

**WYOMING CATHOLIC MINISTRIES FOUNDATION**

**FINANCIAL REPORT**

**JUNE 30, 2020**

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## INDEPENDENT AUDITOR'S REPORT

To the Board of Directors  
Wyoming Catholic Ministries Foundation  
Cheyenne, Wyoming

### **Report on the Financial Statements**

We have audited the accompanying financial statements of Wyoming Catholic Ministries Foundation (the "Foundation"), which comprise the Statements of Financial Position as of June 30, 2020 and 2019, the related Statements of Activities, Functional Expenses, and Cash Flows for the years then ended, and the related notes to the financial statements.

### ***Management's Responsibility for the Financial Statements***

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

### ***Auditor's Responsibility***

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Foundation's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Foundation's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

### ***Opinion***

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Foundation as of June 30, 2020 and 2019, 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.

*McGee, Hearne & Paiz, LLP*

Cheyenne, Wyoming  
December 17, 2020

WYOMING CATHOLIC MINISTRIES FOUNDATION

STATEMENTS OF FINANCIAL POSITION

June 30, 2020 and 2019

	2020	2019
<b>ASSETS</b>		
Cash and Cash Equivalents	\$ 76,159	\$ 65,596
Investments (Note 2)	13,206,412	13,929,194
Split-Interest Agreements (Notes 2 and 4)	5,721,039	5,513,956
Notes Receivable (Note 7)	170,054	154,869
<b>Total assets</b>	<b>\$ 19,173,664</b>	<b>\$ 19,663,615</b>
<b>LIABILITIES AND NET ASSETS</b>		
Liabilities		
Split-interest agreement liabilities (Note 4)	\$ 1,553,839	\$ 1,391,813
Custodial investments (Note 5)	3,859,316	3,818,330
Accounts payable	104,931	-
<b>Total liabilities</b>	<b>5,518,086</b>	<b>5,210,143</b>
Commitments		
Net Assets		
Without donor restrictions	1,775,302	1,775,302
With donor restrictions (Note 3):		
Endowment funds	3,567,089	3,567,089
Other donor-restricted net assets	8,313,187	9,111,081
<b>Total net assets with donor restrictions</b>	<b>11,880,276</b>	<b>12,678,170</b>
<b>Total net assets</b>	<b>13,655,578</b>	<b>14,453,472</b>
<b>Total liabilities and net assets</b>	<b>\$ 19,173,664</b>	<b>\$ 19,663,615</b>

See Notes to Financial Statements.

**WYOMING CATHOLIC MINISTRIES FOUNDATION**

**STATEMENTS OF ACTIVITIES**

**Years Ended June 30, 2020 and 2019**

	<b>2020</b>	2019
Changes in Net Assets Without Donor Restrictions		
Investment income (Note 2)	\$ 4,638	\$ 7,845
Parish investment management fee	5,745	5,666
Lease income (Note 6)	4,818	8,031
Net assets released from restrictions (Note 3)	<u>721,851</u>	<u>958,208</u>
<b>Without donor restrictions revenue and support</b>	<u><b>737,052</b></u>	<u>979,750</u>
Expenses (Note 6):		
Program expenses	597,197	861,777
General and administrative	<u>139,855</u>	<u>117,973</u>
	<u><b>737,052</b></u>	<u>979,750</u>
<b>Changes in net assets without donor restrictions</b>	<u>-</u>	<u>-</u>
Changes in Net Assets With Donor Restrictions		
Contributions	3,472	29,758
Investment income (Note 2)	99,373	522,268
Interest income from split-interest agreements (Note 2)	163,136	79,212
Net realized and unrealized gains (losses), split-interest agreements (Notes 2, 3 and 4)	(99,165)	125,376
Change in liability, split-interest agreements (Notes 2, 3 and 4)	(242,859)	337,362
Net assets released from restrictions (Note 3)	<u>(721,851)</u>	<u>(958,208)</u>
<b>Changes in net assets with donor restrictions</b>	<u><b>(797,894)</b></u>	<u>135,768</u>
<b>Change in net assets</b>	<u><b>(797,894)</b></u>	<u>135,768</u>
Net Assets, beginning of year	<u>14,453,472</u>	<u>14,317,704</u>
Net Assets, end of year	<u><u><b>\$ 13,655,578</b></u></u>	<u><u>\$ 14,453,472</u></u>

See Notes to Financial Statements.

