

**CENTRAL ADMINISTRATIVE OFFICE OF THE
ROMAN CATHOLIC DIOCESE OF BOISE**

FINANCIAL STATEMENTS

JUNE 30, 2013 AND 2012

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INDEPENDENT AUDITOR'S REPORT

Central Administrative Office of the Roman Catholic Diocese of Boise
Boise, Idaho

We have audited the accompanying financial statements of the Central Administrative Office of the Roman Catholic Diocese of Boise (a nonprofit organization), which comprise the statements of financial position as of June 30, 2013 and the related statements of activities and cash flows for the year then ended, and the related notes to the financial statements. The prior year summarized comparative information has been derived from the Organization's 2012 financial statements and, in our report dated February 7, 2013, we expressed an unqualified opinion on those financial statements.

Management's Responsibility 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; this includes 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.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Central Administrative Office of the Roman Catholic Diocese of Boise as of June 30, 2013, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Travis Jeffries, P.A.

Boise, Idaho
May 23, 2014

**CENTRAL ADMINISTRATIVE OFFICE OF THE
ROMAN CATHOLIC DIOCESE OF BOISE**

STATEMENTS OF FINANCIAL POSITION

June 30, 2013 and June 30, 2012 Summarized Information

ASSETS

| | 2013 | | | Total | 2012 |
|--|-----------------------------|--|--|-----------------------------|--|
| | <u>Unrestricted</u> | <u>Temporarily Restricted</u> | <u>Permanently Restricted</u> | | <u>Summarized Information</u> |
| ASSETS | | | | | |
| Cash | \$ 7,153 | \$ 16,478 | \$ - | \$ 23,631 | \$ 744,103 |
| Certificates of deposit | - | - | - | - | 145,711 |
| Accounts and pledges receivable | 4,632,261 | 50,829 | - | 4,683,090 | 2,442,376 |
| Deposits and prepaid expenses | 166,812 | 700 | - | 167,512 | 137,491 |
| Interfund receivable (payable) | (2,167,581) | 2,167,581 | - | - | - |
| Marketable securities | 13,294,456 | 1,099,064 | 833,914 | 15,227,434 | 13,510,211 |
| Beneficial interest in perpetual trust | - | 33,285 | 573,528 | 606,813 | 571,000 |
| Loans to parishes and schools | 9,063,798 | - | - | 9,063,798 | 11,421,013 |
| Loans and notes receivable | 611,338 | - | - | 611,338 | 600,491 |
| Property, plant and equipment | 16,918,070 | 88,655 | 235,000 | 17,241,725 | 17,319,257 |
| Accumulated depreciation | (5,180,167) | (3,819) | - | (5,183,986) | (4,736,882) |
| Total Assets | <u>\$ 37,346,140</u> | <u>\$ 3,452,773</u> | <u>\$ 1,642,442</u> | <u>\$ 42,441,355</u> | <u>\$ 42,154,771</u> |

LIABILITIES AND NET ASSETS

| | | | | | |
|---|-----------------------------|----------------------------|----------------------------|-----------------------------|-----------------------------|
| LIABILITIES | | | | | |
| Accounts payable | \$ 125,937 | \$ 11,761 | \$ - | \$ 137,698 | \$ 140,732 |
| Accrued liabilities | 1,149,147 | 718,987 | - | 1,868,134 | 1,958,665 |
| Line of credit | 3,000,000 | - | - | 3,000,000 | 1,000,000 |
| Parish cash management | 3,898,928 | - | - | 3,898,928 | 3,335,001 |
| Parish savings deposits | 22,484,903 | - | - | 22,484,903 | 25,113,931 |
| Lay pension trust | 279,588 | - | - | 279,588 | 496,291 |
| Liability for pension benefits - lay | 597,960 | - | - | 597,960 | 678,991 |
| Liability for pension benefits - priest | 739,253 | - | - | 739,253 | 789,876 |
| Notes payable | 3,173,831 | - | - | 3,173,831 | 3,318,303 |
| Deferred revenue | 115 | - | - | 115 | 2,625 |
| Total Liabilities | 35,449,662 | 730,748 | - | 36,180,410 | 36,834,415 |
| NET ASSETS | | | | | |
| Unrestricted | (1,679,259) | - | - | (1,679,259) | (2,139,326) |
| Board Designated | 3,575,737 | - | - | 3,575,737 | 3,217,242 |
| Temporarily restricted | - | 2,722,025 | - | 2,722,025 | 2,834,998 |
| Permanently restricted | - | - | 1,642,442 | 1,642,442 | 1,407,442 |
| Total Net Assets | <u>1,896,478</u> | <u>2,722,025</u> | <u>1,642,442</u> | <u>6,260,945</u> | <u>5,320,356</u> |
| Total Liabilities and Net Assets | <u>\$ 37,346,140</u> | <u>\$ 3,452,773</u> | <u>\$ 1,642,442</u> | <u>\$ 42,441,355</u> | <u>\$ 42,154,771</u> |

See notes to financial statements.

**CENTRAL ADMINISTRATIVE OFFICE OF THE
ROMAN CATHOLIC DIOCESE OF BOISE**

STATEMENTS OF ACTIVITIES

For the Year Ended June 30, 2013 and Summarized Information for the Year Ended June 30, 2012

| | <u>2013</u> | | | <u>Total</u> | <u>2012</u> |
|---|---------------------|-------------------------------|-------------------------------|--------------|-------------------------------|
| | <u>Unrestricted</u> | <u>Temporarily Restricted</u> | <u>Permanently Restricted</u> | | <u>Summarized Information</u> |
| REVENUE AND SUPPORT | | | | | |
| Contributions | \$ 320,212 | \$ 2,881,686 | \$ 235,000 | \$ 3,436,898 | \$ 3,728,187 |
| Program services | 1,167,881 | 113,500 | - | 1,281,381 | 1,352,442 |
| Assessment revenue | 661,088 | - | - | 661,088 | 637,180 |
| Insurance program | 4,572,673 | - | - | 4,572,673 | 4,421,789 |
| Grant revenue | 311,108 | 161,397 | - | 472,505 | 683,469 |
| Deposit and loan interest | 294,653 | - | - | 294,653 | 250,153 |
| Rental income | 619,109 | 63,715 | - | 682,824 | 707,888 |
| Gain (loss) on the sale of property | 532,643 | - | - | 532,643 | 3,713 |
| Realized gain on investments | 607,342 | 32,667 | - | 640,009 | 39,475 |
| Unrealized gain (loss) on investments | 751,433 | 87,836 | - | 839,269 | (495,280) |
| Interest and dividends | 275,605 | 31,526 | - | 307,131 | 384,699 |
| ICF campaign reimbursements | 500,000 | - | - | 500,000 | - |
| Miscellaneous | 13,707 | - | - | 13,707 | 7,900 |
| Net assets released from restrictions satisfied by payments | 3,485,300 | (3,485,300) | - | - | - |
| Total Revenue and Support | 14,112,754 | (112,973) | 235,000 | 14,234,781 | 11,721,615 |
| EXPENSES | | | | | |
| Program services | | | | | |
| Pastoral | 2,210,364 | - | - | 2,210,364 | 2,571,120 |
| Education | 1,417,067 | - | - | 1,417,067 | 1,199,832 |
| Social services | 210,056 | - | - | 210,056 | 271,400 |
| Deposit and loan interest | 1,364,718 | - | - | 1,364,718 | 543,107 |
| Newspaper | 274,602 | - | - | 274,602 | 276,666 |
| Retreat center | 261,535 | - | - | 261,535 | 242,198 |
| Insurance program | 3,797,983 | - | - | 3,797,983 | 4,351,830 |
| St. John Vianney Retirement Center | 63,090 | - | - | 63,090 | 55,282 |
| Total Program Services | \$ 9,599,415 | \$ - | \$ - | \$ 9,599,415 | \$ 9,511,435 |

See notes to financial statements.

**CENTRAL ADMINISTRATIVE OFFICE OF THE
ROMAN CATHOLIC DIOCESE OF BOISE**

STATEMENTS OF ACTIVITIES (Continued)

For the Year Ended June 30, 2013 and Summarized Information for the Year Ended June 30, 2012

| | <u>2013</u> | | | <u>2012</u> | |
|--------------------------------------|---------------------|-----------------------------------|-----------------------------------|---------------------|-----------------------------------|
| | <u>Unrestricted</u> | <u>Temporarily Restricted</u> | <u>Permanently Restricted</u> | <u>Total</u> | <u>Summarized Information</u> |
| Supporting Services | | | | | |
| General administrative | \$ 2,289,312 | \$ - | \$ - | \$ 2,289,312 | \$ 2,326,307 |
| Development | 1,045,803 | - | - | 1,045,803 | 233,328 |
| FASB ASC 715 Expense | (131,654) | - | - | (131,654) | 298,025 |
| Depreciation | 491,316 | - | - | 491,316 | 498,269 |
| Total Supporting Services | <u>3,694,777</u> | <u>-</u> | <u>-</u> | <u>3,694,777</u> | <u>3,355,929</u> |
| Total Expenses | <u>13,294,192</u> | <u>-</u> | <u>-</u> | <u>13,294,192</u> | <u>12,867,364</u> |
| Increase (Decrease) in Net Assets | 818,562 | (112,973) | 235,000 | 940,589 | (1,145,749) |
| NET ASSETS, Beginning of Year | <u>1,077,916</u> | <u>2,834,998</u> | <u>1,407,442</u> | <u>5,320,356</u> | <u>6,466,105</u> |
| NET ASSETS, End of Year | <u>\$ 1,896,478</u> | <u>\$ 2,722,025</u> | <u>\$ 1,642,442</u> | <u>\$ 6,260,945</u> | <u>\$ 5,320,356</u> |

See notes to financial statements.

