

# Foundation for the Diocese of Helena, Inc.

Financial Statements

Years Ended June 30, 2023 and 2022



**WIPFLI**

## **Independent Auditor's Report**

Board of Trustees  
Foundation for the Diocese of Helena, Inc. and Consolidated Entity  
Helena, Montana

### ***Opinion***

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

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Foundation for the Diocese of Helena, Inc. and Consolidated Entity as of June 30, 2023 and 2022, and 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 Opinion***

We conducted our audits in accordance with auditing standards generally accepted in the United States of America ("GAAS"). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Foundation for the Diocese of Helena, Inc. and Consolidated Entity and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

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

Management is responsible for the preparation and fair presentation of the financial statements in accordance with GAAP, 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 Foundation for the Diocese of Helena, Inc. and Consolidated Entity'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 Foundation for the Diocese of Helena, Inc. and Consolidated Entity'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 Foundation for the Diocese of Helena, Inc. and Consolidated Entity'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  
October 3, 2023

# Foundation for the Diocese of Helena, Inc. and Consolidated Entity

## Statements of Financial Position

<i>As of June 30,</i>	2023	2022
<b>ASSETS</b>		
Current assets:		
Cash and cash equivalents	\$ 935,911	\$ 2,772,658
Pledges receivable, net of allowance	654,990	-
Related party receivables	500	500
Accounts receivable, general	8,348	3,627
Accrued dividend receivable	180,000	180,000
Total current assets	1,779,749	2,956,785
Non-current assets:		
Investments	35,950,714	30,881,363
Beneficial interest in annuities held by related party	260,982	244,801
Beneficial interest in charitable remainder trusts	530,964	578,049
Pledges receivable, net of allowance and discount	1,314,382	-
Other assets	1,020	1,020
Total non-current assets	38,058,062	31,705,233
Property and equipment, net:		
Land	1,952,403	1,952,403
Buildings, net of accumulated depreciation	1,294,408	1,335,177
Software and equipment, net of accumulated depreciation	3,322	4,739
Property and equipment, net	3,250,133	3,292,319
TOTAL ASSETS	\$ 43,087,944	\$ 37,954,337

**Foundation for the Diocese of Helena, Inc. and Consolidated Entity**  
**Statements of Financial Position (Continued)**

<i>As of June 30,</i>	2023	2022
<b>LIABILITIES AND NET ASSETS</b>		
Current liabilities:		
Accounts payable	\$ 89,907	\$ -
Accrued liabilities	8,205	8,820
Earnings and grant distribution payable	142,442	104,735
In-kind contribution payable to related party	7,288	7,357
Grant and distribution payable, due to related party	174,139	162,883
<b>Total current liabilities</b>	<b>421,981</b>	<b>283,795</b>
Non-current liabilities:		
Non-current portion of in-kind contribution payable to related party	3,524,314	3,531,602
Annuity obligations payable	354,152	312,270
<b>Total non-current liabilities</b>	<b>3,878,466</b>	<b>3,843,872</b>
<b>Total liabilities</b>	<b>4,300,447</b>	<b>4,127,667</b>
Net assets:		
Net assets without donor restrictions - operating	989,428	374,833
Net assets without donor restrictions - board designated	351,185	320,074
Net assets (deficit) without donor restrictions - board designated for Legendary Lodge	(284,791)	(251,379)
Net assets with donor restrictions	37,731,675	33,383,142
<b>Total net assets</b>	<b>38,787,497</b>	<b>33,826,670</b>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>\$ 43,087,944</b>	<b>\$ 37,954,337</b>

See accompanying notes to consolidated financial statements.

# Foundation for the Diocese of Helena, Inc. and Consolidated Entity

## Statement of Activities

<i>Year Ended June 30, 2023</i>	Without Donor Restrictions	With Donor Restrictions	Total
Revenues, gains and other support:			
Contributions	\$ -	\$ 3,206,994	\$ 3,206,994
Net interest and dividends	2,896	881,941	884,837
Realized and unrealized gains, net of fees	-	2,849,607	2,849,607
Change in value of split interest agreements	-	(8,407)	(8,407)
Miscellaneous revenue	1	-	1
In-kind contribution revenue	113,453	-	113,453
Endowment and annuity management fees, net	2,000	-	2,000
Net assets released from restrictions	2,581,602	(2,581,602)	-
Total revenues, gains and other support	2,699,952	4,348,533	7,048,485
Expenses:			
Program	1,560,045	-	1,560,045
Fundraising	417,543	-	417,543
Management and general	110,070	-	110,070
Total expenses	2,087,658	-	2,087,658
Change in net assets	612,294	4,348,533	4,960,827
Net assets, beginning of year	443,528	33,383,142	33,826,670
Net assets, end of year	\$ 1,055,822	\$ 37,731,675	\$ 38,787,497

See accompanying notes to consolidated financial statements.

# Foundation for the Diocese of Helena, Inc. and Consolidated Entity

## Statement of Activities

<i>Year Ended June 30, 2022</i>	Without Donor Restrictions	With Donor Restrictions	Total
<b>Revenues, gains and other support:</b>			
Contributions	\$ -	\$ 885,104	\$ 885,104
Net interest and dividends	9,256	743,651	752,907
Realized and unrealized losses, net of fees	-	(4,719,736)	(4,719,736)
Change in value of split interest agreements	-	(167,972)	(167,972)
Miscellaneous revenue	4	-	4
In-kind contribution revenue	113,453	-	113,453
Endowment and annuity management fees, net	2,000	-	2,000
Net assets released from restrictions	1,359,238	(1,359,238)	-
<b>Total revenues, gains and other support</b>	<b>1,483,951</b>	<b>(4,618,191)</b>	<b>(3,134,240)</b>
<b>Expenses:</b>			
Program	1,295,682	-	1,295,682
Fundraising	23,340	-	23,340
Management and general	124,669	-	124,669
<b>Total expenses</b>	<b>1,443,691</b>	<b>-</b>	<b>1,443,691</b>
<b>Change in net assets</b>	<b>40,260</b>	<b>(4,618,191)</b>	<b>(4,577,931)</b>
<b>Net assets, beginning of year</b>	<b>403,268</b>	<b>38,001,333</b>	<b>38,404,601</b>
<b>Net assets, end of year</b>	<b>\$ 443,528</b>	<b>\$ 33,383,142</b>	<b>\$ 33,826,670</b>

See accompanying notes to consolidated financial statements.

