

**THE DIOCESE OF BISMARCK TRUSTEE, INC.
BISMARCK, NORTH DAKOTA**

AUDITED FINANCIAL STATEMENTS

FOR THE 6-MONTHS ENDED JUNE 30, 2023

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INDEPENDENT AUDITOR'S REPORT

The Most Reverend David D. Kagan
The Diocese of Bismarck Trustee, Inc.
Bismarck, North Dakota

Opinion

We have audited the accompanying financial statements of The Diocese of Bismarck Trustee, Inc. (a nonprofit organization), which comprise the statement of financial position as of June 30, 2023, and the related statements of activities, and cash flows for the 6-months 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 The Diocese of Bismarck Trustee, Inc. as of June 30, 2023, and the changes in its net assets and its cash flows for the 6-months then ended in accordance with 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 Diocese of Bismarck Trustee, Inc. 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.

Emphasis of Matter – Prior Period Adjustment

As discussed in Note 14 to the financial statements, certain errors were discovered relating to posting expenses in the current period that should have been recorded in the prior period. Accordingly, a prior period adjustment was made to expenses and net assets as of January 1, 2023, to correct the errors.

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 for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about The Diocese of Bismarck Trustee, Inc.'s ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's Responsibility 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 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 Diocese of Bismarck Trustee, Inc.'s internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about The Diocese of Bismarck Trustee, Inc.'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.



BRADY, MARTZ & ASSOCIATES, P.C.
BISMARCK, NORTH DAKOTA

March 20, 2025

THE DIOCESE OF BISMARCK TRUSTEE, INC.
STATEMENT OF FINANCIAL POSITION
JUNE 30, 2023

ASSETS

Current assets

Cash and cash equivalents	\$ 1,046,360
Accounts/pledges receivable, net of allowance for doubtful accounts	1,942
Interest receivable	49,355
Due from related parties	100,000
Investments	27,200,615
Mutual investment	222,015
Current portion of notes receivable	14,469
Total current assets	<u>28,634,756</u>

Land, buildings and equipment, net
of accumulated depreciation

6,430,989

Other assets

Notes receivable, net of current portion 95,134

Total assets \$ 35,160,879

LIABILITIES AND NET ASSETS

Current liabilities

Accounts payable and accrued expenses	\$ 20,885
Deferred revenue	<u>982,573</u>
Total current liabilities	<u>1,003,458</u>

Other liabilities

Annuities payable 1,860,162

Total liabilities 2,863,620

Net assets

Without donor restrictions 30,794,373

Without donor restrictions - council designated 1,502,886

Total net assets 32,297,259

Total liabilities and net assets \$ 35,160,879

See Notes to the Financial Statements

THE DIOCESE OF BISMARCK TRUSTEE, INC.
STATEMENT OF ACTIVITIES
FOR THE 6-MONTHS ENDED JUNE 30, 2023

SUPPORT AND REVENUE

Net realized and unrealized gain on investments	\$ 1,928,940
Mineral rights lease and royalty revenue	322,782
Investment income	171,836
Contributions and bequests - other	38,670
Distributions from Catholic Foundation	15,000
Rent and other revenue	7,985
Total support and revenue	<u>2,485,213</u>

EXPENSES

General administration	
Depreciation	124,358
Professional fees	52,270
Office expenses	15,000
Total expenses	<u>191,628</u>

CHANGE IN NET ASSETS BEFORE TRANSFER	2,293,585
TRANSFER - CORPORATE RESTRUCTURE	<u>(843,436)</u>
CHANGE IN NET ASSETS AFTER TRANSFER	1,450,149
NET ASSETS, AS PREVIOUSLY STATED	30,908,056
PRIOR PERIOD ADJUSTMENT	<u>(60,946)</u>
NET ASSETS, AS RESTATED	<u>30,847,110</u>
NET ASSETS WITHOUT DONOR RESTRICTIONS, END OF PERIOD	<u><u>\$ 32,297,259</u></u>