**CENTRAL ADMINISTRATIVE OFFICE OF THE
ROMAN CATHOLIC DIOCESE OF BOISE**

STATEMENTS OF CASH FLOWS

For the Years Ended June 30, 2013 and 2012

| | <u>2013</u> | <u>2012</u> |
|---|--------------------|--------------------|
| CASH FLOWS FROM OPERATING ACTIVITIES | | |
| Increase (Decrease) in net assets | \$ 940,589 | \$ (1,145,749) |
| Adjustments to reconcile net loss to net cash used in operating activities: | | |
| Depreciation | 491,316 | 498,269 |
| Unrealized (gain) loss on investments | (855,976) | 534,953 |
| Realized gain on investments | (640,365) | (103,146) |
| Realized (gain) loss on asset disposal | (594,608) | (3,713) |
| Contributions made (received) of marketable securities | (307,734) | (44,731) |
| Changes in operating assets and liabilities: | | |
| Accounts receivable | (2,240,714) | (73,240) |
| Prepaid expenses | (30,021) | (76,223) |
| Accounts payable | (3,034) | (16,376) |
| Accrued liabilities | (81,006) | (87,165) |
| Parish cash management | 563,927 | 362,020 |
| Parish savings deposits | (2,629,028) | 91,171 |
| Lay Pension Trust | (216,703) | (1,092,555) |
| Liability for pension benefits - lay | (81,031) | 139,980 |
| Liability for pension benefits - priest | (50,623) | 158,045 |
| Deferred revenue | (2,510) | (16,737) |
| Net Cash Used in Operating Activities | <u>(5,737,521)</u> | <u>(875,197)</u> |
| CASH FLOWS FROM INVESTING ACTIVITIES | | |
| Sale of certificates of deposit | 145,711 | 726,706 |
| Loans and notes receivable | 2,346,368 | 1,196,245 |
| Purchase of investments | (636,433) | (633,495) |
| Proceeds from sale of investments | 677,947 | 1,591,427 |
| Purchase of fixed assets | (395,105) | (146,823) |
| Proceeds from sale of fixed assets | <u>1,023,033</u> | <u>76,397</u> |
| Net Cash Provided by Investing Activities | 3,161,521 | 2,810,457 |
| CASH FLOWS FROM FINANCING ACTIVITIES | | |
| Proceeds from (payments to) line of credit | 2,000,000 | (2,450,000) |
| Payment of long-term debt | <u>(144,472)</u> | <u>(134,611)</u> |
| Net Cash Provided by (Used in) Financing Activities | <u>1,855,528</u> | <u>(2,584,611)</u> |
| Net Decrease in Cash and Cash Equivalents | \$ (720,472) | \$ (649,351) |

See notes to financial statements.

**CENTRAL ADMINISTRATIVE OFFICE OF THE
ROMAN CATHOLIC DIOCESE OF BOISE**

STATEMENTS OF CASH FLOWS (Continued)

For the Years Ended June 30, 2013 and 2012

| | <u>2013</u> | <u>2012</u> |
|---|------------------|-------------------|
| CASH AND CASH EQUIVALENTS, Beginning of Year | \$ 744,103 | \$ 1,393,454 |
| CASH AND CASH EQUIVALENTS, End of Year | <u>\$ 23,631</u> | <u>\$ 744,103</u> |
| SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION | | |
| Cash paid for interest expense | \$ 193,072 | \$ 270,456 |

See notes to financial statements.

**CENTRAL ADMINISTRATIVE OFFICE OF THE
ROMAN CATHOLIC DIOCESE OF BOISE**

NOTES TO FINANCIAL STATEMENTS

June 30, 2013 and 2012

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING PRINCIPLES

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 Presentation

The financial statements of the Diocese have been prepared on the accrual basis of accounting.

Financial Statement 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 is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted, temporarily restricted and permanently restricted.

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 received are recorded as unrestricted, temporarily restricted, or permanently restricted support depending on the existence and/or nature of any donor 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 collectibility 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, 2013 and 2012, advertising costs totaled \$5,218 and \$7,403, respectively.

**CENTRAL ADMINISTRATIVE OFFICE OF THE
ROMAN CATHOLIC DIOCESE OF BOISE**

NOTES TO FINANCIAL STATEMENTS (Continued)

June 30, 2013 and 2012

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING PRINCIPLES (Continued)

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.

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.

In accordance with FASB ASC 740, the Diocese has evaluated its operations as of June 30, 2013 as compared to its original application for tax-exempt not-for-profit status. 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 unrestricted net assets, are considered unrestricted revenue 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 25 years. Expenditures for major renewals and betterments that extend the useful lives of property and equipment are capitalized. The Diocese capitalizes assets valued \$1,000 or more. Expenditures for maintenance and repairs are charged to expense as incurred. Depreciation expenses for June 30, 2013 and 2012 were \$491,316 and \$498,269, 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.

**CENTRAL ADMINISTRATIVE OFFICE OF THE
ROMAN CATHOLIC DIOCESE OF BOISE**

NOTES TO FINANCIAL STATEMENTS (Continued)

June 30, 2013 and 2012

NOTE B - INVESTMENTS

Marketable securities are pooled in two groups and are allocated to various funds. At June 30, they consisted of the following :

| | <u>2013</u> | <u>2012</u> |
|-----------------------------------|-----------------------------|-----------------------------|
| Money market funds | \$ 690,483 | \$ 798,578 |
| Mutual funds - equity | 2,051,532 | 680,563 |
| Mutual funds - fixed income | 2,668,451 | 2,904,077 |
| Mutual funds - balanced | 527,384 | 1,037,319 |
| Corporate obligations | 573,525 | 981,475 |
| Government and agency obligations | 253,814 | 287,411 |
| Municipal bonds | 32,712 | 25,474 |
| Corporate equities | 8,429,533 | 6,795,314 |
| | <u><u>\$ 15,227,434</u></u> | <u><u>\$ 13,510,211</u></u> |

Net investment income at June 30:

| | <u>2013</u> | <u>2012</u> |
|------------------------------|----------------------------|---------------------------|
| Net realized gain | \$ 640,009 | \$ 39,475 |
| Net unrealized gain (loss) | 839,269 | (495,280) |
| Interest and dividend income | 307,131 | 384,699 |
| | <u><u>\$ 1,786,409</u></u> | <u><u>\$ (71,106)</u></u> |

NOTE C - 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:

- 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.

**CENTRAL ADMINISTRATIVE OFFICE OF THE
ROMAN CATHOLIC DIOCESE OF BOISE**

NOTES TO FINANCIAL STATEMENTS (Continued)

June 30, 2013 and 2012

NOTE C - FAIR VALUE MEASUREMENTS (Continued)

Assets at fair value as of June 30, 2013:

| | <u>Level 1</u> | <u>Level 2</u> | <u>Level 3</u> | <u>Total</u> |
|-----------------------------------|----------------------|---------------------|----------------|----------------------|
| Money market funds | \$ 690,483 | \$ - | \$ - | \$ 690,483 |
| Mutual funds - equity | 731,016 | 1,320,517 | - | 2,051,533 |
| Mutual funds - fixed income | - | 2,668,451 | - | 2,668,451 |
| Mutual funds - balanced | - | 527,384 | - | 527,384 |
| Corporate obligations | 317,082 | 256,442 | - | 573,524 |
| Government and agency obligations | 253,814 | - | - | 253,814 |
| Municipal bonds | - | 32,712 | - | 32,712 |
| Corporate equities | 8,429,533 | - | - | 8,429,533 |
| | <u>\$ 10,421,928</u> | <u>\$ 4,805,506</u> | <u>\$ -</u> | <u>\$ 15,227,434</u> |

NOTE D - PLEDGES RECEIVABLE

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 temporarily restricted until the end of the campaign when they are distributed for purposes of supporting the stated programs. The 2013 ICA funds were raised as part of the capital campaign described in Note V, and are being collected and held by the Idaho Catholic Foundation. The ICA receivable due from the Idaho Catholic Foundation totaled \$2,320,862 as of June 30, 2013. Total pledges receivable from the 2012 ICA were \$39,348 and \$285,207 as of June 30, 2013 and 2012, respectively. The Diocese received payment for the 2013 ICA funds due from the Idaho Catholic Foundation during the fiscal year ending June 30, 2014, and has deemed remaining 2012 pledges collectible, therefore no allowance for doubtful accounts has been computed.

NOTE E - PROPERTY, PLANT AND EQUIPMENT

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

| | <u>2013</u> | <u>2012</u> |
|-------------------------------|----------------------|----------------------|
| Buildings | \$ 10,107,984 | \$ 10,144,898 |
| Equipment | 2,459,642 | 2,405,260 |
| | <u>12,567,626</u> | <u>12,550,158</u> |
| Less accumulated depreciation | 5,183,986 | 4,736,882 |
| | <u>7,383,640</u> | <u>7,813,276</u> |
| Land | 4,674,099 | 4,769,099 |
| | <u>\$ 12,057,739</u> | <u>\$ 12,582,375</u> |

NOTE F - 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.

**CENTRAL ADMINISTRATIVE OFFICE OF THE
ROMAN CATHOLIC DIOCESE OF BOISE**

NOTES TO FINANCIAL STATEMENTS (Continued)

June 30, 2013 and 2012

NOTE F - IDAHO CATHOLIC FOUNDATION (Continued)

Investments and related financial items held by the Idaho Catholic Foundation for the Diocese are reflected in unrestricted, temporarily restricted and permanently restricted net asset 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>2013</u> | <u>2012</u> |
|--|--------------|--------------|
| Investments | \$ 6,839,232 | \$ 6,243,115 |
| Beneficial interest in perpetual trust | 202,271 | 190,333 |
| Interest receivable | - | 894 |
| Land | 316,000 | 81,000 |

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>2013</u> | <u>2012</u> |
|------------------------------------|-------------|--------------|
| Income: | | |
| Investment income (loss) | \$ 859,299 | \$ (135,292) |
| Contributions | 341,162 | 94,854 |
| Expenses: | | |
| Distributions to participants | 306,138 | 311,987 |
| Investment and managerial expenses | 57,718 | 54,382 |

NOTE G - 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 2012 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 permanently restricted contribution. 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 temporarily restricted income to the three funds mentioned above, and has been recorded as such in the Statement of Activities for the years ended June 30, 2013 and 2012. The beneficial interest in trust assets has been recorded at fair market value as of June 30, 2013 and 2012 in the Statements of Financial Position. The net increase in fair market value from May 31, 2011 to June 30, 2013 of \$33,285 is included in temporarily restricted net assets.

