

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

AUDITED FINANCIAL STATEMENTS

FOR THE YEARS ENDED JUNE 30, 2025 AND 2024

TABLE OF CONTENTS

	Page
INDEPENDENT AUDITOR'S REPORT	1
FINANCIAL STATEMENTS	
Statements of Financial Position	3
Statements of Activities	4
Statements of Cash Flows	5
Notes to the Financial Statements	6
SUPPLEMENTARY INFORMATION	
INDEPENDENT AUDITOR'S REPORT ON SUPPLEMENTARY INFORMATION	19
Schedules of Changes in Net Assets without Donor Restrictions - Council Designated	20

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 statements of financial position as of June 30, 2025 and 2024, and the related statements of activities and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the 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, 2025 and 2024, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. 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 audits. 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 related to the accounting for split interest agreements and the classification of net assets with and without donor restrictions. Accordingly, a restatement was made as of July 1, 2023. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America; and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about The 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 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 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
GRAND FORKS, NORTH DAKOTA

February 25, 2026

THE DIOCESE OF BISMARCK TRUSTEE, INC.
STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2025 AND 2024

	2025	2024 (RESTATED)
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 858,803	\$ 1,834,105
Accounts receivable	200	707
Due from related-parties	1,753,429	125,853
Investments	26,015,294	25,377,261
Current portion of notes receivable	14,898	15,087
Total current assets	28,642,624	27,353,013
Fixed assets, net	8,985,266	7,868,239
Other assets:		
Notes receivable, net of current portion	65,691	80,225
Assets held under split-interest agreements	1,458,072	1,436,113
Annuities managed for others	2,305,413	2,083,554
Total other assets	3,829,176	3,599,892
Total assets	\$ 41,457,066	\$ 38,821,144
LIABILITIES AND NET ASSETS		
Current liabilities:		
Due to related-parties	\$ 1,603,456	\$ 40,035
Other liabilities:		
Annuities payable	637,068	705,788
Annuities managed for others	2,305,413	2,083,554
Total other liabilities	2,942,481	2,789,342
Total liabilities	4,545,937	2,829,377
Net assets:		
Without donor restrictions	33,160,654	33,823,883
Without donor restrictions - council designated	1,250,000	1,250,000
With donor restrictions	2,500,475	917,884
Total net assets	36,911,129	35,991,767
Total liabilities and net assets	\$ 41,457,066	\$ 38,821,144

See Notes to the Financial Statements

THE DIOCESE OF BISMARCK TRUSTEE, INC.
STATEMENTS OF ACTIVITIES
FOR THE YEARS ENDED JUNE 30, 2025 AND 2024

	2025			2024 (RESTATED)		
	Without Donor Restriction	With Donor Restriction	Total	Without Donor Restriction	With Donor Restriction	Total
SUPPORT AND REVENUE						
Distributions from the CFWND	\$ 1,720,263	\$ 1,508,712	\$ 3,228,975	\$ 2,265,395	\$ 35,000	\$ 2,300,395
Net investment income	2,463,491	-	2,463,491	2,888,576	-	2,888,576
Mineral rights lease and royalty revenue	482,279	-	482,279	1,136,901	-	1,136,901
Change in value of split interest agreements	-	90,679	90,679	-	-	-
Contributions and bequests - other	28,367	-	28,367	1,138,114	-	1,138,114
Department income	-	-	-	4,000	-	4,000
Gain (loss) on disposal of fixed assets	(21,662)	-	(21,662)	(443,385)	-	(443,385)
Net assets released from restriction	16,800	(16,800)	-	51,799	(51,799)	-
Total support and revenue	<u>4,689,538</u>	<u>1,582,591</u>	<u>6,272,129</u>	<u>7,041,400</u>	<u>(16,799)</u>	<u>7,024,601</u>
EXPENSES						
Charitable donations	309,621	-	309,621	-	-	-
Depreciation	213,696	-	213,696	201,932	-	201,932
Professional fees	40,527	-	40,527	40,330	-	40,330
Administrative fees	40,000	-	40,000	40,000	-	40,000
Funds released to programs	16,800	-	16,800	48,528	-	48,528
Office	13,424	-	13,424	13	-	13
Total expenses	<u>634,068</u>	<u>-</u>	<u>634,068</u>	<u>330,803</u>	<u>-</u>	<u>330,803</u>
CHANGE IN NET ASSETS	<u>4,055,470</u>	<u>1,582,591</u>	<u>5,638,061</u>	<u>6,710,597</u>	<u>(16,799)</u>	<u>6,693,798</u>
NET ASSETS, BEGINNING OF PERIOD PREVIOUSLY REPORTED	35,073,883	917,884	35,991,767	32,297,259	-	32,297,259
Prior period adjustment	-	-	-	(649,176)	934,683	285,507
NET ASSETS BEGINNING OF PERIOD - RESTATED	35,073,883	917,884	35,991,767	31,648,083	934,683	32,582,766
CHANGE IN NET ASSETS	4,055,470	1,582,591	5,638,061	6,710,597	(16,799)	6,693,798
Stabilization distributions from the Bismarck Diocese	1,526,946	-	1,526,946	145,988	-	145,988
Destabilization distributions to the Bismarck Diocese	(6,245,645)	-	(6,245,645)	(3,430,785)	-	(3,430,785)
NET ASSETS, END OF PERIOD	<u>\$ 34,410,654</u>	<u>\$ 2,500,475</u>	<u>\$ 36,911,129</u>	<u>\$ 35,073,883</u>	<u>\$ 917,884</u>	<u>\$35,991,767</u>

