Right Answers, Right Here.

TANNER
Accountants & Advisors

Catholic Diocese of Salt Lake City
Real Estate Corporation
Financial Statements
As of and for the Years Ended June 30, 2024 and 2023

Together with Independent Auditors' Report

TANNER

Independent Auditors' Report

The Most Reverend Oscar A. Solis
Catholic Diocese of Salt Lake City
Real Estate Corporation

Opinion

We have audited the accompanying financial statements of the Catholic Diocese of Salt Lake City Real Estate Corporation (the Corporation), which comprise the statements of financial position as of June 30, 2024 and 2023, the related statements of activities and cash flows for the years then ended, and the related notes to financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Catholic Diocese of Salt Lake City Real Estate Corporation as of June 30, 2024 and 2023, 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 *Auditors' Responsibilities for the Audits of the Financial Statements* section of our report. We are required to be independent of the Catholic Diocese of Salt Lake City Real Estate Corporation 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.

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 Corporation'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 Audits 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 auditors' 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 Corporation'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 Corporation'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 audits, significant audit findings, and certain internal control related matters that we identified during the audits.

Tanner LLC

October 18, 2024

Statements of Financial Position

		As of June 30,
	2024	**2023**
Assets		
Cash and cash equivalents	$ 440,638	$ 39,774
Accounts receivable	5,715	18,425
Investments	3,526,358	3,431,387
Other assets	343,640	324,661
Land	21,373,314	21,373,314
Buildings and equipment, net	12,779,886	13,691,698
Total assets	$ 38,469,551	$ 38,879,259
Liabilities and Net Assets		
Liabilities:		
Accounts payable	$ 12,870	$ 9,552
Total liabilities	12,870	9,552
Net assets:		
Without donor restrictions	34,617,268	35,540,021
With donor restrictions	3,839,413	3,329,686
Total net assets	38,456,681	38,869,707
Total liabilities and net assets	$ 38,469,551	$ 38,879,259

See accompanying notes to financial statements.

Statements of Activities

	For the years ended June 30,	
	2024	**2023**
Change in net assets without donor restrictions:		
Revenues and gains:		
Rental income	$ 10,270	$ 9,480
Other income	2,721	1,500
Transfers from other Catholic entities	247,414	233,400
Total revenues and gains without donor restrictions	260,405	244,380
Expenses and losses:		
Real and personal property:		
Depreciation	923,157	922,922
Property taxes	116,755	94,572
Operating expenses	37,496	28,340
Gain on disposal of assets	-	(89,736)
Management and general:		
Salaries and benefits	97,414	93,300
Professional fees	8,336	25,798
Total expenses and losses	1,183,158	1,075,196
Decrease in net assets without donor restrictions	(922,753)	(830,816)
Change in net assets with donor restrictions:		
Interest and dividend income	107,909	83,067
Net realized gains (losses) on investments	80,964	(257,965)
Net unrealized gains on investments	320,854	404,498
Increase in net assets with donor restrictions	509,727	229,600
Decrease in total net assets	(413,026)	(601,216)
Net assets at beginning of year	38,869,707	39,470,923
Net assets at end of year	$ 38,456,681	$ 38,869,707

See accompanying notes to financial statements.

Statements of Cash Flows

	For the years ended June 30,	
	2024	**2023**
Cash flows from operating activities:		
Change in net assets	$ (413,026)	$ (601,216)
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	923,157	922,922
Gain on disposal of assets	-	(89,736)
Net unrealized gains on investments	(320,854)	(404,498)
Net realized losses (gains) on investments	(80,964)	257,965
Changes in operating assets and liabilities:		
Accounts receivable	12,710	(17,760)
Other assets	(18,979)	(14,037)
Accounts payable	3,318	9,552
Net cash provided by operating activities	105,362	63,192
Cash flows from investing activities:		
Purchase of buildings and equipment	(11,345)	(1,533)
Proceeds from sale of buildings and equipment	-	128,435
Purchases of investments	(5,401,291)	(3,840,540)
Proceeds from sale of investments	5,708,138	3,483,928
Net cash provided by (used in) investing activities	295,502	(229,710)
Net increase (decrease) in cash and cash equvialents	400,864	(166,518)
Cash and cash equivalents at beginning of year	39,774	206,292
Cash and cash equivalents at end of year	$ 440,638	$ 39,774

See accompanying notes to financial statements.

1. Organization and Summary of Significant Accounting Policies

Basis of Presentation

The accompanying financial statements include the accounts of the Catholic Diocese of Salt Lake City Real Estate Corporation (the Corporation). The Corporation is to act as a support organization exclusively for the benefit of the Roman Catholic Bishop of Salt Lake City, a Utah Corporation Sole (the Bishop), the Ministries of the Catholic Diocese of Salt Lake City, LLC, a Utah Nonprofit Series Limited Liability Company, including all series established thereunder, and Skaggs Catholic Center, a Utah Nonprofit Limited Liability Company (the affiliated entities). The functional and natural classification of expenses of the Corporation have been presented in the statements of activities.