See Notes to the Financial Statements

THE DIOCESE OF BISMARCK TRUSTEE, INC.
STATEMENT OF CASH FLOWS
FOR THE 6-MONTHS ENDED JUNE 30, 2023

CASH FLOWS FROM OPERATING ACTIVITIES

Change in net assets	\$ 1,389,203
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:	
Depreciation expense	124,358
Realized and unrealized (gain) loss on investments	(1,757,482)
Change in equity in the undistributed (gain) loss on mutual investment	5,742
Property transferred to the Bismarck Diocese	111,624
Effects on operating cash flow due to changes in:	
Accounts/pledges receivable	1,193,350
Interest receivable	(6,882)
Prepaid expenses	25,907
Due from related parties	265,442
Accounts payable and accrued expenses	(390,867)
Deferred revenue	(29,936)
Health care payable	(178,746)
Funds held for others	(521,279)
Net cash provided (used) by operating activities	<u>230,434</u>

CASH FLOWS FROM INVESTING ACTIVITIES

Purchases of investments	(2,657,845)
Proceeds from sale of investments	2,287,656
Purchases of property and equipment	(107,386)
Net cash provided (used) by investing activities	<u>(477,575)</u>

NET CHANGE IN CASH AND CASH EQUIVALENTS

(247,141)

CASH AND CASH EQUIVALENTS, BEGINNING OF PERIOD

1,293,501

CASH AND CASH EQUIVALENTS, END OF PERIOD

\$ 1,046,360

SUPPLEMENTAL DISCLOSURE

Schedule of Noncash Transactions	
Increase (decrease) in annuities payable and investments	\$ 177,200

See Notes to the Financial Statements

THE DIOCESE OF BISMARCK TRUSTEE, INC.
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICES

Organization

The Diocese of Bismarck (Diocese) was established December 31, 1909, and formally "erected" by Rome on March 21, 1910.

The Diocese encompasses 24 North Dakota counties over 34,000 square miles. The counties include:

Adams, Billings, Bowman, Burke, Burleigh, Divide, Dunn, Emmons, Golden Valley, Grant, Hettinger, McKenzie, McLean, Mercer, Morton, Mountrail, Northwest Bottineau, Oliver, Renville, Sioux, Slope, Stark, Ward and Williams counties.

Effective January 1, 2023, The Diocese of Bismarck implemented its effort to adhere to the ecclesiastical law of the Catholic Church. The ecclesiastical rights and responsibilities of The Diocese of Bismarck Trustee, Inc. (Trustee), formerly known as The Diocese of Bismarck, are now expressly stated. The same is now true for the Bismarck Diocese, a Public Juridic Person. (A Public Juridic Person (PJP) is a canonical legal entity explicitly established by ecclesiastical law). The Trustee holds bare legal title to stable assets of The Diocese of Bismarck Charitable Trust, including investments and property. The PJP is the Church's operating entity and is a beneficiary of the charitable trust.

Basis of accounting

The accompanying financial statements are prepared on the accrual basis of accounting. Under that basis, income is recognized when earned and expenses are recognized when incurred.

Financial statement presentation

The accompanying financial statements are presented in accordance with accounting principles generally accepted in the United States of America, ("US GAAP"), codified by the Financial Accounting Standards Board.

Financial statement presentation follows the recommendations of the Accounting Standards Codification Topic 958, Accounting for Not-for-Profit Entities. The codification requires the Trustee to report information regarding its financial position and activities according to two classes of net assets: net assets without donor restrictions and net assets with donor restrictions.

Net assets without donor restrictions: Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the Trustee. These net assets may be used at the discretion of the Trustee's management and the Diocesan Finance Council.

Net assets with donor restrictions: Net assets subject to stipulations imposed by donors, and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the Trustee or by the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity. As of June 30, 2023, the Trustee did not have any net assets with donor restrictions.

THE DIOCESE OF BISMARCK TRUSTEE, INC.
NOTES TO THE FINANCIAL STATEMENTS – CONTINUED
JUNE 30, 2023

Contributions

Under Accounting Standards Update (ASU) Topic 958, the Trustee recognizes contributions when cash, securities or other assets, an unconditional promise to give, or notification of a beneficial interest is received. Conditional promises to give, that is, those with a measurable performance or other barrier, and a right of return, are not recognized until the conditions on which they depend have been substantially met. The Trustee currently does not have any conditional promises to give.

Depending on the existence and/or nature of any donor restrictions, contributions received are recorded as net assets without donor restrictions or net assets with donor restrictions depending on the absence or existence and nature of any donor restrictions. Support that is restricted by the donor is reported as an increase in net assets without donor restrictions if the restriction expires in the reporting period in which the support is recognized. All other donor-restricted support is reported as an increase in net assets with donor restrictions. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions.