See Notes to the Financial Statements

THE DIOCESE OF BISMARCK TRUSTEE, INC.
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED JUNE 30, 2025 AND 2024

	2025	2024 (RESTATED)
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ 5,638,061	\$ 6,693,798
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:		
Depreciation expense	213,696	201,932
(Gain) loss on disposal of fixed assets	21,662	443,385
Donated fixed assets	642,269	-
Realized and unrealized (gain) loss on investments	(2,298,062)	(2,375,627)
Change in value of split-interest agreements held by Trustee	(90,679)	-
Effects on operating cash flow due to changes in:		
Accounts receivable	507	1,180
Due from related-parties	(1,627,576)	(25,798)
Due to related-parties	1,563,421	40,035
Asset annuities managed for others	(221,859)	(223,392)
Annuities managed for others	221,859	223,392
Net cash provided (used) by operating activities	4,063,299	4,978,905
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of investments	(2,779,836)	(2,386,651)
Proceeds from sale of investments	4,439,865	3,885,964
Purchases of fixed assets	(467,708)	(1,936,579)
Principal repayments on notes receivable	14,723	14,291
Net cash provided (used) by investing activities	1,207,044	(422,975)
CASH FLOWS FROM FINANCING ACTIVITIES		
Destabilization distributions to the Bismarck Diocese	(6,245,645)	(3,430,785)
Net cash provided (used) by financing activities	(6,245,645)	(3,430,785)
NET CHANGE IN CASH AND CASH EQUIVALENTS	(975,302)	1,125,145
CASH AND CASH EQUIVALENTS, BEGINNING OF PERIOD	1,834,105	708,960
CASH AND CASH EQUIVALENTS, END OF PERIOD	\$ 858,803	\$ 1,834,105
SUPPLEMENTAL DISCLOSURE OF NON-CASH TRANSACTIONS		
Stabilization of property from the Bismarck Diocese	\$ 1,526,946	\$ -

See Notes to the Financial Statements

THE DIOCESE OF BISMARCK TRUSTEE, INC.
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2025 AND 2024

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

Net Assets

The Trustee is required 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.

THE DIOCESE OF BISMARCK TRUSTEE, INC.
NOTES TO THE FINANCIAL STATEMENTS – CONTINUED
JUNE 30, 2025 AND 2024

Contributions

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 statements 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 held under split-interest agreements and annuities managed for others.

Investments

Investment purchases are recorded at cost, or if donated, at fair value on the date of donation. Thereafter, investments are reported at their fair values in the statements of financial position. Net investment return (loss) is reported in the statements of activities and consists of interest and dividend income, realized and unrealized capital gains and losses, less external and direct internal investment management, and custodial fees.

Annuities Managed for Others

Annuities managed for others represent the fair value of the investments. Realized and unrealized gains and losses are not included in the statements of activities.

Annuity funds invested represent irrevocable gifts to the Trustee for a designated charitable cause at the death of the donor. One hundred percent of the value of the annuity is held by the Trustee. Some of the value will remain at the time of the donor's death, to be distributed at that time to the designated charitable beneficiary. By retaining one hundred percent of the value until the death of the donor, the Trustee is able to maintain an adequate reserve against unusual market conditions and/or donors who outlive mortality table estimates.