**WYOMING CATHOLIC MINISTRIES FOUNDATION**

**STATEMENTS OF FUNCTIONAL EXPENSES**

**Years Ended June 30, 2020 and 2019**

	2020			2019		
	Program Expenses	General and Administrative	Total Expenses	Program Expenses	General and Administrative	Total Expenses
Grants and Support Contributions	\$ 506,354	\$ -	\$ 506,354	\$ 767,180	\$ -	\$ 767,180
Professional Services	20,463	53,692	74,155	35,324	49,330	84,654
Bank Charges and Interest	54,514	-	54,514	49,968	-	49,968
Administrative Support	-	43,858	43,858	-	37,428	37,428
Computer Support	-	38,039	38,039	-	29,679	29,679
Scholarships	8,554	-	8,554	7,356	-	7,356
Programs	6,227	-	6,227	300	-	300
Licenses and Fees	-	2,326	2,326	-	182	182
Office Supplies	-	1,383	1,383	-	245	245
Travel	1,085	-	1,085	1,124	-	1,124
Other Administrative	-	557	557	-	926	926
Meals	-	-	-	-	183	183
Adams Charitable Remainder Unitrust	-	-	-	525	-	525
<b>Total operating expenses</b>	<b>\$ 597,197</b>	<b>\$ 139,855</b>	<b>\$ 737,052</b>	<b>\$ 861,777</b>	<b>\$ 117,973</b>	<b>\$ 979,750</b>

See Notes to Financial Statements.

**WYOMING CATHOLIC MINISTRIES FOUNDATION**

**STATEMENTS OF CASH FLOWS**

**Years Ended June 30, 2020 and 2019**

	<b>2020</b>	2019
Cash Flows from Operating Activities		
Change in net assets	\$ (797,894)	\$ 135,768
Adjustments to reconcile change in net assets to net cash (used in) operating activities:		
Net unrealized and realized loss (gain) on long-term investments	<b>229,462</b>	(227,447)
Change in value of split-interest agreements	<b>(207,083)</b>	65,489
Change in assets and liabilities:		
Increase (decrease) in:		
Accounts payable	<b>104,931</b>	(25,920)
Gift annuity liabilities	-	(680)
Split-interest liability	<b>162,026</b>	(337,362)
<b>Net cash (used in) operating activities</b>	<b>(508,558)</b>	<b>(390,152)</b>
Cash Flows from Investing Activities		
Purchase of investments	<b>(1,182,950)</b>	(498,425)
Proceeds from sale of investments	<b>1,676,270</b>	1,110,105
Net proceeds from repayment and issuance of notes receivable	<b>(15,185)</b>	25,595
<b>Net cash provided by investing activities</b>	<b>478,135</b>	<b>637,275</b>
Cash Flows from Financing Activities		
Net increase (decrease) in custodial investments	<b>40,986</b>	(195,163)
<b>Net increase in cash and cash equivalents</b>	<b>10,563</b>	51,960
Cash and Cash Equivalents		
Beginning	<b>65,596</b>	13,636
Ending	<b>\$ 76,159</b>	<b>\$ 65,596</b>

See Notes to Financial Statements.

# WYOMING CATHOLIC MINISTRIES FOUNDATION

## NOTES TO FINANCIAL STATEMENTS

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### Note 1. Nature of Organization and Significant Accounting Policies

Nature of organization: Wyoming Catholic Ministries Foundation (the “Foundation”) is a Wyoming church corporation formed to support the religious, charitable, ministerial, and education programs of the Roman Catholic Church in the State of Wyoming. Support is provided through accepting, managing, and distributing gifts and other assets received by the Foundation. The Foundation complies with the Uniform Prudent Management of Institutional Funds Act (“UPMIFA”) as required under Wyoming law, effective July 1, 2009.

The Foundation is related to the Roman Catholic Diocese of Cheyenne (the “Diocese”).