The Corporation is to own, hold, maintain, preserve, pledge, lease, rent, acquire, sell, transfer, or otherwise hold and dispose of real and personal property exclusively for the benefit of the aforementioned entities.

The financial statements of the Corporation have been prepared in accordance with accounting principles generally accepted in the United State of America ("US GAAP"), which require the Corporation to report information regarding its financial position and activities according to the following net asset classifications, as applicable.

Net Assets

Without Donor Restrictions

Net assets without donor restrictions represent resources which are not subject to donor restrictions and over which the Corporation retains control to use the funds in order to achieve the Corporation's purpose.

With Donor Restrictions

Net assets with donor restrictions represent resources subject to donor imposed restrictions. These net assets are restricted for the purpose of providing maintenance and general operations to the Skaggs Catholic Center. The amounts restricted for the Skaggs Catholic Center totaled $3,839,413 and $3,329,686 as of June 30, 2024 and 2023, respectively. The Corporation has no donor-imposed restrictions that require resources to be maintained in perpetuity as of June 30, 2024 and 2023. Donor restricted funds may only be utilized in accordance with the purpose established by the source of such funds.

Cash Equivalents

Cash equivalents consist of investments in money market accounts and any other investments with original maturity dates to the Corporation of three months or less at the date of purchase. Cash equivalents totaled $400,283 and $1,785 on June 30, 2024 and 2023, respectively.

Investments

Investments are measured at fair value in the statements of financial position using quoted market prices or quoted market prices of similar, comparable securities. Realized and unrealized gains and losses on investments are reported in the statements of activities as increases or decreases in net assets with donor restrictions in accordance with donor instructions. Purchases and sales are recorded on a trade-date basis. Realized gains and losses are determined on a specific-identification basis. Dividend income on securities owned is recorded on the ex-dividend date. Interest income is recognized on the accrual basis.

Other Assets

Other assets consist of amounts due from a related party.

Land

Land consists of land used by Catholic-related entities and land held for future sites and is carried at cost. Real estate donated or bequeathed to the Corporation is recorded at its estimated fair market value at the date received. It is a policy of the Corporation to purchase or hold only those sites that are reasonably foreseen to be necessary for the benefit of the aforementioned entities. Land held for future sites consists of 48 vacant properties totaling $6,663,390 as of June 30, 2024 and 2023, respectively.

Buildings and Equipment

Buildings and equipment are recorded at cost less accumulated depreciation. Depreciation on buildings and equipment is calculated using the straight-line method over the estimated useful lives of the assets. The estimated useful lives for buildings and improvements are 30 to 40 years and 7-20 years for equipment. Donated assets are recorded at appraised values at the date of donation. The Corporation incurs maintenance costs on its major equipment. Repair and maintenance costs are expensed as incurred.

Rental Income

The Corporation leases land and buildings to the third parties. The Corporation recognizes rental income on a straight-line basis over the terms of the respective leases.

Income Taxes

No provision for income taxes has been provided as the Corporation is exempt from federal income tax under Section 501(a) of the Internal Revenue Code as an organization described in Section 501(c)(3), as indicated in a determination letter to the United States Conference of Catholic Bishops from the Internal Revenue Services (IRS) dated November 2, 2023.

US GAAP require management to evaluate tax positions taken by the Corporation and recognize a tax liability if the Corporation has taken an uncertain position that more likely than not would not be sustained upon examination by the IRS. Management has analyzed the tax positions taken by the Corporation, and has concluded that as of June 30, 2024, there were no uncertain positions taken or expected to the taken that would require recognition of a liability or disclosure in the financial statements.

Property Taxes

The Corporation holds 48 vacant properties that are classified as land as of June 30, 2024 and 2023. These properties are held for future use and since the properties are not currently being used for nonprofit purposes, property taxes are assessed on these properties. The Corporation was assessed $116,755 and $94,572 in property taxes for the years ended June 30, 2024 and 2023, respectively.

Use of Estimates

The Corporation has made a number of estimates and assumptions relating to the reporting of assets, revenues, and expenses to prepare these financial statements in conformity with US GAAP. Actual results could differ from those estimates.

Reclassification

Certain reclassifications have been made to the 2023 financial statement presentation to conform with the current year presentation.

Concentrations of Credit Risk

The Corporation maintains it cash in bank deposit accounts which, at times, exceed federally insured limits or are otherwise not insured. To date, the Corporation has not experienced a loss or lack of access to its cash; however, no assurance can be provided that access to the Corporation's cash will not be impacted by adverse conditions in the financial markets.

Substantially all of the Corporation's support, revenue, and receivables are from related entities and parties. A future reduction of the revenue from these sources, due to market or parish conditions, would have a very significant impact on the Corporation's operations.

