

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

Financial Statements  
June 30, 2022



# **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, 2022 and 2021 and the related statements 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, 2022 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.

### 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.

*The Richters Accounting Group*

Nampa, Idaho  
January 18, 2023



# CENTRAL ADMINISTRATIVE OFFICE OF THE ROMAN CATHOLIC DIOCESE OF BOISE

Statement of Financial Position

As of June 30

	2022	2021
<b>ASSETS</b>		
Cash	\$ 5,255,115	\$ 638,158
Accounts and pledges receivable	2,559,819	2,550,812
Deposits and prepaid expenses	89,958	119,796
Interfund receivable (payable)	-	-
Investments	32,598,940	37,385,535
Investment in-transit	-	72,739
<b>Total Current Assets</b>	<b>40,503,832</b>	<b>40,767,040</b>
Property, plant, and equipment, net	18,817,124	12,661,002
Beneficial interest in perpetual trust	653,352	749,091
Loans to parishes and schools	8,232,206	9,781,809
Loans and notes receivable, net of bad debt expense	179,444	191,621
<b>Total Assets</b>	<b>\$ 68,385,958</b>	<b>\$ 64,150,563</b>
<b>LIABILITIES</b>		
Accounts payable	\$ 177,958	\$ 285,467
Accrued liabilities	1,371,235	948,214
Lay pension trust	162,486	671,323
Parish cash management	10,948,955	9,030,335
Deferred revenue	900	150
Current portion of long term debt	89,667	89,667
<b>Total Current Liabilities</b>	<b>12,751,201</b>	<b>11,025,156</b>
Parish savings deposits	34,261,200	29,296,986
Liability for pension benefits - lay	556,380	803,773
Liability for pension benefits - priest	229,983	321,109
Long term debt, net of current portion	1,579,268	1,661,256
<b>Total Liabilities</b>	<b>49,378,032</b>	<b>43,108,280</b>
<b>NET ASSETS</b>		
Without donor restrictions	14,972,075	16,722,555
With donor restrictions	4,035,851	4,319,728
<b>Total Net Assets</b>	<b>19,007,926</b>	<b>21,042,283</b>
<b>Total Liabilities and Net Assets</b>	<b>\$ 68,385,958</b>	<b>\$ 64,150,563</b>

# CENTRAL ADMINISTRATIVE OFFICE OF THE ROMAN CATHOLIC DIOCESE OF BOISE

Statement of Activities

For the Year Ended June 30

	2022			2021
	Without Donor Restrictions	With Donor Restrictions	Total	Summarized Information
<b>REVENUE AND SUPPORT</b>				
Contributions	\$ 2,726,123	\$ 4,402,206	\$ 7,128,329	\$ 7,211,971
Program services	982,047	117,119	1,099,166	886,978
Assessment revenue	761,670	-	761,670	757,769
Insurance program	7,059,051	-	7,059,051	7,016,475
Grant revenue	187,483	223,389	410,872	364,267
Deposit and loan interest	270,003	-	270,003	316,121
Rental income	151,936	76,800	228,736	244,423
Gain on the sale of property	674,503	-	674,503	582,227
Realized gain on investments	1,385,070	93,913	1,478,983	1,690,813
Unrealized gain (loss) on investments	(6,813,301)	(432,600)	(7,245,901)	5,214,959
Interest and dividends	671,872	38,418	710,290	617,660
Unrealized gain (loss) on beneficial interest in perpetual trust	-	(95,739)	(95,739)	111,558
Miscellaneous	54,955	600	55,555	125,277
Net assets released from restrictions satisfied by payments	4,707,983	(4,707,983)	-	-
Total Revenue and Support	<u>12,819,395</u>	<u>(283,877)</u>	<u>12,535,518</u>	<u>25,140,498</u>
<b>EXPENSES</b>				
Program services				
Pastoral	3,273,966	-	3,273,966	4,384,737
Education	1,806,629	-	1,806,629	1,620,596
Social services	211,944	-	211,944	209,162
Deposit and loan interest	224,893	-	224,893	231,578
Communications	470,695	-	470,695	419,520
Retreat center	87,543	-	87,543	373,456
Insurance program	5,942,423	-	5,942,423	5,501,249
St. John Vianney Retirement Center	103,033	-	103,033	109,321
Total Program Services	<u>12,121,126</u>	<u>-</u>	<u>12,121,126</u>	<u>12,849,619</u>
Supporting Services				
General administrative	2,184,137	-	2,184,137	1,988,608
Development	214,883	-	214,883	211,833
FASB ASC 715 expense	(136,148)	-	(136,148)	(487,147)
Depreciation	185,877	-	185,877	157,752
Total Supporting Services	<u>2,448,749</u>	<u>-</u>	<u>2,448,749</u>	<u>1,871,046</u>
Total Expenses	<u>14,569,875</u>	<u>-</u>	<u>14,569,875</u>	<u>14,720,665</u>
Increase in Net Assets	(1,750,480)	(283,877)	(2,034,357)	10,419,833
NET ASSETS, Beginning of Year	16,722,555	4,319,728	21,042,283	10,622,450
NET ASSETS, End of Year	<u>\$ 14,972,075</u>	<u>\$ 4,035,851</u>	<u>\$ 19,007,926</u>	<u>\$ 21,042,283</u>

