

**THE FOUNDATION FOR THE  
DIOCESE OF HELENA, INC.**

**FINANCIAL REPORT**

**June 30, 2008 and 2007**

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## INDEPENDENT AUDITOR'S REPORT

To the Board of Trustees  
The Foundation for the Diocese of Helena, Inc.  
Helena, Montana 59601

We have audited the accompanying statements of financial position of the Foundation for the Diocese of Helena, Inc. (the Foundation) as of June 30, 2008 and 2007, and the related statements of activities and cash flows for the years then ended. These financial statements are the responsibility of the Foundation's management. Our responsibility is to express an opinion on these statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Foundation as of June 30, 2008 and 2007, and the results of its operations and cash flows for the years then ended, in conformity with accounting principles generally accepted in the United States of America.

Our audits were conducted for the purpose of forming an opinion on the financial statements taken as a whole. The accompanying information shown on pages 17 through 20 is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subject to the auditing procedures applied in the audits of the financial statements and, in our opinion, is fairly stated in all material respects in relation to the financial statements taken as a whole.



Helena, Montana  
September 15, 2009

FINANCIAL STATEMENTS

THE FOUNDATION FOR THE DIOCESE OF HELENA, INC.  
 STATEMENTS OF FINANCIAL POSITION  
 June 30, 2008 and 2007

ASSETS	<u>2008</u>	<u>2007</u>
<b>CURRENT ASSETS</b>		
Cash and cash equivalents	\$ 500,379	\$ 480,739
Net pledges receivable, current	615,355	-
Bequest receivable	2,172	1,619
Interest receivable	18,005	22,175
Loan receivable - RCB, current	77,193	72,347
Notes receivable, current	248,281	18,094
Prepaid assets	-	1,568
Investments	<u>5,147,603</u>	<u>5,182,189</u>
Total current assets	<u>6,608,988</u>	<u>5,778,731</u>
<b>OTHER RECEIVABLES</b>		
Loan receivable - RCB, net of current portion	1,238,995	1,316,187
Net pledges receivable, net of current portion	1,342,073	-
Notes receivable, net of current portion	<u>187,030</u>	<u>512,101</u>
Total other receivables	<u>2,768,098</u>	<u>1,828,288</u>
<b>OTHER ASSETS</b>		
Annuities held by RCB	2,054,939	1,671,585
Beneficial interest in charitable remainder trusts	<u>1,328,332</u>	<u>1,521,081</u>
Total other assets	<u>3,383,271</u>	<u>3,192,666</u>
 Total assets	 <u>\$ 12,760,357</u>	 <u>\$ 10,799,685</u>

The Notes to the Financial Statements are an integral part of these statements.

LIABILITIES AND NET ASSETS	<u>2008</u>	<u>2007</u>
<b>CURRENT LIABILITIES</b>		
Accounts payable	\$ 16,756	\$ 13,664
Accrued liabilities	466	3,662
Compensated absences	1,698	1,939
Unconditional promise to give, current	120,424	135,442
Due to current fund - Roman Catholic Bishop	<u>91,304</u>	<u>139,889</u>
Total current liabilities	230,648	294,596
<b>UNCONDITIONAL PROMISE TO GIVE, LONG-TERM</b>	<u>-</u>	<u>118,208</u>
Total liabilities	<u>230,648</u>	<u>412,804</u>
<b>NET ASSETS</b>		
Unrestricted:		
Designated	342,283	382,401
Undesignated	<u>(220,617)</u>	<u>(320,216)</u>
Total unrestricted	121,666	62,185
Temporarily restricted	3,204,314	1,338,780
Permanently restricted	<u>9,203,729</u>	<u>8,985,916</u>
Total net assets	<u>12,529,709</u>	<u>10,386,881</u>
Total liabilities and net assets	<u>\$ 12,760,357</u>	<u>\$ 10,799,685</u>

**THE FOUNDATION FOR THE DIOCESE OF HELENA, INC.**  
**STATEMENTS OF ACTIVITIES**  
**Years Ended June 30, 2008 and 2007**