2. Buildings and Equipment, Net

Buildings and equipment, net consisted of the following as of June 30:

	Estimated Useful Lives	2024	2023
Buildings and improvements	30-40 years	$ 41,609,347	$ 41,609,347
Equipment	7-20 years	7,137,916	7,126,571
		48,747,263	48,735,918
Accumulated depreciation		(35,967,377)	(35,044,220)
		$ 12,779,886	$ 13,691,698

For the years ended June 30, 2024 and 2023, the Corporation recognized $923,157 and $922,922 of depreciation expense related to owned assets, respectively.

3. Fair Value Measurements

The methodologies used to determine the fair values of assets and liabilities under the “exit price” notion reflect market participant objectives and are based on the application of the fair value hierarchy that prioritizes observable market inputs over unobservable inputs. The hierarchy is based on the reliability of inputs, as follows:

- Level 1- Valuation is based upon quoted prices for identical assets and liabilities in active markets. The Corporation does not adjust the quoted price for Level 1 securities.
- Level 2 - Valuation is based upon quoted prices for similar instruments in active markets, quoted prices for identical or similar instruments in markets that are not active, and independent pricing models or other model-based valuation techniques such as the present value of future cash flows, adjusted for the security’s credit rating, prepayment assumptions, and other factors such as credit loss assumptions for which all significant assumptions are observable in the market.
- Level 3 – Valuations derived from valuation techniques in which one or more significant inputs or significant value drivers are unobservable.

The following tables summarize the levels within the fair value hierarchy in which the fair value measurements of the Corporation’s investments are classified as of:

Assets	Level 1	Level 2	Total
June 30, 2024:			
Corporate stocks (a)	$ 1,406,256	$ -	$ 1,406,256
Mutual funds (b)	167,665	-	167,665
Government securities (c)	-	1,181,038	1,181,038
Corporate bonds (d)	-	163,490	163,490
Exchange traded funds (e)	607,909	-	607,909
	$ 2,181,830	$ 1,344,528	$ 3,526,358

Assets		Level 1		Level 2		Total
June 30, 2023:						
Corporate stocks (a)	$	1,427,420	$	-	$	1,427,420
Mutual funds (b)		412,186		-		412,186
Government securities (c)		-		1,110,177		1,110,177
Corporate bonds (d)		-		265,717		265,717
Exchange traded funds (e)		215,887		-		215,887
	$	2,055,493	$	1,375,894	$	3,431,387

The investment categories above reflect the fair value of the investments. For each of the categories described above, the fair value of the investments has been determined by obtaining either quoted market prices of the security or quoted market prices of similar, comparable securities.

a) This category includes investments in domestic corporate stock.
b) This category includes an actively managed pool of securities that trade on a stock exchange.
c) This category includes investments in government securities.
d) This category includes investments in corporate bonds.
e) This category includes investments which derive their value from a basket of securities, such as stocks, bonds, commodities, or indices and are traded similar to individual stocks on an exchange.

The Corporation's assets are invested in a variety of investments. Investment securities, in general, are exposed to various risks, such as interest rate, credit, and overall market volatility risks. Due to the level of risk associated with certain investment securities, it is reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect the amounts reported in the statements of financial position.

4. Leases

The Corporation leases 12 properties to third parties consisting of two buildings with the remaining leases for single-family homes and vacant land. The leases have terms ranging from one to five years expiring through June 2029. Rental income from these leases totaled $10,270 and $9,480 for the years ended June 30, 2024 and 2023, respectively. The minimum rents expected to be received under these non-cancellable operating leases approximate $9,381 annually through June 30, 2029.

5. Liquidity and Availability

The Corporation regularly monitors liquidity required to meet its operating needs, liabilities, and other obligations as they become due. The Corporation is supported by and exists to benefit the affiliated entities. The majority of the financial assets recorded by the Corporation are not available to support the Corporation's operating needs. The following assets could readily be made available within one year of the date of the statements of financial position (June 30) to meet general expenditures:

	2024	2023
Financial assets:		
Cash and cash equivalents	$ 440,638	$ 39,774
Investments	3,526,358	3,431,387
	3,966,996	3,471,161
Less those unavailable for general expenditures within one year, due to:		
Restricted by donor with purpose restrictions	3,839,413	3,329,686
Financial assets available to meet cash needs for general expenditures within one year	$ 127,583	$ 141,475

6. Related Party Transactions

The Corporation received services from an affiliate for personnel and auditing services and payment of property taxes for which the Corporation was not charged cash. Such services amounted to $260,003 and $242,009 for years ended June 30, 2024 and 2023, respectively. These amounts have been recorded as revenue and expense within the transfers from other Catholic entities, and salaries and benefits, in the accompanying statements of activities.

The Corporation receives no remuneration for the use of its property by related entities. Any related maintenance of Corporation-owned properties remains the responsibility of the Corporation.

7. Subsequent Events

The Corporation has evaluated subsequent events through October 18, 2024, the date the financial statements were available to be issued, and determined there were no items to disclose.