# CENTRAL ADMINISTRATIVE OFFICE OF THE ROMAN CATHOLIC DIOCESE OF BOISE

Statement of Functional Expenses  
For the Year Ended June 30

	2022			2021
	Program Services	Supportive Activities	Total	Summarized Information
Salaries	\$ 1,708,741	\$ 618,139	\$ 2,326,880	\$ 2,479,953
Temporary labor	1,452	-	1,452	1,783
Payroll taxes	100,584	44,960	145,544	153,195
Employee and retired priest benefits	5,457,354	(22,196)	5,435,158	4,693,309
Training	105,569	1,752	107,321	123,076
Computer and purchases	95,730	147,677	243,407	254,291
Insurance	1,015,832	-	1,015,832	1,041,714
Workers compensation	25,559	11,345	36,904	41,376
Audit	-	46,277	46,277	31,290
Legal and professional fees	237,722	144,486	382,208	251,557
Supplies and subscriptions	108,116	57,865	165,981	121,145
Rental expense	230,777	345,510	576,287	377,910
Meals and meetings	103,225	3,372	106,597	112,433
Advertising	8,005	275	8,280	17,360
Miscellaneous	10,859	731	11,590	10,147
Travel	213,000	11,668	224,668	46,308
Interest expense	206,143	17,218	223,361	188,935
Utilities	78,687	5,428	84,115	107,673
Repairs and maintenance	55,278	11,515	66,793	61,814
Property taxes and related expense	69,653	13,795	83,448	90,480
Depreciation	-	185,877	185,877	157,752
Bank and investments fees	101,709	217,483	319,192	296,491
ICF distributions	-	494,467	494,467	473,618
Printing and copies	70,748	54,430	125,178	135,332
Postage	89,284	16,674	105,958	77,542
Administrative expense	5,974	19,281	25,255	32,901
Contributions, grants and scholarships	462,136	-	462,136	1,651,960
Telephone	17,240	13,197	30,437	30,220
Events and special projects	161,497	23	161,520	100,898
Bad debts	-	(12,500)	(12,500)	(134,943)
Seminarian and priest expenses	506,046	-	506,046	818,090
ICA allocations	(2,706,913)	-	(2,706,913)	(2,528,569)
ICA disbursements	3,581,119	-	3,581,119	3,403,624
	<u>\$ 12,121,126</u>	<u>\$ 2,448,749</u>	<u>\$ 14,569,875</u>	<u>\$ 14,720,665</u>

