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

GREAT FALLS, MONTANA

FINANCIAL STATEMENTS
AS OF
JUNE 30, 2025 and 2024

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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, 2025 and 2024, 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, 2025 and 2024, 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.

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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.

Douglas Wilson & Company, P.C

Great Falls, Montana
June 30, 2026

CENTRAL ADMINISTRATIVE OFFICE OF DIOCESE OF GREAT FALLS-BILLINGS

GREAT FALLS, MONTANA

STATEMENTS OF FINANCIAL POSITION
AS OF JUNE 30, 2025 AND 2024

	6/30/25	6/30/24
ASSETS		
Cash and Cash Equivalents	$ 720,002	$ 838,467
Investments	11,941,040	9,567,096
Accounts Receivable (Net of Expected Credit Losses of $136,663 in 2025 and $110,535 in 2024)	1,079,969	696,876
Deposits and Other Prepaid Expenses	635	2,938
Interest in Catholic Foundation of Eastern Montana	5,464,385	3,546,967
Property and Equipment (net of accumulated depreciation)	6,970,173	6,019,169
Property Held for Sale	4,475,000	-
Total Assets	**$ 30,651,204**	**$ 20,671,513**

LIABILITIES AND NET ASSETS

	6/30/25	6/30/24
Liabilities:		
Accounts Payable and Accrued Liabilities	$ 1,007,903	$ 324,297
Held for Parishes and Institutions	1,638,626	1,632,542
Other Liabilities	185,031	238,501
Long-Term Debt	2,503,833	-
Postretirement Benefit Obligation	8,199,759	8,870,852
Total Liabilities	13,535,152	11,066,192
Net Assets:		
Net Assets Without Donor Restrictions	10,466,847	4,872,797
Net Assets With Donor Restrictions	6,649,205	4,732,524
Total Net Assets	17,116,052	9,605,321
Total Liabilities and Net Assets	**$ 30,651,204**	**$ 20,671,513**

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, 2025

	Without Donor Restrictions	With Donor Restrictions	6/30/25
Revenues:			
Gifts, Bequests, Grants, and Assessments	$ 5,395,666	$ 29,765	$ 5,425,431
Insurance	58,142	-	58,142
Investment Income	746,897	-	746,897
Rents and Leases Income	105,218	-	105,218
Other Revenue	461,987	-	461,987
Fees for Services	674,101	-	674,101
Unrealized Gain on Property Reversion	3,158,000	-	3,158,000
Change in Beneficial Interest in Catholic Foundation of Eastern Montana	(26)	1,917,418	1,917,392
Net Assets Released from Restrictions	30,502	(30,502)	-
Total Revenues	10,630,487	1,916,681	12,547,168
Expenses:			
Compensation and Benefits	2,586,262	-	2,586,262
Postretirement Benefit Obligation	(671,093)	-	(671,093)
Property Costs and Depreciation	954,305	-	954,305
Office Expenses	285,170	-	285,170
Professional Fees	176,612	-	176,612
Interest	2,700	-	2,700
Insurance	300,930	-	300,930
Other Operating Expenses	777,394	-	777,394
Seminarian Expenses	404,316	-	404,316
Auto, Travel, and Meeting Expenses	219,841	-	219,841
Total Expenses	5,036,437	-	5,036,437
Change in Net Assets	5,594,050	1,916,681	7,510,731
Net Assets at Beginning of Year	4,872,797	4,732,524	9,605,321
Net Assets at End of Year	**$ 10,466,847**	**$ 6,649,205**	**$ 17,116,052**

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

	As Restated Without Donor Restrictions	As Restated With Donor Restrictions	6/30/24
Revenues, Gains and Other Support:			
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, Gains, and Other Support	5,598,569	441,808	6,040,377
Expenses:			
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	5,072,483	-	5,072,483
Change in Net Assets Before Transfer of Endowment Funds	526,086	441,808	967,894
Transfer of Endowment Funds	-	(1,225,366)	(1,225,366)
Change in Net Assets	526,086	(783,558)	(257,472)
Net Assets at Beginning of Year	4,346,711	5,516,082	9,862,793
Net Assets at End of Year	**$ 4,872,797**	**$ 4,732,524**	**$ 9,605,321**

