

**CATHOLIC FOUNDATION FOR  
THE PEOPLE OF THE DIOCESE OF BISMARCK  
BISMARCK, NORTH DAKOTA**

AUDITED FINANCIAL STATEMENTS

FOR THE YEARS ENDED JUNE 30, 2014 AND 2013

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CERTIFIED PUBLIC ACCOUNTANTS  
AND CONSULTANTS

## INDEPENDENT AUDITOR'S REPORT

The Board of Directors  
Catholic Foundation for the People of the Diocese of Bismarck  
Bismarck, North Dakota

We have audited the accompanying financial statements of Catholic Foundation for the People of the Diocese of Bismarck (a nonprofit organization), which comprise the statements of financial position as of June 30, 2014 and 2013, and the related statements of activities 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**

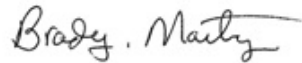
Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free from 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 entity'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 entity'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 Catholic Foundation for the People of the Diocese of Bismarck as of June 30, 2014 and 2013, 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.

A handwritten signature in cursive script that reads "Brady Martz".

**BRADY, MARTZ & ASSOCIATES, P.C.**

Bismarck, North Dakota

November 5, 2014

**CATHOLIC FOUNDATION FOR THE PEOPLE OF THE DIOCESE OF BISMARCK**  
**STATEMENT OF FINANCIAL POSITION**  
**JUNE 30, 2014**

	Clearing Account	Catholic School and Education Endowment Fund	Priests' Care Fund	Seminarian Scholarship Major Fund	Seminarian Scholarship Minor Fund	Bishop Zipfel Endowment Fund	Donor Advised Endowment Fund	Home on the Range Endowment Funds	Light of Christ Catholic Schools of Excellence Endowment Fund	Parish Endowment Funds
<b>ASSETS</b>										
Cash and cash equivalents	\$ 6,125	\$ (34,636)	\$ (33,257)	\$ 32,855	\$ (58,999)	\$ 3,586	\$ 708	\$ 12,566	\$ 610	\$ 27,177
Accounts/pledges receivable, net of allowance for doubtful accounts	-	2,187	2,147	2,069	15,000	-	-	-	-	-
Interest receivable	-	7,216	7,397	17,183	693	387	77	1,356	79	3,067
Annuity receivable	-	11,977	11,759	214,055	228	-	-	-	121	-
Investments	-	2,470,207	2,429,527	5,672,265	227,638	127,112	25,142	445,287	25,897	1,007,337
<b>Total assets</b>	<b>\$ 6,125</b>	<b>\$ 2,456,951</b>	<b>\$ 2,417,573</b>	<b>\$ 5,938,427</b>	<b>\$ 184,560</b>	<b>\$ 131,085</b>	<b>\$ 25,927</b>	<b>\$ 459,209</b>	<b>\$ 26,707</b>	<b>\$ 1,037,581</b>
<b>LIABILITIES AND NET ASSETS</b>										
<b>LIABILITIES</b>										
Accounts payable and accrued expenses	\$ 6,125	\$ 9,512	\$ 9,360	\$ 75,537	\$ 715	\$ 508	\$ 100	\$ 1,778	\$ 103	\$ 4,022
Funds held for others	-	-	-	-	-	-	-	-	-	-
<b>Total liabilities</b>	<b>6,125</b>	<b>9,512</b>	<b>9,360</b>	<b>75,537</b>	<b>715</b>	<b>508</b>	<b>100</b>	<b>1,778</b>	<b>103</b>	<b>4,022</b>
<b>NET ASSETS</b>										
<b>Temporarily restricted</b>										
Catholic School and Education Endowment Fund	-	540,141	-	-	-	-	-	-	-	-
Priests' Care Fund	-	-	563,792	-	-	-	-	-	-	-
Seminarian Scholarship Major Fund	-	-	-	3,980,054	-	-	-	-	-	-
Seminarian Scholarship Minor Fund	-	-	-	-	11,358	-	-	-	-	-
Bishop Zipfel Endowment Fund	-	-	-	-	-	6,884	-	-	-	-
Donor Advised Endowment Fund	-	-	-	-	-	-	828	-	-	-
Home on the Range Endowment Funds	-	-	-	-	-	-	-	27,848	-	-
Light of Christ Catholic Schools of Excellence Endowment Fund	-	-	-	-	-	-	-	-	1,354	-
Parish Endowment Funds	-	-	-	-	-	-	-	-	-	54,140
East Africa Mission	-	-	-	-	-	-	-	-	-	-
Brady Trust Fund	-	-	-	-	-	-	-	-	-	-
Hacker Trust Fund	-	-	-	-	-	-	-	-	-	-
Kuhn Trust Fund	-	-	-	-	-	-	-	-	-	-
Catholic Relief Fund	-	-	-	-	-	-	-	-	-	-
<b>Total temporarily restricted</b>	<b>-</b>	<b>540,141</b>	<b>563,792</b>	<b>3,980,054</b>	<b>11,358</b>	<b>6,884</b>	<b>828</b>	<b>27,848</b>	<b>1,354</b>	<b>54,140</b>
<b>Permanently restricted</b>										
Catholic School and Education Endowment Fund	-	1,907,298	-	-	-	-	-	-	-	-
Priests' Care Fund	-	-	1,844,421	-	-	-	-	-	-	-
Seminarian Scholarship Major Fund	-	-	-	1,882,836	-	-	-	-	-	-
Seminarian Scholarship Minor Fund	-	-	-	-	172,487	-	-	-	-	-
Bishop Zipfel Endowment Fund	-	-	-	-	-	123,693	-	-	-	-
Donor Advised Endowment Fund	-	-	-	-	-	-	24,999	-	-	-
Home on the Range Endowment Funds	-	-	-	-	-	-	-	429,583	-	-
Light of Christ Catholic Schools of Excellence Endowment Fund	-	-	-	-	-	-	-	-	25,250	-
Parish Endowment Funds	-	-	-	-	-	-	-	-	-	979,419
<b>Total permanently restricted</b>	<b>-</b>	<b>1,907,298</b>	<b>1,844,421</b>	<b>1,882,836</b>	<b>172,487</b>	<b>123,693</b>	<b>24,999</b>	<b>429,583</b>	<b>25,250</b>	<b>979,419</b>
<b>Total net assets</b>	<b>-</b>	<b>2,447,439</b>	<b>2,408,213</b>	<b>5,862,890</b>	<b>183,845</b>	<b>130,577</b>	<b>25,827</b>	<b>457,431</b>	<b>26,604</b>	<b>1,033,559</b>
<b>Total liabilities and net assets</b>	<b>\$ 6,125</b>	<b>\$ 2,456,951</b>	<b>\$ 2,417,573</b>	<b>\$ 5,938,427</b>	<b>\$ 184,560</b>	<b>\$ 131,085</b>	<b>\$ 25,927</b>	<b>\$ 459,209</b>	<b>\$ 26,707</b>	<b>\$ 1,037,581</b>