# CENTRAL ADMINISTRATIVE OFFICE OF THE ROMAN CATHOLIC DIOCESE OF BOISE

## Statement of Cash Flows

For the Year Ended June 30

	2022	2021
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Change in net assets	\$ (2,034,357)	\$ 10,419,833
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:		
Depreciation	185,877	157,753
Realized gain on investments	(1,478,983)	(1,690,813)
Unrealized gain on investments	7,245,901	5,214,959
Realized gain on asset disposal	(674,503)	(582,227)
Contributions of marketable securities received	(892,877)	(489,020)
Beneficial interest in perpetual truse decrease	95,739	(111,558)
Changes in operating assets and liabilities:		
Accounts receivable	(9,007)	5,020,632
Prepaid expenses	29,838	56,846
Accounts payable	(107,509)	193,389
Accrued liabilities	423,021	(107,776)
Parish cash management	1,918,620	2,705,238
Parish savings deposits	4,964,214	1,310,671
Lay pension trust	(508,837)	(196,826)
Liability for pension benefits - lay	(247,393)	(159,143)
Liability for pension benefits - priest	(91,126)	(328,004)
Refundable advance - PPP loan	-	(4,039,995)
Deferred Revenue	750	(4,323)
Net cash provided (used) by Operating activities	<u>8,819,368</u>	<u>17,369,636</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Loans and notes receivable	1,561,780	991,890
(Purchase) proceeds from sale of investments, net*	(6,818,728)	(13,352,670)
Proceeds from sale of investments	6,804,021	150,998
Purchase of fixed assets	(6,341,999)	(5,400,198)
Proceeds from sale of fixed assets	674,503	1,123,100
Net cash provided (used) by investing activities	<u>(4,120,423)</u>	<u>(16,486,880)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Overdraft payable	-	(39,944)
Notes payable - related party	(81,988)	1,750,923
Payments to line of credit	-	(2,150,000)
Net cash provided (used) by financing activities	<u>(81,988)</u>	<u>(439,021)</u>
<b>NET DECREASE IN CASH, CASH EQUIVALENTS,</b>	<b>4,616,957</b>	<b>443,735</b>
Cash and Cash Equivalents - Beginning of Year	<u>638,158</u>	<u>194,423</u>
<b>CASH, CASH EQUIVALENTS, AND RESTRICTED CASH - END OF YEAR</b>	<b><u>\$ 5,255,115</u></b>	<b><u>\$ 638,158</u></b>
<b>SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION</b>		
Cash paid for interest expense	\$ 79,969	\$ 78,360
Noncash contributions of marketable securities	\$ 489,020	\$ 489,020



# CENTRAL ADMINISTRATIVE OFFICE OF THE ROMAN CATHOLIC DIOCESE OF BOISE

Notes to Financial Statements

June 30, 2022

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## Note 1 - 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, 2022

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## Note 1 - Nature of Operations and Significant Accounting Policies (continued)

### 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.

The Diocese maintains its cash balance with one financial institution. The balances are insured by the Federal Deposit Insurance Corporation up to \$250,000. At various times during the year, the bank balance may exceed the insured limit. At June 30, 2022 and 2021, the Diocese's uninsured cash balance totaled \$5,099,308 and \$305,191, respectively.

### 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, 2022 and 2021, advertising costs totaled \$8,280 and \$17,360 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.

# CENTRAL ADMINISTRATIVE OFFICE OF THE ROMAN CATHOLIC DIOCESE OF BOISE

Notes to Financial Statements

June 30, 2022

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## Note 1 - Nature of Operations and Significant Accounting Policies (continued)

### 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, 2022 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. 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 is computed using the straight-line method over estimated useful lives of the assets:

Buildings	39 years
Equipment	3-7 years

### 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

June 30, 2022

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## **Note 1 - Nature of Operations and Significant Accounting Policies (continued)**

### 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.

### Subsequent Events

Subsequent events have been evaluated through January 18, 2023, the date that which the financial statements were available to be issued. Material subsequent events, if any, are disclosed in a separate note to these financial statements

## **Note 2 - 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

June 30, 2022

## Note 2 - Fair Value Measurements (continued)

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.

Investments at fair value as of June 30, 2022:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Money market funds	\$ 680,237	\$ -	\$ -	\$ 680,237
Open-End mutual funds - equity	-	2,885,735	-	2,885,735
Open-End mutual funds - fixed income	-	11,939,358	-	11,939,358
Open-End mutual funds - balanced		792,350		792,350
Corporate equities - domestic	10,731,260			10,731,260
Corporate equities - foreign	4,545,778			4,545,778
Miscellaneous	-	332,838	-	332,838
Corporate equities		-	-	-
Mission Diocese Fund, LLC	-	-	691,384	\$ 691,384
	<b>\$ 15,957,275</b>	<b>\$ 15,950,281</b>	<b>\$ 691,384</b>	<b>\$ 32,598,940</b>

# CENTRAL ADMINISTRATIVE OFFICE OF THE ROMAN CATHOLIC DIOCESE OF BOISE

Notes to Financial Statements

June 30, 2022

## Note 2 - Fair Value Measurements (continued)

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>

The following table reconciles the valuation of Level 3 investments and related transactions during the year ended June 30, 2022:

	<u>Amount</u>
Fair value July 1, 2021	\$ 808,346
Transfers in	-
Interest and dividends	4,731
Realized gain on investments	(384)
Unrealized loss on investments	22,049
Bank and investment fees	(143,358)
Fair value June 30, 2022	<u>\$ 691,384</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, 2022. Investment income, realized gain and unrealized loss are included as an increase of \$26,396 and investment expenses are included as a decrease of \$143,358 in the Statements of Activities, resulting in a net decrease of \$116,962 to net assets without donor restrictions for the year ended June 30, 2022. The Mission Diocese Fund, LLC investments are held by the Idaho Catholic Foundation for the Diocese.

