

**CENTRAL ADMINISTRATIVE OFFICE OF  
THE ROMAN CATHOLIC BISHOP OF  
GREAT FALLS, MONTANA,  
A CORPORATION SOLE**

**GREAT FALLS, MONTANA**

**FINANCIAL STATEMENTS  
AS OF  
JUNE 30, 2024 and 2023**

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***Douglas Wilson & Company, P.C.***

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Since 1913

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Great Falls, Montana, a Corporation Sole  
Great Falls, Montana

## INDEPENDENT AUDITOR'S REPORT

### Report on the Audit of the Financial Statements

#### *Opinion*

We have audited the financial statements of the Central Administrative Office of the Roman Catholic Bishop of Great Falls, Montana, a Corporation Sole (the Chancery), which comprise the statements of financial position as of June 30, 2024 and 2023, and the related statements of activities and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Central Administrative Office of the Roman Catholic Bishop of Great Falls, Montana, a Corporation Sole, as of June 30, 2024 and 2023, 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.

#### *Basis for Opinion*

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Central Administrative Office of the Roman Catholic Bishop of Great Falls, Montana, a Corporation Sole, 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 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 the Central Administrative Office of the Roman Catholic Bishop of Great Falls, Montana, a Corporation Sole's ability to continue as a going concern for one year after the date that the financial statements are issued.

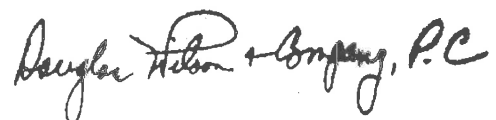
## ***Auditor's Responsibilities for the Audit of the Financial Statements***

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 the Central Administrative Office of the Roman Catholic Bishop of Great Falls, Montana, a Corporation Sole'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 the Central Administrative Office of the Roman Catholic Bishop of Great Falls, Montana, a Corporation Sole'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.



Great Falls, Montana  
July 10, 2025

**CENTRAL ADMINISTRATIVE OFFICE OF DIOCESE OF GREAT FALLS-BILLINGS**

**GREAT FALLS, MONTANA**

**STATEMENTS OF FINANCIAL POSITION  
AS OF JUNE 30, 2024 AND 2023**

	<b>6/30/24</b>	<b>6/30/23</b>
<b>ASSETS</b>		
Cash and Cash Equivalents	\$ 838,467	\$ 544,931
Investments	9,567,096	10,941,051
Accounts Receivable		
Parishes and Institutions	379,788	305,889
Assessments (Net of Current Year Expected Credit Loss of \$101,391 in 2024 and \$106,869 in 2023)	155,034	163,458
Other (Net of Current Year Expected Credit Loss of \$9,144 in 2024 and 2023)	162,054	205,739
Deposits and Other Prepaid Expenses	2,938	3,039
Interest in Catholic Foundation of Eastern Montana	3,546,967	3,064,913
Property and Equipment (net of accumulated depreciation)	6,019,169	6,155,577
Total Assets	<b>\$ 20,671,513</b>	<b>\$ 21,384,597</b>

**LIABILITIES AND NET ASSETS**

Liabilities:		
Accounts Payable and Accrued Liabilities	\$ 324,297	\$ 347,652
Held for Parishes and Institutions	1,632,542	1,714,203
Other Liabilities	238,501	336,003
Postretirement Benefit Obligation	8,870,852	9,123,946
Total Liabilities	11,066,192	11,521,804
Net Assets:		
Net Assets Without Donor Restrictions	4,872,797	4,346,711
Net Assets With Donor Restrictions	4,732,524	5,516,082
Total Net Assets	9,605,321	9,862,793
Total Liabilities and Net Assets	<b>\$ 20,671,513</b>	<b>\$ 21,384,597</b>

See accompanying notes to the financial statements.

**CENTRAL ADMINISTRATIVE OFFICE OF DIOCESE OF GREAT FALLS-BILLINGS**

**GREAT FALLS, MONTANA**

**STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2024**

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>6/30/24</u>
<b>Revenues:</b>			
Gifts, Bequests, Grants, and Assessments	\$ 3,297,487	\$ 41,915	\$ 3,339,402
Insurance	51,703	-	51,703
Investment Income	823,962	-	823,962
Rents and Leases Income	116,515	-	116,515
Other Revenue	614,526	-	614,526
Fees for Services	612,215	-	612,215
Change in Beneficial Interest in Catholic Foundation of Eastern Montana	-	482,054	482,054
Net Assets Released from Restrictions	82,161	(82,161)	-
Total Revenues	<u>5,598,569</u>	<u>441,808</u>	<u>6,040,377</u>
<b>Expenses:</b>			
Compensation and Benefits	2,474,080	-	2,474,080
Postretirement Benefit Obligation	(253,094)	-	(253,094)
Property Costs and Depreciation	924,456	-	924,456
Office Expenses	313,709	-	313,709
Professional Fees	204,347	-	204,347
Interest	2,633	-	2,633
Insurance	377,290	-	377,290
Other Operating Expenses	450,674	-	450,674
Seminarian Expenses	276,074	-	276,074
Auto, Travel, and Meeting Expenses	302,314	-	302,314
Total Expenses	<u>5,072,483</u>	<u>-</u>	<u>5,072,483</u>
Change in Net Assets Before Transfer of Endowment Funds	526,086	441,808	967,894
Transfer of Endowment Funds	<u>-</u>	<u>(1,225,366)</u>	<u>(1,225,366)</u>
Change in Net Assets	526,086	(783,558)	(257,472)
Net Assets at Beginning of Year	<u>4,346,711</u>	<u>5,516,082</u>	<u>9,862,793</u>
Net Assets at End of Year	<u><u>\$ 4,872,797</u></u>	<u><u>\$ 4,732,524</u></u>	<u><u>\$ 9,605,321</u></u>