Activity for the beneficial interest in the perpetual trust for the year ended June 30, 2013 is as follows:

| | | |
|--|------------|--|
| Beginning balance, June 30, 2012 | \$ 571,000 | |
| Unrealized gain | 35,813 | |
| Income distributable to beneficiary | 10,213 | |
| Amounts appropriated for expenditure | (10,213) | |
| Total Beneficial Interest in Perpetual Trust | \$ 606,813 | |

**CENTRAL ADMINISTRATIVE OFFICE OF THE
ROMAN CATHOLIC DIOCESE OF BOISE**

NOTES TO FINANCIAL STATEMENTS (Continued)

June 30, 2013 and 2012

NOTE H - ENDOWMENTS

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, 2013 and 2012. It has been determined that the Diocese's permanently restricted net assets meet the definition of endowment funds under UPMIFA.

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 unrestricted net assets. 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.

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 ten 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.

**CENTRAL ADMINISTRATIVE OFFICE OF THE
ROMAN CATHOLIC DIOCESE OF BOISE**

NOTES TO FINANCIAL STATEMENTS (Continued)

June 30, 2013 and 2012

NOTE H - ENDOWMENTS (Continued)

Endowment Net Asset Composition by Type of Fund as of June 30, 2013 is as follows:

| | <u>Unrestricted</u> | <u>Temporarily Restricted</u> | <u>Permanently Restricted</u> | <u>Total Net Endowment</u> |
|----------------------------------|---------------------|-----------------------------------|-----------------------------------|--------------------------------|
| Donor-restricted endowment funds | \$ 157,147 | \$ 33,285 | \$ 1,642,442 | \$ 1,832,874 |
| Board-designated endowment funds | 3,575,737 | - | - | 3,575,737 |
| Total funds | <u>\$ 3,732,884</u> | <u>\$ 33,285</u> | <u>\$ 1,642,442</u> | <u>\$ 5,408,611</u> |

Change in endowment net assets as of June, 2013 are as follows:

| | <u>Unrestricted</u> | <u>Temporarily Restricted</u> | <u>Permanently Restricted</u> | <u>Total Net Endowment</u> |
|---|---------------------|-----------------------------------|-----------------------------------|--------------------------------|
| Endowment net assets, beginning of year | \$ 3,300,010 | \$ 2,681 | \$ 1,407,442 | \$ 4,710,133 |
| Contributions | 101,490 | 10,212 | 235,000 | 346,702 |
| Investment income | 329,522 | - | - | 329,522 |
| Net appreciation (depreciation) | 274,995 | 33,285 | - | 308,280 |
| Amounts appropriated for expenditure | (273,133) | (12,893) | - | (286,026) |
| Endowment net assets, end of year | <u>\$ 3,732,884</u> | <u>\$ 33,285</u> | <u>\$ 1,642,442</u> | <u>\$ 5,408,611</u> |

Endowment Net Asset Composition by Type of Fund as of June 30, 2012 is as follows:

| | <u>Unrestricted</u> | <u>Temporarily Restricted</u> | <u>Permanently Restricted</u> | <u>Total Net Endowment</u> |
|----------------------------------|---------------------|-----------------------------------|-----------------------------------|--------------------------------|
| Donor-restricted endowment funds | \$ 82,768 | \$ 2,681 | \$ 1,407,442 | \$ 1,492,891 |
| Board-designated endowment funds | 3,217,242 | - | - | 3,217,242 |
| Total funds | <u>\$ 3,300,010</u> | <u>\$ 2,681</u> | <u>\$ 1,407,442</u> | <u>\$ 4,710,133</u> |

Change in endowment net assets as of June, 2012 are as follows:

| | <u>Unrestricted</u> | <u>Temporarily Restricted</u> | <u>Permanently Restricted</u> | <u>Total Net Endowment</u> |
|---|---------------------|-----------------------------------|-----------------------------------|--------------------------------|
| Endowment net assets, beginning of year | \$ 3,643,890 | \$ 6,919 | \$ 1,407,442 | \$ 5,058,251 |
| Contributions | 730 | - | - | 730 |
| Investment income | 158,093 | 13,913 | - | 172,006 |
| Net appreciation (depreciation) | (251,194) | - | - | (251,194) |
| Amounts appropriated for expenditure | (251,509) | (18,151) | - | (269,660) |
| Endowment net assets, end of year | <u>\$ 3,300,010</u> | <u>\$ 2,681</u> | <u>\$ 1,407,442</u> | <u>\$ 4,710,133</u> |

**CENTRAL ADMINISTRATIVE OFFICE OF THE
ROMAN CATHOLIC DIOCESE OF BOISE**

NOTES TO FINANCIAL STATEMENTS (Continued)

June 30, 2013 and 2012

NOTE I - 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.

Funded Status

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

| | Fiscal Year Ended <u>June 30, 2013</u> | Fiscal Year Ended <u>June 30, 2012</u> |
|---------------------------------|---|---|
| Vested benefit obligation | \$ (7,866,000) | \$ (8,132,000) |
| Accumulated benefit obligation | (8,053,000) | (8,362,000) |
| Projected benefit obligation | (11,371,000) | (12,058,000) |
| Plan assets at fair value | <u>4,466,000</u> | <u>3,927,000</u> |
| Funded status at end of year | (6,905,000) | (8,131,000) |
| Liability for pension benefits | \$ (6,905,000) | \$ (8,131,000) |
| Vested benefit obligation ratio | 56.78% | 48.29% |

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

| | Fiscal Year Ended <u>June 30, 2013</u> | Fiscal Year Ended <u>June 30, 2012</u> |
|------------------------|---|---|
| Noncurrent assets | \$ - | \$ - |
| Current liabilities | - | - |
| Noncurrent liabilities | <u>(6,905,000)</u> | <u>(8,131,000)</u> |
| | <u>\$ (6,905,000)</u> | <u>\$ (8,131,000)</u> |

Amounts recognized in the plan's unrestricted net assets consist of:

| | Fiscal Year Ended <u>June 30, 2013</u> | Fiscal Year Ended <u>June 30, 2012</u> |
|----------------------|---|---|
| Net loss | \$ 2,159,000 | \$ 2,130,000 |
| Net transition asset | (21,000) | (38,000) |
| Prior service cost | <u>1,857,000</u> | <u>3,516,000</u> |
| | <u>\$ 3,995,000</u> | <u>\$ 5,608,000</u> |

**CENTRAL ADMINISTRATIVE OFFICE OF THE
ROMAN CATHOLIC DIOCESE OF BOISE**

NOTES TO FINANCIAL STATEMENTS (Continued)

June 30, 2013 and 2012

NOTE I - PRIESTS RETIREMENT PLAN (Continued)

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:

| | Fiscal Year Ended <u>June 30, 2013</u> | Fiscal Year Ended <u>June 30, 2012</u> |
|--|---|---|
| Service cost-benefits earned during the period | \$ 402,000 | \$ 300,000 |
| Interest cost on projected benefit obligation | 464,000 | 545,000 |
| Return on plan assets | | |
| Expected return | (287,000) | (305,000) |
| Asset (gain) loss | <u>(217,000)</u> | <u>464,000</u> |
| Actual return on plan assets | (504,000) | 159,000 |
| Net amortization and deferral | | |
| Amortization of prior service cost | 273,000 | 273,000 |
| Amortization of transition amount | (17,000) | (17,000) |
| Amortization of loss | 122,000 | 37,000 |
| Deferral of asset gain (loss) | <u>217,000</u> | <u>(464,000)</u> |
| Total | <u>595,000</u> | <u>(171,000)</u> |
| Net periodic pension cost | <u><u>\$ 957,000</u></u> | <u><u>\$ 833,000</u></u> |

Other changes in plan assets and benefit obligations recognized in unrestricted net assets:

| | Fiscal Year Ended <u>June 30, 2013</u> | Fiscal Year Ended <u>June 30, 2012</u> |
|--|---|---|
| Net loss (gain) | \$ (1,235,000) | \$ 1,759,000 |
| Prior service cost | - | - |
| Amortization of loss | (122,000) | (37,000) |
| Amortization of transition obligation | 17,000 | 17,000 |
| Amortization of prior service cost | <u>(273,000)</u> | <u>(273,000)</u> |
| Total recognized in unrestricted net assets | (1,613,000) | 1,466,000 |
| Net periodic pension cost | <u>957,000</u> | <u>833,000</u> |
| Total recognized in net periodic pension cost and unrestricted net assets | <u><u>\$ (656,000)</u></u> | <u><u>\$ 2,299,000</u></u> |

**CENTRAL ADMINISTRATIVE OFFICE OF THE
ROMAN CATHOLIC DIOCESE OF BOISE**

NOTES TO FINANCIAL STATEMENTS (Continued)

June 30, 2013 and 2012

NOTE I - PRIESTS RETIREMENT PLAN (Continued)

Assumptions Used to Determine Net Periodic Pension Cost

| | Fiscal Year Ended <u>June 30, 2013</u> | Fiscal Year Ended <u>June 30, 2012</u> |
|---|---|---|
| Discount Rate | 3.93% | 5.35% |
| Expected long-term rate of return on assets | 7.50% | 7.50% |
| Future benefit increases | 3.00% | 3.00% |

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 advise from external actuarial and investment consulting firms while incorporating specific asset-class risk factors. For the fiscal years ending June 30, 2013 and June 30, 2012, the expected long-term rate of return used in determining net periodic pension cost was 7.5%.