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, 2025 AND 2024

	6/30/25	6/30/24
Cash Flows from Operating Activities:		
Change in Net Assets	$ 7,510,731	$ (257,472)
Adjustments to Reconcile Change in Net Assets to		
Net Cash Provided by Operating Activities:		
Provision for Current Year Expected Credit Loss	88,965	(5,477)
Net Change in Catholic Foundation of Eastern Montana	(1,917,418)	(482,054)
Depreciation	336,685	331,693
Contributions Restricted for Long-Term Purposes	(29,765)	(20,760)
Realized and Unrealized Gain on Investments	(576,007)	(678,193)
Gain on Sale of Property and Equipment	(4,117)	-
Unrealized Gain on Property Reversion	(3,158,000)	-
(Increase) Decrease in Operating Assets:		
Accounts Receivable from Parishes and Institutions	(31,163)	(73,899)
Assessments	(80,148)	13,901
Other Receivables	(360,747)	43,685
Deposits and Other Prepaid Expenses	2,303	101
Other Assets	-	-
Increase (Decrease) in Operating Liabilities:		
Accounts Payable and Accrued Liabilities	683,606	(23,355)
Postretirement Benefit Obligation	(671,093)	(253,094)
Other Liabilities	(53,470)	(97,502)
Net Cash Provided (Used) by Operating Activities	1,740,362	(1,502,426)
Cash Flows from Investing Activities:		
Sale/Redemption of Investments	1,582,287	3,973,682
Purchases of Investments	(3,380,224)	(1,921,534)
Proceeds from Sale of Property and Equipment	18,500	-
Purchases of Property and Equipment	(1,302,072)	(195,285)
Net Cash Provided (Used) by Investing Activities	(3,081,509)	1,856,863
Cash Flows from Financing Activities:		
Proceeds from Long-Term Debt	1,200,000	-
Payments on Long-Term Debt	(13,167)	-
Proceeds from Contributions Restricted for Long-Term Purposes	29,765	20,760
Net Change in Funds Held for Parishes and Institutions	6,084	(81,661)
Net Cash Provided (Used) by Financing Activities	1,222,682	(60,901)
Net Increase (Decrease) in Cash	(118,465)	293,536
Cash and Cash Equivalents - Beginning of Year	838,467	544,931
Cash and Cash Equivalents - End of Year	**$ 720,002**	**$ 838,467**
Supplemental Disclosures:		
Interest Paid	**$ 2,700**	**$ -**
Non-Cash Investing and Financing Transactions:		
Property Reversion and Long-Term Debt Assumption	**$ 1,317,000**	**$ -**

See accompanying notes to the financial statements.

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, 2025, 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 $6,649,205 and $4,732,524 in net assets with donor restrictions at June 30, 2025 and 2024, 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 $661,259. 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 17. Certain costs have been allocated among the programs and supporting services benefited.

Reclassifications – Certain reclassifications have been made to the 2024 financial statements to conform to the 2025 financial statement format.

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, 2025 and 2024 is as follows:

	6/30/25	6/30/24
Interest and Dividends	$ 187,582	$ 162,334
Net Realized and Unrealized Gain (Loss) on Investments	576,007	678,193
Less: Investment Expenses	(16,692)	(16,565)
Investment Income	**$ 746,897**	**$ 823,962**

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, 2025 and 2024:

	2025	Quoted Prices in Active Markets of Identical Assets (Level 1)	Other Observable Inputs (Level 2)	Unobservable Inputs (Level 3)
Cash and Cash Equivalents	$ 1,305,566	$ 1,305,566	$ -	$ -
U.S Treasury Bonds	2,724,519	-	2,724,519	-
Corporate Bonds	1,379,699	-	1,379,699	-
Equity Securities	5,639,566	5,639,566	-	-
Insurance Policies	656,373	-	-	656,373
Other	235,317	-	-	235,317
	$ 11,941,040	**$ 6,945,132**	**$ 4,104,218**	**$ 891,690**

	2024	Quoted Prices in Active Markets of Identical Assets (Level 1)	Other Observable Inputs (Level 2)	Unobservable Inputs (Level 3)
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
	$ 9,567,096	**$ 5,948,124**	**$ 2,793,102**	**$ 825,870**

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, 2025 and 2024:

	6/30/25	6/30/24
Beginning of Year, Level 3	$ 825,870	$ 764,207
Increase (Decrease) in Fair Value	65,820	61,663
End of Year, Level 3	**$ 891,690**	**$ 825,870**

NOTE 5: ACCOUNTS RECEIVABLE:

Accounts receivable consist of the following at June 30, 2025 and 2024:

	6/30/25	6/30/24
Parishes and Institutions	$ 410,951	$ 379,788
Cathedraticum	245,261	218,806
Care and Share Assessment	37,619	37,619
Trade	37,413	70,407
Employee Benefits	485,388	100,791
Less: Current Year Expected Credit Losses	(136,663)	(110,535)
Total Assessments, Net	**$ 1,079,969**	**$ 696,876**

NOTE 6: PROPERTY AND EQUIPMENT:

Property and equipment consist of the following at June 30, 2025 and 2024:

	6/30/25	6/30/24
Land and Land Improvements	$ 1,221,413	$ 1,183,414
Building and Improvements	9,906,294	9,903,365
Furniture and Equipment	1,110,047	1,091,984
Vehicles	446,079	447,487
Construction-in-Progress	1,225,500	37,064
	13,909,333	12,663,314
Less: Accumulated Depreciation	(6,939,160)	(6,644,145)
	$ 6,970,173	**$ 6,019,169**

Depreciation expense amounted to $336,685 and $331,693 for the years ended June 30, 2025 and 2024, respectively.

NOTE 7: PROPERTY HELD FOR SALE:

The Poor Clares of Montana, Inc. constructed a monastery in Great Falls, MT on real property conveyed by the Chancery in 2006. In the event of the closure of the monastery, the property would revert to the Chancery. The monastery was closed in 2024, and the property reverted to the Chancery on March 19, 2025. The Chancery recorded the asset at its fair value at the time of the reversion, which was $4,475,000, and the property was subject to long-term debt (see Note 9). The Chancery put the property up for sale, and the property was sold subsequent to the year ended June 30, 2025.

NOTE 8: 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, 2025 and 2024.

NOTE 9: LONG-TERM DEBT:

Long-term debt as of June 30, 2025 and 2024 consists of the following:

	6/30/25	6/30/24
$1,200,000 unsecured note payable to The Diocese of Great Falls-Billings Juridic Person Capital Assets Support Corporation, payable in monthly payments of $8,876.26 including interest at 4%, beginning June 1, 2025, with the full amount of principal due at the maturity date of May 1, 2040.	$ 1,192,833	$ -
$1,267,000 secured note payable at 0% interest to Franciscan Poor Clare Abbey, payable in annual payments of $126,700, beginning December 1, 2025, with the full amount of principal due at the maturity date of March 31, 2030.	1,267,000	-
$50,000 unsecured note payable at 0% interest to the Monastery of St. Clare, payable in monthly payments of $2,000, beginning April 1, 2025, with the full amount of principal due at the maturity date of June 30, 2027.	44,000	-
	$ 2,503,833	**$ -**

Current maturities of long-term debt are as follows:

June 30,	
2026	$ 210,592
2027	209,032
2028	191,571
2029	194,214
2030	196,965
Thereafter	1,501,459
	$ 2,503,833

Interest on long-term debt amounted to $1,710 and $0 for the years ended June 30, 2025 and 2024, respectively.

NOTE 10: RESTRICTIONS/LIMITATIONS ON NET ASSETS:

Net assets with donor restrictions as of June 30, 2025 and 2024 are summarized as follows:

	6/30/25	6/30/24
Purpose Restricted:		
Catholic Foundation of Eastern Montana	$ 901,248	$ 901,248
Education	-	30,502
	901,248	931,750
Restricted in Perpetuity:		
Catholic Foundation of Eastern Montana	4,563,137	2,645,719
Cemeteries Perpetual Care	1,184,820	1,155,055
	5,747,957	3,800,774
Total Net Assets with Donor Restrictions	**$ 6,649,205**	**$ 4,732,524**

NOTE 11: 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 Principal Financial 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 2025 and 2024 of $25,000 and $25,000, respectively.

At June 30, 2025 (the latest valuation date) and 2024, the present value of future plan benefits was approximately $4,779,073 and $4,528,765, using a discount rate of 5.25% and 5.25%, respectively. The market value of assets available for plan benefits at June 30, 2025 (the latest valuation date) and 2024 was approximately $6,222,894 and $5,625,265, using an assumed long-term rate of return of 5%.