# Foundation for the Diocese of Helena, Inc. and Consolidated Entity

## Statements of Cash Flows

Years Ended June 30,	2023	2022
Cash flows from operating activities:		
Change in net assets	\$ 4,960,827	\$ (4,577,931)
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation expense	42,186	42,365
Discount on pledge receivable	639,738	-
Loss (gain) on investments, net of fees	(2,849,607)	4,719,736
Loss (gain) on disposal of equipment	-	(11,853)
Changes in operating assets and liabilities:		
Accounts receivable, general	(4,721)	(2,027)
Pledges receivable	(2,609,110)	-
Beneficial interest in annuity held by RCB	(16,181)	78,624
Beneficial interest in charitable remainder trust	47,085	99,082
Accounts payable	89,907	-
Accrued liabilities	(615)	4,729
Earnings distributions payable	211,846	(33,727)
In-kind contribution payable	(7,357)	(7,143)
Grant and distribution payable, due to related party	(162,883)	12,496
<b>Net cash from operating activities</b>	<b>341,115</b>	<b>324,351</b>
Cash flows from investing activities:		
Purchase of investments	(2,757,380)	(723,644)
Proceeds from sale of investments	537,636	2,779,894
Purchase of fixed assets	-	(3,223)
Proceeds from sale of fixed assets	-	13,700
Net cash from annuity obligation	41,882	19,535
<b>Net cash from investing activities</b>	<b>(2,177,862)</b>	<b>2,086,262</b>
Increase (decrease) in cash and cash equivalents	(1,836,747)	2,410,613
Cash and cash equivalents at beginning of year	2,772,658	362,045
<b>Cash and cash equivalents at end of year</b>	<b>\$ 935,911</b>	<b>\$ 2,772,658</b>

See accompanying notes to consolidated financial statements.



# Foundation for the Diocese of Helena, Inc. and Consolidated Entity

## Statement of Functional Expenses

<i>Year Ended June 30, 2023</i>	Program	Fundraising	Management and General	Total
Advertising / sponsorship	\$ 4,075	\$ 4,075	\$ -	\$ 8,150
Automobile / travel	60	119	60	239
Bank fees	-	724	724	1,448
Board / committee meetings	-	-	1,733	1,733
Computer and program supplies	7,570	614	4,092	12,276
Depreciation	26,016	2,109	14,061	42,186
Donor development	-	203	-	203
Dues and subscriptions	10	-	10	20
Grants	1,271,779	-	-	1,271,779
In-kind contributions	106,096	-	-	106,096
Insurance	-	-	405	405
Legal fees	-	-	9,240	9,240
Meals and lodging	139	278	139	556
Office supplies	1,624	-	810	2,434
Postage	761	1,015	761	2,537
Printing	4,053	4,053	3,475	11,581
Professional and technical services	-	391,915	-	391,915
Registration fees	257	257	514	1,028
Rent	3,700	300	2,000	6,000
Salaries and benefits	132,356	10,731	71,535	214,622
Telephone	400	-	200	600
Website	1,149	1,150	-	2,299
Employee appreciation	-	-	311	311
<b>Total expenses</b>	<b>\$ 1,560,045</b>	<b>\$ 417,543</b>	<b>\$ 110,070</b>	<b>\$ 2,087,658</b>

See accompanying notes to consolidated financial statements.

# Foundation for the Diocese of Helena, Inc. and Consolidated Entity

## Statement of Functional Expenses

<i>Year Ended June 30, 2022</i>	Program	Fundraising	Management and General	Total
Advertising / sponsorship	\$ 4,000	\$ 4,000	\$ -	\$ 8,000
Automobile / travel	50	99	49	198
Bank fees	-	537	537	1,074
Board / committee meetings	-	-	3,808	3,808
Computer and program supplies	7,023	569	3,796	11,388
Depreciation	26,127	2,118	14,120	42,365
Donor development	-	2,574	-	2,574
Grants	1,033,828	-	-	1,033,828
In-kind contributions	106,310	-	-	106,310
Insurance	-	-	386	386
Life insurance	-	-	15,810	15,810
Meals and lodging	76	152	76	304
Office supplies	2,305	-	1,152	3,457
Postage	732	976	732	2,440
Printing	2,750	2,750	2,356	7,856
Professional and technical services	-	-	21,273	21,273
Registration fees	40	40	78	158
Rent	3,700	300	2,000	6,000
Salaries and benefits	107,861	8,745	58,296	174,902
Telephone	400	-	200	600
Website	480	480	-	960
<b>Total expenses</b>	<b>\$ 1,295,682</b>	<b>\$ 23,340</b>	<b>\$ 124,669</b>	<b>\$ 1,443,691</b>

See accompanying notes to consolidated financial statements.