Cash and cash equivalents

Cash and cash equivalents include highly liquid investments with an original maturity of three months or less, excluding assets whose use is limited or restricted.

Investments

Investments in marketable securities with readily determinable fair values and all investments in debt securities are valued at their fair values in the statement of financial position. Unrealized gains and losses are included in the change in net assets.

The Trustee recognizes gains, losses, and ordinary income on investments in the designation or restriction owning the investment. It is the policy of the Trustee to include restricted investment income, whose restrictions are met in the same reporting period, as unrestricted investment income.

Mutual Investments

The mutual investment includes the Catholic Umbrella Pool II (CUP II) investment, which is a self-insurance program for certain dioceses of the Roman Catholic Church. Participating dioceses share in the operating, investment income and expenses of the pool based on their contributions for each fiscal year. Participants are responsible for claims and claim expenses incurred during fiscal years in which they participate in the pool. CUP II does not have a readily determinable fair value and is recorded under the cost method. The Trustee records their share of the pool at its original cost, adjusted annually for the earnings of the pool (received as dividends), premiums paid, and claims paid on behalf of the Trustee.

THE DIOCESE OF BISMARCK TRUSTEE, INC.
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
JUNE 30, 2023

Accounts Receivable

Accounts receivable are uncollateralized obligations due under normal trade terms requiring payment within 30 days from the invoice date. The receivables are non-interest bearing. Payments on accounts receivable are applied to the earliest unpaid amounts, unless specifically identified. The carrying amount of the accounts receivable is reduced by an amount that reflects management's best estimate of the amounts that will not be collected.

Fair value measurements

US GAAP established a framework for measuring fair value which applies to all assets and liabilities that are being measured and reported on a fair value basis. It defines fair value, establishes a framework for measuring fair value in accordance with US GAAP and expands disclosure about fair value measurements.

When fair value measurements are required, various data is used in determining those values. This statement requires that assets and liabilities that are carried at fair value must be classified and disclosed in the following levels based on the nature of the data used.

- Level 1: Quoted market prices in active markets for identical assets or liabilities.
- Level 2: Observable market-based inputs or unobservable inputs that are corroborated by market data.
- Level 3: Unobservable inputs that are not corroborated by market data.

The application of valuation techniques applied to similar assets and liabilities has been consistently applied. The following is a description of the valuation methodologies used for instruments measured at fair value:

Investments

The fair value of investments is the market value based on quoted market prices, when available, or market prices provided by recognized broker dealers. If listed prices or quotes are not available, fair value is based upon externally developed models that use unobservable inputs due to the limited market activity of the instrument.

Annuities payable

The Trustee enters into written gift annuity agreements and agrees to pay to the donors an annuity on a monthly, quarterly, semi-annual, or annual basis beginning on a set date and for the lifetime of the donor and/or their designated beneficiaries. The Trustee is discharged from payment of the annuity upon the death(s) of the designated recipient(s). The balance of the donated funds is then distributed to the organization described in the gift annuity agreement. Annuities payable are valued based on the fair market value of the underlying investment(s) reduced by the cash flow of estimated payments to the donor based on their expected life.

THE DIOCESE OF BISMARCK TRUSTEE, INC.
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
JUNE 30, 2023

Land, buildings, and depreciation

Land and buildings are stated at cost, for items purchased and fair market value at the date of the gifts, if donated. Fixed assets are being depreciated over estimated useful lives from 5 – 75 years, using a straight-line method.

The Trustee capitalizes purchases of land and buildings with a cost greater than \$5,000 and a useful life greater than one year, except for computer equipment which is capitalized based on management's discretion. The Trustee also capitalizes expenditures for major additions and improvements that extend the useful lives of property and equipment. Routine expenditures for repairs and maintenance are charged to expense as incurred.

Deferred Revenue

Deferred revenue includes deferred annuity benefits.

Income taxes

The Trustee is exempt from federal income tax under provisions of Section 501(c)(3) of the Internal Revenue Code. The Trustee is deemed to be a church related organization and as such is not required to file an annual informational tax return to the Internal Revenue Service or the State of North Dakota.

The Trustee's policy is to evaluate the likelihood that its uncertain tax positions will prevail upon examination based on the extent to which those positions have substantial support within the Internal Revenue Code and Regulations, Revenue Rulings, court decisions, and other evidence.

Functional expense allocation

The financial statements report certain categories of expenses that are attributable to more than supporting function. Those expenses include general administration and fundraising expenses. These expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated are based on the actual direct expenditures and cost allocations based on estimates made by management. Currently the Trustee only has general and administrative expenses.