See accompanying notes to the financial statements.

**CENTRAL ADMINISTRATIVE OFFICE OF DIOCESE OF GREAT FALLS-BILLINGS**

**GREAT FALLS, MONTANA**

**STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2023**

	<b>As Restated Without Donor Restrictions</b>	<b>As Restated With Donor Restrictions</b>	<b>6/30/23</b>
<b>Revenues, Gains and Other Support:</b>			
Gifts, Bequests, Grants, and Assessments	\$ 3,491,074	\$ 136,549	\$ 3,627,623
Insurance	50,557	-	50,557
Investment Income	973,056	-	973,056
Rents and Leases Income	119,703	-	119,703
Other Revenue	626,650	-	626,650
Fees for Services	614,659	-	614,659
Change in Beneficial Interest in Catholic Foundation of Eastern Montana	(190)	(348,236)	(348,426)
Net Assets Released from Restrictions	258,288	(258,288)	-
Total Revenues, Gains, and Other Support	<u>6,133,797</u>	<u>(469,975)</u>	<u>5,663,822</u>
<b>Expenses:</b>			
Compensation and Benefits	2,354,855	-	2,354,855
Postretirement Benefit Obligation	(214,007)	-	(214,007)
Property Costs and Depreciation	886,902	-	886,902
Office Expenses	322,395	-	322,395
Professional Fees	233,036	-	233,036
Interest	934	-	934
Insurance	317,165	-	317,165
Other Operating Expenses	426,860	-	426,860
Seminarian Expenses	284,080	-	284,080
Auto, Travel, and Meeting Expenses	201,651	-	201,651
Total Expenses	<u>4,813,871</u>	<u>-</u>	<u>4,813,871</u>
Change in Net Assets	1,319,926	(469,975)	849,951
Net Assets at Beginning of Year	<u>3,026,785</u>	<u>5,986,057</u>	<u>9,012,842</u>
Net Assets at End of Year	<u><u>\$ 4,346,711</u></u>	<u><u>\$ 5,516,082</u></u>	<u><u>\$ 9,862,793</u></u>

See accompanying notes to the financial statements.

**CENTRAL ADMINISTRATIVE OFFICE OF DIOCESE OF GREAT FALLS-BILLINGS**

**GREAT FALLS, MONTANA**

**STATEMENTS OF CASH FLOWS  
FOR THE YEARS ENDED JUNE 30, 2024 AND 2023**

	<b>6/30/24</b>	<b>6/30/23</b>
Cash Flows from Operating Activities:		
Change in Net Assets	\$ (257,472)	\$ 849,951
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by Operating Activities:		
Provision for Current Year Expected Credit Loss	(5,477)	4,736
Net Change in Catholic Foundation of Eastern Montana	(482,054)	409,599
Depreciation	331,693	289,821
Contributions Restricted for Long-Term Purposes	(20,760)	(27,455)
Realized and Unrealized (Gain) Loss on Investments	(678,193)	(844,855)
(Increase) Decrease in Operating Assets:		
Accounts Receivable from Parishes and Institutions	(73,899)	(55,692)
Assessments	13,901	(21,181)
Other Receivables	43,685	23,451
Deposits and Other Prepaid Expenses	101	2,440
Increase (Decrease) in Operating Liabilities:		
Accounts Payable and Accrued Liabilities	(23,355)	22,122
Postretirement Benefit Obligation	(253,094)	(214,007)
Other Liabilities	(97,502)	66,170
Net Cash Provided (Used) by Operating Activities	(1,502,426)	505,100
Cash Flows from Investing Activities:		
Sale/Redemption of Investments	3,973,682	2,694,008
Purchases of Investments	(1,921,534)	(3,251,510)
Purchases of Property and Equipment	(195,285)	(336,925)
Net Cash Provided (Used) by Investing Activities	1,856,863	(894,427)
Cash Flows from Financing Activities:		
Proceeds from Contributions Restricted for Long-Term Purposes	20,760	27,455
Net Change in Funds Held for Parishes and Institutions	(81,661)	52,944
Net Cash Provided (Used) by Financing Activities	(60,901)	80,399
Net Increase (Decrease) in Cash	293,536	(308,928)
Cash and Cash Equivalents - Beginning of Year	544,931	853,859
Cash and Cash Equivalents - End of Year	<b>\$ 838,467</b>	<b>\$ 544,931</b>

See accompanying notes to the financial statements.