A summary of the significant accounting policies applied in the preparation of the accompanying financial statements follows:

Basis of presentation: The Foundation has adopted Financial Accounting Standards Board (“FASB”) Accounting Standards Codification (“ASC”) Topic 958, *Not-for-Profit Entities*, as the basis of presentation of its financial statements. This Topic establishes standards for external financial reporting by not-for-profit organizations and requires that resources be classified for accounting and reporting purposes into two net asset categories:

*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 Foundation. These net assets may be used at the discretion of the Foundation’s management and the Board of Directors (the “Board”). These also include Board-designated or appropriated amounts.

*Net assets with donor restrictions:* Net assets subject to stipulations imposed by donors and grantors. Some donor restrictions are temporary in nature; these restrictions will be met by actions of the Foundation or by the passage of time. Other donor restrictions are perpetual in nature, where the donor has stipulated the funds must be maintained in perpetuity.

It also requires the Foundation to distinguish between contributions received for each net asset category, in accordance with donor-imposed conditions.

Donor restrictions: Donors can change their designations from different net asset classifications.

Cash and cash equivalents: For purposes of reporting the Statements of Cash Flows, the Foundation considers all money market funds held by banks and certificates of deposit with original maturities of less than 90 days to be cash equivalents. Money market funds obtained through brokers are considered investments. The Foundation maintains its cash in bank deposit accounts that, at times, may exceed Federally insured limits. The Foundation has not experienced any losses in such accounts. The Foundation believes it is not exposed to any significant credit risk on cash and cash equivalents.

Investments and split-interest agreements: The Foundation carries investments in mutual funds with readily determinable fair value in the Statements of Financial Position. Unrealized gains and losses are included in changes in net assets in the accompanying Statements of Activities. Investment income and gains restricted by donors are reported as increases in net assets without donor restrictions if the restrictions are met (either a stipulated time period ends or a purpose restriction is accomplished) in the reporting period in which the income and gains are recognized. These gains and losses are accounted for in the net assets with donor restrictions category that corresponds to each endowment unless the net assets with donor restrictions category corresponding to endowments is reduced to zero, at which time any remaining losses are allocated to net assets without donor restrictions.

# WYOMING CATHOLIC MINISTRIES FOUNDATION

## NOTES TO FINANCIAL STATEMENTS

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Investment pool: The Foundation maintains master investment accounts for its donor-restricted endowments. Realized and unrealized gains and losses from securities in the master investment accounts are allocated to the individual endowments based on the relationship of the value of each endowment to the total value of the master investment accounts, as adjusted for additions to or deductions from those accounts. These gains and losses are accounted for in the net assets with donor restrictions category that corresponds to each endowment unless the net assets with donor restrictions category corresponding to endowments is reduced to zero, at which time any remaining losses are allocated to net assets without donor restrictions.

Split-interest agreement liabilities: Split-interest agreement liabilities are the present value of expected future payments for the lifetime of individuals who have donated split-interest agreements to the Foundation.

Custodial investments: The Foundation has made available to the parishes of the Diocese the opportunity to combine their funds with Foundation funds in order to obtain a greater return on investments than would be available on separate accounts. Income (loss) is allocated to the parishes based on the relationship of their investment to the total amount invested.

Revenue recognition: The Foundation recognizes revenue in accordance with ASC Topic 958 and ASC Topic 606, *Revenue from Contracts with Customers*. Accordingly, the Foundation evaluates whether a transfer of assets is (1) an exchange transaction in which a resource provider is receiving commensurate value in return for the resources transferred or (2) a contribution.

If the transfer of assets is determined to be an exchange transaction, the Foundation applies guidance under ASC Topic 606, which provides for a five-step model for recognizing revenue from contracts with customers, as follows:

- Identify the contract with a customer
- Identify the performance obligations in the contract
- Determine the transaction price
- Allocate the transaction price to the performance obligations in the contract
- Recognize revenue when or as performance obligations are satisfied

If the transfer of assets is determined to be a contribution, ASC Topic 958 applies. Under ASC Topic 958, the Foundation evaluates whether the contribution is conditional based upon whether the agreement includes both (1) one or more barriers that must be overcome before the Foundation is entitled to the assets transferred and promised and (2) a right of return of assets transferred or a right of release of a promisor's obligation to transfer assets.