# Foundation for the Diocese of Helena, Inc. and Consolidated Entity

## Notes to Consolidated Financial Statements

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### Note 1: Summary of Significant Accounting Policies

#### Reporting Entity

The Foundation for the Diocese of Helena, Inc. and Consolidated Entity (the "Foundation") is a non-profit corporation. The Foundation's mission is to serve and strengthen the people, parishes, ministries and apostolic mission of the Diocese of Helena. Activities include:

- (a) Building and managing permanent endowments that provide an ongoing source of income to parishes and the Diocese of Helena. With careful management, the resources entrusted to the Foundation continue to grow and that growth translates to improved financial sustainability for our Catholic ministries;
- (b) Providing financial support through the Grants Program, the Foundation disburses its financial resources without restrictions to assist parish and Diocesan ministries;
- (c) Disbursing funds in accordance with the wishes of donors and in accordance with the goals of the Foundation and applicable laws;
- (d) Assisting donors and working with their professional advisors in developing both current and planned lifetime charitable giving strategies in order to minimize income and estate taxes and maximize a financial legacy in perpetuity for both their heirs and the Church in the Diocese of Helena;
- (e) Creating long-term funding solutions for programs and ministries of the Diocese of Helena.

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

The Foundation for the Diocese of Helena, Inc., also includes the wholly owned subsidiary, Legendary Lodge Holdings, Inc. Legendary Lodge Holdings, Inc. is a single member limited liability company.

The Foundation for the Diocese of Helena, Inc., also includes the wholly owned subsidiary, FDOH Mission Advancement, dba Because He First Loved Us, is a single member limited liability company.

#### Basis of Accounting

The consolidated financial statements of the Foundation have been prepared on the accrual basis of accounting in conformity with accounting principles generally accepted in the United States (GAAP).

#### Basis of Presentation

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 Foundation and changes therein are classified and reported as follows:

# Foundation for the Diocese of Helena, Inc. and Consolidated Entity

## Notes to Consolidated Financial Statements

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

#### **Basis of Presentation** (Continued)

Net assets without donor restrictions are the net assets of the Foundation that are not restricted and include all net assets whose use has not been restricted by donors or by law. Board designations, which are voluntary board-approved segregations of net assets for specific purposes, projects, or investments, are also a part of assets without donor restrictions.

Net assets with donor restrictions are subject to donor-imposed stipulations that may or may not be met, either by actions of the Foundation and/or the passage of time. When a restriction expires, net assets with donor restrictions are transferred to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions.

#### **Basis of Consolidation**

For financial reporting purposes, the consolidated financial statements include the accounts of Foundation for the Diocese of Helena, Inc. and Consolidated Entity. All material intercompany transactions and accounts have been eliminated.

#### **Estimates**

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

#### **Cash and Cash Equivalents**

The Foundation considers all highly liquid debt instruments with an original maturity of six months or less to be cash equivalents. From time to time, certain bank accounts that are subject to limited FDIC coverage exceeded their insured limits. At June 30, 2023, and 2022, there was \$0 and \$998,851, respectively, held by the Foundation at financial institutions exceeding federally insured limits.

In June 2022 the Foundation received principal payments of approximately \$2.3 million from its investment portfolio that as of June 30, 2022 had not been reinvested by the investment advisor.

#### **Investments**

The Foundation 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. Unrealized gains and losses are included in the change in net assets in the accompanying statements of activities.

# Foundation for the Diocese of Helena, Inc. and Consolidated Entity

## Notes to Consolidated Financial Statements

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

#### Investments (Continued)

Investments are generally recorded at fair value based upon quoted market prices, when available, or estimates of fair value. Donated assets are recorded at fair value at the date of donation, or, if sold immediately after receipt, at the amount of sales proceeds received (which are considered a fair measure of the value at the date of donation). Those investments for which fair value is not readily determinable are carried at cost or, if donated, at fair value at the date of donation, or if no value can be estimated, at a nominal value. Investment income or loss and unrealized gains or losses are included in the statements of activities as increases or decreases in net assets without donor restrictions unless the income or loss is restricted by donor or law.

Annual endowment administrative fees totaling \$419,887 and \$343,988 for the years ended June 30, 2023, and 2022, respectively, were assessed to all participants in the investment pool to fund Foundation operations. In the years ended June 30, 2023, and 2022, the fee was based on 1.25% of the fund's twelve quarter rolling average fund balance. The twelve quarters used were those ending with March 31 of the current fiscal year. This fee income is shown netted against the related expense in the consolidated financial statements.

Following is the investment return for the years ended June 30,

	2023	2022
Interest and dividend income	\$ 942,937	\$ 809,016
Less: investment manager fees	(58,100)	(56,109)
Total, net interest and dividends	884,837	752,907
Unrealized gain (loss)	2,819,850	(4,863,068)
Realized gain	29,757	143,332
Total realized and unrealized gains and (losses), net of fees	2,849,607	(4,719,736)
Foundation administrative fees	(419,887)	(343,988)
Total	\$ 3,314,557	\$ (4,310,817)

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 consolidated financial statements.

# Foundation for the Diocese of Helena, Inc. and Consolidated Entity

## Notes to Consolidated Financial Statements

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

#### Property and Equipment

All acquisitions and improvements of property and equipment of \$1,000 or more, with an estimated useful life 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. Donated property and equipment is carried at the approximate fair value at the date of donation. Depreciation is computed using the straight-line method over the estimated lives of the assets as follows:

Software	3 years
Building	40 years
Equipment	5-7 years

Accumulated depreciation as of June 30, 2023, and 2022 was \$375,523 and \$333,337, respectively.

#### Annuities Held by RCB

Annuities held by the Roman Catholic Diocese of Helena (RCB) for the benefit of the Foundation include beneficial interests in charitable gift annuities held by RCB, which are carried at the estimated net realizable value to the Foundation. Net estimated realizable value is calculated by subtracting the estimated annuity liability based on the original discount rate and the life expectancy of the donor from the annuity pool investment fair value.

As of June 30, 2023, and 2022, the value of the Foundation's beneficial interest of the annuities held at RCB are \$260,982 and \$244,801, respectively.