	June 30, 2008			Total
	Unrestricted	Temporarily Restricted	Permanently Restricted	
<b>Revenues, gains, and other support:</b>				
Contributions	\$ 62,187	\$ 19,972	\$ 183,844	\$ 266,003
Capital campaign	-	2,414,130	-	2,414,130
Gifts assessment	11,069	-	-	11,069
Interest and dividends	15,027	279,764	-	294,791
Net realized and unrealized gains (losses) on investments	183,715	(581,838)	(156,636)	(554,759)
Change in value of annuities held by RCB	-	-	383,354	383,354
Change in value of split interest agreements	-	-	(192,749)	(192,749)
Net assets released from restrictions	<u>266,494</u>	<u>(266,494)</u>	<u>-</u>	<u>-</u>
<b>Total revenues, gains, and     other support</b>	<u><b>538,492</b></u>	<u><b>1,865,534</b></u>	<u><b>217,813</b></u>	<u><b>2,621,839</b></u>
<b>Expenses</b>				
<b>Program:</b>				
Disbursement to participating parish and diocesan funds	294,791	-	-	294,791
Released to parish building endowments and scholarships	1,000	-	-	1,000
Life insurance expense	11,620	-	-	11,620
Grants	25,000	-	-	25,000
Program operations	68,386	-	-	68,386
Fund raising	8,370	-	-	8,370
<b>Management and general:</b>				
Operations	40,674	-	-	40,674
Life insurance expense	5,760	-	-	5,760
Trustee and administrative fees	<u>23,410</u>	<u>-</u>	<u>-</u>	<u>23,410</u>
<b>Total expenses and losses</b>	<u><b>479,011</b></u>	<u><b>-</b></u>	<u><b>-</b></u>	<u><b>479,011</b></u>
Change in net assets	59,481	1,865,534	217,813	2,142,828
Net assets, beginning of year	<u>62,185</u>	<u>1,338,780</u>	<u>8,985,916</u>	<u>10,386,881</u>
Net assets, end of year	<u><b>\$ 121,666</b></u>	<u><b>\$ 3,204,314</b></u>	<u><b>\$ 9,203,729</b></u>	<u><b>\$ 12,529,709</b></u>

The Notes to the Financial Statements are an integral part of these statements.

June 30, 2007			
Unrestricted	Temporarily Restricted	Permanently Restricted	Total
\$ 32,309	\$ 190,000	\$ 724,402	\$ 946,711
101,991	-	-	101,991
13,854	249,624	-	263,478
260,221	286,164	83,666	630,051
-	-	476,885	476,885
-	-	185,214	185,214
<u>232,955</u>	<u>(232,955)</u>	<u>-</u>	<u>-</u>
<u>641,330</u>	<u>492,833</u>	<u>1,470,167</u>	<u>2,604,330</u>
263,478	-	-	263,478
1,000	-	-	1,000
-	-	-	-
25,000	-	-	25,000
93,032	-	-	93,032
14,365	-	-	14,365
53,782	-	-	53,782
5,760	-	-	5,760
-	-	-	-
<u>456,417</u>	<u>-</u>	<u>-</u>	<u>456,417</u>
184,913	492,833	1,470,167	2,147,913
<u>(122,728)</u>	<u>845,947</u>	<u>7,515,749</u>	<u>8,238,968</u>
<u>\$ 62,185</u>	<u>\$ 1,338,780</u>	<u>\$ 8,985,916</u>	<u>\$ 10,386,881</u>



**THE FOUNDATION FOR THE DIOCESE OF HELENA, INC.**  
**STATEMENTS OF CASH FLOWS**  
**Years Ended June 30, 2008 and 2007**