*Revenue recognition – Parish investment management fee:* Investment management fee revenues are derived from the management of the Parish investments. The Foundation charges a quarterly fee (transaction price) to each Parish. Satisfaction of this implicit contract between the Parish and the Foundation occurs on a quarterly basis as the Foundation provides the various administrative tasks to maintain the investment portfolio (performance obligation). Revenue is recognized at this time. The fee is deducted from the Parish investment balance.

# WYOMING CATHOLIC MINISTRIES FOUNDATION

## NOTES TO FINANCIAL STATEMENTS

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*Revenue recognition – contributions:* The Foundation recognizes contributions in accordance with ASC Topic 958. Unconditional promises to give are recognized as revenue or gain in the period received and as assets, decreases of liabilities, or expenses, depending on the form of the benefits received. Depending on the existence or nature of any donor restrictions, unconditional contributions received are recorded as increases in net assets with donor restrictions or net assets without donor restrictions. When a donor restriction expires (such as when a stipulated time restriction ends), net assets are released to net assets without donor restrictions and are reported as such in the Statements of Activities. Net assets are released from donor restrictions primarily as time restrictions are satisfied. Conditional promises to give are recognized only when the conditions on which they depend are substantially met and promises become unconditional. There were no conditional promises to give received by the Foundation during the years ended June 30, 2020 and 2019. The Foundation expects to receive most contributions within one year or less.

*Expense allocation:* The costs of providing various programs and other activities have been summarized on a functional basis in the Statements of Activities and the Statements of Functional Expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited. Expenses are allocated based on management’s estimate of the relative attention and effort exerted toward specific functional areas.

*Income taxes:* The Foundation is exempt from Federal income taxes by virtue of its inclusion in the Group Ruling issued to the United States Conference of Catholic Bishops by the Internal Revenue Service with respect to the Federal tax status of Catholic organizations listed in the Official Catholic Directory.

Management evaluated the Foundation’s tax positions and concluded that the Foundation had taken no uncertain tax positions that require adjustments to the financial statements to comply with the provisions of this guidance.

*Estimates:* The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America (“U.S. GAAP”) requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

### Recent pronouncements:

*Adopted:* In May 2014, the FASB issued Accounting Standards Update (“ASU”) 2014-09, *Revenue from Contracts with Customers (Topic 606)*. This amendment clarifies the principles for recognizing revenue and develops a common revenue standard for U.S. GAAP and International Financial Reporting Standards. Specifically, this amendment removes inconsistencies and weaknesses in revenue requirements; provides a more robust framework for addressing revenue issues; improves comparability of revenue recognition practices across entities, industries, jurisdictions, and capital markets; provides more useful information to users of financial statements through improved disclosure requirements; and simplifies the preparation of financial statements by reducing the number of requirements to which an entity must refer. In August 2015, the FASB issued ASU 2015-14, which deferred the effective date of ASU 2014-09. Subsequent to ASU 2015-14, the FASB has issued additional ASUs that affect the guidance in ASU 2014-09. For nonpublic entities, the amendments in all ASUs related to Topic 606 are effective for fiscal years beginning after December 15, 2018. The provisions of this ASU were applied to the Foundation’s financial statements as of June 30, 2020 using the full retrospective method. No prior-period restatement was required as there was no direct or indirect effect on net assets or changes in net assets.

# WYOMING CATHOLIC MINISTRIES FOUNDATION

## NOTES TO FINANCIAL STATEMENTS

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In June 2018, the FASB issued ASU 2018-08, *Not-for-Profit Entities (Topic 958): Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. The amendments clarified and improved current guidance about 1) evaluating whether a transaction should be accounted for as a contribution or an exchange transaction and 2) determining whether a contribution is conditional. The provisions of this ASU were applied to the Foundation's financial statements as of June 30, 2020.