**CENTRAL ADMINISTRATIVE OFFICE OF DIOCESE  
OF GREAT FALLS-BILLINGS**

**GREAT FALLS, MONTANA**

**NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2024**

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**NOTE 1: ORGANIZATION AND NATURE OF ACTIVITIES:**

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 (see Canon 374).

In 1884, Pope Leo XIII created the Diocese of Helena, with boundaries being the same as the present State of Montana. In 1904, the Diocese of Helena was split, and the Diocese of Great Falls (now Great Falls-Billings) was established. The Diocese of Great Falls-Billings includes roughly the eastern two-thirds of the State of Montana. As such, the Diocese's receivables are mainly subject to the economic conditions of this geographic region.

In civil law, the Diocese of Great Falls-Billings is incorporated as the Roman Catholic Bishop of Great Falls, Montana, a Corporation Sole, (the Corporation Sole). The Corporation Sole operates the Central Administrative Office of the Diocese of Great Falls-Billings (the Chancery). Other operating divisions of the Corporation Sole include some 50 parishes, many with missions attached to them, school systems, and various other Catholic programs within the Diocese.

The accompanying financial statements include only the Chancery and those funds over which the Chancery maintains direct operational control, which include Mount Olivet Cemetery, Holy Cross Cemetery, and Great Falls Central Catholic High School. Such statements do not include any assets or liabilities of the other operating divisions of the Corporation Sole as described above. In addition, the accompanying financial statements do not include, or pertain to, separate and independent corporate entities affiliated with the Corporation Sole that are located within the Diocese of Great Falls-Billings such as: The Diocese of Great Falls-Billings Juridic Persons Capital Assets Support Corporation, The Diocese of Great Falls-Billings Juridic Persons Real Property Support Corporation, and The Catholic Foundation of Eastern Montana.

A significant portion of the Chancery's revenues is derived from assessments obtained from and fees for services provided to parishes, schools, and other Diocesan institutions. The Chancery also administers the Diocesan insurance program.

**Support Corporations** – The Diocese of Great Falls-Billings Juridic Persons Capital Assets Support Corporation (Capital Assets Support Corporation) and The Diocese of Great Falls-Billings Juridic Persons Real Property Support Corporation (Real Property Support Corporation), collectively referred to as the "Support Corporations" are separate and distinct corporations from the Corporation Sole. The Support Corporations exist for the expressed purpose of owning and maintaining certain real properties and capital assets in order for the civil structure of asset ownership to conform with Canon law more closely and to support the mission of parishes, schools, and other diocesan entities that are operated civilly by the Corporation Sole.

The process of exploring and implementing the support corporation model has been ongoing for several years. As of June 30, 2024, only the Capital Assets Support Corporation is fully operational, whereas the Real Property Support Corporation remains dormant. While the Corporation Sole maintains/will maintain an economic interest in the Support Corporations, it does not have control of or ability to determine the direction of management and policies. Therefore, the financial statements of the Support Corporations are not consolidated with those of the Corporation Sole.

## **NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:**

The accounting policies of the Chancery conform to accounting principles generally accepted in the United States of America (GAAP) applicable to not-for-profit entities. A summary of the significant accounting policies consistently applied in the preparation of the accompanying financial statements follows:

**Basis of Presentation** – The Chancery reports information regarding its financial position and activities according to two classes of net assets: net assets with donor restrictions and net assets without donor restrictions.

### **Net Asset Categories:**

Net assets with donor restrictions carry restrictions that expire upon the passage of a prescribed period, upon the occurrence of a stated event as specified by the donor, or are those that are subject to donor-imposed stipulations that the assets be maintained permanently by the Chancery. The Chancery had \$4,732,524 and \$5,516,082 in net assets with donor restrictions at June 30, 2024 and 2023, respectively.

Net assets without donor restrictions are composed of all resources not included in the above category. Included are expendable resources used to support Chancery activities. Donor restricted contributions that are received and expended in the same year are released to net assets without donor restriction. All expenses are recorded as a reduction to net assets without donor restriction. These net assets may be used at the discretion of Chancery management.

**Basis of Accounting** – The financial statements have been prepared on the accrual basis of accounting.

**Use of Estimates** – The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, and disclosures at the date of the financial statements, as well as revenues and expenses during the period. Accordingly, actual results could differ from those estimates.

**Cash and Cash Equivalents** – For the purposes of the financial statements, the Chancery considers all highly liquid accounts with an original maturity date of three months or less as cash equivalents, except for cash and cash equivalents held by investment custodians.

**Concentration of Credit Risk** – Financial instruments that potentially subject the Chancery to concentrations of credit risk consist principally of cash and cash equivalents. Such balances with any one institution may, at times, be in excess of the Federal Deposit Insurance Corporation insured limit of \$250,000. At June 30, 2024, the Chancery's uninsured cash balances total \$699,295. Risks associated with cash and cash equivalents are mitigated by banking with creditworthy institutions. The Chancery has not experienced any losses in such accounts and believes it is not exposed to any significant risk.

