

**CENTRAL ADMINISTRATIVE OFFICE OF THE  
ROMAN CATHOLIC DIOCESE OF BOISE**  
FINANCIAL STATEMENTS  
JUNE 30, 2021 and 2020



**Central Administrative Office of the Roman  
Catholic Diocese of Boise**  
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## INDEPENDENT AUDITOR'S REPORT

To the Board of Directors  
Central Administrative Office of the Roman Catholic Diocese of Boise

### Opinion

We have audited the accompanying financial statements of Central Administrative Office of the Roman Catholic Diocese of Boise (an Idaho non-profit organization), which comprise the statement of financial position as of June 30, 2021 and the related statement of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Central Administrative Office of the Roman Catholic Diocese of Boise as of June 30, 2021 and the changes in its net assets and its cash flows for the years then ended in accordance with the accounting principles generally accepted in the United States of America.

### Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. 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 Diocese of Boise and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### Prior Period Financial Statements

The financial statements of Central Administrative Office of the Roman Catholic Diocese of Boise as of June 31, 2020 were audited by other auditors whose report dates February 2, 2021, expressed an unmodified opinion on those statements. This report was used to present summarize comparative information.

### Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America, and 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 Diocese of Boise's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

### **Auditors' 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 generally accepted auditing standards 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, including omissions, 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 generally accepted auditing standards, 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 Diocese of Boise'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 Central Administrative Office of the Roman Catholic Diocese of Boise'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.



Nampa, Idaho  
December 21, 2021

**Central Administrative Office of the Roman  
Catholic Diocese of Boise**

**STATEMENT OF FINANCIAL POSITION  
AS OF JUNE 30**

	2021	2020
<b>ASSETS</b>		
Cash	\$ 638,158	\$ 194,423
Accounts and pledges receivable	2,550,812	7,571,444
Deposits and prepaid expenses	119,796	176,642
Interfund receivable (payable)	-	-
Investments	37,385,535	27,291,728
Investment in-transit	72,739	-
Beneficial interest in perpetual trust	749,091	637,533
Loans to parishes and schools	9,781,809	10,829,129
Loans and notes receivable	191,621	136,191
Property, plant, and equipment, net	12,661,002	7,959,430
	<u>\$ 64,150,563</u>	<u>\$ 54,796,520</u>
<b>LIABILITIES</b>		
Cash overdraft	\$ -	\$ 39,944
Accounts payable	285,467	92,078
Accrued liabilities	948,214	1,055,990
Line of credit	-	2,150,000
Parish cash management	9,030,335	6,325,097
Parish savings deposits	29,296,986	27,986,315
Lay pension trust	671,323	868,149
Liability for pension benefits - lay	803,773	962,916
Liability for pension benefits - priest	321,109	649,113
Refundable advance - PPP loan	-	4,039,995
Notes payable	1,750,923	-
Deferred revenue	150	4,473
	<u>43,108,280</u>	<u>44,174,070</u>
<b>NET ASSETS</b>		
Without donor restrictions	16,722,555	8,255,426
With donor restrictions	4,319,728	2,367,024
Total Net Assets	<u>21,042,283</u>	<u>10,622,450</u>
	<u>\$ 64,150,563</u>	<u>\$ 54,796,520</u>

**Central Administrative Office of the Roman  
Catholic Diocese of Boise**  
STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30

	2021			2020
	Without Donor Restrictions	With Donor Restrictions	Total	Summarized Information
<b>REVENUE AND SUPPORT</b>				
Contributions	\$ 1,429,175	\$ 5,782,796	\$ 7,211,971	\$ 4,477,395
Program services	772,878	114,100	886,978	978,127
Assessment revenue	757,769	-	757,769	768,717
Insurance program	7,016,475	-	7,016,475	6,934,267
Grant revenue	166,409	197,858	364,267	521,301
Deposit and loan interest	316,121	-	316,121	363,986
Rental income	170,023	74,400	244,423	584,710
Gain on the sale of property	582,227	-	582,227	369,850
Realized gain on investments	1,528,846	161,967	1,690,813	67,797
Unrealized gain on investments	4,878,757	336,202	5,214,959	213,650
Interest and dividends	578,058	39,602	617,660	534,246
Unrealized gain (loss) on beneficial interest in perpetual trust	-	111,558	111,558	(8,948)
Miscellaneous	121,077	4,200	125,277	15,426
Net assets released from restrictions satisfied by payments	4,869,979	(4,869,979)	-	-
<b>Total Revenue and Support</b>	<b>23,187,794</b>	<b>1,952,704</b>	<b>25,140,498</b>	<b>15,820,524</b>
<b>EXPENSES</b>				
Program services				
Pastoral	4,384,737	-	4,384,737	3,208,861
Education	1,620,596	-	1,620,596	1,781,469
Social services	209,162	-	209,162	262,281
Deposit and loan interest	231,578	-	231,578	1,002,632
Communications	419,520	-	419,520	413,315
Retreat center	373,456	-	373,456	391,821
Insurance program	5,501,249	-	5,501,249	5,829,430
St. John Vianney Retirement Center	109,321	-	109,321	104,130
<b>Total Program Services</b>	<b>12,849,619</b>	<b>-</b>	<b>12,849,619</b>	<b>12,993,939</b>
Supporting Services				
General administrative	1,988,608	-	1,988,608	2,155,505
Development	211,833	-	211,833	242,473
FASB ASC 715 expense	(487,147)	-	(487,147)	67,971
Depreciation	157,752	-	157,752	317,105
<b>Total Supporting Services</b>	<b>1,871,046</b>	<b>-</b>	<b>1,871,046</b>	<b>2,783,054</b>
<b>Total Expenses</b>	<b>14,720,665</b>	<b>-</b>	<b>14,720,665</b>	<b>15,776,993</b>
<b>Increase in Net Assets</b>	<b>8,467,129</b>	<b>1,952,704</b>	<b>10,419,833</b>	<b>43,531</b>
NET ASSETS, Beginning of Year	8,255,426	2,367,024	10,622,450	10,578,919
NET ASSETS, End of Year	<u>\$ 16,722,555</u>	<u>\$ 4,319,728</u>	<u>\$ 21,042,283</u>	<u>\$ 10,622,450</u>