#### Concentrations

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

#### Promises to Give

Unconditional promises to give (pledges) are recorded as receivables in the year pledged. Conditional promises to give are recognized only when the conditions on which they depend are substantially met. Pledges and other promises to give whose eventual uses are restricted by the donors are recorded as increases in net assets with donor restrictions.

Pledges receivable expected to be collected in less than one year are reported at net realizable value. Pledges receivable that are expected to be collected in future years are recorded at the present value of estimated future cash flows on a discounted basis applicable to the years in which the promises were received. The amortization of the discount is recognized as contribution income over the duration of the pledge.

# Foundation for the Diocese of Helena, Inc. and Consolidated Entity

## Notes to Consolidated Financial Statements

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

#### Promises to Give (Continued)

Management individually reviews all past due pledge receivable balances and estimates the portion, if any, of the balance that will not be collected. The carrying amounts of pledges receivable are reduced by allowances that reflect management's estimate of uncollectible amounts.

#### Income Taxes

The Foundation is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code. As a result, no provision for income tax is included in the consolidated financial statements. The Foundation's policy is to evaluate the likelihood that its uncertain tax positions will prevail upon examination and is based on the Regulations, Revenue Rulings, and court decisions and other evidence.

Legendary Lodge is a single-member limited liability company owned by the Foundation, which results in Legendary Lodge being treated as a disregarded entity under IRS guidelines. Therefore, there is no requirement for a separate exemption determination and the activities associated with Legendary Lodge are consolidated with the Foundation's preparation and submission of Form 990.

Foundation of the Diocese of Helena-Mission Advancement is a single-member limited liability company owned by the Foundation, which results in Mission Advancement being treated as a disregarded entity under IRS guidelines. Therefore, there is no requirement for a separate exemption determination and the activities associated with Mission Advancement are consolidated with the Foundation's preparation and submission of Form 990.

The Foundation believes that it has appropriate support for any tax positions taken, and as such, does not have any uncertain tax positions that are material to the consolidated financial statements. Income tax returns remain open to examination by the Federal and state taxing authorities for three years.

#### Planned Gift Liabilities

Various planned giving instruments commit the Foundation to future payments to designated beneficiaries as part of the contribution. The following summarizes the types of planned giving instruments and associated liabilities carried by the Foundation:

##### Charitable and Deferred Gift Annuities

Charitable gift annuities require regularly scheduled payments at a fixed rate specified in the contract to a designated beneficiary over the beneficiary's lifetime, with payments commencing upon contribution. The payment is based on the value of the assets at the date of donation.

Deferred gift annuities are similar but delay the start of annual payments to a future date. The consolidated financial statements include a liability representing the present value of the payments required by those contracts over the beneficiaries' expected lives as determined by mortality tables.

# Foundation for the Diocese of Helena, Inc. and Consolidated Entity

## Notes to Consolidated Financial Statements

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

#### **Donated Services**

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 Foundation. There were no donated services recognized during 2023 and 2022.

#### **Fair Value Measurements**

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an ordinary transaction between market participants at the measurement date. A three-tier hierarchy prioritizes the inputs used in measuring fair value. These tiers include Level 1, defined as observable inputs such as quoted market prices in active markets; Level 2, defined as inputs other than quoted market prices in active markets that are either directly or indirectly observable; and Level 3, defined as unobservable inputs in which little or no market data exists, therefore, requiring an entity to develop its own assumptions. The asset's or liability's fair value measurement within the hierarchy is based on the lowest level of any input that is significant to the fair value measurement.

#### **Retirement Plan**

Beginning January 1, 2015, the Foundation employees participated in the 401(k) retirement plan, managed by the Foundation which covers all employees who work at least 20 hours per week. Contributions to the Plan are matched dollar for dollar with a maximum of 3% of eligible wages.

Beginning January 1, 2018, the Foundation employees participated in an IRA Simple Plan with the same terms as the 401(k).

Retirement contributions for the years ended June 30, 2023, and 2022 were \$5,588 and \$4,636, respectively.

#### **Functional Allocation of Expenses**

The costs of program and supporting services 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 costs have been allocated among the programs and supporting services benefited. The expenses that are allocated include depreciation, as well as personnel costs, professional services, office expenses, insurance, and other, which are allocated on the basis of estimates of time and effort.

#### **Revenue Recognition**

Contributions, in-kind contributions and investment income are recognized when cash, securities or other assets, an unconditional promise to give, or notification of a beneficial interest is received. Conditional promises to give are not recognized until the conditions on which they depend have been substantially met. None of the Foundation's revenue is subject to ASC 606.



# Foundation for the Diocese of Helena, Inc. and Consolidated Entity

## Notes to Consolidated Financial Statements

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

#### Change in Accounting Policy

In February 2016, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) No. 2016-02, Leases (Topic 842). This ASU provides guidance on the recognition of lease assets and lease liabilities by lessees for those leases classified as operating leases under previous accounting standards and new disclosures on key information about leasing arrangements. The new standard supersedes current lease accounting requirements in FASB Accounting Standards Codification (ASC) Topic 840, Leases. When adopted, the amendments in the ASU must be applied using a modified retrospective approach. ASU No. 2016-02 is effective for nonpublic companies for annual periods beginning after December 15, 2021. The Foundation adopted this in 2023, but deemed it to not have a material impact.

#### Subsequent Events

The Foundation has evaluated events and transactions for potential recognition or disclosure in the consolidated financial statements through October 3, 2023, which is the date the consolidated financial statements were available to be issued. No items requiring disclosure were noted.

### Note 2: Pledges Receivable

Pledges receivable at June 30, 2023 are as follows and are all scheduled to be collected by the end of June 30, 2030.