NOTE 12: 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, 2025 and 2024, employer costs were $113,516 and $89,860, respectively.

NOTE 13: 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, 2025 and 2024 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, 2025 and 2024:

	6/30/25	6/30/24
Benefit Obligation	$ 8,199,759	$ 8,870,852
Service Cost	249,903	302,482
Participant Contributions	-	-
Benefit Payments	339,051	324,076
Fair Value of Plan Assets	-	-
Net Unfunded Status of the Plan	8,199,759	8,870,852

Amounts recognized in the Statement of Financial Position consist of:

	6/30/25	6/30/24
Accrued Benefit Cost	**$ 8,199,759**	**$ 8,870,852**

The net change in liability recognized in the change in net assets for 2025 and 2024 was $(671,093) and $(253,094), respectively.

The assumptions used to determine benefit obligations at June 30, 2025 and 2024 were as follows:

	6/30/25	6/30/24
Discount Rate	5.25%	5.25%
Health Care Cost Trend Rate:		
First Year	10.0%	10.0%
Ultimate	5.0%	5.0%
Years to Ultimate	5 Years	5 Years

NOTE 14: 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 $5,500 and $6,000 for administrative and accounting services provided by Chancery staff during the years ended June 30, 2025 and 2024, of which $500 is included in Accounts Receivable on the Statement of Financial Position at June 30, 2024. In addition, the Chancery borrowed $1,200,000 for the purchase of a building (see Note 9).

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, 2025 and 2024 the Chancery recorded its interest in CFEM as an asset totaling $5,464,385 and $3,546,967, 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, 2025 and 2024, and supported the operations of the Montana Catholic Conference in the amount of $75,000 and $75,000 for fiscal years ended June 30, 2025 and 2024, respectively.

NOTE 15: 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 16: 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, preservations 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:

	6/30/25 With Donor Restrictions
Donor Restricted Endowment	**$ 5,747,957**

	6/30/24 With Donor Restrictions
Donor Restricted Endowment	**$ 3,800,774**

Changes in net asset composition by type of fund for the years ended June 30, 2025 and 2024 are as follows:

	With Donor Restrictions
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.	(1,225,366)
Endowment Net Assets, June 30, 2024	3,800,774
Contributions	29,765
Net Change in Beneficial Interest in CFEM	1,917,418
Endowment Net Assets, June 30, 2025	**$ 5,747,957**

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 17: FUNCTIONAL EXPENSES:

The Chancery's expenses by both nature and function for the years ended June 30, 2025 and 2024 are as follows:

	Expenses			
Department	**6/30/25**	**Program**	**Admin**	**Fund Raising**
Bishop	$ 285,479	$ 285,479	$ -	$ -
Chancery	457,208	457,208	-	-
Curia	365,417	365,417	-	-
Ministries	6,322	6,322	-	-
Evangelization	43,394	43,394	-	-
Tribunal	86,850	86,850	-	-
Business Office	341,401	-	341,401	-
Schools	153,727	153,727	-	-
St. Patrick's Academy High School	786,582	786,582	-	-
Human Resources	102,975	-	102,975	-
Development	113,188	-	-	113,188
Priest	(109,278)	(109,278)	-	-
Worship	6,182	6,182	-	-
Properties	472,345	-	472,345	-

(CONTINUED)

Department	Expenses 6/30/25	Program	Admin	Fund Raising
Mount Olivet Cemetery	481,817	481,817	-	-
Holy Cross Cemetery	188,141	188,141	-	-
Chancellor	3,446	3,446	-	-
Formation	116,736	116,736	-	-
Communications	197,986	197,986	-	-
Saint Thomas Camp	125,995	125,995	-	-
	$ 4,225,913	**$ 3,196,004**	**$ 916,721**	**$ 113,188**

Department	Expenses 6/30/24	Program	Admin	Fund Raising
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	-	-
St. Patrick's Academy High School	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	-
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	-	-
	$ 5,072,483	**$ 3,968,257**	**$ 893,540**	**$ 210,686**

NOTE 18: 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, 2025, as available for general expenditures in 2026:

Cash and Cash Equivalents	**$ 720,002**

NOTE 19: 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 June 30, 2026, the date these financial statements were available to be issued.