See notes to financial statements

**Central Administrative Office of the Roman  
Catholic Diocese of Boise**

**STATEMENT OF FUNCTIONAL EXPENSES  
FOR THE YEAR ENDED JUNE 30**

	2021			2020
	Program Services	Supportive Activities	Total	Summarized Information
Salaries	\$ 1,860,704	\$ 619,249	\$ 2,479,953	\$ 2,654,847
Temporary labor	1,783	-	1,783	2,243
Payroll taxes	109,483	43,712	153,195	160,682
Employee and retired priest benefits	5,045,799	(352,490)	4,693,309	5,876,474
Training	120,878	2,198	123,076	86,139
Computer and purchases	84,066	170,225	254,291	246,143
Insurance	1,040,543	1,171	1,041,714	929,280
Workers compensation	30,177	11,199	41,376	41,280
Audit	-	31,290	31,290	31,926
Legal and professional fees	151,743	99,814	251,557	233,714
Supplies and subscriptions	77,655	43,490	121,145	140,798
Rental expense	24,046	353,864	377,910	250,521
Meals and meetings	111,206	1,227	112,433	130,867
Advertising	16,210	1,150	17,360	25,315
Miscellaneous	9,330	817	10,147	55,785
Travel	41,798	4,510	46,308	128,013
Interest expense	177,407	11,528	188,935	390,804
Utilities	103,265	4,408	107,673	158,592
Repairs and maintenance	54,626	7,188	61,814	184,129
Property taxes and related expense	77,312	13,168	90,480	76,208
Depreciation	-	157,752	157,752	317,105
Bank and investments fees	100,291	196,200	296,491	300,307
ICF distributions	-	473,618	473,618	406,615
Printing and copies	61,596	73,736	135,332	149,213
Postage	61,612	15,930	77,542	75,878
Administrative expense	19,924	12,977	32,901	63,171
Contributions, grants and scholarships	1,651,960	-	1,651,960	443,396
Telephone	21,625	8,595	30,220	29,657
Events and special projects	100,878	20	100,898	154,613
Bad debts	557	(135,500)	(134,943)	525,748
Seminarian and priest expenses	818,090	-	818,090	765,059
ICA allocations	(2,528,569)	-	(2,528,569)	(2,428,608)
ICA disbursements	3,403,624	-	3,403,624	3,171,079
	<u>\$ 12,849,619</u>	<u>\$ 1,871,046</u>	<u>\$ 14,720,665</u>	<u>\$ 15,776,993</u>

See notes to financial statements

**Central Administrative Office of the Roman  
Catholic Diocese of Boise**

**STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED JUNE 30**

	2021	2020
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Change in net assets	\$ 10,419,833	\$ 43,531
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:		
Depreciation	157,753	317,105
Realized gain on investments	(1,690,813)	(67,797)
Unrealized gain on asset disposal	-	(186,885)
Realized gain on asset disposal	(582,227)	(369,850)
Contributions of marketable securities received	(489,020)	(512,576)
Beneficial interest in perpetual truse decrease	(111,558)	8,948
Changes in operating assets and liabilities:		
Accounts receivable	5,020,632	(4,524,039)
Prepaid expenses	56,846	(84,278)
Accounts payable	193,389	(42,176)
Accrued liabilities	(107,776)	(228,731)
Parish cash management	2,705,238	817,930
Parish savings deposits	1,310,671	1,536,955
Lay pension trust	(196,826)	868,149
Liability for pension benefits - lay	(159,143)	4,372
Liability for pension benefits - priest	(328,004)	63,599
Refundable advance - PPP loan	(4,039,995)	4,039,995
Deferred Revenue	(4,323)	2,770
Net cash provided (used) by Operating activities	<u>12,154,677</u>	<u>1,687,022</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Loans and notes receivable	991,890	586,627
Purchase of investments	(8,137,711)	(5,027,096)
Proceeds from sale of investments	150,998	1,215,229
Purchase of fixed assets	(5,400,198)	(1,308,339)
Proceeds from sale of fixed assets	1,123,100	4,900,000
Net cash provided (used) by investing activities	<u>(11,271,921)</u>	<u>366,421</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Overdraft payable	(39,944)	(384,750)
Notes payable - related party	1,750,923	-
Payments to line of credit	(2,150,000)	(1,675,000)
Net cash provided (used) by financing activities	<u>(439,021)</u>	<u>(2,059,750)</u>
<b>NET DECREASE IN CASH, CASH EQUIVALENTS,</b>	443,735	(6,307)
Cash and Cash Equivalents - Beginning of Year	<u>194,423</u>	<u>200,730</u>
<b>CASH, CASH EQUIVALENTS, AND RESTRICTED CASH - END OF YEAR</b>	<u><u>\$ 638,158</u></u>	<u><u>\$ 194,423</u></u>
<b>SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION</b>		
Cash paid for interest expense	\$ 78,360	\$ 121,562
Noncash contributions of marketable securities	\$ 489,020	\$ 512,576



**Central Administrative Office of the Roman  
Catholic Diocese of Boise**  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2021

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**NOTE A - Nature of Operations and Significant Accounting Policies**

Nature of Organization

Central Administrative Office of the Roman Catholic Diocese of Boise (the Diocese) was established in 1895 for the purpose of overseeing certain Catholic organizations within the State of Idaho. Under the direction of the Roman Catholic Bishop of Idaho, the Diocese works to proclaim the presence of God in Word and Sacrament while nurturing and supporting vital faith communities, affirming the values of society and recognizing and responding to those in need.

Basis of Accounting

The financial statements of the Diocese have been prepared on the accrual basis of accounting in accordance with general accepted accounting principles.

Basis of Presentation

Financial statement presentation follows the recommendations of the Financial Accounting Standards Board in its Accounting Standards Codification (FASB ASC) 958. In accordance with the standard, the Diocese reports information regarding its financial position and activities according to two classes of net assets that are based upon the existence or absence of restrictions on use that are placed by its donors: net assets without donor restrictions and net assets with donor restrictions. Descriptions of the two net asset categories and the types of transaction affecting each category follow:

*Net assets without donor restrictions* are resources available to support operations and not subject to donor restrictions. The only limits on the use of net assets without donor restrictions are the broad limits resulting from the nature of the Organization, the environment in which it operates, the purposes specified in its corporate documents and its application for tax-exempt status, and any limits resulting from contractual agreements with creditors and others that are entered into in the course of its operations. Items that affect this net asset category principally consist of program services, assessment revenue, insurance program revenue, deposit and loan interest income and related expenses associated with the core activities of the Diocese. In addition to these exchange transactions, changes in this category of net assets include investment returns on board-designated endowment funds and changes in lay and priest retirement plans.

*Net assets with donor restrictions* are resources that are subject to donor-imposed restrictions that will be met either by actions of the Diocese or the passage of time. Items that affect this net asset category are contributions and grants to specified programs for which donor-imposed restrictions have not been met in the year of receipt, including investment returns on the beneficial interest in perpetual trust. Also included in this category are net assets subject to donor-imposed restrictions to be maintained in perpetuity by the Diocese, including endowments for specified programs.

**Central Administrative Office of the Roman  
Catholic Diocese of Boise**  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2021

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Contributions

The Diocese follows the recommendations of the FASB ASC 958 for accounting for contributions received and contributions made. In accordance with the standard, contributions that are restricted by the donor are reported as increases in net assets without donor restrictions if the restrictions expire (that is, when a stipulated time restriction ends or purpose restriction is accomplished) in the reporting period in which the revenue is recognized. All other donor-restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the Statements of Activities as net assets released from restrictions.

Promises to Give

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

Allowance for Doubtful Accounts

The Diocese provides an allowance for doubtful accounts based on prior experience and management's assessment of collectability of existing specific accounts.

Cash and Cash Equivalents

The Diocese considers its short-term, highly liquid investments purchased with a maturity of three months or less to be cash equivalents.