	<u>2008</u>	<u>2007</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Increase in net assets	\$ 2,142,828	\$ 2,147,913
Adjustments to reconcile increase in net assets to net cash provided by (used in) operating activities:		
Investment securities donated to the Foundation	(43,236)	(543,475)
Notes receivable contracts donated to the Foundation	-	(582,173)
Net (gain) loss on investments	554,759	(630,051)
Net change in annuities held by the RCB	(383,354)	(476,885)
Permanently restricted contributions	(183,844)	(724,402)
(Increase) decrease in operating assets:		
Accounts and interest receivable	3,617	519,995
Pledges receivable, net	(1,957,428)	-
Other assets	-	3,100
Prepaid assets	1,568	(1,568)
Beneficial interest in charitable remainder trusts	192,749	(185,214)
Increase (decrease) in operating liabilities:		
Accounts payable	3,092	3,027
Unconditional promise to give	(133,226)	(157,238)
Accrued liabilities	(3,196)	1,449
Due to related party	(48,585)	139,889
Compensated absences	(241)	(6,718)
Net cash provided by (used in) operating activities	<u>145,503</u>	<u>(492,351)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Purchase of investments	(1,664,256)	(877,079)
Proceeds from the sale of investments	1,187,319	509,741
Payments received on notes receivable	94,884	51,978
Payments received on loan to related party (RCB)	72,346	164,200
Net cash used in investing activities	<u>(309,707)</u>	<u>(151,160)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>		
Permanently restricted contributions	<u>183,844</u>	<u>724,402</u>
Net cash provided by financing activities	<u>183,844</u>	<u>724,402</u>
Net increase in cash and cash equivalents	19,640	80,891
Cash and cash equivalents, beginning of year	<u>480,739</u>	<u>399,848</u>
Cash and cash equivalents, end of year	<u>\$ 500,379</u>	<u>\$ 480,739</u>
<b>NONCASH CONTRIBUTIONS:</b>		
Investment securities donated to the Foundation	<u>\$ 43,236</u>	<u>\$ 543,475</u>

The Notes to Financial Statements are an integral part of these statements.

THE FOUNDATION FOR THE DIOCESE OF HELENA, INC.  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2008 and 2007

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Reporting Entity:**

The Foundation for the Diocese of Helena, Inc. (the Foundation) is a non-profit corporation. The primary purpose of the Foundation is to create permanent endowments whose income will be used to fulfill the following goals:

- a) To promote, expand and strengthen the Roman Catholic Church in the Diocese of Helena,
- b) To support and assist, financially or in any other manner the religious, educational, charitable and medical institutions or programs operated by or under the auspices of the Diocese of Helena,
- c) To promote Roman Catholic doctrines, evangelism, Christian education and missionary work in the Diocese of Helena, and that are undertaken by said Diocese elsewhere, and
- d) To assist worthy, talented or needy men and women in pursuing studies useful to the Diocese of Helena.

A Board of Trustees manages the affairs and assets of the Foundation. Trustees are nominated and approved by the Board.

**Basis of Accounting:**

The financial statements of the Foundation have been prepared in conformity with accounting principles generally accepted in the United States of America.

To ensure observance of limitations and restrictions placed on the use of resources available to the Foundation, the accounts of the Foundation are maintained in accordance with the principles of fund accounting. This is the procedure by which resources for various purposes are classified for accounting and reporting purposes into funds established according to their nature and purposes. Separate accounts are maintained for each fund; however, in the accompanying financial statements, funds that have similar characteristics have been combined into net asset classifications. Accordingly, all financial transactions have been recorded and reported by net asset classifications.

**Restricted and Unrestricted Revenue and Support:**

Support received is recorded as unrestricted, temporarily restricted, or permanently restricted support depending on the existence and/or nature of any donor restrictions. Donor-restricted support is reported as an increase in temporarily or permanently restricted net assets, depending on the nature of the restriction. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets.

THE FOUNDATION FOR THE DIOCESE OF HELENA, INC.  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
June 30, 2008 and 2007

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

The classifications of net assets are:

- **Unrestricted Net Assets:**  
Funds which the Board of Trustees, rather than a donor or other outside agency, has determined are to be retained and invested. The Board has the right to decide at any time to expend the principal of such funds. The original funds were transferred from the Roman Catholic Bishop (RCB) of Helena, Montana based upon the recommendation of the Foundation's Board and the Bishop.
- **Temporarily Restricted Net Assets:**  
This represents interest earned on parish and program endowments whose principal was less than \$5,000 as of June 30, 2008 and 2007. Until a parish or program has endowments greater than the established threshold, the interest is put into this fund rather than paying the relatively small interest amounts each quarter. Once a parish or program endowment fund reaches the established threshold, this interest is paid out or held for payment on demand and all subsequent interest is paid or allocated quarterly. Unless specifically permanently restricted, gains on endowments are included as temporarily restricted funds. Net assets released from the temporarily restricted fund were for payments to parishes and programs.
- **Permanently Restricted Net Assets:**  
These are funds in which the principal, including gains and losses if stipulated by the donor, are required to be invested and maintained intact and in perpetuity. The income from permanently restricted net assets is to be returned to various parishes and programs for use as described in Note 1.