*Upcoming:* In February 2016, the FASB issued ASU 2016-02, *Leases (Topic 842)*. This amendment applies to any entity that enters into a lease, with some specified scope exemptions, and was issued to increase transparency and comparability among organizations by recognizing lease assets and lease liabilities on the Balance Sheet and disclosing key information about lease arrangements. In October 2019, the FASB issued ASU 2019-10, which deferred the effective date of ASU 2016-02. For nonpublic entities, the amendments are effective for fiscal years beginning after December 15, 2020. Early adoption is allowed. Upon adoption, the amendment must be applied to the beginning of the earliest period presented using a modified retrospective approach.

The Foundation is currently evaluating the impact that the provisions of the above ASU will have on its financial statements.

Subsequent events: Events occurring subsequent to the Statement of Financial Position date have been evaluated for financial statement impact or disclosure through December 17, 2020, the date the financial statements were available to be issued.

### **Note 2. Investments and Split-Interest Agreement Assets**

The Foundation invests in a professional managed portfolio. In accordance with the Principles for the United States Conference of Catholic Bishops, as promulgated on November 12, 2003, the Foundation invests in a portfolio of indexed domestic and international stock and bond mutual funds, which are screened to eliminate companies that engage in business that is contrary to Catholic social teaching.

Investments and split-interest agreement assets are carried at fair value. U.S. GAAP requires that assets and liabilities carried at fair value be classified and disclosed in one of the following three categories:

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 Foundation has valued its investments and split-interest agreement assets utilizing the Level 1 approach.

## WYOMING CATHOLIC MINISTRIES FOUNDATION

### NOTES TO FINANCIAL STATEMENTS

Investments and split-interest agreement assets at June 30, 2020 and 2019 are presented in the Statements of Financial Position and are composed of the following:

	2020			
	Cost		Fair Value	
	Investments	Split-Interest Agreements	Investments	Split-Interest Agreements
Mutual funds:				
Emerging markets	\$ 1,075,368	\$ 332,629	\$ 929,995	\$ 258,913
Fixed income	4,307,193	1,817,155	4,743,290	2,023,701
Global real estate	1,020,057	331,564	895,780	300,915
International equities	2,217,344	677,039	1,878,690	518,651
U.S. equities	5,651,545	1,897,223	5,584,549	1,792,967
Unallocated investments	-	-	(825,892)	825,892
	<u>\$ 14,271,507</u>	<u>\$ 5,055,610</u>	<u>\$ 13,206,412</u>	<u>\$ 5,721,039</u>

	2019			
	Cost		Fair Value	
	Investments	Split-Interest Agreements	Investments	Split-Interest Agreements
Mutual funds:				
Emerging markets	\$ 938,498	\$ 325,257	\$ 886,119	\$ 283,581
Fixed income	4,981,871	1,935,268	5,120,341	2,011,439
Global real estate	999,086	307,946	1,053,325	338,031
International equities	1,915,500	664,993	1,748,237	567,442
U.S. equities	5,432,566	1,883,971	5,577,706	1,856,929
Unallocated investments	-	-	(456,534)	456,534
	<u>\$ 14,267,521</u>	<u>\$ 5,117,435</u>	<u>\$ 13,929,194</u>	<u>\$ 5,513,956</u>

## WYOMING CATHOLIC MINISTRIES FOUNDATION

### NOTES TO FINANCIAL STATEMENTS

The following schedule summarizes the investment return and its classification in the Statements of Activities for the years ended June 30, 2020 and 2019:

	2020		
	Without Donor Restrictions	With Donor Restrictions	Total
Investments:			
Investment and interest income	\$ 4,832	\$ 328,641	\$ 333,473
Net realized and unrealized gain	(194)	(229,268)	(229,462)
<b>Total investment return</b>	<b>\$ 4,638</b>	<b>\$ 99,373</b>	<b>\$ 104,011</b>
Split-interest agreements:			
Split-interest agreement interest and dividends	\$ -	\$ 163,126	\$ 163,126
Net realized and unrealized gain	-	(99,155)	(99,155)
<b>Total investment return</b>	<b>\$ -</b>	<b>\$ 63,971</b>	<b>\$ 63,971</b>
	2019		
	Without Donor Restrictions	With Donor Restrictions	Total
Investments:			
Investment and interest income	\$ 7,507	\$ 295,159	\$ 302,666
Net realized and unrealized gain	338	227,109	227,447
<b>Total investment return</b>	<b>\$ 7,845</b>	<b>\$ 522,268</b>	<b>\$ 530,113</b>
Split-interest agreements:			
Split-interest agreement interest and dividends	\$ -	\$ 79,212	\$ 79,212
Net realized and unrealized gain	-	125,376	125,376
<b>Total investment return</b>	<b>\$ -</b>	<b>\$ 204,588</b>	<b>\$ 204,588</b>