See Notes to Financial Statements

**CATHOLIC FOUNDATION FOR THE PEOPLE OF THE DIOCESE OF BISMARCK**  
**STATEMENT OF FINANCIAL POSITION - CONTINUED**  
**JUNE 30, 2014**

	East Africa Mission	Brady Trust Fund	Hacker Trust Fund	Kuhn Trust Fund	Bishop Ryan Catholic School Mission Trip Scholarship	Diocese of Bismarck Agency Fund	Home on the Range Agency Funds	Parish Agency Funds	Elmer Rapp Fund	Catholic Relief Fund	Total
<b>ASSETS</b>											
Cash and cash equivalents	\$ 32,402	\$ -	\$ -	\$ -	\$ 684	\$ 5,102	\$ 66,219	\$ 16,025	\$ 1,582	\$ 4,297	\$ 83,046
Accounts/pledges receivable, net of allowance for doubtful accounts	-	-	-	-	-	-	-	-	-	-	21,403
Interest receivable	2,925	-	-	-	74	550	7,144	1,745	169	467	50,529
Annuity receivable	-	-	-	-	-	-	-	-	-	-	238,140
Investments	960,601	19,000	78,378	125,000	24,231	180,773	2,346,568	573,132	55,604	153,548	16,947,247
<b>Total assets</b>	<b>\$ 995,928</b>	<b>\$ 19,000</b>	<b>\$ 78,378</b>	<b>\$ 125,000</b>	<b>\$ 24,989</b>	<b>\$ 186,425</b>	<b>\$ 2,419,931</b>	<b>\$ 590,902</b>	<b>\$ 57,355</b>	<b>\$ 158,312</b>	<b>\$ 17,340,365</b>
<b>LIABILITIES AND NET ASSETS</b>											
<b>LIABILITIES</b>											
Accounts payable and accrued expenses	\$ 193,222	\$ -	\$ -	\$ -	\$ 97	\$ 722	\$ 9,369	\$ 2,288	\$ 230	\$ 613	\$ 314,301
Funds held for others	-	-	-	-	24,892	185,703	2,410,562	588,614	57,125	-	3,266,896
<b>Total liabilities</b>	<b>193,222</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>24,989</b>	<b>186,425</b>	<b>2,419,931</b>	<b>590,902</b>	<b>57,355</b>	<b>613</b>	<b>3,581,197</b>
<b>NET ASSETS</b>											
<b>Temporarily restricted</b>											
Catholic School and Education Endowment Fund	-	-	-	-	-	-	-	-	-	-	540,141
Priests' Care Fund	-	-	-	-	-	-	-	-	-	-	563,792
Seminarian Scholarship Major Fund	-	-	-	-	-	-	-	-	-	-	3,980,054
Seminarian Scholarship Minor Fund	-	-	-	-	-	-	-	-	-	-	11,358
Bishop Zipfel Endowment Fund	-	-	-	-	-	-	-	-	-	-	6,884
Donor Advised Endowment Fund	-	-	-	-	-	-	-	-	-	-	828
Home on the Range Endowment Funds	-	-	-	-	-	-	-	-	-	-	27,848
Light of Christ Catholic Schools of Excellence Endowment Fund	-	-	-	-	-	-	-	-	-	-	1,354
Parish Endowment Funds	-	-	-	-	-	-	-	-	-	-	54,140
East Africa Mission	802,706	-	-	-	-	-	-	-	-	-	802,706
Brady Trust Fund	-	19,000	-	-	-	-	-	-	-	-	19,000
Hacker Trust Fund	-	-	78,378	-	-	-	-	-	-	-	78,378
Kuhn Trust Fund	-	-	-	125,000	-	-	-	-	-	-	125,000
Catholic Relief Fund	-	-	-	-	-	-	-	-	-	157,699	157,699
<b>Total temporarily restricted</b>	<b>802,706</b>	<b>19,000</b>	<b>78,378</b>	<b>125,000</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>157,699</b>	<b>6,369,182</b>
<b>Permanently restricted</b>											
Catholic School and Education Endowment Fund	-	-	-	-	-	-	-	-	-	-	1,907,298
Priests' Care Fund	-	-	-	-	-	-	-	-	-	-	1,844,421
Seminarian Scholarship Major Fund	-	-	-	-	-	-	-	-	-	-	1,882,836
Seminarian Scholarship Minor Fund	-	-	-	-	-	-	-	-	-	-	172,487
Bishop Zipfel Endowment Fund	-	-	-	-	-	-	-	-	-	-	123,693
Donor Advised Endowment Fund	-	-	-	-	-	-	-	-	-	-	24,999
Home on the Range Endowment Funds	-	-	-	-	-	-	-	-	-	-	429,583
Light of Christ Catholic Schools of Excellence Endowment Fund	-	-	-	-	-	-	-	-	-	-	25,250
Parish Endowment Funds	-	-	-	-	-	-	-	-	-	-	979,419
<b>Total permanently restricted</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>7,389,986</b>
<b>Total net assets</b>	<b>802,706</b>	<b>19,000</b>	<b>78,378</b>	<b>125,000</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>157,699</b>	<b>13,759,168</b>
<b>Total liabilities and net assets</b>	<b>\$ 995,928</b>	<b>\$ 19,000</b>	<b>\$ 78,378</b>	<b>\$ 125,000</b>	<b>\$ 24,989</b>	<b>\$ 186,425</b>	<b>\$ 2,419,931</b>	<b>\$ 590,902</b>	<b>\$ 57,355</b>	<b>\$ 158,312</b>	<b>\$ 17,340,365</b>

See Notes to Financial Statements

**CATHOLIC FOUNDATION FOR THE PEOPLE OF THE DIOCESE OF BISMARCK**  
**STATEMENT OF FINANCIAL POSITION**  
**JUNE 30, 2013**