**Accounting Estimates:**

The preparation of financial statements in conformity with U.S. generally accepted accounting principles above requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reported period.

**Cash and Cash Equivalents:**

For purposes of the statements of cash flows, the Foundation considers all checking, savings and money market accounts with maturities of six months or less to be cash equivalents. At June 30, 2008 and 2007, there was \$390,238 and \$104,413 held by the Foundation at financial institution exceeding federally insured limits, respectively. In October 2008, the FDIC raised its insurance limits from \$100,000 to \$250,000.

THE FOUNDATION FOR THE DIOCESE OF HELENA, INC.  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
June 30, 2008 and 2007

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Accounts Receivable:**

Management considers the accounts receivable to be fully collectible. As such, there is no provision for doubtful accounts.

**Investments:**

The investment securities and trusts are shown at fair value. The investment securities are held in a "pooled" investment account. Each fund owns or participates in the pool based on the number of "units" purchased. The trust's assets, which consist of marketable securities, are held by investment brokerage firms.

Investment income is collected in a single pool and disbursed at quarterly intervals to the participating funds. The allocation to the participating funds is based on the number of units held by each fund at the beginning of the quarter. No accrual is recorded for dividends or interest receivable.

Trustee and administrative fees are paid from the principal.

An administrative fee of 1.5% (\$110,434 in 2008 and \$100,704 in 2007) of fair market value was assessed to all participants in the investment pool to fund Foundation operations.

**Annuities Held by RCB:**

Annuities held by RCB include beneficial interests in charitable gift annuities held by RCB, which are carried at the estimated net realizable value to the Foundation.

**Promises to Give:**

Unconditional promises to give are recognized as revenues or gains in the period received and as assets, decreases of liabilities, or expenses depending on the form of the benefits received. Conditional promises to give are recognized when the conditions on which they depend are substantially met.

**Income Taxes:**

The Foundation for the Diocese of Helena, Inc. is exempt from federal income taxation under the provisions of Internal Revenue Code Section 501(c)(3). A group ruling on this status was received from the Internal Revenue Service in both 2008 and 2007.

THE FOUNDATION FOR THE DIOCESE OF HELENA, INC.  
 NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
 June 30, 2008 and 2007

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Donated Services:**

Donated services are recognized as contributions in accordance with SFAS No. 116, *Accounting for Contributions Received and Contributions Made*, 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 Foundation. There were no donated services recognized during the years ended June 30, 2008 and 2007.

**Designated Net Assets:**

The Foundation's Board of Directors has designated a portion of the unrestricted net assets to be used only for the Bishop's pastoral outreach. Designated unrestricted net assets were \$342,283 and \$382,401 at June 30, 2008 and 2007, respectively.

**Accounting Pronouncements Not Yet Adopted:**

The following accounting pronouncements have not yet been implemented in these financial statements due to their effective date: FASB Staff Position 117-1, *Endowments of Not-for-Profit Organizations - Net Asset Classification of Funds Subject to an Enacted Version of the Uniform Prudent Management of Institutional Funds Act*, and *Enhanced Disclosures for All Endowment Funds*; FASB 157, *Fair Value Measurement*; and FIN 48, *Accounting for Uncertainty in Income Taxes*.

**Reclassifications:**

Certain reclassifications have been made to the June 30, 2007 financial statements to conform to the June 30, 2008 presentation. No change in previously reported change in net assets occurred as a result of such reclassifications.