Advertising and Promotion

The Diocese uses advertising to promote its programs among the audiences it serves. The costs of advertising are expensed as incurred. During the years ended June 30, 2021 and 2020, advertising costs totaled \$17,360 and \$25,315 respectively.

Investments

The Diocese follows FASB ASC 958, in accounting for investments. According to the standard, investments in marketable securities with readily determinable fair values and all investments in debt securities are reported at their fair values in the Statement of Financial Position. Unrealized gains and losses are included in the change in net assets in the accompanying Statement of Activities.

Income Tax Status

The Diocese qualifies as a tax-exempt organization under Section 501(c)(3) of the Internal Revenue Code except for federal taxes on unrelated business income tax on unrelated debt financed income, there is no other provision for federal income taxes.

**Central Administrative Office of the Roman  
Catholic Diocese of Boise**  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2021

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In accordance with FASB ASC 740, the Diocese has evaluated its operations as of June 30, 2021 as compared to its original application for tax-exempt not-for-profit status. The evaluation also considered the possibility of transactions that may be subject to income tax on unrelated business income. Tax positions considered, but not limited to included: a) the Diocese's characterization of its activities as related or unrelated to its exempt purpose, and b) the Diocese's allocation of revenue and expense between activities that relate to its exempt purpose and those that could be considered unrelated business income. Upon the evaluation, the Diocese does not believe it has any business activities in place that would cause its tax-exempt not-for-profit status to not be sustained upon audit.

Investment Income and Gains

Investment income and gains, when attributed to net assets without donor restrictions, are considered revenue without restrictions in the reporting period in which the income and gains are recognized.

Fixed Assets

Fixed assets are stated at cost, except for donated equipment, which is stated at fair market value at date of receipt. Depreciation is computed using the straight-line method over estimated useful lives of the assets, which range from 5 to 39 years. Expenditures for major renewals and betterments that extend the useful lives of property and equipment are capitalized. The Diocese capitalizes assets valued \$10,000 or more. Expenditures for maintenance and repairs are charged to expense as incurred. Depreciation expenses for June 30, 2021 and 2020 were \$157,752 and \$317,105, respectively.

Valuation of Gifts

Noncash assets contributed to the Diocese are recorded at appraised value when it is provided by an independent third party. If no independent third party appraisal is available, the asset is recorded at an objective verifiable basis which is, in the judgment of the Diocese's management, a fair value to the Diocese for its purposes.

Volunteer Services

A number of volunteers have contributed significant amounts of their time to the programs and activities of the Diocese. The value of this contributed time is not reflected in these statements because it is not susceptible to objective measurement or valuation.

Use of Estimates

Management uses estimates and assumptions in preparing 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.

**NOTE B - Fair Value Measurements**

The Diocese follows FASB ASC 820, which establishes a framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1 measurements) and the lowest priority to unobservable inputs (level 3 measurements). The three levels of the fair value hierarchy are described below:

**Central Administrative Office of the Roman  
Catholic Diocese of Boise**  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2021

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- Level 1 - quoted prices in active markets for identical investments
- Level 2 - other significant observable inputs (including quoted prices for similar investments)
- Level 3 - significant unobservable inputs (including the Organization's own assumptions in determining the fair value of investments)

The asset's or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

Key data used to assign fair value to Level 2 assets:

	Primary vendor or source	Update frequency	Methodology	Secondary vendor or other source
Open-End mutual funds - equity	Fund Web	Daily	Net Asset Value	MSCI Europe, Australasia, Far East Index
Open-End mutual funds - fixed income	Fund Web	Daily	Net Asset Value	Bloomberg
Government and agency obligations	ICE (Inter-continental Exchange)	Daily	Institutional Bond Quotes based assessments of various market and industry inputs	Bloomberg

Key data used to assign fair value to Level 3 assets is provided by the Mission Diocese Fund, LLC on a quarterly basis. The investment in the Mission Diocese Fund, LLC is comprised of various types of investments including equity, inflation hedge, fixed income and marketable alternatives measured at fair value as appropriate according to the assets traded value on national securities exchanges or net asset valuations provided by underlying investment funds.

**Central Administrative Office of the Roman  
Catholic Diocese of Boise**  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2021

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Investments at fair value as of June 30, 2021:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Money market funds	\$ 222,650	\$ -	\$ -	\$ 222,650
Open-End mutual funds - equity	-	3,835,079	-	3,835,079
Open-End mutual funds - fixed income	-	12,969,488	-	12,969,488
Corporate equities - domestic	13,577,177			13,577,177
Corporate equities - foreign	6,045,534			6,045,534
Corporate obligations	-	-	-	-
Government and agency obligations	-	-	-	-
Corporate equities	-	-	-	-
Mission Diocese Fund, LLC	-	-	808,346	\$ 808,346
	<u>\$ 19,845,361</u>	<u>\$ 16,804,567</u>	<u>\$ 808,346</u>	<u>\$ 37,458,274</u>

Investments at fair value as of June 30, 2020:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Money market funds	\$ 427,296	\$ -	\$ -	\$ 427,296
Open-End mutual funds - equity	74,972	2,101,196	-	2,176,168
Open-End mutual funds - fixed income	-	9,775,147	-	9,775,147
Open-End mutual funds - balanced	-	-	-	-
Government and agency obligations	-	19,219	-	19,219
Corporate equities	14,277,213	-	-	14,277,213
Mission Diocese Fund, LLC	-	-	616,685	616,685
	<u>\$ 14,779,481</u>	<u>\$ 11,895,562</u>	<u>\$ 616,685</u>	<u>\$ 27,291,728</u>

**Central Administrative Office of the Roman  
Catholic Diocese of Boise**  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2021

The following table reconciles the valuation of Level 3 investments and related transactions during the year ended June 30, 2021:

	<u>Amount</u>
Fair value July 1, 2020	\$ 616,685
Transfers in	-
Interest and dividends	3,924
Realized gain on investments	34,300
Unrealized loss on investments	154,287
Bank and investment fees	<u>(850)</u>
Fair value June 30, 2021	<u>\$ 808,346</u>

Transfers to or from Level 3 investments are deemed to have occurred once the funds have been withdrawn from one and deposited to the other; no transfers occurred during the year ended June 30, 2021. Investment income, realized gain and unrealized loss are included as an increase of \$192,511 and investment expenses are included as a decrease of \$850 in the Statements of Activities, resulting in a net increase of \$191,661 to net assets without donor restrictions for the year ended June 30, 2021. The Mission Diocese Fund, LLC investments are held by the Idaho Catholic Foundation for the Diocese.