	Clearing Account	Catholic School and Education Endowment Fund	Priests' Care Fund	Elmer Rapp Fund	Seminarian Scholarship	Brady Trust Fund	Kuhn Trust Fund	East Africa Mission	Hacker Trust Fund	Catholic Relief Fund	Total
<b>ASSETS</b>											
Cash and cash equivalents	\$ 3,286	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 3,286
Accounts/pledges receivable, net of allowance for doubtful accounts	-	2,188	2,146	-	2,069	-	-	-	-	-	6,403
Interest receivable	-	7,687	7,776	1	16,969	-	-	4,176	-	597	37,206
Annuity receivable	-	-	-	-	267,801	-	-	4,700	-	-	272,501
Investments	-	2,151,853	2,143,879	50,889	5,034,433	19,000	125,000	647,264	74,022	139,934	10,386,274
<b>Total assets</b>	<b>\$ 3,286</b>	<b>\$ 2,161,728</b>	<b>\$ 2,153,801</b>	<b>\$ 50,890</b>	<b>\$ 5,321,272</b>	<b>\$ 19,000</b>	<b>\$ 125,000</b>	<b>\$ 656,140</b>	<b>\$ 74,022</b>	<b>\$ 140,531</b>	<b>\$ 10,705,670</b>
<b>LIABILITIES AND NET ASSETS</b>											
<b>LIABILITIES</b>											
Accounts payable and accrued expenses	\$ 3,286	\$ -	\$ -	\$ -	\$ 45,197	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 48,483
Funds held for others	-	-	-	50,890	-	-	-	-	-	-	50,890
<b>Total liabilities</b>	<b>3,286</b>	<b>-</b>	<b>-</b>	<b>50,890</b>	<b>45,197</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>99,373</b>
<b>NET ASSETS</b>											
<b>Temporarily restricted</b>											
Catholic School and Education Endowment Fund	-	364,470	-	-	-	-	-	-	-	-	364,470
Priests' Care Fund	-	-	386,637	-	-	-	-	-	-	-	386,637
Seminarian Scholarship	-	-	-	-	3,543,278	-	-	-	-	-	3,543,278
Brady Trust Fund	-	-	-	-	-	19,000	-	-	-	-	19,000
Kuhn Trust Fund	-	-	-	-	-	-	125,000	-	-	-	125,000
East Africa Mission	-	-	-	-	-	-	-	656,140	-	-	656,140
Hacker Trust Fund	-	-	-	-	-	-	-	-	74,022	-	74,022
Catholic Relief Fund	-	-	-	-	-	-	-	-	-	140,531	140,531
<b>Total temporarily restricted</b>	<b>-</b>	<b>364,470</b>	<b>386,637</b>	<b>-</b>	<b>3,543,278</b>	<b>19,000</b>	<b>125,000</b>	<b>656,140</b>	<b>74,022</b>	<b>140,531</b>	<b>5,309,078</b>
<b>Permanently restricted</b>											
Catholic School and Education Endowment Fund	-	1,797,258	-	-	-	-	-	-	-	-	1,797,258
Priests' Care Fund	-	-	1,767,164	-	-	-	-	-	-	-	1,767,164
Seminarian Scholarship	-	-	-	-	1,732,797	-	-	-	-	-	1,732,797
<b>Total permanently restricted</b>	<b>-</b>	<b>1,797,258</b>	<b>1,767,164</b>	<b>-</b>	<b>1,732,797</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>5,297,219</b>
<b>Total net assets</b>	<b>-</b>	<b>2,161,728</b>	<b>2,153,801</b>	<b>-</b>	<b>5,276,075</b>	<b>19,000</b>	<b>125,000</b>	<b>656,140</b>	<b>74,022</b>	<b>140,531</b>	<b>10,606,297</b>
<b>Total liabilities and net assets</b>	<b>\$ 3,286</b>	<b>\$ 2,161,728</b>	<b>\$ 2,153,801</b>	<b>\$ 50,890</b>	<b>\$ 5,321,272</b>	<b>\$ 19,000</b>	<b>\$ 125,000</b>	<b>\$ 656,140</b>	<b>\$ 74,022</b>	<b>\$ 140,531</b>	<b>\$ 10,705,670</b>

See Notes to Financial Statements

**CATHOLIC FOUNDATION FOR THE PEOPLE OF THE DIOCESE OF BISMARCK**  
**STATEMENT OF ACTIVITIES**  
**FOR THE YEAR ENDED JUNE 30, 2014**

	Catholic School and Education Endowment Fund			Priests' Care Fund			Seminarian Scholarship Major Fund		
	Unrestricted	Temporarily Restricted	Permanently Restricted	Unrestricted	Temporarily Restricted	Permanently Restricted	Unrestricted	Temporarily Restricted	Permanently Restricted
<b>SUPPORT AND REVENUE</b>									
Contributions and bequests									
Other contributions	\$ -	\$ 12,696	\$ 60,040	\$ -	\$ 12,469	\$ 77,257	\$ -	\$ 47,290	\$ 150,039
Investment and interest income	-	46,500	-	-	46,869	-	-	109,408	-
Realized and unrealized gain (loss) on investments	-	239,080	-	-	240,653	-	-	561,589	-
Funds released from restrictions	122,605	(122,605)	-	122,836	(122,836)	-	281,511	(281,511)	-
Funds transferred	-	-	50,000	-	-	-	-	-	-
<b>Total support and revenue</b>	<b>122,605</b>	<b>175,671</b>	<b>110,040</b>	<b>122,836</b>	<b>177,155</b>	<b>77,257</b>	<b>281,511</b>	<b>436,776</b>	<b>150,039</b>
<b>EXPENSES</b>									
Administrative expenses	20,313	-	-	20,649	-	-	47,850	-	-
Funds released to programs	102,292	-	-	102,187	-	-	233,661	-	-
<b>Total expenses</b>	<b>122,605</b>	<b>-</b>	<b>-</b>	<b>122,836</b>	<b>-</b>	<b>-</b>	<b>281,511</b>	<b>-</b>	<b>-</b>
<b>(DECREASE) INCREASE IN NET ASSETS</b>	<b>-</b>	<b>175,671</b>	<b>110,040</b>	<b>-</b>	<b>177,155</b>	<b>77,257</b>	<b>-</b>	<b>436,776</b>	<b>150,039</b>
<b>NET ASSETS, BEGINNING OF YEAR</b>	<b>-</b>	<b>364,470</b>	<b>1,797,258</b>	<b>-</b>	<b>386,637</b>	<b>1,767,164</b>	<b>-</b>	<b>3,543,278</b>	<b>1,732,797</b>
<b>NET ASSETS, END OF YEAR</b>									
Unrestricted	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Temporarily restricted	\$ -	\$ 540,141	\$ -	\$ -	\$ 563,792	\$ -	\$ -	\$ 3,980,054	\$ -
Permanently restricted	\$ -	\$ -	\$ 1,907,298	\$ -	\$ -	\$ 1,844,421	\$ -	\$ -	\$ 1,882,836