**NOTE 3. NOTES RECEIVABLE**

As part of an endowed planned gift, the Foundation received ownership interest in two apartment complexes. The Foundation's interests have been purchased by partners in the apartment complexes, therefore two notes receivable have been recorded. Notes receivable at June 30 consist of the following:

	<u>2008</u>	<u>2007</u>
Helena Springs note receivable, payments receivable in monthly installments of \$2,600, with interest at 6%, due January 1, 2017, collateralized by security interest	\$ 206,369	\$ 224,552

## THE FOUNDATION FOR THE DIOCESE OF HELENA, INC.

## NOTES TO FINANCIAL STATEMENTS (CONTINUED)

June 30, 2008 and 2007

**NOTE 3. NOTES RECEIVABLE (CONTINUED)**

	<u>2008</u>	<u>2007</u>
Cannon Springs note receivable, initial payment of \$34,854, due May 1, 2007; monthly interest payments receivable at 2.5% on unpaid balance, principal due December 1, 2008.	<u>228,942</u>	<u>305,643</u>
	<u>435,311</u>	<u>530,195</u>
Less current portion	<u>248,281</u>	<u>18,094</u>
Long term portion	<u>\$ 187,030</u>	<u>\$ 512,101</u>

Maturity of note receivable is as follows:

2008	\$ 248,281
2009	20,533
2010	21,800
2011	23,122
2012	24,482
Thereafter	<u>97,093</u>
	<u>\$ 435,311</u>

**NOTE 4. INVESTMENTS**

Investments include the following:

	<u>2008</u>		<u>2007</u>	
	<u>COST</u>	<u>FAIR VALUE</u>	<u>COST</u>	<u>FAIR VALUE</u>
Wells Fargo Investment Management:				
Stocks	\$ 2,343,819	\$ 2,859,100	\$ 1,669,673	\$ 2,753,673
Bonds	<u>956,521</u>	<u>983,944</u>	<u>1,067,879</u>	<u>1,091,352</u>
	<u>3,300,340</u>	<u>3,843,044</u>	<u>2,737,552</u>	<u>3,845,025</u>
Financial Network Investment:				
Stocks	950,316	951,690	796,847	962,901
Bonds	244,410	223,837	287,113	297,622
Cash surrender value of life insurance policies	<u>63,785</u>	<u>129,032</u>	<u>43,813</u>	<u>76,641</u>
	<u>1,258,511</u>	<u>1,304,559</u>	<u>1,127,773</u>	<u>1,337,164</u>
	<u>\$ 4,558,851</u>	<u>\$ 5,147,603</u>	<u>\$ 3,865,325</u>	<u>\$ 5,182,189</u>

**THE FOUNDATION FOR THE DIOCESE OF HELENA, INC.**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
June 30, 2008 and 2007

**NOTE 4. INVESTMENTS (CONTINUED)**

The following tabulation summarizes changes in relationships between carrying values and fair values of investment assets:

	<u>COST</u>	<u>FAIR VALUE</u>	<u>UNREALIZED GAIN (LOSS)</u>
June 30, 2008	\$ 4,558,851	\$ 5,147,603	\$ 588,752
June 30, 2007	\$ 3,865,325	\$ 5,182,189	<u>\$ 1,316,864</u>
Unrealized net loss for fiscal year 2008			<u>\$ (728,112)</u>
June 30, 2007	\$ 3,865,325	\$ 5,182,189	\$ 1,316,864
June 30, 2006	\$ 2,797,375	\$ 3,641,325	<u>\$ 843,950</u>
Unrealized net gain for fiscal year 2007			<u>\$ 472,916</u>

Investment earnings (losses) consist of the following:

	<u>2008</u>	<u>2007</u>
Net realized gains	\$ 173,353	\$ 157,135
Net unrealized gains (losses)	<u>(728,112)</u>	<u>472,916</u>
Net realized and unrealized gains (losses)	<u>(554,759)</u>	630,051
Interest and dividends	<u>294,791</u>	<u>263,478</u>
	<u>\$ (259,968)</u>	<u>\$ 893,529</u>

Investments with an unrealized loss position at June 30, 2008 and 2007 are as follows:

	<u>Less than 12 months</u>		<u>12 months or more</u>		<u>Total</u>	
	<u>Fair Value</u>	<u>Unrealized Losses</u>	<u>Fair Value</u>	<u>Unrealized Losses</u>	<u>Fair Value</u>	<u>Unrealized Losses</u>
<b>2008:</b>						
Description of securities:						
Stocks	\$ 1,086,416	\$ (242,087)	\$ 23,235	\$ (13,611)	\$ 1,109,651	\$ (255,698)
Bonds:						
Corporate	318,803	(23,512)	70,835	(5,123)	389,638	(28,635)
Federal Agency	-	-	-	-	-	-
U.S. Treasuries	-	-	-	-	-	-
	<u>\$ 1,405,219</u>	<u>\$ (265,599)</u>	<u>\$ 94,070</u>	<u>\$ (18,734)</u>	<u>\$ 1,499,289</u>	<u>\$ (284,333)</u>
<b>2007:</b>						
Description of securities:						
Stocks	\$ 814	\$ (175)	\$ 44,236	\$ (11,189)	\$ 45,050	\$ (11,364)
Bonds:						
Corporate	124,727	(1,789)	70,305	(149)	195,032	(1,938)
Federal Agency	202,375	(3,161)	-	-	202,375	(3,161)
U.S. Treasuries	187,115	(1,666)	-	-	187,115	(1,666)
	<u>\$ 515,031</u>	<u>\$ (6,791)</u>	<u>\$ 114,541</u>	<u>\$ (11,338)</u>	<u>\$ 629,572</u>	<u>\$ (18,129)</u>

THE FOUNDATION FOR THE DIOCESE OF HELENA, INC.  
 NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
 June 30, 2008 and 2007

**NOTE 4. INVESTMENTS (CONTINUED)**

The preceding table shows the Foundation's gross unrealized losses and fair values, aggregated by investment category and length of time the individual securities have been in a continuous unrealized loss position at June 30, 2008 and 2007. Thirty-five and ten securities were in an unrealized loss position as of June 30, 2008 and 2007, respectively. Management has evaluated these securities and believes the loss position to be temporary as a result of the current market environment and not from any particular credit quality of any of the specific securities.

The Foundation is the beneficiary of four donated life insurance policies. The cash surrender value of the policies is shown as an asset of the Foundation. For one policy, the individual donates the premium amount to the Foundation each year and the Foundation then pays the premium. The donation is shown as a contribution and the premium is shown as life insurance expense. For the other policy, the premiums were prepaid at the time of the gift.

The following is a schedule of face value and cash surrender values of the life insurance policies which are included in investments in the financial statements.

	<u>June 30, 2008</u>	<u>June 30, 2007</u>
Cash Surrender Value:		
Donated life insurance policies (Face value \$225,000)	\$ 83,835	\$ 28,009
Bishop Elden F. Curtiss (Face value \$100,000)	19,672	22,517
Bishop Alexander J. Brunett (Face value \$200,000)	<u>25,545</u>	<u>26,115</u>
	<u>\$ 129,032</u>	<u>\$ 76,641</u>

**NOTE 5. BENEFICIAL INTEREST IN CHARITABLE REMAINDER TRUSTS**

Beneficial interest in charitable remainder trusts consist of the following at June 30:

	<u>2008</u>	<u>2007</u>
Margaret Quinn Unitrust	<u>\$ 1,328,332</u>	<u>\$ 1,521,081</u>

The Foundation is named as beneficiary of 100% of the Quinn trust assets; however, 50% of the assets are restricted for support of non-related, non-religious entities. Changes in the market value of the trusts from year to year are shown as changes in the value of split-interest agreements in the financial statements.



THE FOUNDATION FOR THE DIOCESE OF HELENA, INC.  
 NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
 June 30, 2008 and 2007

**NOTE 6. PLEDGES RECEIVABLE**

**Capital Campaign:**

Unconditional promises to give at June 30, 2008, are as follows:

Receivable in less than one year	\$ 615,355
Receivable in one to five years	1,715,591
Receivable in more than five years	<u>7,217</u>
Total unconditional promises to give	2,338,163
Less discounts to net present value	(255,793)
Less allowance for uncollectible promises receivable	<u>(124,942)</u>
Net unconditional promises to give	<u>\$ 1,957,428</u>

Promises to give receivable in more than one year are discounted at 5%.