Net investment income at June 30:

	<u>2022</u>	<u>2021</u>
Net realized gain	\$ 1,478,983	\$ 1,690,813
Net unrealized gain (loss)	(7,245,901)	5,214,959
Interest and dividend income	710,290	617,660
	<u>\$ (5,056,628)</u>	<u>\$ 7,523,432</u>

# CENTRAL ADMINISTRATIVE OFFICE OF THE ROMAN CATHOLIC DIOCESE OF BOISE

Notes to Financial Statements

June 30, 2022

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## Note 3 - 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, 2022 and 2021 were \$393,664 and \$381,747, 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.

## Note 4 - Property, Plant, and Equipment

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

	<u>2022</u>	<u>2021</u>
Buildings	\$ 6,370,375	\$ 4,588,830
Equipment	2,093,421	2,033,378
	<u>8,463,796</u>	<u>6,622,208</u>
Less accumulated depreciation	4,481,792	4,313,099
	<u>3,982,004</u>	<u>2,309,109</u>
Construction in process	202,050	26,705.00
Land	14,633,070	10,325,188
	<u>\$ 18,817,124</u>	<u>\$ 12,661,002</u>

Depreciation expenses for June 30, 2022 and 2021 were \$185,877 and \$157,752, respectively.

## Note 5 - 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>2022</u>	<u>2021</u>
Investments	\$ 10,930,321	\$ 13,042,280
Beneficial interest in perpetual trust	217,784	249,697

# CENTRAL ADMINISTRATIVE OFFICE OF THE ROMAN CATHOLIC DIOCESE OF BOISE

Notes to Financial Statements

June 30, 2022

## Note 5 - Idaho Catholic Foundation (continued)

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:

Income:	<u>2022</u>	<u>2021</u>
Investment income	\$ (1,983,991)	\$ 2,941,410
Contributions	422,657	1,656,242
Expenses:		
Distributions to participants	473,618	406,616
Investment and managerial expenses	77,007	67,533

## Note 6 - 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, 2022 and 2021. The beneficial interest in trust assets has been recorded at fair market value as of June 30, 2022 and 2021 in the Statements of Financial Position. The net increase in fair market value from May 31, 2011 to June 30, 2022 of \$79,824 is included in net assets with donor restrictions.

Activity for the beneficial interest in the perpetual trust for the year ended June 30, 2022 is as follows:

Beginning balance, June 30, 2021	\$ 749,091
Unrealized loss	(95,739)
Income distributable to beneficiary	18,855
Amounts appropriated for expenditure	(18,855)
Total Beneficial Interest in Perpetual Trust	<u>\$ 653,352</u>

## Note 7 - 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.



# CENTRAL ADMINISTRATIVE OFFICE OF THE ROMAN CATHOLIC DIOCESE OF BOISE

Notes to Financial Statements

June 30, 2022

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## Note 7 - Endowment Funds (continued)

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, 2022 and 2021. It has been determined that the Diocese's net assets with donor restrictions 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 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.

# CENTRAL ADMINISTRATIVE OFFICE OF THE ROMAN CATHOLIC DIOCESE OF BOISE

Notes to Financial Statements

June 30, 2022

## Note 7 - Endowment Funds (continued)

Endowment Net Asset Composition by Type of Fund as of June 30, 2022 is as follows:

	Without Donor Restrictions	With Donor Restrictions	Total
Board-designated endowment funds	\$ 7,357,618	\$ -	\$ 7,357,618
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	581,633	259,385	841,018
Total funds	<u>\$ 7,939,251</u>	<u>\$ 1,902,052</u>	<u>\$ 9,841,303</u>

Change in endowment net assets as of June 30, 2022 are as follows:

	Without Donor Restrictions	With Donor Restrictions	Total
Endowment net assets, beginning of year	\$ 6,512,156	\$ 1,818,231	\$ 8,330,387
Contributions	46,981	32,250	79,231
Investment income	403,624	89,410	493,034
Net appreciation	1,310,576	47,244	1,357,820
Amounts appropriated for expenditure	(334,086)	(85,083)	(419,169)
Endowment net assets, end of year	<u>\$ 7,939,251</u>	<u>\$ 1,902,052</u>	<u>\$ 9,841,303</u>

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

	Without Donor Restrictions	With Donor Restrictions	Total
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>