**Investments** – Investments in marketable securities with readily determinable fair values and all investments in debt securities are reported at their fair value in the statement of financial position, with current period recognition of increases or decreases in fair value shown in the statement of activities. Investments also include cash and cash equivalents held by investment custodians. Investment income recorded on the statement of activities includes interest and dividend income, as well as realized and unrealized gains and losses, net of direct investment expenses.

**Fair Value Measurements** – The Chancery follows the fair value measurement standards, which define fair value as the exchange price that would be received for an asset or paid to transfer a liability in the principal or most advantageous market for the assets or liabilities in an orderly transaction between market participants on the measurement date. Subsequent changes in fair value of these financial assets and liabilities are recognized in the change in net assets when they occur.

The Chancery determines the fair value of its financial assets and liabilities in accordance with the GAAP hierarchy for measuring fair value. The hierarchy maximizes the use of observable inputs and minimizes the use of unobservable inputs by requiring that the most observable inputs be used when available. Observable inputs are inputs that market participants would use in pricing the asset or liability developed based on market data obtained from sources independent of the Chancery. Unobservable inputs are inputs that reflect the Chancery's assumptions about what market participants would use in pricing the asset or liability developed based on the best information available in the circumstances.

The Chancery's financial assets and liabilities measured at fair value on a recurring basis are categorized according to the fair value hierarchy which prioritizes the valuation of inputs into three broad levels as described below:

Level 1 – quoted prices in active markets for identical investments as of the measurement date.

Level 2 – quoted prices which are not active, quoted prices for similar assets or liabilities in active markets, or inputs other than quoted prices that are observable (either directly or indirectly) for substantially the full term of the asset or liability.

Level 3 – significant unobservable prices or inputs where there is little or no market activity for the asset or liability at the measurement date.

The categorization within the fair value hierarchy is based upon the lowest level of input that is significant to the fair value measurement.

A significant portion of the Chancery's investments are subject to the risk of value fluctuations that is inherent in the market. As such, the value of the Chancery's assets may change frequently. To help manage this risk, the Chancery utilizes professional investment managers who oversee the Chancery's portfolio.

**Accounts Receivable** – Accounts receivable consist of trade and non-trade receivables and assessments receivable from parishes and other institutions. They are stated at the amount the Chancery expects to collect from outstanding balances. Credit is extended based upon the evaluation of the parish or institution's financial condition and other factors, and generally, collateral is not required.

The Chancery provides for probable uncollectible amounts through a provision for current year expected credit losses based on its assessment of the current status of individual accounts and known and inherent risks in the accounts. Balances that are still outstanding after management has used reasonable collection efforts are written off through a charge to the valuation allowance and a credit to accounts receivable.

**Property and Equipment** – Property and equipment are held in the name of the Corporation Sole and are stated at cost if purchased or at their estimated fair value at the date of donation. For properties placed in service and for which the Chancery has oversight, depreciation is provided using the straight-line method over the estimated useful lives of the assets as follows:

- Buildings and Improvements - 5 to 50 years.
- Furniture and Equipment - 3 to 15 years.
- Vehicles - 4 to 5 years.

The Chancery capitalizes all purchases of fixed assets that cost \$2,500 or more and that have an estimated economic life longer than one year.

**Assets Held for Parishes and Institutions** – The Chancery holds assets for various parishes, schools and institutions related to proceeds from special collections administered by the United States Conference of Catholic Bishops, other special collections local to the Diocese, and administered by the Chancery.

**Gifts, Bequests and Grants** – The Chancery reports gifts, bequests and grants as revenue without donor restrictions unless they are received with donor stipulations that limit the use of donated assets, in which case they are recorded as revenue with donor restrictions. Contributions are generally recognized when received.

**Income Taxes** – In an annually updated ruling, the Internal Revenue Service has held that the agencies, instrumentalities and educational, charitable, and religious institutions operated, supervised, or controlled by or in connection with the Roman Catholic Church in the United States, its territories or possessions appearing in the "Official Catholic Directory" are exempt from federal income tax under the provisions of Section 501(c)(3) of the Internal Revenue Code. The Roman Catholic Bishop of Great Falls, Montana is listed in the "Official Catholic Directory" and therefore is exempt from income tax and income tax filings. Accordingly, the accompanying financial statements reflect no provision for income taxes.

**Functional Allocation of Expenses** – The costs of providing the various programs and other activities of the Chancery have been summarized on a functional basis in Note 15. Certain costs have been allocated among the programs and supporting services benefited.

**Reclassifications** – Certain reclassifications have been made to the 2023 financial statements to conform to the 2024 financial statement format.

**New Authoritative Guidance** – The Chancery adopted ASU 2016-13, Financial Instruments – Credit Losses (Topic 326) and ASU 2019-11, Codification Improvements to Topic 326, Financial Instruments – Credit Losses during the year ended June 30, 2024. This ASU changes the allowance for credit losses accounting model by requiring recognition of management's estimates of current expected credit losses (CECL). This standard broadens the information that an entity must consider in developing its expected credit loss estimate for assets measured either collectively or individually. A CECL analysis must reflect the nature of the credit portfolio and the economic environment as they exist at the specific reporting date. There was no impact on the Chancery's financial statements for 2024 or beginning balances.