Assumptions Used to Determine Benefit Obligations at Year-End

| | Fiscal Year Ended <u>June 30, 2013</u> | Fiscal Year Ended <u>June 30, 2012</u> |
|--------------------------|---|---|
| Discount rate | 4.49% | 3.93% |
| Future benefit increases | 3.00% | 3.00% |

Plan Asset Investment Strategy and Allocation

The asset allocation for the pension plan as of June 30, 2013 and June 30, 2012 and the target allocation, by asset category, are:

| <u>Asset Category</u> | Investment Policy Target Asset Allocation | Actual Percentage of Plan Assets at June 30 | |
|------------------------------|--|--|--------------------|
| | | <u>2013</u> | <u>2012</u> |
| Equities | 25-75% | 70% | 68% |
| Fixed Income | 25-75% | 27% | 28% |
| Cash Equivalents | 0-100% | 3% | 4% |

The fair values of plan assets at June 30, 2013, by asset class are as follows:

| | <u>Level 1</u> | <u>Level 2</u> | <u>Level 3</u> | <u>Total</u> |
|-----------------------------------|---------------------------|---------------------------|-----------------------|----------------------------|
| Money market funds | \$ 164,013 | \$ - | \$ - | \$ 164,013 |
| Mutual funds - equity | 79,016 | 539,474 | - | 618,490 |
| Mutual funds - fixed income | - | 922,385 | - | 922,385 |
| Mutual funds - balanced | - | 169,112 | - | 169,112 |
| Corporate obligations | 177,441 | - | - | 177,441 |
| Government and agency obligations | 19,131 | - | - | 19,131 |
| Municipal bonds | - | 9,484 | - | 9,484 |
| Corporate equities | 2,385,944 | - | - | 2,385,944 |
| | <u>\$2,825,545</u> | <u>\$1,640,455</u> | <u>\$ -</u> | <u>\$ 4,466,000</u> |

**CENTRAL ADMINISTRATIVE OFFICE OF THE
ROMAN CATHOLIC DIOCESE OF BOISE**

NOTES TO FINANCIAL STATEMENTS (Continued)

June 30, 2013 and 2012

NOTE I - PRIESTS RETIREMENT PLAN (Continued)

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.

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> |
|---|--|
| 2014 | \$ 510,000 |
| 2015 | 577,000 |
| 2016 | 610,000 |
| 2017 | 596,000 |
| 2018 | 672,000 |
| 2019-2023 | \$ 3,449,000 |

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 \$739,253 for the year ended June 30, 2013 and \$789,876 for the year ended June 30, 2012.

For the years ended June 30, 2013 and 2012, pension contributions of \$570,000 and \$480,000, respectively, were made. Benefit payments of \$515,000 and \$512,000 were made from the plan during the years ended June 30, 2013 and June 30, 2012, respectively.

The Diocese expects to contribute \$600,000 to the pension plan during the fiscal year ending June 30, 2014.

NOTE J - LAY EMPLOYEES PENSION PLAN

The Roman Catholic Diocese of Boise sponsors a defined benefit pension plan for all full-time lay employees who have completed at least one year of service. 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.

**CENTRAL ADMINISTRATIVE OFFICE OF THE
ROMAN CATHOLIC DIOCESE OF BOISE**

NOTES TO FINANCIAL STATEMENTS (Continued)

June 30, 2013 and 2012

NOTE J - LAY EMPLOYEES PENSION PLAN (Continued)

Because 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. The policy of the Roman Catholic Diocese of Boise is to obtain an actuarial valuation of the lay plan every two years.

Funded Status

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

| | Fiscal Year Ended <u>June 30, 2013</u> | Fiscal Year Ended <u>June 30, 2012</u> |
|---------------------------------|---|---|
| Vested benefit obligation | \$ (10,151,000) | \$ (10,016,000) |
| Accumulated benefit obligation | (12,131,000) | (12,048,000) |
| Projected benefit obligation | (12,131,000) | (12,048,000) |
| Plan assets at fair value | <u>6,136,000</u> | <u>5,343,000</u> |
| Funded status at end of year | (5,995,000) | (6,705,000) |
| Liability for pension benefits | \$ (5,995,000) | \$ (6,705,000) |
| Vested benefit obligation ratio | 60.45% | 53.34% |

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

| | Fiscal Year Ended <u>June 30, 2013</u> | Fiscal Year Ended <u>June 30, 2012</u> |
|------------------------|---|---|
| Noncurrent assets | \$ - | \$ - |
| Current liabilities | - | - |
| Noncurrent liabilities | <u>(5,995,000)</u> | <u>(6,705,000)</u> |
| | <u>\$ (5,995,000)</u> | <u>\$ (6,705,000)</u> |

Amounts recognized in the plan's unrestricted net assets consist of:

| | Fiscal Year Ended <u>June 30, 2013</u> | Fiscal Year Ended <u>June 30, 2013</u> |
|--------------------|---|---|
| Net loss | \$ 3,028,000 | \$ 3,850,000 |
| Prior service cost | - | - |
| | <u>\$ 3,028,000</u> | <u>\$ 3,850,000</u> |

**CENTRAL ADMINISTRATIVE OFFICE OF THE
ROMAN CATHOLIC DIOCESE OF BOISE**

NOTES TO FINANCIAL STATEMENTS (Continued)

June 30, 2013 and 2012

NOTE J - LAY EMPLOYEES PENSION PLAN (Continued)

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:

| | Fiscal Year Ended <u>June 30, 2013</u> | Fiscal Year Ended <u>June 30, 2012</u> |
|--|---|---|
| Service cost-benefits earned during the period | \$ 850,000 | \$ 743,000 |
| Interest cost on projected benefit obligation | 456,000 | 515,000 |
| Return on plan assets | | |
| Expected return | (403,000) | (327,000) |
| Asset (gain) loss | <u>(259,000)</u> | <u>414,000</u> |
| Actual return on plan assets | (662,000) | 87,000 |
| Net amortization and deferral | | |
| Amortization of transition amount | - | - |
| Amortization of loss | 265,000 | 111,000 |
| Deferral of asset gain (loss) | <u>259,000</u> | <u>(414,000)</u> |
| Total | <u>524,000</u> | <u>(303,000)</u> |
| Net periodic pension cost | <u><u>\$ 1,168,000</u></u> | <u><u>\$ 1,042,000</u></u> |

Other changes in plan assets and benefit obligations recognized in unrestricted net assets:

| | Fiscal Year Ended <u>June 30, 2013</u> | Fiscal Year Ended <u>June 30, 2013</u> |
|--|---|---|
| Net loss (gain) | \$ (557,000) | \$ 1,848,000 |
| Prior service cost | - | - |
| Amortization of loss | (265,000) | (111,000) |
| Amortization of transition obligation | - | - |
| Amortization of prior service credit | <u>-</u> | <u>-</u> |
| Total recognized in unrestricted net assets | (822,000) | 1,737,000 |
| Net periodic pension cost | <u>1,168,000</u> | <u>1,042,000</u> |
| Total recognized in net periodic pension cost and unrestricted net assets | <u><u>\$ 346,000</u></u> | <u><u>\$ 2,779,000</u></u> |

**CENTRAL ADMINISTRATIVE OFFICE OF THE
ROMAN CATHOLIC DIOCESE OF BOISE**

NOTES TO FINANCIAL STATEMENTS (Continued)

June 30, 2013 and 2012

NOTE J - LAY EMPLOYEES PENSION PLAN (Continued)

Assumptions Used to Determine Net Periodic Pension Cost

| | Fiscal Year Ended <u>June 30, 2013</u> | Fiscal Year Ended <u>June 30, 2012</u> |
|---|---|---|
| Discount Rate | 3.93% | 5.35% |
| Expected long-term rate of return on assets | 7.50% | 7.50% |
| 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, 2013 and June 30, 2012, the expected long-term rate of return used in determining net periodic pension cost was 7.5%.

Assumptions Used to Determine Benefit Obligations at Year-End

| | Fiscal Year Ended <u>June 30, 2013</u> | Fiscal Year Ended <u>June 30, 2012</u> |
|--------------------------|---|---|
| Discount rate | 4.49% | 3.96% |
| Future benefit increases | 4.50% | 4.50% |

Plan Asset Investment Strategy and Allocation

The asset allocation for the pension plan as of June 30, 2013 and June 30, 2012 and the target allocation, by asset category, are:

| <u>Asset Category</u> | Investment Policy Target <u>Asset Allocation</u> | Policy Benchmark <u>Asset Allocation</u> | Actual Percentage of Plan Assets at June 30 | |
|------------------------------|---|---|--|--------------------|
| | | | <u>2013</u> | <u>2012</u> |
| Equities | 25-75% | 50% | 71% | 64% |
| Fixed Income | 25-75% | 40% | 26% | 32% |
| Cash Equivalents | 0-100% | 10% | 3% | 4% |

The fair values of plan assets at June 30, 2013, by asset class are as follows:

| | <u>Level 1</u> | <u>Level 2</u> | <u>Level 3</u> | <u>Total</u> |
|-----------------------------|-----------------------|-----------------------|-----------------------|---------------------|
| Money market funds | \$ 203,854 | \$ - | \$ - | \$ 203,854 |
| Mutual funds - equity | 111,685 | 853,679 | - | 965,364 |
| Mutual funds - fixed income | - | 1,481,302 | - | 1,481,302 |
| Mutual funds - balanced | - | 252,186 | - | 252,186 |
| Corporate equities | 3,233,294 | - | - | 3,233,294 |
| | <u>\$ 3,548,833</u> | <u>\$ 2,587,167</u> | <u>\$ -</u> | <u>\$ 6,136,000</u> |

**CENTRAL ADMINISTRATIVE OFFICE OF THE
ROMAN CATHOLIC DIOCESE OF BOISE**

NOTES TO FINANCIAL STATEMENTS (Continued)

June 30, 2013 and 2012

NOTE J - LAY EMPLOYEES PENSION PLAN (Continued)

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.

Cash Flows

Estimated Future Benefit Payments

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

| Fiscal Year <u>Ending June 30</u> | Annual Pension <u>Benefits</u> |
|--|---|
| 2014 | \$ 857,000 |
| 2015 | 993,000 |
| 2016 | 857,000 |
| 2017 | 1,306,000 |
| 2018 | 869,000 |
| 2019-2023 | \$ 6,283,000 |

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 \$597,960 for the year ended June 30, 2013 and \$678,991 for the year ended June 30, 2012.

Diocesan pension contributions for the years ended June 30, 2013 and 2012 were \$1,056,000 and \$1,845,000, respectively. Benefit payments of \$840,000 and \$585,000 were made from the plan during the years ended June 30, 2013 and June 30, 2012, respectively.