Use of estimates

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

NOTE 2 CONCENTRATIONS OF CREDIT RISK

The Trustee's cash and cash equivalents balances are maintained in various bank deposit accounts. The amounts on deposit are insured by Federal Deposit Insurance Corporation (FDIC) up to \$250,000 per financial institution. The Trustee has not experienced any losses in such accounts nor does the Trustee believe it is exposed to any significant credit risk on cash and cash equivalents accounts.

THE DIOCESE OF BISMARCK TRUSTEE, INC.
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
JUNE 30, 2023

NOTE 3 NOTES RECEIVABLE

Notes receivables at June 30, 2023 consist of the following:

Payor	Rate	Maturity Date	Balance	Security
Church of Christ the King School Promissory	2.99%	12/1/2029	<u>\$ 109,603</u>	Unsecured

Future principal payments are as follows:

Year ending June 30,	
2024	\$ 14,469
2025	14,908
2026	15,360
2027	15,825
2028	16,305
Thereafter	<u>32,736</u>
	<u>\$ 109,603</u>

NOTE 4 INVESTMENTS

Investments are stated at fair value and are summarized as follows as of June 30, 2023:

	Cost	Fair Value
Equities	\$ 4,115,857	\$ 9,096,236
Mutual funds	373,130	373,130
Fixed income	5,594,958	5,244,942
Other	12,486,307	12,486,307
	<u>\$ 22,570,252</u>	<u>\$ 27,200,615</u>

The Trustee had a realized gain of \$121,106 and an unrealized gain of \$1,807,834 for the 6-months ended June 30, 2023.

THE DIOCESE OF BISMARCK TRUSTEE, INC.
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
JUNE 30, 2023

NOTE 5 FAIR VALUE MEASUREMENTS

Financial instruments measured at fair value on a recurring basis as of June 30, 2023 are summarized as follows:

Description	Total Carrying Amount	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Equities	\$ 9,096,236	\$ 9,096,236	\$ -	\$ -
Mutual funds	373,130	312,421	60,709	-
Fixed income	5,244,942	-	5,244,942	-
Other	12,486,307	-	12,486,307	-
Total investments at fair value	<u>\$ 27,200,615</u>	<u>\$ 9,408,657</u>	<u>\$ 17,791,958</u>	<u>\$ -</u>
Annuities payable	<u>\$ 1,860,162</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,860,162</u>

The following table sets forth a summary of changes in the fair value of the Trustee's Level 3 financial instruments which consist entirely of annuities payable for the 6-months ended June 30, 2023:

Balance, beginning of period	\$ 1,682,962
Additions	221,406
Payments	(44,206)
Balance, end of period	<u>\$ 1,860,162</u>

Qualitative information about Significant Unobservable Inputs Used in Level 3 Fair Value Measurements

The following table represents the Trustee's Level 3 financial instruments, the valuation techniques used to measure the fair value of those financial instruments, and the significant unobservable inputs and the ranges of values for those inputs.

Instrument	Fair Value	Principle Valuation Technique	Unobservable Inputs	Range of Significant Input Values	Weighted Average
Annuity Payable	\$ 1,860,162	Discounted Cash Flow	Discount Rate	4.1% - 23.7%	6.70%

THE DIOCESE OF BISMARCK TRUSTEE, INC.
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
JUNE 30, 2023

NOTE 6 CATHOLIC UMBRELLA POOL II MUTUAL INVESTMENT

The Trustee purchases liability insurance coverage from the Catholic Mutual Group (CMG) located in Omaha, Nebraska. On July 1, 1989, CMG created an excess liability pool called the Catholic Umbrella Pool II (CUP II). The Trustee is a charter member of CUP II. The primary purpose of the pool was to provide a self-insurance fund for small or medium sized dioceses for the Roman Catholic Church in North America. CUP II provides approximately 50% of an additional \$4 million layer of liability insurance coverage for the 48 participating dioceses. In addition to the above coverage, CUP II has a 5% participation for coverage in excess of \$1,500,000 up to \$5,000,000 for mortality certificates and up to \$20,000,000 for liability certificates.