### NOTE 3: INVESTMENTS:

The Chancery administers investments through independent custodial arrangements for its benefit and the benefit of various Diocesan institutions.

Investments are managed under an investment policy operated under a moderate risk strategy and a balanced approach that is expected to preserve or grow the purchasing power of assets while also reducing the risk of substantial changes in market value from year to year.

The Chancery's investment income for the years ended June 30, 2024 and 2023 is as follows:

	<u>6/30/24</u>	<u>6/30/23</u>
Interest and Dividends	\$ 162,334	\$ 145,417
Net Realized and Unrealized Gain (Loss) on Investments	678,193	844,855
Less: Investment Expenses	(16,565)	(17,216)
Investment Income	<u>\$ 823,962</u>	<u>\$ 973,056</u>

### NOTE 4: FAIR VALUE MEASUREMENTS:

The following tables present the Chancery's investments measured at fair value on a recurring basis as of June 30, 2024 and 2023:

	<u>2024</u>	<u>Quoted Prices in Active Markets of Identical Assets (Level 1)</u>	<u>Other Observable Inputs (Level 2)</u>	<u>Unobservable Inputs (Level 3)</u>
Cash and Cash Equivalents	\$ 593,296	\$ 593,296	\$ -	\$ -
U.S Treasury Bonds	1,387,071	-	1,387,071	-
Corporate Bonds	1,406,031	-	1,406,031	-
Equity Securities	5,354,828	5,354,828	-	-
Insurance Policies	610,571	-	-	610,571
Other	215,299	-	-	215,299
	<u>\$ 9,567,096</u>	<u>\$ 5,948,124</u>	<u>\$ 2,793,102</u>	<u>\$ 825,870</u>

	<u>2023</u>	<u>Quoted Prices in Active Markets of Identical Assets (Level 1)</u>	<u>Other Observable Inputs (Level 2)</u>	<u>Unobservable Inputs (Level 3)</u>
Cash and Cash Equivalents	\$ 1,260,269	\$ 1,260,269	\$ -	\$ -
U.S Treasury Bonds	1,573,082	-	1,573,082	-
Corporate Bonds	1,488,454	-	1,488,454	-

<i>(CONTINUED)</i>	2023	Quoted Prices in Active Markets of Identical Assets (Level 1)	Other Observable Inputs (Level 2)	Unobservable Inputs (Level 3)
Equity Securities	5,855,039	5,855,039	-	-
Insurance Policies	567,051	-	-	567,051
Other	197,156	-	-	197,156
	<b><u>\$ 10,941,051</u></b>	<b><u>\$ 7,115,308</u></b>	<b><u>\$ 3,061,536</u></b>	<b><u>\$ 764,207</u></b>

A significant portion of the Chancery's investments are classified within Level 1 because they are comprised of individual equities and mutual funds with readily determinable fair values based on daily redemption values. The Chancery also invests in fixed income securities that are valued using pricing models and are classified within Level 2. Level 3 assets include the cash surrender value of a life insurance policy and the equity balance of the Chancery's investment in Catholic Umbrella Pool II, which is a self-insurance fund for certain (Arch) Dioceses of which the Diocese of Great Falls-Billings is a member.

Below is a reconciliation of investments measured using significant unobservable inputs (Level 3) for the years ending June 30, 2024 and 2023:

	<u>6/30/24</u>	<u>6/30/23</u>
Beginning of Year, Level 3	\$ 764,207	\$ 714,111
Increase (Decrease) in Fair Value	61,663	50,096
End of Year, Level 3	<b><u>\$ 825,870</u></b>	<b><u>\$ 764,207</u></b>

#### **NOTE 5: ACCOUNTS RECEIVABLE:**

Accounts receivable consist of the following at June 30, 2024 and 2023:

	<u>6/30/24</u>	<u>6/30/23</u>
Parishes and Institutions	<b><u>\$ 379,788</u></b>	<b><u>\$ 305,889</u></b>
Assessments, Net:		
Cathedraticum	\$ 218,806	\$ 231,066
Care and Share Assessment	37,619	39,261
Less: Current Year Expected Credit Loss	(101,391)	(106,869)
Total Assessments, Net	<b><u>\$ 155,034</u></b>	<b><u>\$ 163,458</u></b>

	<u>6/30/24</u>	<u>6/30/23</u>
Other:		
Trade	\$ 70,407	\$ 56,733
Employee Benefits	100,791	160,402
Less: Current Year Expected Credit Loss	(9,144)	(11,396)
Total Other	<u>\$ 162,054</u>	<u>\$ 205,739</u>

**NOTE 6: PROPERTY AND EQUIPMENT:**

Property and equipment consist of the following at June 30, 2024 and 2023:

	<u>6/30/24</u>	<u>6/30/23</u>
Land and Land Improvements	\$ 1,183,414	\$ 1,183,414
Building and Improvements	9,903,365	9,840,519
Furniture and Equipment	1,091,984	1,057,478
Vehicles	447,487	536,417
Construction-in-Progress	37,064	14,760
	<u>12,663,314</u>	<u>12,632,588</u>
Less: Accumulated Depreciation	(6,644,145)	(6,477,011)
	<u>\$ 6,019,169</u>	<u>\$ 6,155,577</u>

Depreciation expense amounted to \$331,693 and \$289,821 for the years ended June 30, 2024 and 2023, respectively.