#### Note 3. Net Assets with Donor Restrictions, including Endowments

The Foundation has several endowments that are classified and reported in net assets with donor restrictions. These endowments represent resources that are subject to restrictions of gift instruments. The net assets with donor restrictions result from the donors' specifications that the funds be invested and that, generally, the income only be used in accordance with the donors' specifications. Such income is recorded as net assets with donor restrictions.

Also included in net assets with donor restrictions are funds that are expendable only for operating purposes specified by the donor.

## WYOMING CATHOLIC MINISTRIES FOUNDATION

### NOTES TO FINANCIAL STATEMENTS

Net assets released from restrictions: Net assets were released from donor restrictions by incurring expenses satisfying the restricted purposes or by occurrence of other events specified by donors during the years ended June 30, 2020 and 2019, as follows:

	<u>2020</u>	<u>2019</u>
Purpose restrictions accomplished:		
Operating expenses	<u>\$ 721,851</u>	<u>\$ 958,208</u>

Net assets with donor restrictions: Donor-restricted net assets are available for the following purposes or periods as of June 30, 2020 and 2019:

	<u>2020</u>	<u>2019</u>
Endowments:		
Vocations	\$ 1,033,648	\$ 1,033,648
Clergy	80,000	80,000
Legacy of Faith	2,312,725	2,312,725
Seminarian Education Endowment	70,358	70,358
Diocesan Operations Endowment	70,358	70,358
	<u>3,567,089</u>	<u>3,567,089</u>
Other donor-restricted net assets:		
Operating expenses	<u>8,313,187</u>	<u>9,111,081</u>
<b>Net assets with donor restrictions</b>	<u><b>\$ 11,880,276</b></u>	<u><b>\$ 12,678,170</b></u>

There were no changes to the endowments during the years ended June 30, 2020 and 2019.

The following illustrates the changes in net assets with donor restrictions by type of funds during the years ended June 30, 2020 and 2019:

	<u>2020</u>	<u>2019</u>
Net assets, beginning of year	\$ 12,678,170	\$ 12,542,402
Investment return:		
Investment income	262,509	601,480
Split-interest agreements:		
Change in fair market value	(99,165)	125,376
Change in liability	(242,859)	337,362
Contribution	3,472	29,758
Appropriation for expenditures	-	-
Releases	(721,851)	(958,208)
<b>Net assets, end of year</b>	<u><b>\$ 11,880,276</b></u>	<u><b>\$ 12,678,170</b></u>

# WYOMING CATHOLIC MINISTRIES FOUNDATION

## NOTES TO FINANCIAL STATEMENTS

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The Foundation has interpreted Wyoming's UPMIFA as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent the explicit donor stipulation to the contrary. As a result of this interpretation, the Foundation classifies as donor-restricted net assets (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund.

From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor or UPMIFA requires the Foundation to retain as a fund of perpetual duration. In accordance with U.S. GAAP, there were no deficiencies of this nature as of June 30, 2020 and 2019.

In accordance with UPMIFA, the Foundation considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

1. The duration and preservation of the fund;
2. The purposes of the Foundation and the donor-restricted endowment fund;
3. General economic conditions;
4. The possible effect of inflation and deflation;
5. The expected total return from income and the appreciation of investments;
6. Other resources of the Foundation; and
7. The investment policies of the Foundation.

Endowment return objectives, risk parameters, and spending policy: The Foundation has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment while seeking to maintain the purchasing power of the endowment assets. Endowment assets include those assets of donor-restricted funds that the Foundation must hold in perpetuity or for a donor-specified period. It is the Foundation's policy to appropriate actual earnings on endowment investments.

### **Note 4. Split-Interest Agreements**

The Foundation administers three trusts related to irrevocable split-interest agreements.