<i>Years Ended June 30,</i>	2023
2024	\$ 654,990
2025	554,201
2026	542,251
2027	517,179
2028	195,128
Thereafter	145,361
Total pledges receivable	2,609,110
Less: bad debt allowance	(391,366)
Less: discount applied	(248,372)
Pledges receivable, net	\$ 1,969,372

# Foundation for the Diocese of Helena, Inc. and Consolidated Entity

## Notes to Consolidated Financial Statements

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### Note 3: Investments

Investments consisted of the following at June 30:

	June 30, 2023	
	Cost Basis	Fair Value
Stocks	\$ 19,179,680	\$ 20,741,017
Bonds	10,949,067	10,858,690
Mutual funds	298,970	331,539
Other	11,000	2,401
Real estate funds	22,432	17,067
Total investments at fair value	30,461,149	31,950,714
Total investments not at fair value		
Trinity Restoration	4,000,000	4,000,000
	\$ 34,461,149	\$ 35,950,714

	June 30, 2022	
	Cost Basis	Fair Value
Stocks	\$ 19,697,109	\$ 18,266,367
Bonds	8,433,693	8,280,353
Mutual funds	305,157	305,505
Other	11,000	1,790
Real estate funds	21,174	27,348
Total investments at fair value	28,468,133	26,881,363
Total investments not at fair value		
Trinity Restoration	4,000,000	4,000,000
	\$ 32,468,133	\$ 30,881,363

# Foundation for the Diocese of Helena, Inc. and Consolidated Entity

## Notes to Consolidated Financial Statements

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### Note 3: Investments (Continued)

#### Preferred Investment in Trinity

On May 26, 2016, an agreement was made between the Roman Catholic Bishop of Helena (the "Diocese") and Trinity Restoration LLC (the "Company") in which the Diocese exchanged \$2,505,653 cash with the Company for an investment, and value per agreement, of \$2,652,869 to be held in a non-voting convertible preferred interest in the Company. The Withdrawn Funds shall accrue interest at a rate of 2.5% per annum ("PIK Rate"). The Diocese had the right to transfer this investment and notified the Company of assignment on March 22, 2018. The Foundation now holds all rights and obligations under this agreement.

The Foundation shall receive a fixed cash dividend of 4.5% per annum. The Company shall pay the Foundation the Cash Dividend within 60 days of the Company's fiscal year end. In the event the Company fails to pay the Cash Dividend in full within the prescribed time period, the unpaid portion of the Cash Dividend shall accrue interest at a rate of 4.5% annum until the unpaid Cash Dividend is paid in full.

The redemption value of this investment shall be the greater of (1) the value of the Net Preferred Interest as if the Net Preferred Interest had been hypothetically converted on a 1:1 basis into common equity of the Company or (2) the total value of the Net Investment Amount plus accrued interest unpaid as of the Redemption Date and Withdrawn Funds plus accrued PIK and accrued Cash Dividends unpaid as of the Redemption Date. The term "Net Preferred Interest" shall mean the fair market value of the Preferred Interest less Cash Dividends paid by the Company prior to the Redemption Date. Fair market value shall be determined by an independent valuation firm chosen by the Diocese and approved by the Company, which Company shall not unreasonably withhold approval.

On June 9, 2016 an agreement was made between the Foundation for the Diocese of Helena and Trinity Restoration LLC (the "Company") in which the Foundation transferred \$1,500,000 in exchange for a non-voting convertible preferred interest with the same terms and conditions as the contract outlined above.

As of June 30, 2022, there were accrued dividends in the amount of \$424,388. Of this amount, \$180,000 was received in September 2023 and was reflected as a receivable as of June 30, 2023. Based on a cash analysis and payout hierarchy as legally defined in the investment contract, the remaining \$367,271 as of June 30, 2023 has been allowed until a time when payout timeframes can be determined.

### Note 4: Beneficial Interest in Charitable Remainder Trusts

Beneficial interest in charitable remainder trusts consist of the following at June 30, 2023, and 2022:

		2023		2022
Margaret Quinn Unitrust	\$	205,574	\$	209,826
Donor Unitrust		325,390		368,223
<b>Total</b>	<b>\$</b>	<b>530,964</b>	<b>\$</b>	<b>578,049</b>

# Foundation for the Diocese of Helena, Inc. and Consolidated Entity

## Notes to Consolidated Financial Statements

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### **Note 4: Beneficial Interest in Charitable Remainder Trusts (Continued)**

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 consolidated financial statements.

### **Note 5: Fair Value Measurements**

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an ordinary transaction between market participants at the measurement date. A three-tier hierarchy prioritizes the inputs using fair value. These tiers include Level 1, defined as observable inputs such as quoted prices in active markets; Level 2, defined as inputs other than quoted market prices in active markets that are either directly or indirectly observable; and Level 3, defined as unobservable inputs in which little to no market data exists, therefore, requiring an entity to develop its own assumptions. The asset's or liability's fair value measurement within the hierarchy is based on the lowest level of any input that is significant to the fair value measurement.

Following is a description of the valuation methodologies used for assets measured at fair value.

Quoted market prices are used to determine the fair value of investments in publicly traded equity securities (common and preferred stock). Money market funds, equity funds, and fixed income funds are valued using quotes from pricing vendors based on recent trading activity and other observable market data. Bonds and real estate are valued at fair value based on quoted market prices. The fair value of alternative investments is based on the net asset value per share as a practical expedient. Life insurance is measured at cash surrender value. Annuities and beneficial interest in charitable remainder trusts held by others are measured at the present value of future cash flows considering the estimated return on the invested assets during the expected terms of the agreements, the contractual obligations under the agreement, and a discount rate based on the risks involved.