The Diocese expects to contribute \$1,200,000 to the pension plan during the fiscal year ending June 30, 2014.

**CENTRAL ADMINISTRATIVE OFFICE OF THE
ROMAN CATHOLIC DIOCESE OF BOISE**

NOTES TO FINANCIAL STATEMENTS (Continued)

June 30, 2013 and 2012

NOTE K - 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, 2013 and 2012 the fund paid an interest rate on deposits of 1.14% and 1.60%, 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 3 years to 20 years in length. Loan rates charged to borrowers range from 0% to 8.5%. Loans are set at simple interest rates and incur interest charges until paid by the parish or school.

| | <u>2013</u> | <u>2012</u> |
|--|---------------|---------------|
| Balances as of June 30: | | |
| Deposits in Fund from Parishes and Schools | \$ 22,484,903 | \$ 25,113,931 |
| Loans from Fund to Parishes and Schools | \$ 9,063,798 | \$ 11,421,013 |
| Percentage Loaned Out | 40.31% | 45.48% |

NOTE L - 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 \$1,300,000 and \$300,000 as of June 30, 2013 and 2012, respectively.

NOTE M - LINE OF CREDIT

The Diocese renewed its revolving line of credit agreement with a bank March 30, 2013. The line has a \$10,000,000 limit and is 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. Monthly interest payments are required, and the principal balance is due September 30, 2014. There are certain covenants established with the line of credit and management states that they are in compliance with all covenants except for the requirement to provide annual audited financial statements within 180 days of year ended June 30, 2013, for which an extended due date is being allowed by the bank. Funds borrowed are subject to a variable rate equal to the lesser of 2.250% or 1.050% plus the one-month adjusted LIBOR rate. The balance due totaled \$3,000,000 and \$1,000,000 as of June 30, 2013 and 2012, respectively.

NOTE N - NOTES PAYABLE

A summary of notes payable follows:

Mortgage note payable, secured by real and personal property, payable in monthly installments of \$18,361 including principal and interest at a fixed rate of 5.43% per annum. Note matures in January 2028. This loan was refinanced in February 2013, prior installments were \$18,982 with a rate of 5.81% per annum.

Note payable, secured by real property located in Eagle, Idaho, payable in monthly installments of \$8,752 including principal and interest at a fixed rate of 6% per annum. Note matures in June of 2017.

**CENTRAL ADMINISTRATIVE OFFICE OF THE
ROMAN CATHOLIC DIOCESE OF BOISE**

NOTES TO FINANCIAL STATEMENTS (Continued)

June 30, 2013 and 2012

NOTE N - NOTES PAYABLE (Continued)

Maturities of notes payable subsequent to June 30, 2013 are as follows:

| Years ending June 30: | Amount |
|-----------------------|----------------------------|
| 2014 | \$ 153,976 |
| 2015 | 163,001 |
| 2016 | 172,557 |
| 2017 | 174,946 |
| 2018 | 302,532 |
| Thereafter | <u>2,206,819</u> |
| | <u><u>\$ 3,173,831</u></u> |

NOTE O - RESTRICTED NET ASSETS

Temporarily Restricted Net Assets

Temporarily restricted net assets are available for the following purposes:

| | <u>2013</u> | <u>2012</u> |
|---------------------------------------|----------------------------|----------------------------|
| Pastoral | \$ (552,094) | \$ (482,105) |
| Education | 33,633 | 30,647 |
| Social Services | 1,513,004 | 1,672,484 |
| Idaho Catholic Appeal (2012 Campaign) | - | 1,613,972 |
| Idaho Catholic Appeal (2013 Campaign) | <u>1,727,482</u> | <u>-</u> |
| | <u><u>\$ 2,722,025</u></u> | <u><u>\$ 2,834,998</u></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>2013</u> | <u>2012</u> |
|---------------------------------------|----------------------------|----------------------------|
| Pastoral | \$ 406,024 | \$ 541,487 |
| Education | 113,160 | 230,329 |
| Social Services | 578,725 | 574,809 |
| Idaho Catholic Appeal (2011 Campaign) | - | 2,550,391 |
| Idaho Catholic Appeal (2012 Campaign) | <u>2,387,391</u> | <u>-</u> |
| | <u><u>\$ 3,485,300</u></u> | <u><u>\$ 3,897,016</u></u> |

Permanently Restricted Net Assets

Permanently restricted net assets, where the investments are to be held in perpetuity and the income used for specified purposes, are comprised of the following:

| | <u>2013</u> | <u>2012</u> |
|-----------------|----------------------------|----------------------------|
| Endowment Funds | <u><u>\$ 1,642,442</u></u> | <u><u>\$ 1,407,442</u></u> |

**CENTRAL ADMINISTRATIVE OFFICE OF THE
ROMAN CATHOLIC DIOCESE OF BOISE**

NOTES TO FINANCIAL STATEMENTS (Continued)

June 30, 2013 and 2012

NOTE P - INSURANCE ACTIVITIES

The Diocese manages insurance programs on behalf of parishes, schools, and other entities within the Diocese through a combination of self-insurance, purchase of excess insurance coverage above the self-insured levels, and liability insurance. Participants are billed premiums to defray the cost of the program. Incurred but not reported claims are accrued and at June 30, 2013 and 2012 totaled \$210,000 and \$412,700, respectively.

NOTE Q - LEASES IN FINANCIAL STATEMENTS OF LESSORS

The Diocese leases portions of its office building and other property to various organizations in the Treasure Valley.

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

| Years ending June 30: | Amount |
|-----------------------|-------------------|
| 2014 | \$ 299,368 |
| 2015 | 135,717 |
| 2016 | 88,632 |
| 2017 | 54,368 |
| 2018 | 31,808 |
| Thereafter | <u>69,645</u> |
| | <u>\$ 679,538</u> |

NOTE R - RELATED PARTY TRANSACTIONS

The Diocese performs various administrative services including deposits and loans, insurance 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, 2013 and 2012, the Diocese recognized revenue from Diocesan parishes, schools, and other related organizations in the amount of \$5,528,414 and \$5,309,122, respectively for assessments, insurance, and interest. The Diocese incurred interest expense related to the parish deposit and loan program in the amount of \$298,774 and \$488,845 for the years ended June 30, 2013 and 2012, respectively.

The Diocese recorded an accounts payable to Catholic Charities of \$583,362 and \$354,793 at June 30, 2013 and 2012, respectively. The amounts represent the collections from the Idaho Catholic Appeal specifically designated for Catholic Charities. An accounts receivable from Catholic Charities to the Diocese totaled \$39,565 and \$23,142 as of June 30, 2013 and 2012, respectively.

Idaho Catholic Foundation

Approximately \$6,839,232 of investments and one third of the beneficial interest in perpetual trust presented in the Statements of Financial Position and in the related disclosures and supplementary information are held at the Idaho Catholic Foundation. The investment assets held at the Idaho Catholic Foundation for the Diocese as well as \$8,190,120 held for other charitable organizations are pledged as collateral for the line of credit described in Note M. The board of directors for the Idaho Catholic Foundation is not elected by the Diocese.

**CENTRAL ADMINISTRATIVE OFFICE OF THE
ROMAN CATHOLIC DIOCESE OF BOISE**

NOTES TO FINANCIAL STATEMENTS (Continued)

June 30, 2013 and 2012

NOTE S - 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 for the year ended June 30, 2013. The FDIC offered unlimited insurance coverage for noninterest-bearing accounts for the year ended June 30, 2012. There were no uninsured balances for the years ended June 30, 2013 and June 30, 2012.

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 T - 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, 2012, from which the summarized information was derived.

NOTE U - 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.

NOTE V - CAPITAL CAMPAIGN

The Diocese began a capital campaign in July 2012 on behalf of the Idaho Catholic Foundation in which it hopes to raise \$15,000,000 over a four year period. Capital campaign funds have been designated to be distributed and invested in funds to benefit the Diocese and its programs. All assets contributed to the capital campaign are considered property of the Idaho Catholic Foundation. The Diocese has no authority and no ownership of the funds; therefore, no assets from the capital campaign other than those approved for distribution, have been included in the financial statements of the Diocese. Annual support from the capital campaign distributed to the Diocese is recorded as contribution revenue when it is received or authorized by the Idaho Catholic Foundation for distribution.

It is the intention of the Idaho Catholic Foundation to invest \$6,000,000 of campaign donations to endowment funds that will generate future income to benefit Diocese programs for the care of priests, ongoing formation, Catholic education and faith, and charitable works. The Diocese will receive annual support from the endowment funds as approved by the Idaho Catholic Foundation.

During the year ending June 30, 2013, the Diocese paid professional fundraising expenses of \$700,000 and other campaign expenses of approximately \$204,545. As mentioned in Note D, the Diocese's annual Idaho Catholic Appeal was incorporated as part of the capital campaign for the year ended June 30, 2013. Capital campaign collections of \$2,820,962 were distributed to the Diocese during the fiscal ending June 30, 2014 for the Idaho Catholic Appeal and to reimburse the Diocese for \$500,000 of campaign expenses.

**CENTRAL ADMINISTRATIVE OFFICE OF THE
ROMAN CATHOLIC DIOCESE OF BOISE**

NOTES TO FINANCIAL STATEMENTS (Continued)

June 30, 2013 and 2012

NOTE W - SUBSEQUENT EVENTS

Subsequent events have been evaluated through May 23, 2014 which coincides with the date of issuance of these financial statements. As of the report date, no events of significance have been brought to the attention of management that would require disclosure.

INDEPENDENT AUDITOR'S REPORT ON SUPPLEMENTARY INFORMATION

Central Administrative Office of the Roman Catholic Diocese of Boise
Boise, Idaho

We have audited the financial statements of the Central Administrative Office of the Roman Catholic Diocese of Boise as of and for the year ended June 30, 2013, and have issued our report thereon dated May 23, 2014, which contained an unmodified opinion on those financial statements. Our audit was performed for the purpose of forming an opinion on the financial statements as a whole. The supplementary information is presented for the purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Travis Jeffries, P.A.