See Notes to Financial Statements



**CATHOLIC FOUNDATION FOR THE PEOPLE OF THE DIOCESE OF BISMARCK**  
**STATEMENT OF ACTIVITIES - CONTINUED**  
**FOR THE YEAR ENDED JUNE 30, 2014**

	<u>Seminarian Scholarship Minor Fund</u>			<u>Bishop Zipfel Endowment Fund</u>			<u>Donor Advised Endowment Fund</u>		
	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>
<b>SUPPORT AND REVENUE</b>									
Contributions and bequests									
Other contributions	\$ -	\$ -	\$ 222,487	\$ -	\$ -	\$ 123,693	\$ -	\$ -	\$ 24,999
Investment and interest income	-	2,574	-	-	1,582	-	-	232	-
Realized and unrealized gain (loss) on investments	-	10,302	-	-	6,165	-	-	759	-
Funds released from restrictions	1,518	(1,518)	-	863	(863)	-	163	(163)	-
Funds transferred	-	-	(50,000)	-	-	-	-	-	-
<b>Total support and revenue</b>	<u>1,518</u>	<u>11,358</u>	<u>172,487</u>	<u>863</u>	<u>6,884</u>	<u>123,693</u>	<u>163</u>	<u>828</u>	<u>24,999</u>
<b>EXPENSES</b>									
Administrative expenses	1,518	-	-	863	-	-	163	-	-
Funds released to programs	-	-	-	-	-	-	-	-	-
<b>Total expenses</b>	<u>1,518</u>	<u>-</u>	<u>-</u>	<u>863</u>	<u>-</u>	<u>-</u>	<u>163</u>	<u>-</u>	<u>-</u>
<b>(DECREASE) INCREASE IN NET ASSETS</b>	-	11,358	172,487	-	6,884	123,693	-	828	24,999
<b>NET ASSETS, BEGINNING OF YEAR</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>NET ASSETS, END OF YEAR</b>									
Unrestricted	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Temporarily restricted	<u>\$ -</u>	<u>\$ 11,358</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 6,884</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 828</u>	<u>\$ -</u>
Permanently restricted	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 172,487</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 123,693</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 24,999</u>

See Notes to Financial Statements

**CATHOLIC FOUNDATION FOR THE PEOPLE OF THE DIOCESE OF BISMARCK**  
**STATEMENT OF ACTIVITIES - CONTINUED**  
**FOR THE YEAR ENDED JUNE 30, 2014**

	Home on the Range Endowment Funds			Light of Christ Catholic Schools of Excellence Endowment Fund			Parish Endowment Funds		
	Unrestricted	Temporarily Restricted	Permanently Restricted	Unrestricted	Temporarily Restricted	Permanently Restricted	Unrestricted	Temporarily Restricted	Permanently Restricted
<b>SUPPORT AND REVENUE</b>									
Contributions and bequests									
Other contributions	\$ -	\$ -	\$ 429,583	\$ -	\$ -	\$ 25,250	\$ -	\$ -	\$ 979,419
Investment and interest income	-	6,272	-	-	208	-	-	9,738	-
Realized and unrealized gain (loss) on investments	-	24,692	-	-	1,290	-	-	50,593	-
Funds released from restrictions	3,116	(3,116)	-	144	(144)	-	6,191	(6,191)	-
Funds transferred	-	-	-	-	-	-	-	-	-
<b>Total support and revenue</b>	<b>3,116</b>	<b>27,848</b>	<b>429,583</b>	<b>144</b>	<b>1,354</b>	<b>25,250</b>	<b>6,191</b>	<b>54,140</b>	<b>979,419</b>
<b>EXPENSES</b>									
Administrative expenses	3,116	-	-	144	-	-	6,191	-	-
Funds released to programs	-	-	-	-	-	-	-	-	-
<b>Total expenses</b>	<b>3,116</b>	<b>-</b>	<b>-</b>	<b>144</b>	<b>-</b>	<b>-</b>	<b>6,191</b>	<b>-</b>	<b>-</b>
<b>(DECREASE) INCREASE IN NET ASSETS</b>	<b>-</b>	<b>27,848</b>	<b>429,583</b>	<b>-</b>	<b>1,354</b>	<b>25,250</b>	<b>-</b>	<b>54,140</b>	<b>979,419</b>
<b>NET ASSETS, BEGINNING OF YEAR</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>NET ASSETS, END OF YEAR</b>									
Unrestricted	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Temporarily restricted	\$ -	\$ 27,848	\$ -	\$ -	\$ 1,354	\$ -	\$ -	\$ 54,140	\$ -
Permanently restricted	\$ -	\$ -	\$ 429,583	\$ -	\$ -	\$ 25,250	\$ -	\$ -	\$ 979,419

See Notes to Financial Statements

**CATHOLIC FOUNDATION FOR THE PEOPLE OF THE DIOCESE OF BISMARCK**  
**STATEMENT OF ACTIVITIES - CONTINUED**  
**FOR THE YEAR ENDED JUNE 30, 2014**

