



TRAVIS JEFFRIES, PA
CERTIFIED PUBLIC ACCOUNTANTS

IDAHO CATHOLIC FOUNDATION

FINANCIAL STATEMENTS

JUNE 30, 2011 and 2010

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INDEPENDENT AUDITOR'S REPORT

Board of Trustees
Idaho Catholic Foundation
Boise, Idaho

We have audited the accompanying statements of financial position of the Idaho Catholic Foundation as of June 30, 2011 and 2010, and the related statements of activities and cash flows for the years then ended. These financial statements are the responsibility of the Idaho Catholic Foundation's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit 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 includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion the financial statements referred to above present fairly, in all material respects, the financial position of the Idaho Catholic Foundation as of June 30, 2011 and 2010, and the statements of activities and cash flows for the years then ended, in conformity with accounting principles generally accepted in the United States of America.

Travis Jeffries, P.A.

Boise, Idaho
January 10, 2012

IDAHO CATHOLIC FOUNDATION
STATEMENTS OF FINANCIAL POSITION

June 30, 2011 and 2010

ASSETS

	<u>2011</u>	<u>2010</u>
ASSETS		
Cash and cash equivalents	\$ 7,545	\$ 480,961
Investment contribution due from Central Administrative Office of the Roman Catholic Diocese of Boise	-	10,000
Beneficial interest in perpetual trust - income receivable	2,306	-
Investments	14,390,467	12,382,814
Beneficial interest in perpetual trust	190,242	-
Cash value of insurance contract	87,750	111,807
Land	81,000	81,000
	<u>\$ 14,759,310</u>	<u>\$ 13,066,582</u>
Total Assets		

LIABILITIES AND NET ASSETS

LIABILITIES		
Assets held for others	\$ 7,736,836	\$ 7,231,847
	7,736,836	7,231,847
Total Liabilities		
NET ASSETS		
Held for Central Administrative Office of the Roman Catholic Diocese of Boise		
Unrestricted Donor-designated endowment funds	164,389	22,134
Unrestricted Board-designated endowment funds	3,481,367	2,998,967
Unrestricted	2,349,322	2,024,720
Temporarily restricted	2,306	-
Permanently restricted	1,025,090	788,914
	7,022,474	5,834,735
Total Net Assets		
	<u>\$ 14,759,310</u>	<u>\$ 13,066,582</u>
Total Liabilities and Net Assets		

See notes to financial statements.

IDAHO CATHOLIC FOUNDATION

STATEMENTS OF ACTIVITIES

For the Years Ended June 30, 2011 and 2010

	<u>2011</u>	<u>2010</u>
UNRESTRICTED NET ASSETS		
Revenues and Support		
Interest and dividends	\$ 117,431	\$ 131,421
Gain (loss) on sale of investments	288,794	(4,850)
Unrealized gain	891,119	682,637
Unrealized loss on beneficial interest in perpetual trust	(934)	-
Contributions	1,764	23,598
Change in annuity value	<u>(24,057)</u>	<u>5,476</u>
Total Unrestricted Support and Revenue	1,274,117	838,282
Operating Expenses		
Administrative expenses	42,923	32,435
Distributions to participants	<u>281,937</u>	<u>254,664</u>
Total Unrestricted Expenses	<u>324,860</u>	<u>287,099</u>
Change in Unrestricted Net Assets	949,257	551,183
TEMPORARILY RESTRICTED NET ASSETS		
Dividend income from beneficial interest in perpetual trust	<u>2,306</u>	<u>-</u>
Change in Temporarily Restricted Net Assets	2,306	-
PERMANENTLY RESTRICTED NET ASSETS		
Contributions to donor restricted endowments	45,000	55,000
Contribution of beneficial interest in perpetual trust	<u>191,176</u>	<u>-</u>
Change in Permanently Restricted Net Assets	236,176	55,000
Total Change in Net Assets	<u>1,187,739</u>	<u>606,183</u>
Net Assets, Beginning of Year	<u>5,834,735</u>	<u>5,228,552</u>
Net Assets, End of Year	<u>\$ 7,022,474</u>	<u>\$ 5,834,735</u>

See notes to financial statements.