Net investment income at June 30:	<u>2021</u>	<u>2020</u>
Net realized gain	\$ 1,690,813	\$ 67,797
Net unrealized gain (loss)	5,214,959	213,650
Interest and dividend income	<u>617,660</u>	<u>534,246</u>
	<u>\$ 7,523,432</u>	<u>\$ 815,693</u>

**NOTE C - Pledges Receivables**

The Idaho Catholic Appeal (ICA) is an annual campaign normally conducted in the parishes which raises operating funds for various programs and ministries supported by the Diocese. These programs include pastoral services, care of the priests, outreach, education and formation, Catholic Charities and the Universal Church. The funds are considered net assets with donor restrictions until the end of the campaign when they are distributed for purposes of supporting the stated programs. The total pledges receivable as of June 30, 2021 and 2020 were \$381,747 and \$371,635, respectively. No allowance for doubtful accounts has been recorded, as pledges receivable and funds due from the Idaho Catholic Foundation have either been collected as of the date of these financial statements, or are expected to be collected within one year.

**Central Administrative Office of the Roman  
Catholic Diocese of Boise**  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2021

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**NOTE D - Property, Plant, and Equipment**

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

	<u>2021</u>	<u>2020</u>
Buildings	\$ 4,588,830	\$ 4,591,134
Equipment	2,033,378	2,088,388
	<u>6,622,208</u>	<u>6,679,522</u>
Less accumulated depreciation	4,313,099	4,210,356
	<u>2,309,109</u>	<u>2,469,166</u>
Construction in process	26,705	-
Land	10,325,188	5,490,264
	<u>\$ 12,661,002</u>	<u>\$ 7,959,430</u>

**NOTE E - Idaho Catholic Foundation**

The Idaho Catholic Foundation holds investments for the Diocese as well as other Diocesan organizations. In June 2012 the Foundation became a legally separate entity from the Diocese, with its own tax identification number and bank accounts. The Foundation issues separately prepared financial statements.

Investments and related financial items held by the Idaho Catholic Foundation for the Diocese are reflected in the net asset without and with donor restrictions classifications of these financial statements.

Assets reported in the Statements of Financial Position held by the Idaho Catholic Foundation for the Diocese are as follows at June 30:

	<u>2021</u>	<u>2020</u>
Investments	\$ 13,042,280	\$ 8,918,777
Beneficial interest in perpetual trust	249,697	212,511

Income and expenses reported in the Statements of Activities from investments held by the Idaho Catholic Foundation for the Diocese are as follows at June 30:

	<u>2021</u>	<u>2020</u>
Income:		
Investment income	\$ 2,941,410	\$ 186,548
Contributions	1,656,242	74,805
Expenses:		
Distributions to participants	406,616	406,555
Investment and managerial expenses	67,533	62,498

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**NOTE F - Beneficial Interest in Perpetual Trust**

The Diocese received notice on March 30, 2011 that they were named as a beneficiary in The John L. Muegerl Trust. The trust account assets are held and managed by an independent trustee. In April 2011, a trust investment account was opened at a national financial institution, and in May 2011, trust assets were transferred to the account. The beneficial interest in trust assets was recorded at fair market value as of May 31, 2011, as a contribution with donor restrictions. The Diocese's beneficial interest consists of fifteen percent of the total trust assets, divided such that five percent of the beneficial interest is designated to each of the following: the Idaho Catholic Foundation - Held for Diocese, the Diocesan Development Program and the Idaho Priests Special Needs Fund. According to the trust agreement, the Diocese is to receive a fixed percentage of trust assets each year, which is income with donor restrictions to the three funds mentioned above, and has been recorded as such in the Statements of Activities for the years ended June 30, 2021 and 2020. The beneficial interest in trust assets has been recorded at fair market value as of June 30, 2021 and 2020 in the Statements of Financial Position. The net increase in fair market value from May 31, 2011 to June 30, 2021 of \$175,563 is included in net assets with donor restrictions.

Activity for the beneficial interest in the perpetual trust for the year ended June 30, 2021 is as follows:

Beginning balance, June 30, 2020	\$ 637,533
Unrealized gain	111,558
Income distributable to beneficiary	27,381
Amounts appropriated for expenditure	<u>(27,381)</u>
 Total Beneficial Interest in Perpetual Trust	 <u><u>\$ 749,091</u></u>

**NOTE G - Endowment Funds**

The Diocese follows FASB ASC 958-205 in its accounting for endowments. FASB ASC 958-205 provides guidance on the net asset classification of donor-restricted endowment funds for a nonprofit organization that is subject to an enacted version of the Uniform Prudent Management of Institutional Funds Act of 2006 (UPMIFA). FASB ASC 958-205 also requires additional disclosures about an organization's endowment funds (both donor-restricted endowment funds and board-designated endowment funds) whether or not the organization is subject to UPMIFA.

The State of Idaho enacted UPMIFA effective July 1, 2007, the provisions of which apply to endowment funds existing on or established after that date. The Diocese follows FASB ASC 958-205 for the years ending June 30, 2021 and 2020. It has been determined that the Diocese's net assets with donor restrictions meet the definition of endowment funds under UPMIFA.



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Board and Donor-designated Endowments - after implementation of FASB ASC 958-205

Board-designated endowments that are internally designated by the Board of Directors and are not donor-restricted are classified and reported as net assets without donor restrictions. The Idaho Catholic Foundation administers the endowments of the Diocese. These endowments consist of approximately eleven individual funds, some of which have donor-restricted spending guidelines and were established for a variety of purposes ranging from education of seminarians and helping retired priests of the Diocese, to providing scholarships for education of youth and maintenance and repair of facilities. Endowments administered by the Idaho Catholic Foundation include both donor-restricted endowment funds and funds designated by the Board of Trustees to function as endowments.

As required by generally accepted accounting principals, net assets associated with endowment funds, including funds designated by Board of Trustees to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions.

Additionally, the Diocese's governing body has interpreted SPMIFA as requiring the maintenance of only the original gift amount contributed to an endowment fund, unless a donor stipulates the contrary. As a result of this interpretation, the Diocese would consider the fund to be underwater if the fair value of the fund is less than the sum of (1) the original value of initial and subsequent gifts donated to the fund and (2) any accumulations to the fund that are required to be maintained in perpetuity in accordance with applicable donor gift instrument. The Diocese has interpreted SPMIFA to permit spending from underwater funds in accordance with prudent measures required under the law. The funds are not currently underwater.

**Investment Policy**

All endowments within the financial statements of the Diocese follow the Prudent Person Guideline. The PPG suggests an amount to be distributed which is designed to allow for a reasonable stream of distributions, while preserving the value of the endowment against inflation and a volatile market. The calculation applies an applicable distribution percentage (currently five percent) to the average value of the endowment account over the preceding period of 12 calendar months.

All endowments are invested in Diocese Investment Pool. The Pool is professionally managed by fourteen different investment firms with specific disciplines of investment such as large cap growth, large cap value, fixed income, etc. Further these managers have regular oversight by an independent consultant hired by the Diocese. This consultant independently reports to the finance council of the Diocese on a quarterly basis. Each manager's performance is specifically checked for adherence to investment discipline and judged against established industry accepted benchmarks.