**NOTE 7: SPLIT-INTEREST AGREEMENTS:**

The Chancery is the beneficiary of a charitable remainder annuity trust. The trust provides for distribution payments to designated beneficiaries over the trust's term. At the end of the trust's term, the remaining assets are available for use by the Chancery. There are no net assets recorded by the Chancery related to the trust, as the present value of the distribution payments exceed the estimated fair value of the trust's assets at June 30, 2024 and 2023.

**NOTE 8: RESTRICTIONS/LIMITATIONS ON NET ASSETS:**

Net assets with donor restrictions as of June 30, 2024 and 2023 are summarized as follows:

	<u>6/30/24</u>	<u>6/30/23</u>
<i>Purpose Restricted:</i>		
Catholic Foundation of Eastern Montana	\$ 901,248	\$ 610,570
Scholarships	-	11,419
Education	30,502	80,089
	<u>931,750</u>	<u>702,078</u>

**(CONTINUED)**

	<u>6/30/24</u>	<u>6/30/23</u>
<i>Restricted in Perpetuity:</i>		
Seminary Burse	-	1,225,366
Catholic Foundation of Eastern Montana	2,645,719	2,454,343
Cemeteries Perpetual Care	<u>1,155,055</u>	<u>1,134,295</u>
	<u>3,800,774</u>	<u>4,814,004</u>
 Total Net Assets with Donor Restrictions	 <u><u>\$ 4,732,524</u></u>	 <u><u>\$ 5,516,082</u></u>

**NOTE 9: PENSION PLAN - PRIESTS:**

Diocesan priests are covered by a defined benefit pension plan (which operates as a multi-employer plan) which provides for retirement benefits at age 65. The plan also has a provision for early retirement at age 60. A participant is 100% vested after ten years of service.

The plan is funded through the Clerical Benefit Association, and Wells Fargo Institutional Trust Group serves as trustee. Contributions are made by employer parishes and organizations. The Chancery contributes on behalf of priests on leave, not in active ministry, and employed at the Chancery. In addition, the Chancery made voluntary contributions to the plan in 2024 and 2023 of \$25,000 and \$25,000, respectively.

At June 30, 2024 (the latest valuation date) and 2023, the present value of future plan benefits was approximately \$4,528,765 and \$4,795,591, using a discount rate of 5.25% and 4.75%, respectively. The market value of assets available for plan benefits at June 30, 2024 (the latest valuation date) and 2023 was approximately \$5,625,265 and \$5,000,218, using an assumed long-term rate of return of 5%.

**NOTE 10: PENSION PLAN – LAY EMPLOYEES:**

The Chancery provides a 403(b) defined contribution pension plan for lay employees through Christian Brothers Retirement Services. For permanent full-time and part-time employees, the Diocesan contribution is equal to 6% of gross salary. Employees may also contribute to the plan on a voluntary basis from their salary, subject to certain annual limits. For the years ended June 30, 2024 and 2023, employer costs were \$89,860 and \$82,267, respectively.

**NOTE 11: POSTRETIREMENT BENEFITS:**

The Chancery provides postretirement health insurance benefits for retired priests. The Chancery has determined the cost of its accumulated postretirement benefit obligation for the years ended June 30, 2024 and 2023 in accordance with accounting principles generally accepted in the United States of America.

The following table provides further information about the Chancery postretirement benefit plan at June 30, 2024 and 2023:

	<u>6/30/24</u>	<u>6/30/23</u>
Benefit Obligation	\$ 8,870,852	\$ 9,123,946
Service Cost	302,482	316,906
Participant Contributions	-	-
Benefit Payments	324,076	276,015
Fair Value of Plan Assets	-	-
Net Unfunded Status of the Plan	8,870,852	9,123,946

Amounts recognized in the Statement of Financial Position consist of the following:

	<u>6/30/24</u>	<u>6/30/23</u>
Accrued Benefit Cost	<u>\$ 8,870,852</u>	<u>\$ 9,123,946</u>

The net change in liability recognized in the change in net assets for 2024 and 2023 was \$(214,007) and \$(2,572,307), respectively.