# CENTRAL ADMINISTRATIVE OFFICE OF THE ROMAN CATHOLIC DIOCESE OF BOISE

Notes to Financial Statements

June 30, 2022

## Note 7 - Endowment Funds (continued)

Change in endowment net assets as of June 30, 2021 are as follows:

	Without Donor Restrictions	With Donor Restrictions	Total
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 (depreciation)	1,310,576	47,244	1,357,820
Amounts appropriated for expenditure	(317,339)	(82,939)	(400,278)
Endowment net assets, end of year	<b>\$ 6,512,156</b>	<b>\$ 1,818,231</b>	<b>\$ 8,330,387</b>

## Note 8 - 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 actuarial 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:

	Fiscal Year Ended June 30, 2022	Fiscal Year Ended June 30, 2021
Accumulated benefit obligation	(9,870,078)	(11,282,900)
Projected benefit obligation	(10,647,081)	(12,467,264)
Plan assets at fair value	7,509,981	9,107,836
Funded status at end of year	(3,137,100)	(3,359,428)
Liability for pension benefits	<b>\$ (3,137,100)</b>	<b>\$ (3,359,428)</b>

# CENTRAL ADMINISTRATIVE OFFICE OF THE ROMAN CATHOLIC DIOCESE OF BOISE

Notes to Financial Statements

June 30, 2022

## Note 8 - Priests Retirement Plan (continued)

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

	Fiscal Year Ended June 30, 2022	Fiscal Year Ended June 30, 2021
Noncurrent assets	\$ -	\$ -
Noncurrent liabilities	(3,137,100)	(3,359,428)
	<u>\$ (3,137,100)</u>	<u>\$ (3,359,428)</u>

Amounts recognized in net assets without donor restrictions consist of:

	Fiscal Year Ended June 30, 2022	Fiscal Year Ended June 30, 2021
Net loss (gain)	\$ (274,309)	\$ 508,162
Prior service cost (credit)	1,293,175	287,000
	<u>\$ 1,018,866</u>	<u>\$ 795,162</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:

	2022	2021
Service cost-benefits earned during the period	\$ 342,753	\$ 353,166
Interest cost on projected benefit obligation	321,989	331,994
Return on plan assets		
Expected return	(539,762)	(450,032)
Asset (gain) loss	1,975,605	(1,777,328)
Actual return on plan assets	<u>1,435,843</u>	<u>(2,227,360)</u>
Net amortization and deferral		
Amortization of prior service cost	101,000	101,000
Amortization of loss	-	77,138
Deferral of asset gain (loss)	<u>(1,975,605)</u>	<u>1,777,328</u>
Total	<u>(1,874,605)</u>	<u>1,955,466</u>
Net periodic pension cost	<u>\$ 225,980</u>	<u>\$ 413,266</u>

A one time true up was made to the priest pension liability account for the amount of \$482,015. The expense for this is presented in the pastoral section of the Statement of Activities.

# CENTRAL ADMINISTRATIVE OFFICE OF THE ROMAN CATHOLIC DIOCESE OF BOISE

Notes to Financial Statements  
June 30, 2022

## Note 8 - Priests Retirement Plan (continued)

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

	Fiscal Year Ended June 30, 2022	Fiscal Year Ended June 30, 2021
Net loss (gain)	\$ (782,471)	\$ (2,106,700)
Prior service cost (credit)	1,107,175.00	-
Amortization of loss (gain)	-	(77,138)
Amortization of prior service cost (credit)	(101,000)	(101,000)
	<hr/>	<hr/>
Total recognized in net assets without donor restrictions	223,704	(2,284,838)
	<hr/>	<hr/>
Net periodic pension cost	225,980	413,266
	<hr/>	<hr/>
Total recognized in net periodic pension cost and net assets without donor restrictions	\$ 449,684	\$ (1,871,572)

### Assumptions Used to Determine Net Periodic Pension Cost

	Fiscal Year Ended June 30, 2022	Fiscal Year Ended June 30, 2021
Discount Rate	2.75%	2.66%
Expected long-term rate of return on assets	6.00%	6.00%
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, 2022 and June 30, 2021, 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

	Fiscal Year Ended June 30, 2022	Fiscal Year Ended June 30, 2021
Discount rate	4.58%	2.75%
Future benefit increases	2.00%	2.00%