THE DIOCESE OF BISMARCK TRUSTEE, INC.
NOTES TO THE FINANCIAL STATEMENTS – CONTINUED
JUNE 30, 2025 AND 2024

Accounts Receivable

Accounts receivable are uncollateralized obligations due under normal trade terms requiring payment within 30 days from the invoice date and 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.

Assets Held and Liabilities Under Split-Interest Agreements

Charitable Trusts

The Trustee acts as trustee for various revocable and irrevocable trusts. These trusts are governed by the respective trust agreements, which generally provide for either an income stream or a future distribution of cash or other assets, in whole or in part, for a specified period or upon the occurrence of a specific event, respectively. If a trust is revocable, or if the maker of the trust reserves the right to replace the Trustee as the beneficiary of the trust, assets are recorded and placed in trust at fair value, with an equal and offsetting liability until such time that distributions are received from the trust in accordance with its terms. If the trust is irrevocable, the trust assets are recorded at fair value, and a related liability for future payments to be made to the specified beneficiaries is recorded at fair value using present value techniques and risk-adjusted discount rates designed to reflect the assumptions market participants would use in pricing the liability. The excess of contributed assets over the trust liability is recorded as a contribution with donor restrictions until such amount is received via trust distribution or is expended in satisfaction of the donor-restricted purpose stipulated by the trust agreement, or both, if any. At that time, net assets with donor-imposed time or purpose restrictions are released to net assets without restrictions. In subsequent years, the liability for future trust payments to the donor is reduced by payments made to the donor and is adjusted to reflect amortization of the discount and changes in actuarial assumptions at the end of the year. Upon termination of the trust, the remaining liability is removed and recognized as income.

Charitable Gift Annuities

Under charitable gift annuity contracts, the Trustee receives immediate and unrestricted title to contributed assets and agrees to make fixed recurring payments over the stipulated period. Contributed assets are recorded at fair value on the date of receipt. The related liability for future payments to be made to the specified beneficiaries is recorded at fair value using present value techniques and risk-adjusted discount rates designed to reflect the assumptions market participants would use in pricing the liability. The excess of contributed assets over the annuity liability is recorded as a contribution without donor restrictions. In subsequent years, the liability for future annuity payments is reduced by payments made to the specified beneficiaries and is adjusted to reflect amortization of the discount and changes in actuarial assumptions at the end of the year. Upon termination of the annuity contract, the remaining liability is removed and recognized as income.

THE DIOCESE OF BISMARCK TRUSTEE, INC.
NOTES TO THE FINANCIAL STATEMENTS – CONTINUED
JUNE 30, 2025 AND 2024

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.

A significant portion of the Trustee's investment assets are classified within Level 1 because they are comprised of individual equities with readily determinable fair values based on daily redemption values. The Trustee invests in fixed income bonds/securities and treasury notes traded in the financial markets. Those fixed income bonds/securities and treasury notes are valued by the custodians of the securities using pricing models based on credit quality, time to maturity, stated interest rates and market-rate assumptions, and are classified within Level 2. The Trustee's equity in the Catholic Umbrella Pool (CUP) II investment is based on the fair value of the pool's assets and is a Level 3 measurement.

The Trustee uses net asset value (NAV) per share, or its equivalent, such as member units as a practical expedient to estimate the fair values of investment funds which do not have readily determinable fair values. Investments that are measured at fair value using NAV per share as a practical expedient are not classified in the fair value hierarchy.

Fixed assets

Fixed assets 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 DIOCESE OF BISMARCK TRUSTEE, INC.
NOTES TO THE FINANCIAL STATEMENTS – CONTINUED
JUNE 30, 2025 AND 2024

The Trustee capitalizes purchases of fixed assets with a cost greater than \$5,000 and a useful life greater than one year. The Trustee also capitalizes expenditures for major additions and improvements that extend the useful lives of property. Routine expenditures for repairs and maintenance are charged to expense as incurred.

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 one program or supporting function. Therefore, 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.

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.

Reclassification

Certain reclassifications have been made to the 2024 financial statements to conform to the 2025 financial presentation. Such reclassifications had no effect on change in net assets as previously reported.