The designated beneficiary for the two Ambrose Trusts (the "Trusts") receives all distributions from one trust and one-half of the distributions from the other trust for her lifetime. The Foundation has recognized the trust assets at their fair value and recorded a liability at June 30, 2020 and 2019 of \$1,258,808 and \$1,129,045, respectively, the present value of the estimated future payments to the beneficiary, discounted at 3.5%. Payments to the beneficiary were \$117,402 and \$102,357 for the years ended June 30, 2020 and 2019, respectively. The Diocese also receives distributions from one of the Ambrose Trusts. See further discussion in Note 6.

Effective January 6, 2011, the Trusts were converted from an income trust to a total return unitrust. Prior to the conversion of the Trusts, the Trusts provided for the distribution of income generated by the Trusts. The total return unitrust provides for an annual distribution to be paid to the beneficiary and the Foundation of 3% to 5% of the fair value of the Trusts' assets as of the June 30th prior to the start of the fiscal year.

## WYOMING CATHOLIC MINISTRIES FOUNDATION

### NOTES TO FINANCIAL STATEMENTS

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Payments for the Trusts to be made over the next five years and thereafter are as follows:

Year ending June 30:	<u>Principal</u>	<u>Interest</u>
2021	\$ 74,312	\$ 43,090
2022	76,948	40,455
2023	79,676	37,726
2024	82,502	34,901
2025	85,428	31,975
Thereafter	859,942	137,979
	<u>\$ 1,258,808</u>	<u>\$ 326,126</u>

In April 2013, the Foundation received real estate as part of the Adams Charitable Remainder Unitrust agreement (the “Adams Trust”). In accordance with the trust agreement, the Foundation sold the property in 2015 and used the proceeds to make annuity payments to the grantors for the remainder of their lives. After death of the grantors, all principal and income resulting from the sale of the property will revert to the Foundation. For the remainder of their lives, the beneficiaries are to receive quarterly payments equaling 1.25% of the fair value of the Adams Trust’s net assets. The fair value of the Adams Trust’s net assets will be determined on December 31 of each year. Payments to the beneficiary were \$17,781 and \$17,108 for the years ended June 30, 2020 and 2019, respectively.

The Foundation has recognized the Adams Trust assets at their fair value and recorded a liability at June 30, 2020 and 2019 of \$295,031 and \$262,768, respectively, the present value of the estimated future payments to the beneficiaries, discounted at 3.11%.

Payments for the Adams Trust to be made over the next five years and thereafter are as follows:

Year ending June 30:	<u>Principal</u>	<u>Interest</u>
2021	\$ 9,965	\$ 9,060
2022	10,279	8,746
2023	10,602	8,423
2024	10,936	8,089
2025	11,280	7,745
Thereafter	241,969	67,191
	<u>\$ 295,031</u>	<u>\$ 109,254</u>

## WYOMING CATHOLIC MINISTRIES FOUNDATION

### NOTES TO FINANCIAL STATEMENTS

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#### Note 5. Custodial Investments

At June 30, 2020 and 2019, the custodial investments consisted of the following:

	<u>2020</u>	<u>2019</u>
St. John the Baptist - Buffalo	\$ 900,199	\$ 794,288
PNC Humanae	405,336	395,697
SPNC Youth	333,621	330,992
St. Mary's - Cheyenne	211,487	196,115
St. Paul's - Sundance	205,973	204,350
St. Mary's - Building	199,527	197,955
Holy Spirit Community - Rock Springs	183,241	136,829
Our Lady of Fatima - Casper	176,873	175,494
Our Lady of Peace - Pinedale	176,388	174,998
St. Matthew's Building Funds	165,366	164,063
St. Matthew's Church	151,906	150,710
St. Patrick Mission Church - Moorcroft	141,758	140,641
St. Patrick's - Wheatland	139,782	138,681
St. Louis - Glenrock	137,916	181,799
St. Rose - Torrington	134,443	133,384
St. Barbara - Powell	99,172	98,390
St. Paul's - Pine Bluffs	38,426	38,123
SPNC Moran	24,980	24,783
St. Paul's CCW - Pine Bluffs	15,868	16,486
SPNC Porter	11,584	36,873
St. Anthony's - Upton	5,470	5,426
Holy Spirit Catholic School	-	82,253
	<u>\$ 3,859,316</u>	<u>\$ 3,818,330</u>