	East Africa Mission		Brady Trust Fund		Hacker Trust Fund		Kuhn Trust Fund		Catholic Relief Fund		Total
	Unrestricted	Temporarily Restricted	Unrestricted	Temporarily Restricted	Unrestricted	Temporarily Restricted	Unrestricted	Temporarily Restricted	Unrestricted	Temporarily Restricted	
<b>SUPPORT AND REVENUE</b>											
Contributions and bequests											
Other contributions	\$ -	\$ 249,382	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,414,604
Investment and interest income	-	15,020	-	-	-	3,618	-	-	-	3,013	245,034
Realized and unrealized gain (loss) on investments	-	78,586	-	-	-	1,481	-	-	-	15,508	1,230,698
Funds released from restrictions	196,422	(196,422)	-	-	743	(743)	-	-	1,353	(1,353)	-
Funds transferred	-	-	-	-	-	-	-	-	-	-	-
Total support and revenue	<u>196,422</u>	<u>146,566</u>	<u>-</u>	<u>-</u>	<u>743</u>	<u>4,356</u>	<u>-</u>	<u>-</u>	<u>1,353</u>	<u>17,168</u>	<u>3,890,336</u>
<b>EXPENSES</b>											
Administrative expenses	6,318	-	-	-	743	-	-	-	1,353	-	109,221
Funds released to programs	190,104	-	-	-	-	-	-	-	-	-	628,244
Total expenses	<u>196,422</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>743</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,353</u>	<u>-</u>	<u>737,465</u>
<b>(DECREASE) INCREASE IN NET ASSETS</b>	-	146,566	-	-	-	4,356	-	-	-	17,168	3,152,871
<b>NET ASSETS, BEGINNING OF YEAR</b>	<u>-</u>	<u>656,140</u>	<u>-</u>	<u>19,000</u>	<u>-</u>	<u>74,022</u>	<u>-</u>	<u>125,000</u>	<u>-</u>	<u>140,531</u>	<u>10,606,297</u>
<b>NET ASSETS, END OF YEAR</b>											
Unrestricted	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Temporarily restricted	<u>\$ -</u>	<u>\$ 802,706</u>	<u>\$ -</u>	<u>\$ 19,000</u>	<u>\$ -</u>	<u>\$ 78,378</u>	<u>\$ -</u>	<u>\$ 125,000</u>	<u>\$ -</u>	<u>\$ 157,699</u>	<u>\$ 6,369,182</u>
Permanently restricted	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 7,389,986</u>

See Notes to Financial Statements

**CATHOLIC FOUNDATION FOR THE PEOPLE OF THE DIOCESE OF BISMARCK**  
**STATEMENT OF ACTIVITIES**  
**FOR THE YEAR ENDED JUNE 30, 2013**

	Catholic School and Education Endowment Fund			Priests' Care Fund			Seminarian Scholarship		
	Unrestricted	Temporarily Restricted	Permanently Restricted	Unrestricted	Temporarily Restricted	Permanently Restricted	Unrestricted	Temporarily Restricted	Permanently Restricted
<b>SUPPORT AND REVENUE</b>									
Contributions and bequests									
Other contributions	\$ -	\$ -	\$ -	\$ -	\$ 2,000	\$ -	\$ -	\$ 213,595	\$ -
Investment and interest income	-	61,264	-	-	62,314	-	-	127,419	-
Realized and unrealized gain (loss) on investments	-	105,433	-	-	110,122	-	-	289,542	-
Funds released from restrictions	115,390	(115,390)	-	115,878	(115,878)	-	262,799	(262,799)	-
Total support and revenue	115,390	51,307	-	115,878	58,558	-	262,799	367,757	-
<b>EXPENSES</b>									
Administrative expenses	20,642	-	-	20,620	-	-	46,192	-	-
Funds released to programs	94,748	-	-	95,258	-	-	216,607	-	-
Total expenses	115,390	-	-	115,878	-	-	262,799	-	-
<b>(DECREASE) INCREASE IN NET ASSETS</b>	-	51,307	-	-	58,558	-	-	367,757	-
<b>NET ASSETS, BEGINNING OF YEAR</b>	-	313,163	1,797,258	-	328,079	1,767,164	-	3,175,521	1,732,797
<b>NET ASSETS, END OF YEAR</b>									
Unrestricted	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Temporarily restricted	\$ -	\$ 364,470	\$ -	\$ -	\$ 386,637	\$ -	\$ -	\$ 3,543,278	\$ -
Permanently restricted	\$ -	\$ -	\$ 1,797,258	\$ -	\$ -	\$ 1,767,164	\$ -	\$ -	\$ 1,732,797

See Notes to Financial Statements

**CATHOLIC FOUNDATION FOR THE PEOPLE OF THE DIOCESE OF BISMARCK**  
**STATEMENT OF ACTIVITIES - CONTINUED**  
**FOR THE YEAR ENDED JUNE 30, 2013**

	Brady Trust Fund		Kuhn Trust Fund		East Africa Mission		Hacker Trust Fund		Catholic Relief Fund		Total
	Unrestricted	Temporarily Restricted	Unrestricted	Temporarily Restricted	Unrestricted	Temporarily Restricted	Unrestricted	Temporarily Restricted	Unrestricted	Temporarily Restricted	
<b>SUPPORT AND REVENUE</b>											
Contributions and bequests											
Other contributions	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 282,147	\$ -	\$ -	\$ -	\$ 41,000	\$ 538,742
Investment and interest income	-	-	-	38	-	18,871	-	1,961	-	3,855	275,722
Realized and unrealized gain (loss) on investments	-	-	-	-	-	(14,071)	-	6,928	-	(2,837)	495,117
Funds released from restrictions	-	-	306	(306)	111,001	(111,001)	697	(697)	33,837	(33,837)	-
Total support and revenue	-	-	306	(268)	111,001	175,946	697	8,192	33,837	8,181	1,309,581
<b>EXPENSES</b>											
Administrative expenses	-	-	-	-	4,900	-	-	-	1,837	-	94,191
Funds released to programs	-	-	306	-	106,101	-	697	-	32,000	-	545,717
Total expenses	-	-	306	-	111,001	-	697	-	33,837	-	639,908
<b>(DECREASE) INCREASE IN NET ASSETS</b>	-	-	-	(268)	-	175,946	-	8,192	-	8,181	669,673
<b>NET ASSETS, BEGINNING OF YEAR</b>	-	19,000	-	125,268	-	480,194	-	65,830	-	132,350	9,936,624
<b>NET ASSETS, END OF YEAR</b>											
Unrestricted	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Temporarily restricted	\$ -	\$ 19,000	\$ -	\$ 125,000	\$ -	\$ 656,140	\$ -	\$ 74,022	\$ -	\$ 140,531	\$ 5,309,078
Permanently restricted	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 5,297,219

See Notes to Financial Statements

**CATHOLIC FOUNDATION FOR THE PEOPLE OF THE DIOCESE OF BISMARCK**  
**STATEMENTS OF CASH FLOWS**  
**FOR THE YEARS ENDED JUNE 30, 2014 AND 2013**