As of July 1, 1995, CUP II attained its goal and assumed 100% of the individual casualty claims exceeding \$1,500,000 to a limit of \$5,000,000 for the 61 dioceses. Participating dioceses are liable for any losses beyond CUP II's responsibilities to fund such losses. Outstanding unpaid claims and incurred but not reported claims of approximately \$1.57 million and \$3.2 million, respectively, have been made against CUP II as of June 30, 2023.

Participating dioceses share in the operating and investment income and expenses of CUP II based on the contributions for each fiscal year. Participants are liable for claims and expenses incurred during the fiscal years in which they participate in CUP II.

The Trustee's equity in CUP II was \$222,015 as of June 30, 2023. CUP II has established a dividend policy to distribute the participant's equity of a fiscal year after 10 years. The Executive Committee reviews this policy annually. There was no dividend for the 6-months ended June 30, 2023.

NOTE 7 LAND AND BUILDINGS

Land and buildings consist of the following as of June 30, 2023:

	Cost	Accumulated Depreciation	Net
Future parish sites	\$ 155,053	\$ -	\$ 155,053
Land and improvements	742,582	-	742,582
Building and improvements	7,610,440	2,077,086	5,533,354
	<u>\$ 8,508,075</u>	<u>\$ 2,077,086</u>	<u>\$ 6,430,989</u>

THE DIOCESE OF BISMARCK TRUSTEE, INC.
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
JUNE 30, 2023

NOTE 8 NET ASSETS WITHOUT DONOR RESTRICTIONS

Net assets without donor restrictions include net assets that have been designated by management and the Diocesan Finance Council includes:

Expansion general fund - designated	\$ 1,000,000
Reserve fund for contingency	250,000
J Kenney Estate for Emmaus	194,758
Binations	48,528
Kateri Tekawitha	9,600
Total	<u>\$ 1,502,886</u>

NOTE 9 LIQUIDITY AND AVAILABILITY

The Trustee monitors its liquidity so that it is able to meet its operating needs and other commitments. The following table reflects the Trustee's financial assets due within one year of the statement of financial position as of June 30, 2023, for general expenditures:

Cash and cash equivalents	\$ 1,046,360
Accounts/pledges receivable, net of allowance for doubtful accounts	1,942
Investments	27,200,615
Mutual Investments	222,015
Notes receivable collectible within one year	14,469
Total financial assets	<u>28,485,401</u>
Less those unavailable for general expenditures within one year, due to: Council designations	<u>(1,502,886)</u>
Financial assets available to meet general expenditures within one year	<u>\$ 26,982,515</u>

The Trustee is supported through investment income. Thus, none of the financial assets are subject to donor restrictions that make them unavailable for general expenditure within one year of the statement of financial position date. The Trustee has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due. In the event of an unanticipated liquidity need, the Trustee also could draw upon its finance council designated reserve funds.

NOTE 10 RELATED PARTY

The Trustee is affiliated with the PJP and the Parish Expansion Fund of the Diocese of Bismarck (Expansion) through common Finance Council members. The Expansion provides a lending and depository function for the parishes and related entities of the Trustee and PJP. The Trustee holds a \$100,000 capital investment in the Fund as of June 30, 2023.

THE DIOCESE OF BISMARCK TRUSTEE, INC.
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
JUNE 30, 2023

NOTE 11 LINE OF CREDIT

The Trustee has an available \$3,500,000 unsecured line of credit with Bravera Bank. Interest is due monthly with an interest rate equal to U.S. Prime Rate. The line of credit matures on August 5, 2023. On June 30, 2023, there was no outstanding balance on this line of credit.

NOTE 12 INCOME TAXES

It is the opinion of management that the Trustee has no significant uncertain tax positions that would be subject to change upon examination. The Trustee is not required to file form 990 or form 990-T.

NOTE 13 COMMITMENTS

On September 1, 2021, the Trustee entered into a guaranty agreement with Bravera Bank to guaranty the payments of principal and interest on the issuance and sale of bonds to the Light of Christ Catholic Schools of Excellence. The bonds guaranteed include:

- \$5,000,000 – City of Linton, North Dakota School Facilities Revenue Refunding Bonds Series 2021A
- \$10,000,000 – City of Hazelton, North Dakota School Facilities Revenue Refunding Bonds Series 2021B
- \$10,000,000 – City of Wilton, North Dakota School Facilities Revenue Refunding Bonds Series 2021C
- \$6,000,000 – City of Lincoln, North Dakota School Facilities Revenue Refunding Bonds Series 2021D
- \$6,050,000 – Burleigh County, North Dakota School Facilities Revenue Refunding Bonds Series 2021E

As of June 30, 2023, the balance outstanding was \$35,287,626.