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Endowment Net Asset Composition by Type of Fund as of June 30, 2021 is as follows:

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Board-designated endowment funds	\$ 6,079,095	\$ -	\$ 6,079,095
Donor-restricted endowment funds:			
Original donor-restricted gift required to be maintained in perpetuity by donor	-	1,642,667	1,642,667
Accumulated investment gains	433,061	175,564	608,625
Total funds	<u>\$ 6,512,156</u>	<u>\$ 1,818,231</u>	<u>\$ 8,330,387</u>

Change in endowment net assets as of June, 2021 are as follows:

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Endowment net assets, beginning of year	\$ 4,779,759	\$ 1,706,672	\$ 6,486,431
Contributions	229,238	33,579	262,817
Investment income	509,922	113,675	623,597
Net appreciation	1,310,576	47,244	1,357,820
Amounts appropriated for expenditure	<u>(317,339)</u>	<u>(82,939)</u>	<u>(400,278)</u>
Endowment net assets, end of year	<u>\$ 6,512,156</u>	<u>\$ 1,818,231</u>	<u>\$ 8,330,387</u>

Endowment Net Asset Composition by Type of Fund as of June 30, 2020 is as follows:

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Board-designated endowment funds	\$ 4,610,569	\$ -	\$ 4,610,569
Donor-restricted endowment funds:			
Original donor-restricted gift required to be maintained in perpetuity by donor	-	1,642,667	1,642,667
Accumulated investment gains	169,190	64,005	233,195
Total funds	<u>\$ 4,779,759</u>	<u>\$ 1,706,672</u>	<u>\$ 6,486,431</u>

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Change in endowment net assets as of June, 2020 are as follows:

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Endowment net assets, beginning of year	\$ 4,920,324	\$ 1,715,620	\$ 6,635,944
Contributions	59,232	31,142	90,374
Investment income	134,080	-	134,080
Net appreciation (depreciation)	13,285	(8,948)	4,337
Amounts appropriated for expenditure	<u>(347,162)</u>	<u>(31,142)</u>	<u>(378,304)</u>
Endowment net assets, end of year	<u>\$ 4,779,759</u>	<u>\$ 1,706,672</u>	<u>\$ 6,486,431</u>

**NOTE H - Priests Retirement Plan**

The Roman Catholic Diocese of Boise sponsors a defined benefit pension plan for all Diocesan priests who are ordained or incardinated in the Roman Catholic Diocese of Boise and in good standing and not on probation. The Central Administrative Office of the Roman Catholic Diocese of Boise participates in this plan.

The plan provides benefits based on a flat dollar amount multiplied by years and months of service.

Since the Roman Catholic Diocese of Boise is exempt from the funding requirements of ERISA, it has been its practice to make contributions annually to the plan based on generally accepted actuarially principles. In general, it is the policy of the Roman Catholic Diocese of Boise to fund any unfunded past service liability over 20 years. Assets are held in a revocable trust.

**Funded Status**

The following table sets forth the plan's funded status at June 30:

	<u>Fiscal Year Ended June 30, 2021</u>	<u>Fiscal Year Ended June 30, 2020</u>
Accumulated benefit obligation	(11,282,900)	(11,289,000)
Projected benefit obligation	(12,467,264)	(12,796,000)
Plan assets at fair value	<u>9,107,836</u>	<u>6,965,000</u>
Funded status at end of year	(3,359,428)	(5,831,000)
Liability for pension benefits	\$ (3,359,428)	\$ (5,831,000)

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Amounts recognized in the plan's statements of financial position consist of:

	<b>Fiscal Year Ended June 30, 2021</b>	<b>Fiscal Year Ended June 30, 2020</b>
Noncurrent assets	\$ -	\$ -
Current liabilities	-	-
Noncurrent liabilities	(3,359,428)	(5,831,000)
	<u>\$ (3,359,428)</u>	<u>\$ (5,831,000)</u>

Amounts recognized in net assets without donor restrictions consist of:

	<b>Fiscal Year Ended June 30, 2021</b>	<b>Fiscal Year Ended June 30, 2020</b>
Net loss (gain)	\$ 508,162	\$ 2,692,000
Net transition obligation (asset)	-	-
Prior service cost (credit)	287,000	388,000
	<u>\$ 795,162</u>	<u>\$ 3,080,000</u>

**Net Periodic Pension Cost**

The following items are the components of the net periodic pension cost for the plan as a whole for the years ended June 30:

	<b>Fiscal Year Ended June 30, 2021</b>	<b>Fiscal Year Ended June 30, 2020</b>
Service cost-benefits earned during the period	\$ 353,166	\$ 308,000
Interest cost on projected benefit obligation	331,994	377,000
Return on plan assets		
Expected return	(450,032)	(436,000)
Asset (gain) loss	(1,777,328)	273,000
Actual return on plan assets	(2,227,360)	(163,000)
Net amortization and deferral		
Amortization of prior service cost	101,000	101,000
Amortization of transition amount	-	-
Amortization of loss	77,138	-
Deferral of asset gain (loss)	1,777,328	(273,000)
Total	1,955,466	(172,000)
Net periodic pension cost	<u>\$ 413,266</u>	<u>\$ 350,000</u>

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**Other changes in plan assets and benefit obligations recognized in net assets without donor restrictions:**

	<b>Fiscal Year Ended June 30, 2021</b>	<b>Fiscal Year Ended June 30, 2020</b>
Net loss (gain)	\$ (2,106,700)	\$ 1,621,000
Prior service cost (credit)	-	-
Amortization of loss (gain)	(77,138)	-
Amortization of transition amount	-	-
Amortization of prior service cost (credit)	(101,000)	(101,000)
Total recognized in net assets without donor restrictions	(2,284,838)	1,520,000
Net periodic pension cost	413,266	350,000
Total recognized in net periodic pension cost and net assets without donor restrictions	<u>\$ (1,871,572)</u>	<u>\$ 1,870,000</u>

**Assumptions Used to Determine Net Periodic Pension Cost**

	<b>Fiscal Year Ended June 30, 2021</b>	<b>Fiscal Year Ended June 30, 2020</b>
Discount Rate	2.66%	3.39%
Expected long-term rate of return on assets	6.00%	6.50%
Future benefit increases	2.00%	2.00%

The Roman Catholic Diocese of Boise employs a methodical process to determine the estimates of expected long-term rate of return on assets. These estimates are primarily driven by actual historical asset-class returns and advice from external actuarial and investment consulting firms while incorporating specific asset-class risk factors. For the fiscal years ending June 30, 2020 and June 30, 2018, the expected long-term rate of return used in determining net periodic pension cost were 6.5%.