#### Note 6. Related-Party Transactions

During the years ended June 30, 2020 and 2019, the Foundation provided general support contributions to the Diocese in the amount of \$138,421 and \$170,467, respectively. The Foundation also contributed \$170,365 and \$196,819 for the years ended June 30, 2020 and 2019, respectively, to the Diocese. These amounts include quarterly distributions from the Trusts. For the years ended June 30, 2020 and 2019, the distributions were approximately \$108,000 and \$94,000, respectively. These funds are used for seminarian education. The remainder of the contributions to the Diocese are for general seminarian expenses.

The Diocese provided administrative services for the Foundation for which the Foundation paid \$43,858 and \$36,244 for the years ended June 30, 2020 and 2019, respectively.

During the year ended June 30, 2012, the Foundation began leasing a fundraising software program to the Diocese. The lease period was 10 years, with quarterly payments of \$1,606. This lease expires in July 2021.

## WYOMING CATHOLIC MINISTRIES FOUNDATION

### NOTES TO FINANCIAL STATEMENTS

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#### Note 7. Notes Receivable

Notes receivable consist of a \$100,000 line of credit extended to the St. Laurence O'Toole Church, Inc. in December 2015. The purpose of the line of credit is to provide financing assistance for building projects, renovation, maintenance, or emergency repairs. A nominal rate of interest of 1.7% is charged and payments, dependent upon the total amount borrowed, are due bi-annually over a period of less than seven years. The balance of the note at June 30, 2020 and 2019 was \$5,755 and \$21,583, respectively.

The Foundation also provided a \$150,000 loan to St. Louis Church, Inc. (Glenrock, Wyoming) in July 2016. The purpose of the loan is to provide financing for the purchase of a new rectory home across the street from the church. A nominal rate of interest of 1.7% is charged and \$700 equal payments are due monthly over a period of less than five years, with a balloon payment of \$120,544 due at the end of the term. The balance of the note at June 30, 2020 and 2019 was \$126,584 and \$133,286, respectively.

The Foundation also provided a \$44,000 loan to Our Lady of Peace Church, Inv. (Pinedale, Wyoming) in July 2019. The purpose of the loan is to provide financing for the purchase of a property for use by the church. A nominal rate of interest of 2.06% is charged and \$772 equal payments are due monthly over a period of five years. The balance of the note at June 30, 2020 is \$37,715.

#### Note 8. Liquidity and Availability of Financial Assets

The Foundation has a goal to maintain financial assets, which consist of cash, cash equivalents, and investment securities, that are sufficient to meet the normal operating expenses for one year. Annual operating expenses range from \$223,500 to \$271,500. The Foundation's Board has set a policy regarding its level of reserves and evaluates the policy on an annual basis.

The Foundation has the following financial assets that could readily be made available within one year of each Statement of Financial Position date to fund expenses without limitations:

	<u>2020</u>	<u>2019</u>
Cash	\$ 76,159	\$ 65,596
Investments	<u>13,206,412</u>	<u>13,929,194</u>
Total financial assets	<u>13,282,571</u>	13,994,790
Less: Donor-imposed restrictions:		
Endowment fund	3,567,089	3,567,089
Other donor-restricted net assets	8,313,187	9,111,081
Less: Long-term investments held for others	<u>3,859,316</u>	<u>3,818,330</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ (2,457,021)</u>	<u>\$ (2,501,710)</u>

## WYOMING CATHOLIC MINISTRIES FOUNDATION

### NOTES TO FINANCIAL STATEMENTS

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#### **Note 9. COVID-19 Global Pandemic**

During March 2020, a global pandemic was declared by the World Health Organization related to the rapidly growing outbreak of a novel strain of coronavirus (COVID-19). The pandemic has impacted, and continues to significantly impact, the economic conditions in the U.S. as Federal, State, and local governments react to the public health crisis, and has created significant uncertainties in the U.S. economy. It is unknown how long the adverse economic conditions associated with the coronavirus will last and what the complete financial effect will be, if any, to the Foundation.