	<b>2014</b>	<b>2013</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Change in net assets	\$ 3,152,871	\$ 669,673
Adjustments to reconcile changes in net assets to net cash provided (used) for operating activities:		
Realized and unrealized (gain) loss on investments	(1,230,698)	(495,117)
Effects on operating cash flow due to changes in:		
Accounts/pledges receivable	(15,000)	-
Interest receivable	(13,323)	12,033
Annuity receivable	34,361	(22,224)
Accounts payable and accrued expenses	265,818	(16,361)
Funds held for others	3,216,006	(801)
	<b>5,410,035</b>	<b>147,203</b>
<b>CASH PROVIDED (USED) BY OPERATING ACTIVITIES</b>		
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of investments	(8,935,345)	(3,735,982)
Proceeds from sale of investments	3,605,070	3,574,294
	<b>(5,330,275)</b>	<b>(161,688)</b>
<b>CASH PROVIDED (USED) BY INVESTING ACTIVITIES</b>		
<b>NET CHANGE IN CASH AND CASH EQUIVALENTS</b>	79,760	(14,485)
<b>CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR</b>	3,286	17,771
<b>CASH AND CASH EQUIVALENTS - END OF YEAR</b>	\$ 83,046	\$ 3,286

See Notes to Financial Statements

**CATHOLIC FOUNDATION FOR THE PEOPLE OF THE DIOCESE OF BISMARCK**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2014 AND 2013**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Organization**

Catholic Foundation for the People of the Diocese of Bismarck (the Foundation) was incorporated January 1, 2004 as the Provision for the Future. The Foundation restated its articles of incorporation as the Catholic Foundation for the People of the Diocese of Bismarck effective July 1, 2013. The purpose of the Foundation is to receive and administer funds to be used for Roman Catholic charitable purposes.

**Financial statement presentation**

Financial statement presentation follows the recommendations of the Accounting Standards Codification Topic 958, Accounting for Not-for-Profit Entities. The codification requires the Foundation to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets.

The Foundation has unrestricted, temporarily restricted, and permanently restricted net assets.

**Method of accounting and revenue recognition**

The accompanying financial statements are presented in accordance with accounting principles generally accepted in the United States of America, ("GAAP"), as codified by the Financial Accounting Standards Board. As a result, the Foundation recognizes revenue in the period earned.

**Funds Held for Others**

Elmer Rapp Fund – This trust fund was established by a gift from Elmer Rapp. The annual income may be used to provide post-secondary education to Hidatsa, Arikara, or Mandan Indian students who have graduated from high schools in the surrounding areas with preference for the Fort Berthold Reservation high schools.

Other Agency Funds – These funds represent deposits from various entities throughout the Diocese of Bismarck to be held by the Foundation for a period of five years or longer. This fund affords the opportunity to pool funds in a balanced portfolio with a proportionate share of valuation increases and decreases of investment activity net of associated expenses. The account holder of the individual agency fund maintains full control of the disposition of the principal and earnings, however early withdrawal penalties may apply on principal withdrawals within the five year holding period. Individual funds currently held include: Bishop Ryan Catholic School Mission Trip Scholarship Fund, Diocese of Bismarck Agency Fund, Home on the Range Agency Funds and various Parish Agency Funds.

**Temporarily Restricted Net Assets**

Kathleen Brady Trust Fund – This trust was established by a gift from Sister Kathleen Brady. The annual income is to be used to provide subsidies to Catholic Schools in the Diocese.

**CATHOLIC FOUNDATION FOR THE PEOPLE OF THE DIOCESE OF BISMARCK**  
**NOTES TO THE FINANCIAL STATEMENTS - CONTINUED**  
**JUNE 30, 2014 AND 2013**

Catholic Relief Fund – This fund was established in September 2003 through a bequest to the Diocese of Bismarck. The Last Will and Testament required that the funds be distributed to charity. The Last Will and Testament further states that the Bishop of the Roman Catholic Diocese of Bismarck is the trustee and has the discretion to utilize the principal of the fund for catholic relief services for which the trust was established.

Seminarian Scholarship Major Fund – These net assets consist of contributions for seminarian scholarships.

East Africa Mission Fund – These net assets consist of contributions for the East African Mission.

Hacker Trust Fund – This fund, established by a gift from Bishop Hacker, provides that the annual earnings be paid to Christ the King School, Mandan, North Dakota so long as it is maintained as an eight-grade elementary school. If it should cease to operate as such, the fund is to be paid over to the Diocese of Bismarck.

John Kuhn Trust Fund – This trust fund was established by a gift from Reverend John Kuhn. The annual income is to be paid to Christ the King School, Mandan, North Dakota for its operation. If the school ceases to operate as a parish school, the remainder of the trust shall be distributed to the Diocese of Bismarck and the trust terminated.

Various Endowment Fund Earnings Funds – Undistributed earnings realized from various endowment funds are individually held in Temporarily Restricted Assets. Net earnings on Endowments principals held under Permanently Restricted Assets are individually tracked through these funds and released for distribution to unrestricted net assets in accord with the distribution agreements of the Endowed Funds. Additionally, these Temporarily Restricted Funds will accept contributions from individuals and entities.

### **Permanently Restricted Net Assets**

The Catholic Foundation for the People of the Diocese of Bismarck has expanded its presence in the area with an added emphasis to further establish qualified endowment funds for future benefit of the entities of the Diocese of Bismarck. The principal amounts of each endowment fund are held in perpetuity with established guidelines distribution of net annual earnings.

Each parish, school and other entity under the jurisdiction of the Diocese of Bismarck has an established endowment fund for the benefit of the entity's operation. Additionally, previously established endowment funds such as Catholic Schools and Religious Education Fund, Priests' Care Fund, and Seminarian Scholarship Fund (previously held for the benefit of diocesan seminarians in the major seminaries) continue to exist. The previously held Seminarian Scholarship Fund has been renamed Seminarian Scholarship-Major Fund with the establishment of the Seminarian Scholarship-Minor Fund.

Currently held endowment funds include: Bishop Zipfel Endowment Fund which provides benefit for seminarian scholarships for major seminaries and priests' care; Catholic Schools and Religious Eductions Fund which provides assistance for religious education in the Diocese' catholic schools and parish religious education programs; Home on the Range Endowment Funds which provide benefits for the operational needs of Home on the Range; Light of Christ



**CATHOLIC FOUNDATION FOR THE PEOPLE OF THE DIOCESE OF BISMARCK**  
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED  
JUNE 30, 2014 AND 2013

Catholic Schools of Excellence Endowment Fund which provides operational support for the entity; Priests' Care Endowment Fund which provides support for the care of the retired priests of the Diocese; Seminarian Scholarship-Major fund which benefits our major seminarians; Seminarian Scholarship-Minor which provides scholarships available to seminarians in minor seminaries; various parish endowment funds with established benefits guidelines for each endowment. Additionally, Donor Advised Endowment Funds are established with the individual donors' ability to communicate their recommendations for the benefit of the distributions of the respective fund.