**Assumptions Used to Determine Benefit Obligations at Year-End**

	<b>Fiscal Year Ended June 30, 2021</b>	<b>Fiscal Year Ended June 30, 2020</b>
Discount rate	2.75%	2.66%
Future benefit increases	2.00%	2.00%

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**Plan Asset Investment Strategy and Allocation**

The asset allocation for the pension plan as of June 30, 2021 and June 30, 2020 and the target allocation, by asset category, are:

<u>Asset Category</u>	<u>Investment Policy Target Asset Allocation</u>	<u>Actual Percentage of Plan Assets at June 30</u>	
		<u>2021</u>	<u>2020</u>
Equities	25-75%	78%	74%
Fixed Income	25-75%	21%	24%
Cash Equivalents	0-100%	2%	2%

The fair values of plan assets at June 30, 2021, by asset class are as follows:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Money market funds	\$ 157,684	\$ -	\$ -	\$ 157,684
Open-End mutual funds - equity		1,134,562		1,134,562
Open-End mutual funds - fixed income		1,877,941		1,877,941
Corporate equities - domestic	3,771,060			-
Corporate equities - foreign	2,166,589			3,771,060
	<u>\$ 6,095,333</u>	<u>\$ 3,012,503</u>	<u>\$ -</u>	<u>\$ 9,107,836</u>

The fair values of plan assets at June 30, 2020, by asset class are as follows:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Money market funds	\$ 161,390	\$ -	\$ -	\$ 161,390
Open-End mutual funds - equity	-	745,136	-	745,136
Corporate equities	4,428,573	1,629,901	-	1,629,901
	<u>\$ 4,589,963</u>	<u>\$ 2,375,037</u>	<u>\$ -</u>	<u>\$ 6,965,000</u>

The pension plan has a diversified investment program, utilizing a variety of asset classes that balances risk with return opportunities. It utilizes highly qualified external investment managers that have demonstrated skill in a particular asset class. The Roman Catholic Diocese of Boise regularly monitors each investment manager's performance and the overall fund relative to benchmarks and also regularly reviews the asset allocation and makes appropriate changes accordingly. Prohibited investments include short sales, commodity contracts, real estate and equity option contracts. Investment decisions include consideration for corporate social responsibility and Roman Catholic social teaching.

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**Cash Flows**

**Estimated Future Benefit Payments**

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

<b>Fiscal Year Ending June 30</b>	<b>Annual Pension Benefits</b>
2022	\$ 650,000
2023	642,000
2024	611,000
2025	652,000
2026	656,000
2027-2031	\$ 3,246,000

Under FASB ASC 715, the funded status is recognized in the statement of the financial position as a "Liability for pension benefits - priests". Unrecognized prior service costs and unrecognized actuarial losses are recognized in unrestricted net assets. The calculations above and on the prior pages represent the obligation of the entire Roman Catholic Diocese of Boise. The amounts recognized in the financial statements represent the obligation of the Central Administrative Office of the Diocese, and totaled \$321,109 for the year ended June 30, 2021 and \$649,113 for the year ended June 30, 2020.

Diocesan pension contributions for the years ended June 30, 2021 and 2020 was \$600,000. Benefit payments of \$634,200 and \$642,000, were made from the plan during the years ended June 30, 2021 and June 30, 2020, respectively.

The Diocese expects to contribute \$650,000 to the pension plan during the fiscal year ending June 30, 2022.

**NOTE I - Lay Employees Pension Plan**

The Roman Catholic Diocese of Boise sponsors a defined benefit pension plan for all full-time lay employees. The plan is a cash balance plan and provides benefits based on a pension account balance, which consists of prior service credits, employer credits and interest credits. The Central Administrative Office of the Roman Catholic Diocese of Boise participates in this plan.

Since the Roman Catholic Diocese of Boise is exempt from the funding requirements of ERISA, it has been its practice to make contributions annually to the plan that are not less than pre-ERISA minimum funding requirement as applicable to churches, and not in excess of the amount that could be deducted for federal income tax purposes, assuming the Roman Catholic Diocese of Boise was not exempt from taxation. It is the Roman Catholic Diocese of Boise's policy to fund any unfunded past service liability over 30 years.

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**Funded Status**

The following table sets forth the plan's funded status at June 30:

	<b>Fiscal Year Ended <u>June 30, 2021</u></b>	<b>Fiscal Year Ended <u>June 30, 2020</u></b>
Accumulated benefit obligation	\$ (23,376,567)	\$ (22,485,000)
Projected benefit obligation	(24,271,049)	(23,275,000)
Plan assets at fair value	<u>15,383,651</u>	<u>11,521,000</u>
Funded status at end of year	(8,887,398)	(11,754,000)
Liability for pension benefits	\$ (8,887,398)	\$ (11,754,000)

Amounts recognized in the plan's statements of financial position consist of:

	<b>Fiscal Year Ended <u>June 30, 2021</u></b>	<b>Fiscal Year Ended <u>June 30, 2020</u></b>
Noncurrent assets	\$ -	\$ -
Current liabilities	-	-
Noncurrent liabilities	<u>(8,887,398)</u>	<u>(11,754,000)</u>
	<u>\$ (8,887,398)</u>	<u>\$ (11,754,000)</u>

Amounts recognized in net assets without donor restrictions consist of:

	<b>Fiscal Year Ended <u>June 30, 2021</u></b>	<b>Fiscal Year Ended <u>June 30, 2020</u></b>
Net loss (gain)	\$ 4,269,334	\$ 7,698,000
Prior service cost (credit)	<u>-</u>	<u>-</u>
	<u>\$ 4,269,334</u>	<u>\$ 7,698,000</u>

**Net Periodic Pension Cost**

The following items are the components of the net periodic pension cost for the plan as a whole for the years ended June 30:



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	<b>Fiscal Year Ended <u>June 30, 2021</u></b>	<b>Fiscal Year Ended <u>June 30, 2020</u></b>
Service cost-benefits earned during the period	\$ 1,378,606	\$ 1,253,000
Interest cost on projected benefit obligation	597,692	670,000
Return on plan assets		
Expected return	(736,742)	(678,000)
Asset (gain) loss	<u>(3,504,957)</u>	<u>(27,000)</u>
Actual return on plan assets	(4,241,699)	(705,000)
Net amortization and deferral		
Amortization of transition amount	-	-
Amortization of loss	667,973	479,000
Deferral of asset gain (loss)	<u>(3,504,957)</u>	<u>(27,000)</u>
Total	<u>4,172,930</u>	<u>506,000</u>
Net periodic pension cost	<u>\$ 1,907,529</u>	<u>\$ 1,724,000</u>

**Other changes in plan assets and benefit obligations recognized in net assets without donor restrictions:**

	<b>Fiscal Year Ended <u>June 30, 2021</u></b>	<b>Fiscal Year Ended <u>June 30, 2020</u></b>
Net loss (gain)	\$ (2,760,693)	\$ 1,801,000
Prior service cost (credit)	-	-
Amortization of loss (gain)	(667,973)	(479,000)
Amortization of transition obligation	-	-
Amortization of prior service cost (credit)	<u>-</u>	<u>-</u>
Total recognized in net assets without donor restrictions	(3,428,666)	1,322,000
Net periodic pension cost	<u>1,907,529</u>	<u>1,724,000</u>
Total recognized in net periodic pension cost and net assets without donor restrictions	<u>\$ (1,521,137)</u>	<u>\$ 3,046,000</u>

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**Assumptions Used to Determine Net Periodic Pension Cost**

	<b>Fiscal Year Ended <u>June 30, 2021</u></b>	<b>Fiscal Year Ended <u>June 30, 2020</u></b>
Discount Rate	2.66%	3.39%
Expected long-term rate of return on assets	6.50%	6.50%
Salary Scale	4.50%	4.50%

The Roman Catholic Diocese of Boise employs a methodical process to determine the estimates of expected long-term rate of return on assets. These estimates are primarily driven by actual historical asset-class returns and advice from external actuarial and investment consulting firms while incorporating specific asset-class risk factors. For the fiscal years ending June 30, 2021 and June 30, 2020, the expected long-term rate of return used in determining net periodic pension cost were 6.5%.