The methods described above may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair value. Furthermore, while the Foundation believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

# Foundation for the Diocese of Helena, Inc. and Consolidated Entity

## Notes to Consolidated Financial Statements

### Note 5: Fair Value Measurements (Continued)

The following tables present the balances of assets measured at fair value on a recurring basis by level within the fair value hierarchy at June 30:

	June 30, 2023			
	Level 1	Level 2	Level 3	Total
Stocks	\$ 1,377,426	\$ -	\$ -	\$ 1,377,426
Bond funds	-	1,448,487	-	1,448,487
Mutual funds	-	331,539	-	331,539
Other	17,067	-	2,401	19,468
Beneficial interest in annuities held by 3rd party	-	-	260,982	260,982
Beneficial interest in charitable remainder trust	-	-	530,964	530,964
<b>Total Investments in the fair value hierarchy</b>	<b>1,394,493</b>	<b>1,780,026</b>	<b>794,347</b>	<b>3,968,866</b>
Total CBIS Investments at NAV				28,773,794
Investment assets not measured at fair value				4,000,000
<b>Total investments</b>	<b>\$ 1,394,493</b>	<b>\$ 1,780,026</b>	<b>\$ 794,347</b>	<b>\$ 36,742,660</b>

	June 30, 2022			
	Level 1	Level 2	Level 3	Total
Stocks	\$ 1,167,909	\$ -	\$ -	\$ 1,167,909
Bond funds	-	727,526	-	727,526
Mutual funds	-	305,505	-	305,505
Other	27,348	-	1,790	29,138
Beneficial interest in annuities held by 3rd party	-	-	244,801	244,801
Beneficial interest in charitable remainder trust	-	-	578,049	578,049
<b>Total Investments in the fair value hierarchy</b>	<b>1,195,257</b>	<b>1,033,031</b>	<b>824,640</b>	<b>3,052,928</b>
Total CBIS Investments at NAV				24,651,285
Investment assets not measured at fair value				4,000,000
<b>Total investments</b>	<b>\$ 1,193,270</b>	<b>\$ 1,033,031</b>	<b>\$ 824,640</b>	<b>\$ 31,704,213</b>

# Foundation for the Diocese of Helena, Inc. and Consolidated Entity

## Notes to Consolidated Financial Statements

### Note 5: Fair Value Measurements (Continued)

The following table sets forth additional disclosures for the Christian Brothers Investment Services, Inc. (CBIS) investments whose fair value is estimated using net asset value (NAV) as of June 30, 2023.

	June 30, 2023			
	Fair Value	Unfunded Commitments	Redemption Frequency	Redemption Notice Period
Fixed Income:				
CUIT Short Bond Class A	\$ 1,321,382	\$ -	Daily	1 day
CUIT Inter Diversified Bond Fund Class B	\$ 6,773,978	\$ -	Daily	1 day
CUIT Opportunistic Bond Fund Class A	\$ 1,314,844	\$ -	Daily	1 day
Equity:				
CUIT International Equity Fund Class B	\$ 6,531,452	\$ -	Daily	1 day
CUIT Core Equity Index Fund Class B	\$ 11,589,364	\$ -	Daily	1 day
CUIT Small Cap Equity Index Fund Class B	\$ 1,242,774	\$ -	Daily	1 day

	June 30, 2022			
	Fair Value	Unfunded Commitments	Redemption Frequency	Redemption Notice Period
Fixed Income:				
CUIT Short Bond Class A	\$ 1,380,035	\$ -	Daily	1 day
CUIT Inter Diversified Bond Fund Class B	\$ 6,172,793	\$ -	Daily	1 day
Equity:				
CUIT International Equity Fund Class B	\$ 5,495,625	\$ -	Daily	1 day
CUIT Core Equity Index Fund Class B	\$ 10,393,260	\$ -	Daily	1 day
CUIT Small Cap Equity Index Fund Class B	\$ 1,209,572	\$ -	Daily	1 day

CBIS provides investment management exclusively to Catholic institutions worldwide and offer the U.S. - domiciled Catholic United Investment Trust (CUIT). The CUIT Fund Services consists of eleven no-load pooled investment vehicles. The Funds are designed for entities that are a member or subsidiary organization of the Roman Catholic Church in the U.S. Interest in the Funds ("Shares") are sold and redeemed at net asset value. There are no sales or redemption charges. CUIT relies on an exemption from registration under the Investment Company Act of 1940 and an exemption from having to register the Shares under the Securities Act of 1933.

#### Fixed income:

CUIT Short Bond Class A - Short Bond Fund seeks maximum current income to the extent consistent with preservation of capital. Its portfolio effective duration will be similar to that of its benchmark, the Bloomberg Barclays US Treasury 1-3 Year Index, generally one to three years. The Fund invests primarily in fixed income obligations issued by the U.S. government or its agencies, fixed income obligations issued by corporations, mortgage-backed and asset-backed securities

# Foundation for the Diocese of Helena, Inc. and Consolidated Entity

## Notes to Consolidated Financial Statements

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### Note 5: Fair Value Measurements (Continued)

CUIT Intermediate Diversified Bond Fund Class B - The Intermediate Bond Fund seeks current income and long-term capital appreciation. Its portfolio effective duration will be similar to that of its benchmark, the Bloomberg Barclays Capital Aggregate Bond Index, generally four to six years. The Fund invests primarily in fixed income obligations issued by the U.S. government or its agencies, fixed income obligations issued by corporations, mortgage-backed and asset-backed securities.

CUIT Opportunistic Bond Fund Class A - The Opportunistic Bond Fund seeks current income and to provide relatively low correlation to equity assets. While it will generally offer short duration bond exposure similar to its benchmark, the Bloomberg Barclays 1-5 Year Government Credit Index, its sub-advisors will have substantial discretion to modify effective duration (one-half to five years) and to implement strategies utilizing a wide range of physical bond, equity and derivative strategies.