The Foundation takes advantage of matching grant programs to grow the endowment funds as well as hosting various fundraising events. Each of the endowed funds accepts funds from individuals and entities.

### **Contributions**

Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support depending on the existence and/or nature of any donor restrictions.

Support that is restricted by the donor is reported as an increase in unrestricted net assets 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 temporarily or permanently restricted net assets, depending on the nature of the restriction. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), temporarily restricted net assets are reclassified to unrestricted net assets and reported in the Statement of Activities as net assets released from restrictions. Restricted net assets are reclassified to unrestricted net assets upon satisfaction of the time or purpose restrictions.

Permanently restricted net assets are to be held in perpetuity in accordance with the donor's restrictions. Earnings from the investment of these net assets are recorded as temporarily restricted net assets in accordance with the donor's restrictions as to use and in accordance with accounting principles generally accepted in the United States of America.

### **Investments**

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

The Foundation recognizes gains and losses on an investment in the designation or restriction owning the investment using the historical cost for that specific investment. Ordinary income from an investment is recorded in the designation or restriction owning the investment.

### **Use of estimates**

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America 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.

**CATHOLIC FOUNDATION FOR THE PEOPLE OF THE DIOCESE OF BISMARCK**  
**NOTES TO THE FINANCIAL STATEMENTS - CONTINUED**  
**JUNE 30, 2014 AND 2013**

**Cash and cash equivalents**

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

**Receivables and Allowance for Uncollectible Receivables**

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

The allowance for doubtful accounts is established as losses are estimated to have occurred through a provision for bad debts charged to earnings. Bad debts are charged against the allowance when management believes the uncollectibility of an accounts receivable is confirmed. Subsequent recoveries, if any, are credited to the allowance.

The allowance for doubtful accounts is evaluated on a regular basis by management and is based upon management's periodic review of the collectability of the accounts receivable in light of historical experience, the nature and volume of the portfolio, adverse situations that may affect the borrower's ability to repay, estimated value of any underlying collateral and prevailing economic conditions. This evaluation is inherently subjective, as it requires estimates that are susceptible to significant revision as more information becomes available.

An accounts receivable is considered impaired when, based on current information and events, it is probable that the Foundation will be unable to collect the scheduled payments of principal when due according to the contractual terms of the pledge agreement. Factors considered by management in determining impairment include payment status, and the probability of collecting scheduled principal payments when due. Accounts receivable that experience insignificant payment delays and payment shortfalls generally are not classified as impaired. Management determines the significance of payment delays and payment shortfalls on a case-by-case basis, taking into consideration all of the circumstances surrounding the accounts receivable and the prior payment record, and the amount of the shortfall in relation to the principal owed.

**Annuities Receivable**

This is the amount of charitable gift annuities receivable held on behalf of another organization to be paid out to the Foundation as of June 30, 2014 and 2013.

**Fair Value Measurements**

The Foundation follows Accounting Standards Codification Topic 820, Fair Value Measurements. This standard 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 generally accepted accounting principles and expands disclosure about fair value measurements.

**CATHOLIC FOUNDATION FOR THE PEOPLE OF THE DIOCESE OF BISMARCK**  
**NOTES TO THE FINANCIAL STATEMENTS - CONTINUED**  
**JUNE 30, 2014 AND 2013**

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.

**Income Taxes**

The Foundation is exempt from federal income tax under provisions of Section 501(c)(3) of the Internal Revenue Code. The Foundation 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.

The Foundation'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.

**NOTE 2 CONCENTRATIONS OF CREDIT RISK**

The Foundation's cash balances are maintained in various bank deposit accounts. Periodically, the Foundation has deposits that are in excess of federally insured limits on a temporary basis. As of June 30, 2014 the cash balance is \$137,366, which is below the FDIC coverage of \$250,000.

Accounts/Pledges receivable as of June 30, 2014 and 2013 are due from Catholic parishes and associated individuals located in western North Dakota.

**NOTE 3 ACCOUNTS/PLEDGES RECEIVABLE**

Pledges receivable as of June 30, 2014 and 2013 consist of amounts pledged as payable upon death of the donor as a result of the "A Vision for the Future Capital Campaign". The receivable is shown net of discounts and allowance of \$40,288 at June 30, 2014 and 2013.

**CATHOLIC FOUNDATION FOR THE PEOPLE OF THE DIOCESE OF BISMARCK**  
**NOTES TO THE FINANCIAL STATEMENTS - CONTINUED**  
**JUNE 30, 2014 AND 2013**

**NOTE 4 INVESTMENTS**

Investments are stated at fair value and are summarized as follows as of June 30, 2014 and 2013:

**June 30, 2014**

	<u>Cost</u>	<u>Fair Value</u>
Money market funds	\$ 924,643	\$ 924,643
Certificates of deposit	144,000	144,000
Equities:		
U.S. large cap	3,370,091	4,855,816
U.S. mid cap	2,462,594	3,447,185
U.S. small cap	679,938	828,334
International developed/emerging markets	623,931	809,346
Fixed Income:		
Investment grade taxable	4,981,493	5,052,859
International developed bonds	404,365	436,262
Fixed income other	41,587	41,984
Public REITs	271,283	278,520
Life insurance and other	128,298	128,298
	<u>\$ 14,032,223</u>	<u>\$ 16,947,247</u>

The Foundation had a net realized gain of \$888,031 for the year ended June 30, 2014. For the same period, the Foundation had an unrealized gain on investments of \$342,667.

**June 30, 2013**

	<u>Cost</u>	<u>Fair Value</u>
Money market funds	\$ 922,551	\$ 922,539
Certificates of deposit	144,000	144,000
Equities:		
U.S. large cap	2,083,232	3,056,234
U.S. mid cap	1,102,339	1,755,490
U.S. small cap	432,974	515,467
CGCM high yield	4,618	4,717
International developed/emerging markets	376,178	504,638
Fixed Income:		
Investment grade taxable	2,828,588	2,884,665
International developed bonds	317,234	343,384
Fixed income other	18,624	18,768
Public REITs	207,078	209,916
Life insurance and other	26,456	26,456
	<u>\$ 8,463,872</u>	<u>\$ 10,386,274</u>

The Foundation had a net realized gain of \$235,946 for the year ended June 30, 2013. For the same period, the Foundation had an unrealized gain on investments of \$259,171.