**NOTE 7. RELATED PARTY TRANSACTIONS**

**Receivable/payable:**

The following tables summarize related party receivables, payables, and operational transactions between the Foundation and RCB.

	<u>2008</u>	<u>2007</u>
Due to RCB	\$ <u>(91,304)</u>	\$ <u>(139,889)</u>

These are amounts related to endowments and earnings where the Foundation or the RCB were beneficiary. Balances are included in accounts receivable or accounts payable, as appropriate, in the statement of financial position.

**Development Director for the RCB**

In January of 2006, the Foundation pledged a grant of \$450,000 to RCB to establish an Office of Development. The grant is payable as \$175,000 in the first year, \$150,000 in the second year, and \$125,000 in the third year. The present value of the pledge is included in accounts payable. The following is the future amounts due to meet their obligation, as of June 30, 2008 and 2007:

	<u>2008</u>	<u>2007</u>
Due in less than one year	\$ 125,000	\$ 150,000
Due in one to five years	-	125,000
Discount @ 5.6%	<u>(4,576)</u>	<u>(21,350)</u>
	<u>\$ 120,424</u>	<u>\$ 253,650</u>

THE FOUNDATION FOR THE DIOCESE OF HELENA, INC.  
 NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
 June 30, 2008 and 2007

**NOTE 7. RELATED PARTY TRANSACTIONS (CONTINUED)**

**Loan Receivable:**

The Foundation loaned operating cash to the RCB. The terms required interest only monthly payments of \$7,615 from April 2005 through March 2007, at which time, monthly principal and interest payments of \$13,372 are due on the 18<sup>th</sup> of the month. Interest is charged at 6.5% and the loan matures April 18, 2020. The principal amounts remaining are \$1,316,188 and \$1,388,534, at June 30, 2008 and 2007, respectively.

Maturity of the loan receivable is as follows:

2009	\$ 77,193
2010	82,362
2011	87,878
2012	93,764
2013	100,043
Thereafter	<u>874,948</u>
	<u>\$ 1,316,188</u>

**Other Fees:**

Administrative and accounting fees paid to the RCB are based on agreements. The rent is negotiated each year. Amounts paid for 2008 and 2007 are as follows:

	<u>2008</u>	<u>2007</u>
Administrative and accounting fees	<u>\$ 8,000</u>	<u>\$ 8,000</u>
Rent	<u>\$ 3,950</u>	<u>\$ 3,952</u>

**NOTE 8. RESTRICTED NET ASSETS**

Temporarily restricted net assets are available for the following purposes at June 30:

	<u>2008</u>	<u>2007</u>
Earnings:		
Parish	\$ 78,440	\$ 64,269
Program	400	302
Gains:		
Parish	93,566	174,290
Program	409,776	903,646
Other:		
Capital campaign	2,414,130	-
Program	<u>208,002</u>	<u>196,273</u>
	<u>\$ 3,204,314</u>	<u>\$ 1,338,780</u>

THE FOUNDATION FOR THE DIOCESE OF HELENA, INC.  
 NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
 June 30, 2008 and 2007

**NOTE 8. RESTRICTED NET ASSETS (CONTINUED)**

Permanently restricted net assets are endowed for the following purposes at June 30:

	<u>2008</u>	<u>2007</u>
Endowments:		
Parish	\$ 1,507,814	\$ 1,447,059
Program	4,244,615	4,121,526
Beneficial interest in annuities	2,054,939	1,671,585
Gains (losses):		
Parish	14,327	106,370
Program	53,702	118,295
Other:		
Beneficial interest in trusts	<u>1,328,332</u>	<u>1,521,081</u>
	<u>\$ 9,203,729</u>	<u>\$ 8,985,916</u>

**NOTE 9. NET ASSETS RELEASED FROM RESTRICTIONS**

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purpose or by the expiration time.