Boise, Idaho
May 23, 2014

**CENTRAL ADMINISTRATIVE OFFICE OF THE
ROMAN CATHOLIC DIOCESE OF BOISE**

COMBINING STATEMENTS OF FINANCIAL POSITION - UNRESTRICTED NET ASSETS

June 30, 2013 and June 30, 2012 Summarized Information

ASSETS

| | 2013 | | | | | | | | | | 2012 | |
|--|-----------------------------|-------------------------------|---|---|--|--|----------------------------|--------------------------|------------------------------|-----------------------------|-----------------------------|-----------------------------------|
| | <u>Operating</u> | <u>Deposit & Loan</u> | <u>Health & Welfare Insurance</u> | <u>Property & Liability Insurance</u> | <u>Idaho Catholic Register</u> | <u>Nazareth Retreat Center</u> | <u>Student Centers</u> | <u>Custodial</u> | <u>Plant</u> | <u>Board Designated</u> | <u>Total</u> | <u>Summarized Information</u> |
| ASSETS | | | | | | | | | | | | |
| Cash | \$ (259,085) | \$ - | \$ 87,806 | \$ - | \$ 166,314 | \$ 16,283 | \$ (4,165) | \$ - | \$ - | \$ - | \$ 7,153 | \$ 727,897 |
| Certificates of deposit | - | - | - | - | - | - | - | - | - | - | - | 145,711 |
| Accounts and pledges receivable | 3,578,353 | (8,972) | 217,704 | 700,959 | 31,768 | 15,320 | - | 97,129 | - | - | 4,632,261 | 2,146,161 |
| Deposits and prepaid expenses | 93,211 | - | - | 68,378 | 4,534 | - | 689 | - | - | - | 166,812 | 136,614 |
| Interfund receivable (payable) | 6,197,456 | 6,639,043 | (569,584) | (352,055) | 14,350 | (999,931) | (712,475) | 334,616 | (12,719,001) | - | (2,167,581) | (1,919,938) |
| Marketable securities | 2,482,733 | 6,480,307 | 22,482 | 177,846 | - | - | 373,290 | - | - | 3,757,798 | 13,294,456 | 11,678,806 |
| Beneficial interest in perpetual trust | - | - | - | - | - | - | - | - | - | - | - | (2,528) |
| Loans to parishes and schools | - | 9,063,798 | - | - | - | - | - | - | - | - | 9,063,798 | 11,421,013 |
| Loans and notes receivable | 611,338 | - | - | - | - | - | - | - | - | - | 611,338 | 600,491 |
| Property, plant and equipment | - | 36,584 | - | - | 11,860 | 2,671,622 | - | - | 14,198,004 | - | 16,918,070 | 17,230,602 |
| Accumulated depreciation | - | - | - | - | (8,642) | (1,294,809) | - | - | (3,876,716) | - | (5,180,167) | (4,733,617) |
| Total Assets | <u>\$ 12,704,006</u> | <u>\$ 22,210,760</u> | <u>\$ (241,592)</u> | <u>\$ 595,128</u> | <u>\$ 220,184</u> | <u>\$ 408,485</u> | <u>\$ (342,661)</u> | <u>\$ 431,745</u> | <u>\$ (2,397,713)</u> | <u>\$ 3,757,798</u> | <u>\$ 37,346,140</u> | <u>\$ 37,431,212</u> |

See independent auditor's report on supplementary information.

**CENTRAL ADMINISTRATIVE OFFICE OF THE
ROMAN CATHOLIC DIOCESE OF BOISE**

COMBINING STATEMENTS OF FINANCIAL POSITION - UNRESTRICTED NET ASSETS (Continued)

June 30, 2013 and June 30, 2012 Summarized Information

LIABILITIES AND NET ASSETS

| | 2013 | | | | | | | | | | 2012 | |
|---|-----------------------------|-------------------------------|---|---|--|--|----------------------------|--------------------------|------------------------------|-----------------------------|-----------------------------|-----------------------------------|
| | <u>Operating</u> | <u>Deposit & Loan</u> | <u>Health & Welfare Insurance</u> | <u>Property & Liability Insurance</u> | <u>Idaho Catholic Register</u> | <u>Nazareth Retreat Center</u> | <u>Student Centers</u> | <u>Custodial</u> | <u>Plant</u> | <u>Board Designated</u> | <u>Total</u> | <u>Summarized Information</u> |
| LIABILITIES | | | | | | | | | | | | |
| Accounts payable | \$ 73,241 | \$ - | \$ 373 | \$ 1,425 | \$ 1,717 | \$ 9,691 | \$ 19,433 | \$ 20,057 | \$ - | \$ - | \$ 125,937 | \$ 140,732 |
| Accrued liabilities | 286,716 | 4,213 | 210,000 | - | 6,573 | 13,525 | 1,550 | 444,509 | - | 182,061 | 1,149,147 | 1,477,546 |
| Line of credit | 3,000,000 | - | - | - | - | - | - | - | - | - | 3,000,000 | 1,000,000 |
| Parish cash management | 3,898,928 | - | - | - | - | - | - | - | - | - | 3,898,928 | 3,335,001 |
| Parish savings deposit | - | 22,484,903 | - | - | - | - | - | - | - | - | 22,484,903 | 25,113,931 |
| Lay pension trust | 279,588 | - | - | - | - | - | - | - | - | - | 279,588 | 496,291 |
| Liability for pension benefits - lay | 597,960 | - | - | - | - | - | - | - | - | - | 597,960 | 678,991 |
| Liability for pension benefits - priest | 739,253 | - | - | - | - | - | - | - | - | - | 739,253 | 789,876 |
| Notes payable | 3,173,831 | - | - | - | - | - | - | - | - | - | 3,173,831 | 3,318,303 |
| Deferred revenue | 115 | - | - | - | - | - | - | - | - | - | 115 | 2,625 |
| Total Liabilities | 12,049,632 | 22,489,116 | 210,373 | 1,425 | 8,290 | 23,216 | 20,983 | 464,566 | - | 182,061 | 35,449,662 | 36,353,296 |
| NET ASSETS | | | | | | | | | | | | |
| | <u>654,374</u> | <u>(278,356)</u> | <u>(451,965)</u> | <u>593,703</u> | <u>211,894</u> | <u>385,269</u> | <u>(363,644)</u> | <u>(32,821)</u> | <u>(2,397,713)</u> | <u>3,575,737</u> | <u>1,896,478</u> | <u>1,077,916</u> |
| Total Liabilities and Net Assets | <u>\$ 12,704,006</u> | <u>\$ 22,210,760</u> | <u>\$ (241,592)</u> | <u>\$ 595,128</u> | <u>\$ 220,184</u> | <u>\$ 408,485</u> | <u>\$ (342,661)</u> | <u>\$ 431,745</u> | <u>\$ (2,397,713)</u> | <u>\$ 3,757,798</u> | <u>\$ 37,346,140</u> | <u>\$ 37,431,212</u> |

See independent auditor's report on supplementary information.

**CENTRAL ADMINISTRATIVE OFFICE OF THE
ROMAN CATHOLIC DIOCESE OF BOISE**

COMBINING STATEMENTS OF ACTIVITIES - UNRESTRICTED NET ASSETS

For the Year Ended June 30, 2013 and Summarized Information for the Year Ended June 30, 2012

| | 2013 | | | | | | | | | | 2012 | |
|---|------------------|-------------------------------|---|---|--|--|----------------------------|------------------|----------------|-----------------------------|-------------------|-----------------------------------|
| | <u>Operating</u> | <u>Deposit & Loan</u> | <u>Health & Welfare Insurance</u> | <u>Property & Liability Insurance</u> | <u>Idaho Catholic Register</u> | <u>Nazareth Retreat Center</u> | <u>Student Centers</u> | <u>Custodial</u> | <u>Plant</u> | <u>Board Designated</u> | <u>Total</u> | <u>Summarized Information</u> |
| REVENUE AND SUPPORT | | | | | | | | | | | | |
| Contributions | \$ 90,359 | \$ - | \$ - | \$ - | \$ 20 | \$ 39,614 | \$ 88,978 | \$ - | \$ - | \$ 101,241 | \$ 320,212 | \$ 637,068 |
| Program services | 694,232 | - | - | - | 256,253 | 216,106 | 1,290 | - | - | - | 1,167,881 | 1,232,942 |
| Assessment revenue | 661,088 | - | - | - | - | - | - | - | - | - | 661,088 | 637,180 |
| Insurance program | - | - | 3,638,323 | 934,350 | - | - | - | - | - | - | 4,572,673 | 4,421,788 |
| Grant revenue | 252,987 | - | - | - | - | - | 58,121 | - | - | - | 311,108 | 415,297 |
| Deposit and loan interest | 26,266 | 268,387 | - | - | - | - | - | - | - | - | 294,653 | 250,153 |
| Rental income | 554,442 | - | - | - | - | 17,718 | 46,949 | - | - | - | 619,109 | 651,199 |
| Gain on sale of property | - | 10,642 | - | - | - | - | - | - | 522,001 | - | 532,643 | 3,713 |
| Investment income | 397,596 | 737,944 | 2,449 | 19,249 | 1,917 | 202 | 4,426 | - | - | 470,597 | 1,634,380 | (97,316) |
| ICF campaign reimbursements | 500,000 | - | - | - | - | - | - | - | - | - | 500,000 | - |
| Miscellaneous | 7,905 | - | - | - | - | - | 5,802 | - | - | - | 13,707 | 7,900 |
| Net assets released from restrictions satisfied by payments | 3,485,300 | - | - | - | - | - | - | - | - | - | 3,485,300 | 3,897,016 |
| Total Revenue | 6,670,175 | 1,016,973 | 3,640,772 | 953,599 | 258,190 | 273,640 | 205,566 | - | 522,001 | 571,838 | 14,112,754 | 12,056,940 |
| EXPENSES | | | | | | | | | | | | |
| Salaries | 1,786,777 | - | - | - | 127,826 | 121,362 | 117,457 | - | - | - | 2,153,422 | 1,968,344 |
| Auto | 59,200 | - | - | - | 286 | - | - | - | - | - | 59,486 | 33,866 |
| Advertising | 4,864 | - | - | - | - | 354 | - | - | - | - | 5,218 | 7,403 |
| Bank and investment | 135,052 | 65,890 | - | 1,681 | - | - | 3 | - | - | 31,282 | 233,908 | 214,497 |
| Computer | 247,755 | - | - | - | 402 | 185 | 3,530 | - | - | - | 251,872 | 310,758 |
| Contributions | 386,653 | - | - | - | - | - | - | - | - | - | 386,653 | 420,551 |
| Dues and subscriptions | 58,531 | - | - | - | 3,130 | 390 | 396 | - | - | - | 62,447 | 72,667 |
| Depreciation | 553 | - | - | - | 1,688 | 51,896 | - | - | 437,179 | - | 491,316 | 498,269 |
| Employee benefits | 349,340 | - | - | - | 23,399 | 25,829 | 32,307 | - | - | - | 430,875 | 393,553 |
| Event | 235,314 | - | - | - | 1,002 | 250 | 19,033 | - | - | - | 255,599 | 459,705 |
| Supplies | 18,103 | - | - | - | - | 42,474 | 3,212 | - | - | - | 63,789 | 48,752 |
| Miscellaneous | 18,806 | - | - | - | 1,067 | 2,032 | 3,844 | - | - | - | 25,749 | 84,228 |
| Payroll taxes | 119,643 | - | - | - | 8,913 | 8,153 | 8,512 | - | - | - | 145,221 | 132,604 |
| Postage | 31,013 | - | - | - | 58,666 | 212 | 169 | - | - | - | 90,060 | 84,432 |
| Office | 23,958 | - | - | - | 461 | 1,063 | 1,053 | - | - | - | 26,535 | 22,640 |
| Rental | 94,476 | - | - | - | - | 68 | - | - | - | - | 94,544 | 79,172 |
| Repairs and maintenance | 113,981 | - | - | - | - | 13,719 | 24,866 | - | - | - | 152,566 | 130,391 |