**Assumptions Used to Determine Benefit Obligations at Year-End**

	<b>Fiscal Year Ended <u>June 30, 2021</u></b>	<b>Fiscal Year Ended <u>June 30, 2020</u></b>
Discount rate	2.56%	2.66%
Salary scale	4.50%	4.50%

**Plan Asset Investment Strategy and Allocation**

The asset allocation for the pension plan as of June 30, 2021 and June 30, 2020 and the target allocation, by asset category, are:

<u>Asset Category</u>	<u>Investment Policy Target Asset Allocation</u>	<u>Policy Benchmark Asset Allocation</u>	<u>Actual Percentage of Plan Assets at June 30</u>	
			<u>2021</u>	<u>2020</u>
Equities	25-75%	50%	77%	71%
Fixed Income	25-75%	40%	21%	22%
Cash Equivalents	0-100%	10%	2%	7%

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The fair values of plan assets at June 30, 2021, by asset class are as follows:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Money market funds	\$ 290,793	\$ -	\$ -	\$ 290,793
Open-End mutual funds - equity		2,038,085		2,038,085
Open-End mutual funds - fixed income		3,302,652		3,302,652
Corporate equities - domestic	6,399,672			6,399,672
Corporate equities - foreign	3,352,449			3,352,449
	<u>\$ 10,042,914</u>	<u>\$ 5,340,737</u>	<u>\$ -</u>	<u>\$ 15,383,651</u>

The fair values of plan assets at June 30, 2020, by asset class are as follows:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Money market funds	\$ 830,063	\$ -	\$ -	\$ 830,063
Open-End mutual funds - equity	-	1,355,191	-	1,355,191
Open-End mutual funds - fixed income	-	2,530,902	-	2,530,902
Corporate equities	6,804,844	-	-	6,804,844
	<u>\$ 7,634,907</u>	<u>\$ 3,886,093</u>	<u>\$ -</u>	<u>\$ 11,521,000</u>

The pension plan has a diversified investment program, utilizing a variety of asset classes that balances risk with return opportunities. It utilizes highly qualified external investment managers that have demonstrated skill in a particular asset class. The Roman Catholic Diocese of Boise regularly monitors each investment manager's performance and the overall fund relative to benchmarks and also regularly reviews the asset allocation and makes appropriate changes accordingly. Prohibited investments include short sales, commodity contracts and equity option contracts. Investment decisions include consideration for corporate social responsibility and Roman Catholic social teaching.

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**Cash Flows**

**Estimated Future Benefit Payments**

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

<u>Fiscal Year</u> <u>Ending June 30</u>	<u>Annual Pension</u> <u>Benefits</u>
2022	\$ 1,791,000
2023	1,584,000
2024	1,645,000
2025	1,817,000
2026	1,723,000
2027-2031	\$ 8,871,000

Under FASB ASC 715, the funded status is recognized in the statement of the financial position as a "Liability for pension benefits - lay". Unrecognized prior service costs and unrecognized actuarial losses are recognized in unrestricted net assets. The calculations above and on the prior pages represent the obligation of the entire Roman Catholic Diocese of Boise. The amounts recognized in the financial statements represent the obligation of the Central Administrative Office of the Diocese, and totaled \$803,773 for the year ended June 30, 2021 and \$962,916 for the year ended June 30, 2020.

Diocesan pension contributions for the years ended June 30, 2021 and 2020 were \$1,345,465 and \$1,324,000, respectively. Benefit payments of \$1,621,424 and \$1,003,000 were made from the plan during the years ended June 30, 2021 and June 30, 2020, respectively.

The Diocese expects to contribute \$1,791,000 to the pension plan during the fiscal year ending June 30, 2022.

**NOTE J - Deposit and Loan Fund**

The Diocese maintains a deposit and loan fund on behalf of the parishes and schools across the Diocese. This fund accumulates excess deposits such as those being accumulated under capital campaigns for parishes and schools and invests them. It pays the equivalent of a five year CD rate on those deposits. As of June 30, 2021 and 2020 the fund paid an interest rate on deposits of 0.30% and 0.43%, respectively. The parishes and schools can add and withdraw funds from this pool on demand. The Diocese also administers the lending of money from this fund to parishes and schools that need money to build new physical plant, or repair and renovate existing plant. These loans range from 10 years to 20 years in length. Loan rates charged to borrowers range from 0% to 5.17%. Loans are set at simple interest rates and incur interest charges until paid by the parish or school.

	<u>2021</u>	<u>2020</u>
Balances as of June 30:		
Deposits in Fund from Parishes and Schools	\$ 29,296,986	\$ 27,986,315
Loans from Fund to Parishes and Schools	\$ 9,781,809	\$ 10,829,129
Percentage Loaned Out	33.39%	38.69%

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**NOTE K - Notes and Accounts Receivable**

The Diocese makes loans and has accounts receivable due from parishes, schools and other religious organizations as part of its normal operations. The allowance for doubtful accounts related to outstanding loans totaled \$896,344 and \$1,152,752 as of June 30, 2021 and 2020, respectively.

**NOTE L - Line of Credit**

The Diocese has a revolving line of credit agreement with a local financial institution. The line has a \$10,000,000 limit. For the year ended June 30, 2020, the line was collateralized by investments in marketable securities held at the same bank, including investments held at the Idaho Catholic Foundation for the Diocese and other organizations. In April 2021, the collateral pledge agreement was released. The collateral monthly interest payments are required on outstanding balances. The line agreement has a maturity date of April 20, 2022. There are certain covenants established with the line of credit and management states that they are in compliance with all covenants. Funds borrowed are subject to a variable rate, interest rate will not exceed the annual rate equal to 1.050% plus the one-month adjusted LIBOR rate or be less than 2.00%. Line of credit totaled \$0 and \$2,150,000 as of June 30, 2021 and 2020, respectively.

**NOTE M - Refundable Advance - Paycheck Protection Program Loan**

In response to the COVID-19 pandemic, in April 2021, the Diocese participated in the Small Business Administration Paycheck Protection Program and obtained a loan on behalf of 24 parishes and schools to fund its payroll costs. The loan is forgivable to the extent it is used for certain allowable costs during the 24 weeks after funding.

In June 2021, the entire loan balance was forgiven.