# CENTRAL ADMINISTRATIVE OFFICE OF THE ROMAN CATHOLIC DIOCESE OF BOISE

Notes to Financial Statements

June 30, 2022

## Note 8 - Priests Retirement Plan (continued)

### Plan Asset Investment Strategy and Allocation

The asset allocation for the pension plan as of June 30, 2022 and June 30, 2021 and the target allocation, by asset category, are:

Asset Category	Investment Policy Target Asset Allocation	Actual Percentage of Plan Assets at June 30	
		2022	2021
Equities	25-75%	65%	78%
Fixed Income	25-75%	21%	21%
Cash Equivalents	0-100%	4%	2%

The fair values of plan assets at June 30, 2022, by asset class are as follows:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Money market funds	\$ 305,785	\$ -	\$ -	\$ 305,785
Open-End mutual funds - equity		325,203		325,203
Open-End mutual funds - fixed income		1,612,760		1,612,760
Open-End mutual funds - balanced		714,234		714,234
Corporate equities - domestic	2,870,537			2,870,537
Corporate equities - foreign	1,681,462			1,681,462
	<u>\$ 4,857,784</u>	<u>\$ 2,652,197</u>	<u>\$ -</u>	<u>\$ 7,509,981</u>

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			3,771,060
Corporate equities - foreign	2,166,589	-	-	2,166,589
	<u>\$ 6,095,333</u>	<u>\$ 3,012,503</u>	<u>\$ -</u>	<u>\$ 9,107,836</u>

# CENTRAL ADMINISTRATIVE OFFICE OF THE ROMAN CATHOLIC DIOCESE OF BOISE

Notes to Financial Statements

June 30, 2022

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## Note 8 - 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>
2023	\$ 713,000
2024	685,000
2025	704,000
2026	714,000
2027	711,000
2028-2031	3,353,000
	<u>\$ 6,880,000</u>

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 \$229,983 for the year ended June 30, 2022 and \$321,109 for the year ended June 30, 2021.

Diocesan pension contributions for the years ended June 30, 2022 and 2021 was \$672,012 and \$600,000, respectively. Benefit payments of \$789,183 and \$634,200, were made from the plan during the years ended June 30, 2022 and June 30, 2021, respectively.

The Diocese expects to contribute \$480,000 to the pension plan during the fiscal year ending June 30, 2023.

# CENTRAL ADMINISTRATIVE OFFICE OF THE ROMAN CATHOLIC DIOCESE OF BOISE

Notes to Financial Statements

June 30, 2022

## Note 9 - 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.

### Funded Status

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

	<u>2022</u>	<u>2021</u>
Accumulated benefit obligation	\$ (19,993,497)	\$ (23,376,567)
Projected benefit obligation	(20,544,917)	(24,271,049)
Plan assets at fair value	<u>13,567,150</u>	<u>15,383,651</u>
Funded status at end of year	(6,977,767)	(8,887,398)
Liability for pension benefits	<b>\$ (6,977,767)</b>	<b>\$ (8,887,398)</b>

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

	Fiscal Year Ended <u>June 30, 2022</u>	Fiscal Year Ended <u>June 30, 2021</u>
Noncurrent assets	\$ -	\$ -
Noncurrent liabilities	(6,977,767)	(8,887,398)
	<b>\$ (6,977,767)</b>	<b>\$ (8,887,398)</b>

Amounts recognized in net assets without donor restrictions consist of:

	Fiscal Year Ended <u>June 30, 2022</u>	Fiscal Year Ended <u>June 30, 2021</u>
Net loss (gain)	\$ 3,182,604	\$ 4,269,334
Prior service cost (credit)	-	-
	<b>\$ 3,182,604</b>	<b>\$ 4,269,334</b>



# CENTRAL ADMINISTRATIVE OFFICE OF THE ROMAN CATHOLIC DIOCESE OF BOISE

Notes to Financial Statements

June 30, 2022

## Note 9 - 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:

	2022	2021
Service cost-benefits earned during the period	\$ 1,400,323	\$ 1,378,606
Interest cost on projected benefit obligation	604,575	597,692
Return on plan assets		
Expected return	(941,978)	(736,742)
Asset (gain) loss	3,407,353	(3,504,957)
Actual return on plan assets	2,465,375	(4,241,699)
Net amortization and deferral		
Amortization of transition amount	-	-
Amortization of loss	228,281	667,973
Deferral of asset gain (loss)	3,407,535	(3,504,957)
Total	(3,179,254)	4,172,930
Net periodic pension cost	\$ 1,291,019	\$ 1,907,529

A one time true up was made to the lay pension liability account for the amount of \$279,644. The expense for this is presented in the pastoral section of the Statement of Activities.