See independent auditor's report on supplementary information.

**CENTRAL ADMINISTRATIVE OFFICE OF THE
ROMAN CATHOLIC DIOCESE OF BOISE**

COMBINING STATEMENTS OF ACTIVITIES - UNRESTRICTED NET ASSETS (Continued)

For the Year Ended June 30, 2013 and Summarized Information for the Year Ended June 30, 2012

| | 2013 | | | | | | | | | | 2012 | |
|--------------------------------------|-------------------|-------------------------------|---|---|--|--|----------------------------|--------------------|-----------------------|-----------------------------|---------------------|-----------------------------------|
| | <u>Operating</u> | <u>Deposit & Loan</u> | <u>Health & Welfare Insurance</u> | <u>Property & Liability Insurance</u> | <u>Idaho Catholic Register</u> | <u>Nazareth Retreat Center</u> | <u>Student Centers</u> | <u>Custodial</u> | <u>Plant</u> | <u>Board Designated</u> | <u>Total</u> | <u>Summarized Information</u> |
| Interest | \$ 191,855 | \$ 298,774 | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ 490,629 | \$ 694,604 |
| Bad debt | 33,992 | 1,000,000 | - | - | - | - | - | - | - | - | 1,033,992 | 591 |
| Stipends | 69,505 | - | - | - | 500 | 2,170 | 3,080 | - | - | - | 75,255 | 75,190 |
| Telephone | 18,753 | - | - | - | 250 | 3,385 | 2,148 | - | - | - | 24,536 | 21,120 |
| Training | 25,645 | - | - | - | - | - | 975 | - | - | - | 26,620 | 23,717 |
| Travel | 157,581 | - | - | - | 1,443 | 844 | 2,534 | - | - | - | 162,402 | 124,871 |
| Meetings | 33,129 | - | - | - | 200 | - | - | - | - | - | 33,329 | 40,444 |
| Printing and copies | 117,122 | - | - | - | 32,678 | - | 955 | - | - | - | 150,755 | 47,327 |
| Professional services | 967,756 | 54 | 63,826 | - | 12,257 | 218 | 283 | - | - | - | 1,044,394 | 236,074 |
| Insurance | 24,368 | - | 2,883,900 | 848,577 | - | 4,811 | - | - | - | - | 3,761,656 | 4,369,439 |
| Appropriations | 154,680 | - | - | - | - | - | - | - | 182,061 | - | 336,741 | 311,627 |
| Disbursements | 944,971 | - | - | - | - | - | - | - | - | - | 944,971 | 1,323,916 |
| Meals and entertainment | 59,994 | - | - | - | 67 | - | - | - | - | - | 60,061 | 16,412 |
| Utilities | 105,944 | - | - | - | - | 32,218 | 31,632 | - | - | - | 169,794 | 159,299 |
| Property taxes | 137,098 | - | - | - | - | - | 13,679 | - | - | - | 150,777 | 134,990 |
| Workers compensation | 24,993 | - | - | - | 2,056 | 1,795 | 1,830 | - | - | - | 30,674 | 27,886 |
| FASB ASC 715 Expense | (131,654) | - | - | - | - | - | - | - | - | - | (131,654) | 298,025 |
| Total Expenses | 6,619,751 | 1,364,718 | 2,947,726 | 850,258 | 276,291 | 313,428 | 271,498 | - | 437,179 | 213,343 | 13,294,192 | 12,867,364 |
| Increase (Decrease) in Net Assets | 50,424 | (347,745) | 693,046 | 103,341 | (18,101) | (39,788) | (65,932) | - | 84,822 | 358,495 | 818,562 | (810,424) |
| NET ASSETS, Beginning of Year | 603,950 | 69,389 | (1,145,011) | 490,362 | 229,995 | 425,057 | (297,712) | (32,821) | (2,482,535) | 3,217,242 | 1,077,916 | 1,888,340 |
| NET ASSETS, End of Year | \$ 654,374 | \$ (278,356) | \$ (451,965) | \$ 593,703 | \$ 211,894 | \$ 385,269 | \$ (363,644) | \$ (32,821) | \$ (2,397,713) | \$ 3,575,737 | \$ 1,896,478 | \$ 1,077,916 |

See independent auditor's report on supplementary information.

**CENTRAL ADMINISTRATIVE OFFICE OF THE
ROMAN CATHOLIC DIOCESE OF BOISE**

COMBINING STATEMENTS OF FINANCIAL POSITION - TEMPORARILY RESTRICTED NET ASSETS

June 30, 2013 and June 30, 2012 Summarized Information

ASSETS

| | 2013 | | | | | | | | |
|--|-------------------|---------------------|-----------------------|--|-------------------------------|----------------------------|---|---------------------------------|---|
| | <u>Charity</u> | <u>Seminary</u> | <u>Clergy</u> | <u>Koelsch Charitable Unitrust</u> | <u>Retirement Housing</u> | <u>Extension Grant</u> | <u>Magic Valley High School</u> | <u>Bishop Discretionary</u> | <u>Diocesan Development Program</u> |
| ASSETS | | | | | | | | | |
| Cash and cash equivalents | \$ - | \$ 14,160 | \$ - | \$ - | \$ 500 | \$ - | \$ 1,818 | \$ - | \$ - |
| Accounts and pledges receivable | - | 450 | 10,081 | - | 950 | - | - | - | 39,348 |
| Deposits and prepaid expenses | 500 | - | - | - | 200 | - | - | - | - |
| Interfund receivable (payable) | 477,879 | 681,948 | (1,535,326) | - | 859,317 | - | - | (169,851) | 1,677,039 |
| Marketable securities | 108,672 | 622,692 | 54,985 | 132,734 | - | - | - | 15,685 | - |
| Beneficial interest in perpetual trust | - | - | 11,095 | - | - | - | - | - | 11,095 |
| Property, plant and equipment | - | 88,655 | - | - | - | - | - | - | - |
| Accumulated depreciation | - | (3,819) | - | - | - | - | - | - | - |
| Total Assets | <u>\$ 587,051</u> | <u>\$ 1,404,086</u> | <u>\$ (1,459,165)</u> | <u>\$ 132,734</u> | <u>\$ 860,967</u> | <u>\$ -</u> | <u>\$ 1,818</u> | <u>\$ (154,166)</u> | <u>\$ 1,727,482</u> |

LIABILITIES AND NET ASSETS

| | | | | | | | | | |
|-------------------------------------|-------------------|---------------------|-----------------------|-------------------|-------------------|-------------|-----------------|---------------------|---------------------|
| LIABILITIES | | | | | | | | | |
| Deferred income | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Accounts payable | 806 | 1,265 | 8,431 | - | 1,259 | - | - | - | - |
| Accrued liabilities | 583,362 | 200 | - | 132,734 | 2,691 | - | - | - | - |
| Total Liabilities | 584,168 | 1,465 | 8,431 | 132,734 | 3,950 | - | - | - | - |
| NET ASSETS | 2,883 | 1,402,621 | (1,467,596) | - | 857,017 | - | 1,818 | (154,166) | 1,727,482 |
| Total Liabilities and Net Assets | <u>\$ 587,051</u> | <u>\$ 1,404,086</u> | <u>\$ (1,459,165)</u> | <u>\$ 132,734</u> | <u>\$ 860,967</u> | <u>\$ -</u> | <u>\$ 1,818</u> | <u>\$ (154,166)</u> | <u>\$ 1,727,482</u> |

See independent auditor's report on supplementary information.