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, 2025 AND 2024

NOTE 3 NOTES RECEIVABLE

Notes receivables at June 30, 2025 and 2024, consist of the following:

Payor	Interest Rate	Maturity Date	2025 Maturity Balance	2024 Maturity Balance	Security
Church of Christ the King School Promissory	2.99%	29-Dec	<u>\$ 80,589</u>	<u>\$ 95,312</u>	Unsecured

Future principal payments are as follows:

Years ending June 30,	
2026	\$ 14,898
2027	15,343
2028	15,802
2029	16,275
Thereafter	18,271
	<u>\$ 80,589</u>

NOTE 4 FAIR VALUE MEASUREMENTS

Financial instruments measured at fair value on a recurring basis as of June 30, 2025 are summarized as follows:

Description	Total Carrying Amount	Investment Measured at NAV	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Cash and cash equivalents (cost)	\$ 315,905	\$ -	\$ -	\$ -	\$ -
Equities	7,131,142	-	7,131,142	-	-
Mutual funds	349,211	-	349,211	-	-
Fixed income	5,690,079	-	-	5,690,079	-
CUP II	316,276	-	-	-	316,276
Mission Diocese Fund, LLC	15,976,166	15,976,166	-	-	-
Total investments at fair value	<u>\$ 29,778,779</u>	<u>\$ 15,976,166</u>	<u>\$ 7,480,353</u>	<u>\$ 5,690,079</u>	<u>\$ 316,276</u>

THE DIOCESE OF BISMARCK TRUSTEE, INC.
NOTES TO THE FINANCIAL STATEMENTS – CONTINUED
JUNE 30, 2025 AND 2024

Financial instruments measured at fair value on a recurring basis as of June 30, 2024 are summarized as follows:

Description	Total Carrying Amount	Investment Measured at NAV	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Cash and cash equivalents (cost)	\$ 258,253	\$ -	\$ -	\$ -	\$ -
Equities	8,659,901	-	8,659,901	-	-
Mutual funds	363,509	-	363,509	-	-
Fixed income	5,211,648	-	-	5,211,648	-
CUP II	260,951	-	-	-	260,951
Mission Diocese Fund, LLC	14,142,666	14,142,666	-	-	-
Total investments at fair value	\$ 28,896,928	\$ 14,142,666	\$ 9,023,410	\$ 5,211,648	\$ 260,951

The following is a reconciliation of the beginning and ending balances of assets measured at fair value on a recurring basis using significant unobservable inputs (Level 3) for the years ended June 30, 2025 and 2024:

	2025	2024
Balance, beginning of year	\$ 260,951	\$ 222,015
Investment return, net	55,325	38,936
Balance, end of year	\$ 316,276	\$ 260,951

Investments in certain entities that are measured at fair value using NAV per share as a practical expedient are as follows at June 30, 2025:

Investment	Number of Investments	Fair Value	Redemption Frequency	Redemption Notice Period
Mission Diocese Fund, LLC	1	\$ 15,976,166	Monthly, Quarterly, Annual	75 days

Investments in certain entities that are measured at fair value using NAV per share as a practical expedient are as follows at June 30, 2024:

Investment	Number of Investments	Fair Value	Redemption Frequency	Redemption Notice Period
Mission Diocese Fund, LLC	1	\$ 14,142,666	Monthly, Quarterly, Annual	75 days

THE DIOCESE OF BISMARCK TRUSTEE, INC.
NOTES TO THE FINANCIAL STATEMENTS – CONTINUED
JUNE 30, 2025 AND 2024

The Mission Diocese Fund, LLC (the Fund) provides a mission diocese the opportunity to access an institutional investing strategy in compliance with the United States Conference of Catholic Bishops Socially Responsible Investing Guidelines to help build greater capacity for long-term financial stability and viability. The diversification of the fund's investments are designed to provide the stability that most mission dioceses desire while producing reasonable long-term results. The Fund provides access to approximately thirty world-class investment managers that would otherwise be closed or inaccessible to smaller investors such as mission dioceses.

NOTE 5 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 numerous 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 numerous 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 \$1.6 million and \$4.2 million, respectively, have been made against CUP II as of June 30, 2025.

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.

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.