The assumptions used to determine benefit obligations at June 30, 2024 and 2023 were as follows:

	<u>6/30/24</u>	<u>6/30/23</u>
Discount Rate	5.25%	4.75%
Health Care Cost Trend Rate:		
First Year	10.0%	10.0%
Ultimate	5.0%	5.0%
Years to Ultimate	5 Years	5 Years

#### **NOTE 12: RELATED PARTIES:**

As disclosed in Note 1, parishes and related institutions that are not fiscally responsible to the Bishop are not included in these financial statements. These financial statements do include various payables and receivables between the Chancery and related parishes and institutions. Related parties and related party transactions are as follows:

**Capital Assets Support Corporation** – The Capital Assets Support Corporation paid the Chancery \$6,000 for administrative and accounting services provided by Chancery staff during the years ended June 30, 2024 and 2023, of which \$500 is included in Accounts Receivable on the Statement of Financial Position at June 30, 2024 and 2023. In addition, the Chancery paid the Capital Assets Support Corporation \$39,103 during the year ended June 30, 2023 for a note receivable balance of a former seminarian.

**Catholic Foundation of Eastern Montana** – The Chancery has a beneficial interest in assets held by the Catholic Foundation of Eastern Montana (CFEM). The funds were received from donors who restricted the funds, or income from the funds for the benefit of the Chancery. Distributions from the funds are made in accordance with CFEM’s spending policies. As of June 30, 2024 and 2023 the Chancery recorded its interest in CFEM as an asset totaling \$3,546,967 and \$3,064,913, respectively.

**Other** – The Bishop is a board member of Catholic Social Services of Montana and Montana Catholic Conference. The Chancery supported operations of the Catholic Social Services of Montana in the amount of \$59,000 and \$59,000 for the fiscal years ended June 30, 2024 and 2023, and supported the operations of the Montana Catholic Conference in the amount of \$75,000 and \$75,000 for fiscal years ended June 30, 2024 and 2023, respectively.

**NOTE 13: COMMITMENTS AND CONTINGENCIES:**

The Chancery was granted a full release of all claims related to previous lawsuits, but remains contingently liable for unknown future claims related to those lawsuits in the amount of \$500,000.

**NOTE 14: ENDOWMENT:**

The Chancery’s endowment consists of cemetery perpetual care funds established for the ongoing upkeep of diocesan cemeteries, the seminary burse fund established for the development and education of priests, and permanently restricted funds held by the Catholic Foundation of Eastern Montana. The endowment assets include donor-restricted endowment funds. As required by generally accepted accounting principles in the United States, net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions.

**Interpretation of Relevant Law:**

The Chancery has interpreted the Montana Uniform Prudent Management of Institutional Funds Act (UPMIFA) as requiring the presentation 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, the Chancery classifies as net assets with donor restrictions (a) the original value of gifts donated to the permanent endowment, and (b) the original value of subsequent gifts to the permanent endowment. The remaining portion of the endowment fund classified in net assets with donor restrictions until those amounts are appropriated for expenditure by the Chancery in a manner consistent with the standard of prudence prescribed by UPMIFA.

In accordance with UPMIFA, the Chancery considers the following factors when making a determination to appropriate or accumulate donor-restricted endowment funds:

- (1) The duration and preservation of the fund
- (2) The purpose of the Chancery 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 Chancery
- (7) The investment policies of the Chancery

**Endowment Spending Policy**

It is the goal of the Chancery to provide annual distributions to support the programs it has identified within its mission. The Chancery has taken into consideration the impact cash withdrawals play upon the volatility of a portfolio over time.

**Endowment Investment Policy**

**Investment Objective** – The obligations of the Chancery are long-term in nature; consequently, the investment of the endowment assets has a long-term focus. The endowment assets are invested in accordance with sound investment practices that emphasize long-term investment fundamentals. The primary investment objectives are, first, preservation of purchasing power of the principal. The second objective is the generation of a reasonable income to support the specific programs as identified by the donors. These objectives are achieved through a well-diversified portfolio structure in a manner consistent with the investment policy when read in its entirety.

**Risk Tolerance** – The Chancery examined two important factors that affect the portfolio risk tolerance: financial ability to accept risk within the investment program and the willingness to accept return volatility. The Chancery is comfortable with a low to moderate risk strategy. However, safety and soundness are considered essential in the selection of securities. Specifically, approved investments may be in blue chip stocks, corporate bonds, time certificates of deposit, commercial paper, US Treasury securities, government agency offerings, money market funds, bank security agreements, and savings accounts.

**Strategies for Achieving Objectives** – To satisfy its long-term objectives, the Chancery 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 net asset composition by type of fund is as follows:

	<b>6/30/24</b>
	<b>With Donor</b>
	<b>Restrictions</b>
	<hr/>
Donor Restricted Endowment	<b>\$ 3,800,774</b>
	<hr/>
	<b>6/30/23</b>
	<b>With Donor</b>
	<b>Restrictions</b>
	<hr/>
Donor Restricted Endowment	<b>\$ 4,814,004</b>
	<hr/>

Changes in net asset composition by type of fund for the years ended June 30, 2024 and 2023 are as follows:

	<u>With Donor Restrictions</u>
Endowment Net Assets, June 30, 2022	\$ 4,529,792
Contributions	27,455
Net Change in Beneficial Interest in CFEM	<u>256,757</u>
Endowment Net Assets, June 30, 2023	4,814,004
Contributions	20,760
Net Change in Beneficial Interest in CFEM	191,376
Transfer Burse Endowment to The Catholic Foundation of Eastern Montana, Inc.	<u>(1,225,366)</u>
Endowment Net Assets, June 30, 2024	<u><u>\$ 3,800,774</u></u>

### Other Endowments

The Chancery transferred its Burse endowment of \$1,225,366 to The Catholic Foundation of Eastern Montana, Inc. during 2024 and specified itself as the beneficiary. The endowment is now considered an asset of The Catholic Foundation of Eastern Montana, Inc. and is not recorded as an asset of the Chancery at June 30, 2024. The earnings of the endowment are available to be distributed annually to the Chancery to be used to further its objectives and purpose.