	<u>2008</u>	<u>2007</u>
Purpose restrictions accomplished:		
Endowment earning distribution:		
Parish	\$ 123,068	\$ 45,529
Program	142,426	186,426
Released to building endowment and scholarship	<u>1,000</u>	<u>1,000</u>
	<u>\$ 266,494</u>	<u>\$ 232,955</u>

**NOTE 10. GAIN CONTINGENCIES**

The Foundation has been named as beneficiary in numerous wills. The fair value of such wills could not be determined with certainty and, therefore, management does not make any assertion to their value or realization. As such, the Foundation's share of such wills is not included in the accompanying financial statements.

ACCOMPANYING INFORMATION

**THE FOUNDATION FOR THE DIOCESE OF HELENA, INC.**  
**SCHEDULES OF FUNCTIONAL EXPENSES**  
 Years Ended June 30, 2008 and 2007

	Program		Fund Raising		Management and General		Total	
	2008	2007	2008	2007	2008	2007	2008	2007
Salaries	\$ 36,628	\$ 58,189	\$ 2,970	\$ 4,718	\$ 19,797	\$ 31,451	\$ 59,395	\$ 94,358
Benefits	11,067	14,290	897	1,158	5,982	7,724	17,946	23,172
Meals and lodging	-	-	649	646	-	-	649	646
Automobile allotment	-	-	2,609	572	-	-	2,609	572
Registration fees	1,895	45	-	-	-	-	1,895	45
Professional and technical services	6,513	6,171	-	-	7,175	6,799	13,688	12,970
Postage	1,166	1,111	61	58	614	585	1,841	1,754
Printing	6,559	7,714	345	406	3,451	4,059	10,355	12,179
Telephone	732	1,179	-	-	367	590	1,099	1,769
Rent	2,449	2,450	198	198	1,303	1,304	3,950	3,952
Office supplies	806	551	-	-	405	277	1,211	828
Other supplies and materials	409	636	-	-	209	317	618	953
Special functions	-	-	641	6,609	-	-	641	6,609
Dues and subscriptions	162	697	-	-	-	-	162	697
Advisory board meeting	-	-	-	-	1,371	675	1,371	675
Grants	25,000	25,000	-	-	-	-	25,000	25,000
Sub-total expenses	93,386	118,033	8,370	14,365	40,674	53,781	142,430	186,179
Disbursement to participating funds	294,791	263,478	-	-	-	-	294,791	263,478
Released to building endowment	-	-	-	-	-	-	-	-
and scholarships	1,000	1,000	-	-	-	-	1,000	1,000
Life insurance	11,620	-	-	-	5,760	5,760	17,380	5,760
Trustee and administrative fees	-	-	-	-	23,410	-	23,410	-
Total expenses	\$ 400,797	\$ 382,511	\$ 8,370	\$ 14,365	\$ 69,844	\$ 59,541	\$ 479,011	\$ 456,417

The primary purpose of the Foundation is to create permanent endowments whose income will benefit the Diocese, programs and parishes. The Foundation only classifies direct solicitation and/or donor contract expenses as fundraising.

See Independent Auditor's Report.

THE FOUNDATION FOR THE DIOCESE OF HELENA, INC.  
 SCHEDULE OF CONTRIBUTIONS  
 For the Years Ended June 30, 2008 and 2007

	June 30, 2008			Total
	Unrestricted	Temporarily Restricted	Permanently Restricted	
Contributions				
Christmas appeal	\$ 9,700	\$ 19,972	\$ -	\$ 29,672
Foundation Board for operations	52,487	-	-	52,487
Capital Campaign	-	2,414,130	-	2,414,130
Other individual contributions	-	-	183,844	183,844
<b>Total contributions</b>	<b>\$ 62,187</b>	<b>\$ 2,434,102</b>	<b>\$ 183,844</b>	<b>\$ 2,680,133</b>

See Independent Auditor's Report.

June 30, 2007

<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
\$ 29,294	\$ -	\$ 53,579	\$ 82,873
3,015	-	-	3,015
-	-	-	-
-	190,000	670,823	860,823
<u>\$ 32,309</u>	<u>\$ 190,000</u>	<u>\$ 724,402</u>	<u>\$ 946,711</u>