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

	Fiscal Year Ended June 30, 2022	Fiscal Year Ended June 30, 2021
Net loss (gain)	\$ (858,449)	\$ (2,760,693)
Amortization of loss (gain)	(228,281)	(667,973)
Total recognized in net assets without donor restrictions	(1,086,730)	(3,428,666)
Net periodic pension cost	1,291,019	1,907,529
Total recognized in net periodic pension cost and net assets without donor restrictions	\$ 204,289	\$ (1,521,137)

# CENTRAL ADMINISTRATIVE OFFICE OF THE ROMAN CATHOLIC DIOCESE OF BOISE

Notes to Financial Statements

June 30, 2022

## Note 9 - Lay Employees Pension Plan (continued)

### Assumptions Used to Determine Net Periodic Pension Cost

	Fiscal Year Ended <u>June 30, 2022</u>	Fiscal Year Ended <u>June 30, 2021</u>
Discount Rate	2.56%	2.66%
Expected long-term rate of return on assets	6.00%	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, 2022 and June 30, 2021, 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

	Fiscal Year Ended <u>June 30, 2022</u>	Fiscal Year Ended <u>June 30, 2021</u>
Discount rate	4.53%	2.56%
Salary scale	4.50%	4.50%

### Plan Asset Investment Strategy and Allocation

The asset allocation for the pension plan as of June 30, 2022 and June 30, 2021 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>2022</u>	<u>2021</u>
Equities	25-75%	50%	63%	77%
Fixed Income	25-75%	40%	24%	21%
Cash Equivalents	0-100%	10%	4%	2%

# CENTRAL ADMINISTRATIVE OFFICE OF THE ROMAN CATHOLIC DIOCESE OF BOISE

Notes to Financial Statements

June 30, 2022

## Note 9 - Lay Employees Pension Plan (continued)

The fair values of plan assets at June 30, 2022, by asset class are as follows:

	<u>Level 1</u>		<u>Level 2</u>		<u>Level 3</u>		<u>Total</u>
Money market funds	\$ 509,007	\$	-	\$	-	\$	509,007
Open-End mutual funds - equity			792,164				792,164
Open-End mutual funds - fixed income			3,272,426				3,272,426
Open-End mutual funds - balanced			1,190,762				1,190,762
Corporate equities - domestic	5,113,465						5,113,465
Corporate equities - foreign	2,689,326						2,689,326
	<u>\$ 8,311,798</u>	\$	<u>5,255,352</u>	\$	<u>-</u>	\$	<u>13,567,150</u>

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 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.

# CENTRAL ADMINISTRATIVE OFFICE OF THE ROMAN CATHOLIC DIOCESE OF BOISE

Notes to Financial Statements

June 30, 2022

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## Note 9 - Lay Employees Pension Plan (continued)

### Cash Flows

#### Estimated Future Benefit Payments

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

Fiscal Year Ending June 30	Annual Pension Benefits
2023	\$ 2,034,000
2024	1,557,000
2025	1,734,000
2026	1,649,000
2027	1,665,000
2028-2031	8,700,000
	<b>\$ 17,339,000</b>

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 \$1,332,924 for the year ended June 30, 2022 and \$803,773 for the year ended June 30, 2021.

Diocesan pension contributions for the years ended June 30, 2022 and 2021 were \$2,114,102 and \$1,345,465, respectively. Benefit payments of \$1,317,987 and \$1,621,424 were made from the plan during the years ended June 30, 2022 and June 30, 2021, respectively.

The Diocese expects to contribute \$1,900,000 to the pension plan during the fiscal year ending June 30, 2023.

# CENTRAL ADMINISTRATIVE OFFICE OF THE ROMAN CATHOLIC DIOCESE OF BOISE

Notes to Financial Statements

June 30, 2022

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## Note 10 - 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, 2022 and 2021 the fund paid an interest rate on deposits of 0.17% and 0.30%, 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>2022</u>	<u>2021</u>
Balances as of June 30:		
Deposits in Fund from Parishes and Schools	\$ 34,261,200	\$ 29,296,986
Loans from Fund to Parishes and Schools	\$ 8,232,206	\$ 9,781,809
Percentage Loaned Out	24.03%	33.39%

## Note 11 - 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 \$868,844 and \$896,344 as of June 30, 2022 and 2021, respectively.