**CENTRAL ADMINISTRATIVE OFFICE OF THE
ROMAN CATHOLIC DIOCESE OF BOISE**

COMBINING STATEMENTS OF FINANCIAL POSITION - TEMPORARILY RESTRICTED NET ASSETS

June 30, 2013 and June 30, 2012 Summarized Information (continued)

ASSETS

| | 2013 | | | | | 2012 |
|--|---------------------------|--------------------------------------|------------------|--------------------------|---------------------|-----------------------------------|
| | Catholic Idaho | Idaho Catholic Foundation | Education | Unitrust Fund | Total | Summarized Information |
| ASSETS | | | | | | |
| Cash and cash equivalents | \$ - | \$ - | \$ - | \$ - | \$ 16,478 | \$ 16,206 |
| Accounts and pledges receivable | - | - | - | - | 50,829 | 296,215 |
| Deposits and prepaid expenses | - | - | - | - | 700 | 877 |
| Interfund receivable (payable) | 178,816 | - | 1,792 | (4,033) | 2,167,581 | 1,919,938 |
| Marketable securities | 71,755 | - | 30,023 | 62,518 | 1,099,064 | 997,491 |
| Beneficial interest in perpetual trust | - | 11,095 | - | - | 33,285 | - |
| Property, plant and equipment | - | - | - | - | 88,655 | 88,655 |
| Accumulated depreciation | - | - | - | - | (3,819) | (3,265) |
| Total Assets | <u>\$ 250,571</u> | <u>\$ 11,095</u> | <u>\$ 31,815</u> | <u>\$ 58,485</u> | <u>\$ 3,452,773</u> | <u>\$ 3,316,117</u> |

LIABILITIES AND NET ASSETS

| | | | | | | |
|-------------------------------------|-------------------|------------------|------------------|------------------|---------------------|---------------------|
| LIABILITIES | | | | | | |
| Deferred revenue | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Accounts payable | - | - | - | - | 11,761 | - |
| Accrued liabilities | - | - | - | - | 718,987 | 481,119 |
| Total Liabilities | - | - | - | - | 730,748 | 481,119 |
| NET ASSETS | <u>250,571</u> | <u>11,095</u> | <u>31,815</u> | <u>58,485</u> | <u>2,722,025</u> | <u>2,834,998</u> |
| Total Liabilities and Net Assets | <u>\$ 250,571</u> | <u>\$ 11,095</u> | <u>\$ 31,815</u> | <u>\$ 58,485</u> | <u>\$ 3,452,773</u> | <u>\$ 3,316,117</u> |

**CENTRAL ADMINISTRATIVE OFFICE OF THE
ROMAN CATHOLIC DIOCESE OF BOISE**

COMBINING STATEMENTS OF ACTIVITIES - TEMPORARILY RESTRICTED NET ASSETS

For the Year Ended June 30, 2013 and Summarized Information for the Year Ended June 30, 2012

| | 2013 | | | | | | | | |
|---|-----------------|---------------------|-----------------------|--|-------------------------------|----------------------------|---|---------------------------------|--|
| | <u>Charity</u> | <u>Seminary</u> | <u>Clergy</u> | <u>Koelsch Charitable Unitrust</u> | <u>Retirement Housing</u> | <u>Extension Grant</u> | <u>Magic Valley High School</u> | <u>Bishop Discretionary</u> | <u>Diocesan Development Plan</u> |
| REVENUE AND SUPPORT | | | | | | | | | |
| Contributions | \$ 112,932 | \$ 142,372 | \$ 116,773 | \$ - | \$ 15,593 | \$ - | \$ - | \$ 6,803 | \$ 2,487,213 |
| Program services | - | - | 113,500 | - | - | - | - | - | - |
| Grant revenue | 23,522 | 25,000 | - | - | - | 112,875 | - | - | - |
| Rental income | - | 8,715 | - | - | 55,000 | - | - | - | - |
| Investment income | 11,765 | 67,574 | 20,451 | 9,057 | - | - | 21 | 1,698 | 13,689 |
| Net assets released from restrictions satisfied by payments | (199,270) | (367,775) | (332,849) | (9,057) | (63,090) | (112,875) | - | (10,105) | (2,387,391) |
| Total Revenue and Support | (51,051) | (124,114) | (82,125) | - | 7,503 | - | 21 | (1,604) | 113,511 |
| NET ASSETS, Beginning of Year | 53,934 | 1,526,735 | (1,385,471) | - | 849,514 | - | 1,797 | (152,562) | 1,613,971 |
| NET ASSETS, End of Year | <u>\$ 2,883</u> | <u>\$ 1,402,621</u> | <u>\$ (1,467,596)</u> | <u>\$ -</u> | <u>\$ 857,017</u> | <u>-</u> | <u>\$ 1,818</u> | <u>\$ (154,166)</u> | <u>\$ 1,727,482</u> |

See independent auditor's report on supplementary information.

**CENTRAL ADMINISTRATIVE OFFICE OF THE
ROMAN CATHOLIC DIOCESE OF BOISE**

COMBINING STATEMENTS OF ACTIVITIES - TEMPORARILY RESTRICTED NET ASSETS

For the Year Ended June 30, 2013 and Summarized Information for the Year Ended June 30, 2012 (continued)

| | <u>2013</u> | | | | <u>2012</u> | |
|---|---------------------------|--------------------------------------|------------------|--------------------------|---------------------|-----------------------------------|
| | <u>Catholic Idaho</u> | <u>Idaho Catholic Foundation</u> | <u>Education</u> | <u>Unitrust Fund</u> | <u>Total</u> | <u>Summarized Information</u> |
| REVENUE AND SUPPORT | | | | | | |
| Contributions | \$ - | \$ - | \$ - | \$ - | \$ 2,881,686 | \$ 3,091,119 |
| Program services | - | - | - | - | 113,500 | 119,500 |
| Grant revenue | - | - | - | - | 161,397 | 268,172 |
| Rental income | - | - | - | - | 63,715 | 56,690 |
| Investment income | 7,768 | 11,095 | 3,250 | 5,661 | 152,029 | 26,210 |
| Net assets released from restrictions satisfied by payments | (681) | (894) | (285) | (1,028) | (3,485,300) | (3,897,016) |
| Total Revenue and Support | 7,087 | 10,201 | 2,965 | 4,633 | (112,973) | (335,325) |
| NET ASSETS, Beginning of Year | 243,484 | 894 | 28,850 | 53,852 | 2,834,998 | 3,170,323 |
| NET ASSETS, End of Year | <u>\$ 250,571</u> | <u>\$ 11,095</u> | <u>\$ 31,815</u> | <u>\$ 58,485</u> | <u>\$ 2,722,025</u> | <u>\$ 2,834,998</u> |

**CENTRAL ADMINISTRATIVE OFFICE OF THE
ROMAN CATHOLIC DIOCESE OF BOISE**

COMBINING STATEMENTS OF FINANCIAL POSITION - PERMANENTLY RESTRICTED NET ASSETS

June 30, 2013 and June 30, 2012 Summarized Information

ASSETS

| | 2013 | | | | | | | 2012 | |
|--|-----------------------------|---------------------------------------|---|---|--|----------------------------------|--|---------------------|-----------------------------------|
| | <u>Heinz Charitable</u> | <u>St. Joseph's Children Home</u> | <u>Chausee Family Memorial Fund</u> | <u>James & Olive Davis Fund</u> | <u>Seminarian scholarship fund</u> | <u>John L. Muegerl Trust</u> | <u>Thomas and Joan Chapman Cooney Fund</u> | <u>Total</u> | <u>Summarized Information</u> |
| ASSETS | | | | | | | | | |
| Marketable securities | \$ 94,148 | \$ 151,405 | \$ 250,000 | \$ 238,361 | \$ 100,000 | \$ - | \$ - | \$ 833,914 | \$ 833,914 |
| Property, plant and equipment | - | - | - | - | - | - | 235,000 | 235,000 | - |
| Beneficial interest in perpetual trust | - | - | - | - | - | 573,528 | - | 573,528 | 573,528 |
| | <hr/> | <hr/> | <hr/> | <hr/> | <hr/> | <hr/> | <hr/> | <hr/> | <hr/> |
| Total Assets | <u>\$ 94,148</u> | <u>\$ 151,405</u> | <u>\$ 250,000</u> | <u>\$ 238,361</u> | <u>\$ 100,000</u> | <u>\$ 573,528</u> | <u>\$ 235,000</u> | <u>\$ 1,642,442</u> | <u>\$ 1,407,442</u> |

LIABILITIES AND NET ASSETS

| | | | | | | | | | |
|----------------------------------|------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|---------------------|---------------------|
| NET ASSETS | <u>\$ 94,148</u> | <u>\$ 151,405</u> | <u>\$ 250,000</u> | <u>\$ 238,361</u> | <u>\$ 100,000</u> | <u>\$ 573,528</u> | <u>\$ 235,000</u> | <u>\$ 1,642,442</u> | <u>\$ 1,407,442</u> |
| Total Liabilities and Net Assets | <u>\$ 94,148</u> | <u>\$ 151,405</u> | <u>\$ 250,000</u> | <u>\$ 238,361</u> | <u>\$ 100,000</u> | <u>\$ 573,528</u> | <u>\$ 235,000</u> | <u>\$ 1,642,442</u> | <u>\$ 1,407,442</u> |

**CENTRAL ADMINISTRATIVE OFFICE OF THE
ROMAN CATHOLIC DIOCESE OF BOISE**

COMBINING STATEMENTS OF ACTIVITIES - PERMANENTLY RESTRICTED NET ASSETS

For the Year Ended June 30, 2013 and Summarized Information for the Year Ended June 30, 2012

| | 2013 | | | | | | | 2012 | |
|--------------------------------------|-----------------------------|---------------------------------------|---|---|--|----------------------------------|--|---------------------|-----------------------------------|
| | <u>Heinz Charitable</u> | <u>St. Joseph's Children Home</u> | <u>Chausee Family Memorial Fund</u> | <u>James & Olive Davis Fund</u> | <u>Seminarian scholarship fund</u> | <u>John L. Muegerl Trust</u> | <u>Thomas and Joan Chapman Cooney Fund</u> | <u>Total</u> | <u>Summarized Information</u> |
| REVENUE AND SUPPORT Contributions | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ 235,000 | \$ 235,000 | \$ - |
| Total Revenue and Support | - | - | - | - | - | - | 235,000 | 235,000 | - |
| NET ASSETS, Beginning of Year | 94,148 | 151,405 | 250,000 | 238,361 | 100,000 | 573,528 | - | 1,407,442 | 1,407,442 |
| NET ASSETS, End of Year | <u>\$ 94,148</u> | <u>\$ 151,405</u> | <u>\$ 250,000</u> | <u>\$ 238,361</u> | <u>\$ 100,000</u> | <u>\$ 573,528</u> | <u>\$ 235,000</u> | <u>\$ 1,642,442</u> | <u>\$ 1,407,442</u> |