THE DIOCESE OF BISMARCK TRUSTEE, INC.
NOTES TO THE FINANCIAL STATEMENTS – CONTINUED
JUNE 30, 2025 AND 2024

NOTE 6 FIXED ASSETS

Fixed assets consisted of the following as of June 30, 2025 and 2024:

<u>2025</u>	<u>Cost</u>	<u>Accumulated Depreciation</u>	<u>Net</u>
Future parish sites	\$ 2,533,152	\$ -	\$ 2,533,152
Land and improvements	634,738	-	634,738
Building and improvements	8,118,769	(2,301,393)	5,817,376
	<u>\$ 11,286,659</u>	<u>\$ (2,301,393)</u>	<u>\$ 8,985,266</u>

<u>2024</u>	<u>Cost</u>	<u>Accumulated Depreciation</u>	<u>Net</u>
Future parish sites	\$ 2,065,444	\$ -	\$ 2,065,444
Land and improvements	702,738	-	702,738
Building and improvements	7,363,718	(2,263,661)	5,100,057
	<u>\$ 10,131,900</u>	<u>\$ (2,263,661)</u>	<u>\$ 7,868,239</u>

NOTE 7 NET ASSETS WITHOUT DONOR RESTRICTIONS – COUNCIL DESIGNATED

Net assets without donor restrictions include net assets that have been designated by the Diocesan Finance Council as follows for the years ended June 30, 2025 and 2024:

	<u>2025</u>	<u>2024 (RESTATED)</u>
Expansion general fund - designated	\$ 1,000,000	\$ 1,000,000
Reserve fund for contingency	250,000	250,000
Total	<u>\$ 1,250,000</u>	<u>\$ 1,250,000</u>

THE DIOCESE OF BISMARCK TRUSTEE, INC.
NOTES TO THE FINANCIAL STATEMENTS – CONTINUED
JUNE 30, 2025 AND 2024

NOTE 8 NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions are restricted for the following purposes or periods:

	<u>2025</u>	<u>2024 (RESTATED)</u>
Subject to the Passage of Time:		
Assets held under split-interest agreements	\$ 821,004	\$ 730,325
Subject to Expenditure for Specified Purpose:		
East African Mission	1,508,712	-
J Kenney Estate for Emmaus	161,159	177,959
Kateri Tekakwitha	9,600	9,600
Total	<u>1,679,471</u>	<u>187,559</u>
Total net assets with donor restriction	<u>\$ 2,500,475</u>	<u>\$ 917,884</u>

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purpose or by occurrence of the passage of time or other events specified by the donors as follows for the years ended June 30, 2025 and 2024:

	<u>2025</u>	<u>2024 (RESTATED)</u>
Purpose restriction:		
J Kenney Estate for Emmaus	<u>\$ 16,800</u>	<u>\$ 51,799</u>

NOTE 9 FUNCTIONAL EXPENSES

The table below presents expenses by both their nature and their function for the year ended June 30, 2025.

	<u>Program Services</u>	<u>Management and General</u>	<u>Total</u>
Charitable donations	\$ 309,621	\$ -	\$ 309,621
Depreciation	-	213,696	213,696
Professional fees	-	40,527	40,527
Administrative fees	-	40,000	40,000
Funds released to programs	16,800	-	16,800
Office	-	13,424	13,424
Total expenses	<u>\$ 326,421</u>	<u>\$ 307,647</u>	<u>\$ 634,068</u>

THE DIOCESE OF BISMARCK TRUSTEE, INC.
NOTES TO THE FINANCIAL STATEMENTS – CONTINUED
JUNE 30, 2025 AND 2024

The table below presents expenses by both their nature and their function for the year ended June 30, 2024.

	Program Services	Management and General	Total
Depreciation	\$ -	\$ 201,932	\$ 201,932
Professional fees	-	40,330	40,330
Administrative fees	-	40,000	40,000
Funds released to programs	48,528	-	48,528
Office	-	13	13
Total expenses	<u>\$ 48,528</u>	<u>\$ 282,275</u>	<u>\$ 330,803</u>

NOTE 10 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 statements of financial position as of June 30, 2025 and 2024, for general expenditures:

	2025	2024 (RESTATED)
Cash and cash equivalents	\$ 858,803	\$ 1,834,105
Accounts receivable	200	707
Due from related-parties	1,753,429	125,853
Investments	29,778,779	28,896,928
Current portion of notes receivable	14,898	15,087
Total financial assets	<u>32,406,109</u>	<u>30,872,680</u>
Less those unavailable to meet general expenditures within one year, due to:		
Annuities managed for others	(2,305,413)	(2,083,554)
Council designations	(1,250,000)	(1,250,000)
Net assets with donor restrictions	<u>(2,500,475)</u>	<u>(917,884)</u>
Total unavailable to meet general expenditures within one year	<u>(6,055,888)</u>	<u>(4,251,438)</u>
Financial assets available to meet general expenditures within one year	<u>\$ 26,350,221</u>	<u>\$ 26,621,242</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 statements 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 11 RELATED-PARTY