#### Equity:

CUIT International Equity Fund Class B - The International Fund seeks to achieve long-term capital appreciation by investing primarily in a broadly diversified portfolio of equity securities of well established companies based in those countries included in the Morgan Stanley Capital International All Country World Ex-USA Index that are believed to have above-average market appreciation potential. The International Fund will adhere to the CBIS Commitment to Catholic Responsible Investing, to the extent reasonably feasible and practicable given the different legal standards that may prevail in foreign countries or the degree of information that may be available to CBIS regarding foreign securities.

CUIT Core Equity Index Fund Class B - The Core Equity Index Fund seeks to replicate the performance of the S&P 500 Index, an index of a broadly diversified portfolio of equity securities of large capitalization companies. It is designed for long-term investors seeking the advantages of a low cost, "passive" approach for investing in a diversified portfolio of common stocks.

CUIT Small Cap Equity Index Fund - The Small Cap Index Fund seeks to replicate the performance of the S&P SmallCap 600 Index, an index of a broadly diversified portfolio of equity securities of small capitalization companies. It is designed for long-term investors seeking the advantages of a low-cost, "passive" approach for investing in a diversified portfolio of common stocks.

#### **Transfers Between Levels**

For the years ended June 30, 2023 and 2022, there were no significant transfers between Levels 1 and 2 and the following table shows activity for Level 3.

# Foundation for the Diocese of Helena, Inc. and Consolidated Entity

## Notes to Consolidated Financial Statements

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### Note 5: Fair Value Measurements (Continued)

#### Changes in Fair Value of Level 3 Assets and Related Gains and Losses

The following table sets forth a summary of changes in the fair value of the Foundation's Level 3 assets for the years ended June 30, 2023, and 2022:

<i>Level 3 Assets Year Ended -</i>	2023	2022
Balance, beginning of year	\$ 824,640	\$ 1,004,603
Realized losses	(30,293)	(179,963)
<b>Total</b>	<b>\$ 794,347</b>	<b>\$ 824,640</b>

### Note 6: Related Parties

On January 31, 2014, the RCB filed Chapter 11 Bankruptcy; the Chapter 11 Plan was approved and confirmed on March 5, 2015. During bankruptcy process, the Foundation modified its secured loan agreement with the RCB, reducing the interest rate and forgiving interest accrued but not paid during bankruptcy. Monthly loan payments resumed post-bankruptcy in April 2015 under the modified loan terms.

#### Receivable/Payable

As of June 30, 2023, and 2022, \$500 was due from RCB. As of June 30, 2023, and 2022, \$174,139 and \$162,883 was due to RCB, respectively, for grant payments.

#### Other Fees

Administrative fees paid to and received from the RCB are based on agreements. Rent and annuity administration fees are negotiated each year. For the years ended June 30, 2023, and 2022, rent paid from the Foundation to the RCB was \$6,000. Annuity administration fees paid from the RCB to the Foundation were \$2,000 for the years ended June 30, 2023, and 2022.

#### Legendary Lodge: In-kind contribution

On March 17, 2015, the Foundation purchased the property known as Legendary Lodge from RCB. Prior to purchase, the Foundation obtained an independent appraisal of the property (including land, buildings, and improvements) from a commercial real estate appraiser. The Foundation purchased the Legendary Lodge property from RCB in an arms-length transaction for the appraised value of \$3,585,000. This in-kind contribution is not donor restricted, and the fair market value of the lease was determined by an amortization schedule from the original purchase.

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



# Foundation for the Diocese of Helena, Inc. and Consolidated Entity

## Notes to Consolidated Financial Statements

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### Note 6: Related Parties (Continued)

- RCB shall pay the Foundation \$1 per year.
- RCB is responsible for maintenance costs and is responsible for loss, liability, damage and expenses.

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

The in-kind contribution resulted in a net deficit without donor restrictions of \$284,791 and \$251,379 as of June 30, 2023, and 2022, respectively; which is the cumulative difference between the contribution expense and "Preserve the Legacy of Legendary Lodge" campaign receipts. As of June 30, 2023, and 2022, the in-kind contribution payable balance is \$3,531,602 and \$3,538,959, respectively, with \$113,453 and \$113,453, respectively, recognized as in-kind lease revenue and \$106,096 and \$106,310 recognized as in-kind contribution expense for the years ended June 30, 2023, and 2022, respectively.

### Note 7: Planned Gift Liabilities

The Foundation accepted charitable gift annuities where the Foundation is a remainder beneficiary in 2023 and 2022. GAAP requires a liability to be recorded for the present value of the annuity payments payable to the gift annuitant.

The liability changes each year with receipt of new gifts, payments under contracts, change in trust asset values, and the change in the present value of required payments to beneficiaries. The present value of the estimated future payments was calculated using discount rates applicable at the date of the gift, which ranges from 5% to 8.2%, and applicable mortality tables. As of June 30, 2023, and 2022, the liability was \$354,152 and \$312,270, respectively.

### Note 8: Board Designated Net Assets

The Foundation for the Diocese of Helena, Inc. and Consolidated Entity's Board of Directors has designated, from net assets without donor restrictions for the following purposes as of June 30:

<i>As of June 30,</i>	2023	2022
Designated for the benefit of parishes	\$ 351,185	\$ 320,074
Designated for Legendary Lodge	(284,791)	(251,379)
<b>Total</b>	<b>\$ 66,394</b>	<b>\$ 68,695</b>

# Foundation for the Diocese of Helena, Inc. and Consolidated Entity

## Notes to Consolidated Financial Statements

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### Note 9: Net Assets with Donor Restrictions

Donor restricted net assets are currently available for the following purposes as of June 30:

	2023	2022
Parish	\$ 4,502,114	\$ 2,058,320
Program	5,075,224	3,815,347
Gift annuity	2,108,948	1,738,185
Total	\$ 11,686,286	\$ 7,611,852