### NOTE 15: FUNCTIONAL EXPENSES:

The Chancery's expenses by both nature and function for the years ended June 30, 2024 and 2023 are as follows:

<u>Department</u>	<u>Expenses</u>			
	<u>6/30/24</u>	<u>Program</u>	<u>Admin</u>	<u>Fund Raising</u>
Bishop	\$ 416,594	\$ 416,594	\$ -	\$ -
Chancery	340,094	340,094	-	-
Curia	215,565	215,565	-	-
Ministries	17,248	17,248	-	-
Evangelization	130,864	130,864	-	-
Tribunal	107,778	107,778	-	-
Business Office	317,180	-	317,180	-
Schools	104,543	104,543	-	-
GFCCHS	1,212,162	1,212,162	-	-
Human Resources	88,336	-	88,336	-
Development	210,686	-	-	210,686
Priest	227,386	227,386	-	-
Properties	488,024	-	488,024	-

(CONTINUED)

<u>Department</u>	<u>Expenses</u>			
	<u>6/30/24</u>	<u>Program</u>	<u>Admin</u>	<u>Fund Raising</u>
Mount Olivet Cemetery	473,811	473,811	-	-
Holy Cross Cemetery	211,327	211,327	-	-
Chancellor	52,932	52,932	-	-
Formation	154,148	154,148	-	-
Communications	130,028	130,028	-	-
Saint Thomas Camp	173,777	173,777	-	-
	<u>\$ 5,072,483</u>	<u>\$ 3,968,257</u>	<u>\$ 893,540</u>	<u>\$ 210,686</u>

<u>Department</u>	<u>Expenses</u>			
	<u>6/30/23</u>	<u>Program</u>	<u>Admin</u>	<u>Fund Raising</u>
Bishop	\$ 445,733	\$ 445,733	\$ -	\$ -
Chancery	313,161	313,161	-	-
Curia	126,148	126,148	-	-
Ministries	5,767	5,767	-	-
Stewardship	30	30	-	-
Evangelization	137,016	137,016	-	-
Tribunal	80,818	80,818	-	-
Business Office	297,281	-	297,281	-
Schools	116,315	116,315	-	-
GFCCHS	1,151,826	1,151,826	-	-
Human Resources	51,258	-	51,258	-
Development	236,132	-	-	236,132
Priest	366,909	366,909	-	-
Properties	509,543	-	509,543	-
Mount Olivet Cemetery	482,617	482,617	-	-
Holy Cross Cemetery	178,769	178,769	-	-
Chancellor	114,761	114,761	-	-
Youth & Young Adult Ministry	127,480	127,480	-	-
Saint Thomas Camp	72,307	72,307	-	-
	<u>\$ 4,813,871</u>	<u>\$ 3,719,657</u>	<u>\$ 858,082</u>	<u>\$ 236,132</u>

**NOTE 17: LIQUIDITY:**

The Chancery regularly monitors the availability of resources required to meet its operating needs and other contractual commitments, while also striving to maximize the investment of its available funds. The primary tools used to monitor spending and availability of resources is comparing budgeted amounts to actual results as well as regular reviews of cash balances to ensure funds are available for upcoming cash needs throughout the year.

The Chancery primarily receives revenue without donor restrictions throughout the year that are used to operate programs as well as used to pay other operating expenses.

Financial assets available for general expenditure include only those without donor or other restrictions limiting their use within one year of the balance sheet date. General expenditures include those listed within the program and administration classifications in Note 16 to the financial statements.

Management has identified the following assets as of June 30, 2024, as available for general expenditures in 2025:

Cash and Cash Equivalents	<u>\$ 838,467</u>
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**NOTE 18: SUBSEQUENT EVENTS:**

ASC No. 855: *Subsequent Events* establishes general standards of accounting for and disclosures of events that occur after the statement of financial position date but before the financial statements are issued or are available to be issued. Specifically, it sets forth the period after the statement of financial position date during which management of a reporting entity should evaluate events or transactions that may occur for potential recognition or disclosure in the financial statements, the circumstances under which an entity should recognize events or transactions occurring after the statement of financial position date in its financial statements, and the disclosures that an entity should make about events or transactions that occurred after the statement of financial position date.

In accordance with ASC No. 855, the Chancery evaluated subsequent events through July 10, 2025, the date these financial statements were available to be issued.