**CATHOLIC FOUNDATION FOR THE PEOPLE OF THE DIOCESE OF BISMARCK**  
**NOTES TO THE FINANCIAL STATEMENTS - CONTINUED**  
**JUNE 30, 2014 AND 2013**

**NOTE 5 FAIR VALUE MEASUREMENTS**

Assets measured at fair value on a recurring basis as of June 30, 2014 are summarized as follows:

Description	Total Carrying Amount	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Money market funds	\$ 924,643	\$ 924,643	\$ -	\$ -
Certificates of deposit	144,000	-	144,000	-
Equities:				
U.S. large cap	4,855,816	4,855,816	-	-
U.S. mid cap	3,447,185	3,447,185	-	-
U.S. small cap	828,334	828,334	-	-
International developed/emerging markets	809,346	809,346	-	-
Fixed Income:				
Investment grade taxable	5,052,859	-	5,052,859	-
International developed bonds	436,262	-	436,262	-
Fixed income other	41,984	-	41,984	-
Public REITs	278,520	278,520	-	-
Life insurance and other	128,298	-	128,298	-
	<u>\$ 16,947,247</u>	<u>\$ 11,143,844</u>	<u>\$ 5,803,403</u>	<u>\$ -</u>

Assets measured at fair value on a recurring basis as of June 30, 2013 are summarized as follows:

Description	Total Carrying Amount	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Money market funds	\$ 922,539	\$ 922,539	\$ -	\$ -
Certificates of deposit	144,000	-	144,000	-
Equities:				
U.S. large cap	3,056,234	3,056,234	-	-
U.S. mid cap	1,755,490	1,755,490	-	-
U.S. small cap	515,467	515,467	-	-
CGCM high yield	4,717	4,717	-	-
International developed/emerging markets	504,638	504,638	-	-
Fixed Income:				
Investment grade taxable	2,884,665	-	2,884,665	-
International developed bonds	343,384	-	343,384	-
Fixed income other	18,768	-	18,768	-
Public REITs	209,916	209,916	-	-
Life insurance and other	26,456	-	26,456	-
	<u>\$ 10,386,274</u>	<u>\$ 6,969,001</u>	<u>\$ 3,417,273</u>	<u>\$ -</u>

**NOTE 6 INCOME TAXES**

It is the opinion of management that the Foundation has no significant uncertain tax positions that would be subject to change upon examination.

**CATHOLIC FOUNDATION FOR THE PEOPLE OF THE DIOCESE OF BISMARCK**  
**NOTES TO THE FINANCIAL STATEMENTS - CONTINUED**  
**JUNE 30, 2014 AND 2013**

**NOTE 7 ENDOWMENT FUNDS**

*Donor-designated:*

The Foundation's endowments consist of 32 individual funds established for a variety of purposes. Its endowments include donor-restricted funds. As required by generally accepted accounting principles, net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions.

The Board of Directors of the Foundation has interpreted the State Prudent Management of Institutional Funds Act (SPMIFA) as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, the Foundation classifies as permanently 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. The remaining portion of the donor-restricted endowment fund that is not classified in permanently restricted net assets is classified as temporarily restricted net assets until those amounts are appropriated for expenditure by the Foundation in a manner consistent with the standard of prudence prescribed by SPMIFA. In accordance with SPMIFA, 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 various funds, (2) the purposes of the donor-restricted endowment funds, (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 Foundation's investment policies.

*Investment Return Objectives, Risk Parameters and Strategies:*

The Foundation has adopted investment and spending policies, approved by the Board of Directors, for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment funds while also maintaining the purchasing power of those endowment assets over the long-term. Accordingly, the investment process seeks to achieve an after-cost total real rate of return, including investment income as well as capital appreciation, which exceeds the annual distribution with acceptable levels of risk. Endowment assets are invested in a well diversified asset mix, which includes equity and debt securities, that is intended to result in a consistent inflation-protected rate of return.

*Spending Policy:* The Foundation does not have a spending policy.

Endowment Net Asset Composition by Type of Fund as of June 30, 2014 is as follows:

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total Net Endowment Assets</u>
Donor restricted endowment funds	\$ -	\$ 2,083,986	\$ 7,389,986	\$ 9,473,972
Board designated endowment funds	-	-	-	-
Total funds	<u>\$ -</u>	<u>\$ 2,083,986</u>	<u>\$ 7,389,986</u>	<u>\$ 9,473,972</u>

**CATHOLIC FOUNDATION FOR THE PEOPLE OF THE DIOCESE OF BISMARCK**  
**NOTES TO THE FINANCIAL STATEMENTS - CONTINUED**  
**JUNE 30, 2014 AND 2013**

Endowment Net Asset Composition by Type of Fund as of June 30, 2013 is as follows:

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total Net Endowment Assets</u>
Donor restricted endowment funds	\$ -	\$ 1,564,304	\$ 5,297,219	\$ 6,861,523
Board designated endowment funds	-	-	-	-
Total funds	<u>\$ -</u>	<u>\$ 1,564,304</u>	<u>\$ 5,297,219</u>	<u>\$ 6,861,523</u>

Changes in endowment net assets as of June 30, 2014 are as follows:

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total Net Endowment Assets</u>
Endowment net assets, beginning of year	\$ -	\$ 1,564,304	\$ 5,297,219	\$ 6,861,523
Contributions	-	-	2,092,767	2,092,767
Investment income	-	139,146	-	139,146
Net appreciation	-	702,738	-	702,738
Amounts appropriated for expenditures	-	(322,203)	-	(322,202)
Endowment net assets, end of year	<u>\$ -</u>	<u>\$ 2,083,986</u>	<u>\$ 7,389,986</u>	<u>\$ 9,473,972</u>

Changes in endowment net assets as of June 30, 2013 are as follows:

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total Net Endowment Assets</u>
Endowment net assets, beginning of year	\$ -	\$ 1,418,696	\$ 5,297,219	\$ 6,715,915
Contributions	-	-	-	-
Investment income	-	154,774	-	154,774
Net appreciation	-	286,443	-	286,443
Amounts appropriated for expenditures	-	(295,609)	-	(295,609)
Endowment net assets, end of year	<u>\$ -</u>	<u>\$ 1,564,304</u>	<u>\$ 5,297,219</u>	<u>\$ 6,861,523</u>

**NOTE 8 CHANGE IN ENTITY NAME AND ACTIVITY**

Effective July 1, 2013, the Provision for the Future became the Catholic Foundation for the People of the Diocese of Bismarck.

**NOTE 9 SUBSEQUENT EVENTS**

No significant events occurred subsequent to the Foundation's year end. Subsequent events have been evaluated through November 5, 2014, which is the date these financial statements were available to be issued.