Not available within one year	(4,324,724)	(3,277,783)
<b>Total</b>	<b>\$ 4,585,542</b>	<b>\$ 4,747,882</b>

### Note 19: Risks and Uncertainties

The Diocese has potential claims pending that arise in the normal course of business. While it is impossible to estimate ultimate liability, if any, with respect to these matters, management believes the Diocese does not have any current claims which have an identifiable material adverse effect on the financial position of the Diocese at this time.