On March 1, 2023, the Trustee entered into a limited guaranty agreement with Choice Bank to guaranty a portion of the payments of principal and interest on the issuance and sale of a bond to the Dickinson Catholic Schools. The bond guaranteed include:

- \$10,000,000 – Stark County, North Dakota School Facilities Revenue Bonds Series 2023

As of June 30, 2023, the balance outstanding was \$2,005,773.

NOTE 14 PRIOR PERIOD ADJUSTMENT

A prior period adjustment has been made to correct expenses of \$60,946 that were incorrectly posted in the current period but should have been recognized in the prior period. This error resulted in an overstatement of expenses for the current period and an understatement for the prior period. Adjustments were made to remove these expenses and decrease net assets of January 1, 2023. The adjustment properly reflects the expense in the period in which it was incurred, in accordance with GAAP.

THE DIOCESE OF BISMARCK TRUSTEE, INC.
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
JUNE 30, 2023

NOTE 15 SUBSEQUENT EVENTS

No significant events have occurred subsequent to the Trustee's 6-month end. Subsequent events have been evaluated through March 20, 2025, which is the date these financial statements were available to be issued.

INDEPENDENT AUDITOR'S REPORT ON SUPPLEMENTARY INFORMATION

The Most Reverend David D. Kagan
The Diocese of Bismarck Trustee, Inc.
Bismarck, North Dakota

We have audited the financial statements of The Diocese of Bismarck Trustee, Inc. as of and for the 6-months ended June 30, 2023, and our report dated March 20, 2025, which expressed an unmodified opinion on those financial statements, appears on page 1. Our audit was performed for the purpose of forming an opinion on the financial statements as a whole.

The Schedule of Changes in Net Assets without Donor Restrictions – Council Designated 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.



BRADY, MARTZ & ASSOCIATES, P.C.
BISMARCK, NORTH DAKOTA

March 20, 2025

THE DIOCESE OF BISMARCK TRUSTEE, INC.
SCHEDULE OF CHANGES IN NET ASSETS
WITHOUT DONOR RESTRICTIONS – COUNCIL DESIGNATED
FOR THE 6-MONTHS ENDED JUNE 30, 2023

	Balance 12/31/2022	Transfers/ Additions	Transfers/ Disbursements	Balance 6/30/2023
(2) Expansion general fund - designated	\$ 3,467,378	\$ -	\$ 2,467,378	\$ 1,000,000
Reserve fund for contingency	(15,000)	265,000	-	250,000
J Kenney Estate for Emmaus	194,758	75,000	75,000	194,758
Binations	48,528	-	-	48,528
Kateri Tekawitha	9,600	-	-	9,600
(1) Risk management	26,673	118,183	144,856	-
(3) Administrative facilities	1,794,760	-	1,794,760	-
(4) Program and services	1,347,363	-	1,347,363	-
(5) Clergy needs	250,000	-	250,000	-
	<u>\$ 7,124,060</u>	<u>\$ 458,183</u>	<u>\$ 6,079,357</u>	<u>\$ 1,502,886</u>

The purpose of these designations are as follows:

- (1) This designation includes the net activity of the diocesan Offices of Insurance, Parish Resources and Internal Audit. These three offices are in place for risk mitigation at the parish level. For the Office of Insurance it reflects the diocesan fee charged to parishes for insurance, operation of that office and deductibles on insurance claims; for the Office of Parish Resources it reflects the net amount of charges to individual parishes for accounting/payroll services and operation of that office; for the Office of Internal Audit it reflects the operation of that office.
- (2) This designation is to reserve funds to provide the parish expansion fund an adequate loan pool.
- (3) This designation is to reserve funds for future replacement and acquisition of fixed assets, church sites, and Diocesan administrative facilities. Designation of current earnings is added to the fund at the discretion of the Bishop. This designation was closed in the current year and transferred to net assets without donor restrictions.
- (4) This designation is to reserve funds for future Diocesan administrative programs and supporting services. Designation of current earnings is added to the fund at the discretion of the Bishop. This designation was transferred to Bismarck Diocese.
- (5) This designation is to reserve funds for continued support and assistance for clergy needs. Designation of current earnings is added to the fund at the discretion of the Bishop. This designation was closed in the current year and transferred to net assets without donor restrictions.