The Trustee is affiliated with the PJP, Parish Expansion Fund (Expansion), and Priest Benefit Association (PBA) of the Diocese of Bismarck through common Finance Council and Board members. The Trustee is affiliated with the Catholic Foundation of Western North Dakota

THE DIOCESE OF BISMARCK TRUSTEE, INC.
NOTES TO THE FINANCIAL STATEMENTS – CONTINUED
JUNE 30, 2025 AND 2024

(CFWND) through an administrative agreement. Expansion provides lending and depository functions for the exclusive benefit of the parishes and schools of the Roman Catholic Diocese of Bismarck. The PJP provides administrative services to related entities. The PBA is a defined benefit pension plan covering all priests incardinated in the Diocese of Bismarck. The CFWND receives and administers funds to be used for Roman Catholic charitable purposes.

As of June 30, 2025 and 2024, the following balances were due from/to related-parties:

	2025	2024
Due from:		
Expansion	\$ 100,000	\$ 100,000
PJP	143,171	25,798
PBA	1,546	-
CFWND	1,508,712	55
	\$ 1,753,429	\$ 125,853
	2025	2024
Due to:		
Expansion	\$ 2,414	\$ -
PJP	1,601,042	40,035
	\$ 1,603,456	\$ 40,035

For the years ended June 30, 2025 and 2024, the following revenues were recognized for services provided to related-parties:

	2025	2024
Revenue from:		
Distributions from:		
CFWND	\$ 3,228,975	\$ 2,300,395

For the years ended June 30, 2025 and 2024, the following expenses were recorded for services provided by related-parties:

	2025	2024
Charges for:		
Administrative Fees:		
PJP	\$ 40,000	\$ 40,000

During the years ended June 30, 2025 and 2024, the following distributions were made:

	2025	2024
Destabilization distributions to the Bismarck Diocese	\$ (6,245,645)	\$ (3,430,785)
Stabilization distributions from the Bismarck Diocese	1,526,946	145,988

THE DIOCESE OF BISMARCK TRUSTEE, INC.
NOTES TO THE FINANCIAL STATEMENTS – CONTINUED
JUNE 30, 2025 AND 2024

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, 2025 and 2024, the balance outstanding was \$33,132,825 and \$34,222,093.

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, 2025 and 2024, the balance outstanding was \$9,497,559 and \$8,294,958.

NOTE 14 PRIOR PERIOD ADJUSTMENT

Adjustment was made to beginning net assets in 2024 to increase net assets by \$285,507 for a change in the accounting for the split interest agreements where the diocese is the beneficiary. There was also a change in classification between net assets with donor and without donor restrictions in the amount of \$934,683. The support and revenue in 2024 was adjusted by \$16,799 for the change in net assets.

NOTE 15 SUBSEQUENT EVENTS

No significant events have occurred subsequent to the Trustee's year-end. Subsequent events have been evaluated through February 25, 2026, 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 years ended June 30, 2025 and 2024, and our report dated February 25, 2026, 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
GRAND FORKS, NORTH DAKOTA

February 25, 2026

THE DIOCESE OF BISMARCK TRUSTEE, INC.
SCHEDULES OF CHANGES IN NET ASSETS
WITHOUT DONOR RESTRICTIONS – COUNCIL DESIGNATED
FOR THE YEARS ENDED JUNE 30, 2025 AND 2024

	2025			
	Balance 6/30/2024	Transfers/ Additions	Transfers/ Disbursements	Balance 6/30/2025
(1) Expansion general fund - designated	\$ 1,000,000	\$ -	\$ -	\$ 1,000,000
Reserve fund for contingency	250,000	-	-	250,000
	\$ 1,250,000	\$ -	\$ -	\$ 1,250,000

	2024			
	Balance 6/30/2023	Transfers/ Additions	Transfers/ Disbursements	Balance 6/30/2024
(1) Expansion general fund - designated	\$ 1,000,000	\$ -	\$ -	\$ 1,000,000
Reserve fund for contingency	250,000	-	-	250,000
Binations	48,528	-	48,528	-
	\$ 1,298,528	\$ -	\$ 48,528	\$ 1,250,000

The purpose of these designations are as follows:

- (1) This designation is to reserve funds to provide the Expansion an adequate loan pool.