## Note 12 - 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, 2022, 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 2022, 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. Funds borrowed are subject to a variable rate, interest rate will be the USB prime minus 1.25% and will be no be less than 2.00%. Line of credit totaled \$0 and \$0 as of June 30, 2022 and 2021, respectively. At June 30, 2022, the Diocese were in breach of certain covenants contained within its loan agreement. The breach of covenant was waived and no penalty was demanded.

# CENTRAL ADMINISTRATIVE OFFICE OF THE ROMAN CATHOLIC DIOCESE OF BOISE

Notes to Financial Statements  
June 30, 2022

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## Note 13 - 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 14 - Notes Payable

Notes payable balances at June 30, 2022 and 2021 are summarized as follows

	2022	2021
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.	\$ 1,668,935	\$ 1,750,923
Subtotal	1,668,935	1,750,923
Less current portion	89,667	89,667
Long-term portion	<b>\$ 1,579,268</b>	<b>\$ 1,661,256</b>

Future payments are summarized as follows:

2023	\$ 89,667
2024	95,202
2025	99,081
2026	103,117
2027	107,318
Thereafter	1,174,550
Total	<b>\$ 1,668,935</b>

## Note 15 - 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.

# CENTRAL ADMINISTRATIVE OFFICE OF THE ROMAN CATHOLIC DIOCESE OF BOISE

Notes to Financial Statements

June 30, 2022

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## Note 15 - Liquidity Resources and Availability (continued)

	<u>2022</u>	<u>2021</u>
Financial liquid assets, at year-end	\$ 41,067,226	\$ 41,396,335
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	2,128,153	2,443,038
Restricted by donor, beneficial interest in perpetual trust trust	79,824	175,563
Restricted by donor to maintain in perpetuity as an endowment	1,642,667	1,642,667
Cash management program for parishes and schools	10,948,955	9,030,335
Parish savings deposits	34,261,200	29,296,986
Board designations:		
Quasi-endowment fund	6,744,429	7,904,157
Financial liquid assets available to meet cash needs for general expenditure within one year	<b>\$ (14,738,002)</b>	<b>\$ (9,096,411)</b>

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, 2022, amount outstanding under this line of credit facility amounted to \$0.

## Note 16 - 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.

# CENTRAL ADMINISTRATIVE OFFICE OF THE ROMAN CATHOLIC DIOCESE OF BOISE

Notes to Financial Statements  
June 30, 2022

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## Note 17 - Net Assets with Donor Restrictions

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

	2022	2021
Subject to expenditures for specified programs:		
Pastoral	\$ (1,704,351)	\$ (1,636,291)
Education	66,538	84,815
Social services	(359,691)	67,002
Idaho Catholic Appeal	2,720,806	2,693,531
St. John Vianney Center	1,669,882	1,468,004
	2,393,184	2,677,061
Donor-restricted endowment, perpetual in nature	1,642,667	1,642,667
	\$ 4,035,851	\$ 4,319,728

### *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:

	2022	2021
Pastoral	\$ 445,975	\$ 657,069
Education	984	626
Social services	679,905	808,660
Idaho Catholic Appeal	3,581,119	3,403,624
	\$ 4,707,983	\$ 4,869,979

## Note 18 - 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:

	<u>Amount</u>
2023	\$ 69,485
2024	62,722
	\$ 132,207

## Note 19 - Interest Paid to Parishes

At June 30, 2022 and 2021, the Organization paid \$143,300 and \$150,852 of interest to parishes, respectively.

## Note 20 - 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.



# CENTRAL ADMINISTRATIVE OFFICE OF THE ROMAN CATHOLIC DIOCESE OF BOISE

Notes to Financial Statements

June 30, 2022

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## Note 20 - Related Party Transactions (cont.)

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, 2022 and 2021, the Diocese recognized revenue from Diocesan parishes, schools, and other related organizations in the amount of \$8,090,724 and \$8,090,365, 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 \$223,361 and \$188,935 for the years ended June 30, 2022 and 2021, respectively.

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

	<u>2022</u>	<u>2021</u>
Idaho Catholic Foundation Distribution	\$ 110,854	\$ 107,963
Idaho Catholic Appeal	265,000	265,000
Total due from Diocese to Catholic Charities of Idaho, Inc.	<b>\$ 375,854</b>	<b>\$ 372,963</b>

Accounts receivable from Catholic Charities of Idaho, Inc. to the Diocese totaled \$17,218 and \$22,038 as of June 30, 2022 and 2021, respectively.

### Idaho Catholic Foundation

The Idaho Catholic Foundation holds assets on behalf of the Diocese as outlined in Note 5. 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 22 - 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, 2021, from which the summarized information was derived.