Donor restricted net assets are endowed for the following purposes:

<i>As of June 30,</i>	2023	2022
Parish	\$ 6,015,484	\$ 6,055,253
Program	19,768,923	19,471,236
Beneficial interest in annuities held by RCB	260,982	244,801
Total	\$ 26,045,389	\$ 25,771,290
Total Donor Restricted	\$ 37,731,675	\$ 33,383,142

Assets released from restriction for the years ended June 30 are reflected below:

<i>Years Ended June 30,</i>	2023	2022
Released for purpose	\$ 2,161,715	\$ 1,013,251
Released for administrative investment management	419,887	345,987
Total	\$ 2,581,602	\$ 1,359,238

### Note 10: Parish Quasi-Endowments

Parishes who had quasi-endowments held with the Diocese were given the option to receive their funds as grants, permanently endow with the Foundation, or to transfer them to a one-year term certificate of deposit while making a more permanent plan. The amounts paid out were included in grants and distributions expense. Grants and distributions totaled \$1,271,779 and \$1,033,828 for the years ended June 30, 2023, and 2022, respectively.

# Foundation for the Diocese of Helena, Inc. and Consolidated Entity

## Notes to Consolidated Financial Statements

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### Note 11: Endowment Funds

The Foundation's endowment consists of one fund managed by the Foundation. As required by GAAP, net assets associated with endowment funds, including funds designated by the Board to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions.

#### Interpretation of Relevant Law

The Foundation Board 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 Foundation classifies net assets as having restrictions 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. The remaining portion of the donor-restricted endowment fund that is not classified in net assets restricted into perpetuity is classified as net assets with restrictions until those amounts are appropriated for expenditure by the Foundation in a manner consistent with the standard of prudence prescribed by MUPMIFA.

In accordance with MUPMIFA, the Foundation 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 Foundation 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 Foundation; and
- (7) The investment policies of the Foundation.

# Foundation for the Diocese of Helena, Inc. and Consolidated Entity

## Notes to Consolidated Financial Statements

### Note 11: Endowment Funds (Continued)

Changes in net asset composition by type of fund are as follows:

	With Restrictions	With Restrictions into Perpetuity	Total
Endowment net assets, as of June 30, 2021	\$ 12,785,898	\$ 25,215,435	\$ 38,001,333
Investment return:			
Contributions	450,925	434,179	885,104
Beneficial interest in annuities	-	(173,695)	(173,695)
Investment income, net of fees	940,832	-	940,832
Net depreciation	(4,855,087)	-	(4,855,087)
Appropriation of endowment earnings for expenditure	(1,710,039)	294,694	(1,415,345)
Endowment net assets, as of June 30, 2022	7,612,529	25,770,613	33,383,142
Investment return:			
Contributions	2,815,409	389,069	3,204,478
Beneficial interest in annuities	-	(9,146)	(9,146)
Investment income, net of fees	972,314	-	972,314
Net appreciation	2,820,589	-	2,820,589
Appropriation of endowment earnings for expenditure	(2,534,555)	(105,147)	(2,639,702)
Endowment net assets as of June 30, 2023	\$ 11,686,286	\$ 26,045,389	\$ 37,731,675

### 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 a donor or MUPMIFA requires the Foundation to retain as a fund of perpetual duration. As of June 30, 2023, and 2022, there were fund deficiencies of \$1,474 and \$22,277, respectively. The values of these deficient funds are as follows:

	2023	2022
Fair value	\$ 36,416	\$ 626,027
Original gift amount	37,890	648,304
Aggregate deficiency	\$ 1,474	\$ 22,277

# Foundation for the Diocese of Helena, Inc. and Consolidated Entity

## Notes to Consolidated Financial Statements

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### **Note 11: Endowment Funds** (Continued)

For a fund whose balance is less than its original gift value, the Foundation will first send a letter explaining why no distributions will be made for the next fiscal year. If the fund is a parish fund, an opportunity will be provided for both the pastor and finance chair to sign a waiver to allow for distributions. The entire board must then vote on whether to make a distribution according to MUPMIFA and good financial prudence. Administrative fees may also be paid to maintain the fund.

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

The Foundation 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 Foundation must hold in perpetuity or for donor-specified periods. The general investment objective is to provide a reasonable current rate of return as well as the potential for long-term growth of income to maintain the purchasing power of the fund over the longer term. The Foundation expects its endowment funds, over time, to provide a reasonable level of current income to support the spending policy authorized by the Board of Trustees 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 Foundation 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 accordance with the Foundation's investment policy, which may be amended from time to time. The investment policy states that all investments must conform to the socially responsible philosophy of the Roman Catholic Church.

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

The Foundation calculates the amount available for charitable distribution from the fund each year based on its 12-quarter rolling average fund balance for funds whose fair value on June 30 exceeds the historic value, multiplied by the distribution rate approved by the Board, currently 4.5%.

# Foundation for the Diocese of Helena, Inc. and Consolidated Entity

## Notes to Consolidated Financial Statements

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### Note 12: Liquidity and Availability of Financial Resources

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the statement of financial position date, comprise the following:

<i>As of June 30,</i>	2023	2022
Cash and cash equivalents	\$ 935,911	\$ 2,772,658
Accrued dividend, net	180,000	180,000
Pledges receivable - current net of allowance	654,990	-
Related party receivables - current	500	500
Accounts receivable, general	8,348	3,627
Less: Board designated funds	(66,394)	(68,695)
<b>Total financial assets available to meet needs within one year</b>	<b>\$ 1,713,355</b>	<b>\$ 2,888,090</b>

The endowment funds consist of donor-restricted endowments. Income from donor-restricted endowments is only restricted if the donor requested it to be. Donor-restricted endowment funds are not available for general expenditure. The Foundation can only use Board of Trustee designated money if approved by that body.