**NOTE N - Notes Payable**

Notes payable balances at June 30, 2021 and 2020 are summarized as follows

	2021	2020
Knights of Columbus note payable with interest rate of 4.00% and monthly payments of \$13,166. The loan is secured by the mortgage and is expected to mature in March 2036.	\$ 1,750,923	\$ -
Subtotal	1,750,923	-
Less current portion	91,523	
Long-term portion	\$ 1,659,400	\$ -

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Future payments are summarized as follows:

2022	\$	91,523
2023		93,319
2024		97,122
2025		101,079
Thereafter		1,367,880
Total	\$	<u>1,750,923</u>

**NOTE O - Liquidity Resources and Availability**

The following reflects the Diocese's financial assets as of the statement of financial position date, reduced by amounts not available for general use because of donor-imposed restrictions within one year of the statement of financial position date. Amounts not available also include amounts set aside for long-term investing in the quasi-endowment fund that could be drawn upon if the board approves that action.

	<u>2021</u>	<u>2020</u>
Financial liquid assets, at year-end	\$ 41,396,335	\$ 31,615,189
Less those unavailable for general expenditures within one year, due to:		
Donor-imposed restrictions for the following purposes:		
Restricted by donor to be used for specified programs	2,443,038	2,065,547
Restricted by donor, beneficial interest in perpetual trust trust	175,563	64,005
Restricted by donor to maintain in perpetuity as an endowment	1,642,667	1,642,667
Cash management program for parishes and schools	9,030,335	6,325,097
Parish savings deposits	29,296,986	27,986,315
Board designations:		
Quasi-endowment fund	<u>7,904,157</u>	<u>4,848,203</u>
Financial liquid assets available to meet cash needs for general expenditure within one year	<u>\$ (9,096,411)</u>	<u>\$ (11,316,645)</u>

As part of the Diocese's liquidity management, it has a goal to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due. To manage liquidity, the Diocese maintains a line of credit with US Bank that is drawn upon as needed during the fiscal year to manage cash flows. As of June 30, 2021, amount outstanding under this line of credit facility amounted to \$0.

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**NOTE P - Functional Classification of Expenses**

The costs of providing various programs and other activities have been summarized on a functional basis in the Statement of Activities. The Statement of Functional Expenses presents the natural classification of expenses by function. Program costs are those expenses incurred directly as part of the effort to advance the organization's mission. Supporting services fall under management and administrative expenses. Accordingly, costs have been allocated among the programs and supporting services that were directly benefited.

**NOTE Q - Net Assets with Donor Restrictions**

Net assets with donor restrictions are restricted for the following purposes at June 30:

	<u>2021</u>	<u>2020</u>
Subject to expenditures for specified programs:		
Pastoral	\$ (1,636,291)	\$ (1,563,487)
Education	84,815	55,644
Social services	67,002	(36,714)
Idaho Catholic Appeal	2,693,531	2,268,914
St. John Vianney Center	1,468,004	0
	<u>2,677,061</u>	<u>724,357</u>
Donor-restricted endowment, perpetual in nature	<u>1,642,667</u>	<u>1,642,667</u>
	<u>\$ 4,319,728</u>	<u>\$ 2,367,024</u>

*Net Assets Released From Restrictions*

Net assets were released from restrictions by incurring expenses satisfying the restricted purposes or by the occurrence of their specified events or expiration of time restrictions as follows:

	<u>2021</u>	<u>2020</u>
Pastoral	\$ 657,069	\$ 478,794
Education	626	21,512
Social services	808,660	846,854
Idaho Catholic Appeal	<u>3,403,624</u>	<u>3,171,079</u>
	<u>\$ 4,869,979</u>	<u>\$ 4,518,239</u>

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**NOTE R - Leases in Financial Statements of Lessors**

The Diocese leases its properties located in Canyon and Ada County, Idaho, to various organizations.

Summary of contracted rent payments to be received as of June 30:

Years ending June 30:	<u>Amount</u>
2022	\$ 21,475
2023	15,125
2024	<u>7,563</u>
	<u>\$ 44,163</u>

**NOTE S - Lease Commitments**

The Diocese entered a lease agreement in July 2015, involving several pieces of office equipment. The lease term is for sixty months, and the monthly payment is \$2,388. Total equipment lease expense recognized under this agreement for the year ended June 30, 2020 was \$28,656.

In May 2020, the Diocese bought out the equipment, therefore; there are no future minimum lease payments for the following years.

**Note T - Interest Paid to Parishes**

At June 30, 2021 and 2020, the Organization paid \$150,852 and \$380,578 of interest to parishes, respectively.

**Note U - Related Party Transactions**

The Diocese performs various administrative services including deposits and loans, insurance, technical support and payroll processing for related entities. All significant activities are reflected in these financial statements.

Council members of the Diocese are comprised of owners and employees of businesses located in the Treasure Valley. In the course of operations, from time to time, the Diocese has transactions with these businesses.

At June 30, 2021 and 2020, the Diocese recognized revenue from Diocesan parishes, schools, and other related organizations in the amount of \$8,090,365 and \$8,146,588, respectively for assessments, insurance, interest and technical support. The Diocese incurred interest expense related to the parish deposit and loan program in the amount of \$188,935 and \$380,579 for the years ended June 30, 2021 and 2020, respectively.



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Accounts payable balances due from the Diocese to Catholic Charities of Idaho, Inc. at June 30:

	<u>2021</u>	<u>2020</u>
Idaho Catholic Foundation Distribution	\$ 107,963	\$ 94,735
Idaho Catholic Appeal	265,000	265,000
Total due from Diocese to Catholic Charities of Idaho, Inc.	<u>\$ 372,963</u>	<u>\$ 359,735</u>

Accounts receivable from Catholic Charities of Idaho, Inc. to the Diocese totaled \$22,038 and \$12,280 as of June 30, 2021 and 2020, respectively.

***Idaho Catholic Foundation***

The Idaho Catholic Foundation holds assets on behalf of the Diocese as outlined in Note F. The Diocese performs administrative functions for the Idaho Catholic Foundation, in which they are paid \$1,275 per month. The board of directors for the Idaho Catholic Foundation is not elected by the Diocese.

**NOTE V - Concentration of Credit Risk**

The Diocese maintains cash accounts with local financial institutions. The balances are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000. No uninsured balances for the years ended June 30, 2021 and 2020.

Financial instruments that potentially subject the Diocese to a concentration of credit risk consist principally of cash and cash equivalents, accounts receivable and loans receivable. The activity of the Diocese is primarily with parishes, schools, and other entities within the Diocese. The credit risk for these receivables arises because the Diocese is dependent on the financial support of the parishioners to their local parish and the parishes' subsequent support of the Diocese.

**NOTE W - Comparative Financial Information**

The financial statements include certain prior-year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with the Diocese's financial statements for the year ended June 30, 2020, from which the summarized information was derived.

**NOTE X - Reclassifications**

Certain accounts in the prior-year financial statements have been reclassified for comparative purposes to conform with the presentation in the current-year financial statements.

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**Note Y - Subsequent Events**

In August 2021, the Organization enter into a sale agreement with a third party to sell of land held in Kuna Idaho. Cash of \$671,303 was received in exchange for the property.

In August 2021, the Organization purchased a house in Boise, Idaho for \$1.2 million in cash.

Subsequent events have been evaluated through , which coincides with the date of issuance of these financial statements.