IDAHO CATHOLIC FOUNDATION

STATEMENTS OF CASH FLOWS

For the Years Ended June 30, 2011 and 2010

	<u>2011</u>	<u>2010</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Increase in net assets	\$ 1,187,739	\$ 606,183
Adjustments to reconcile net decrease to net cash provided by (used in) operating activities:		
Unrealized gain on investments	(891,119)	(682,637)
Realized (gain) loss on investments	(288,797)	4,850
Realized and unrealized gain on investments held for others	(1,473,629)	(741,054)
Beneficial interest in perpetual trust	(190,242)	-
Changes in operating assets and liabilities:		
Contributions receivable	10,000	(10,000)
Dividends receivable	(2,306)	-
Annuity receivable	24,057	(5,476)
Assets held for others	504,989	1,527,214
	(1,119,308)	699,080
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of investments	(347,425)	(3,287,980)
Proceeds from sale of investments	993,317	2,556,450
	645,892	(731,530)
Net Cash Provided by (Used in) Investing Activities	645,892	(731,530)
Net Decrease in Cash and Cash Equivalents	(473,416)	(32,450)
CASH AND CASH EQUIVALENTS, Beginning of Year	480,961	513,411
CASH AND CASH EQUIVALENTS, End of Year	\$ 7,545	\$ 480,961

See notes to financial statements.

IDAHO CATHOLIC FOUNDATION

NOTES TO FINANCIAL STATEMENTS

June 30, 2011 and 2010

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING PRINCIPLES

Nature of Organization

Idaho Catholic Foundation (the Foundation) was established by the Central Administrative Office of the Roman Catholic Diocese of Boise (the Diocese) on December 24, 1990 as the Louise Siuwhéem Foundation to raise, hold and invest assets received from the Diocese as well as related schools, parishes and other organizations (participants, collectively). The Foundation is currently operated as a part of the Diocese, however, separate financial statements are prepared for the Foundation. The Foundation has no discretion over the use of funds held for the Diocese or participants.

Basis of Presentation

Financial statement presentation follows the recommendations of the Financial Accounting Standards Board in its Accounting Standards Codification (FASB ASC) 958. Under the standard, the Foundation is required 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.

Cash and Cash Equivalents

The Foundation considers its short-term, highly liquid investments purchased with a maturity of three months or less to be cash equivalents.

Valuation of Investments

The Foundation follows FASB ASC 958, in accounting for investments. According to the standard, investments in marketable securities with readily determinable fair values and all investments in debt securities are reported at their fair values in the statement of financial position. Unrealized gains and losses are recognized in the period in which they occur and are included in earnings allocated to participant accounts.

Contributions and Asset Transfers

The Foundation follows FASB ASC 958 in accounting for transfers of assets to other not-for-profit organizations and charitable trusts that raise or hold contributions for others. The standard establishes guidelines for transactions in which a foundation accepts a contribution from a donor and agrees to transfer those assets, the return on investment of those assets or both to another entity that is specified by the donor. Contributions and asset transfers for the years ended June 30, 2011 and 2010 are reported in Note G and by fund in the supplementary information.

Assets Held for Others

The Foundation has a number of funds for which it acts as a custodian. Receipts are held and disbursements are made according to the intentions of the organization from which the funds were received. Assets of the funds are carried at fair value with a corresponding liability on the statements of financial position. Investment income and distributions of these funds are not considered revenues or expenses of the Foundation.

IDAHO CATHOLIC FOUNDATION

NOTES TO FINANCIAL STATEMENTS (Continued)

June 30, 2011 and 2010

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING PRINCIPLES (Continued)

Income Tax Status

The Foundation is part of the Diocese which qualifies as a tax-exempt organization under Section 501(c)(3) of the Internal Revenue Code and, therefore, has no provision for federal income taxes.

In accordance with FASB ASC 740, the Foundation has evaluated its operations as of June 30, 2011 as compared to its original application for tax-exempt not-for-profit status. Upon the evaluation, the Foundation does not believe it has any business activities in place that would cause its tax-exempt not-for-profit status to not be sustained upon audit.

Appropriation Policy

The Foundation's Board of Directors follows an appropriation policy for all funds not to exceed 5% of the preceding twelve month's average fair market value of investments.

Use of Estimates

Management uses estimates and assumptions in preparing financial statements. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues and expenses.

NOTE B - INCOME RECEIVABLE

As of June 30, 2011 the Foundation has income receivable due from its beneficial interest in the perpetual trust described in Note E. No allowance for doubtful accounts has been included in the financial statements as of June 30, 2011, as the income receivable is deemed fully collectible.

NOTE C - INVESTMENTS

The Foundation's investments are held in managed accounts. These accounts consisted of the following at June 30:

	<u>2011</u>	<u>2010</u>
Money market funds, at fair market value	\$ 126,986	\$ 263,717
Mutual funds, at fair value	6,698,378	6,610,358
Common stocks, at fair market value	7,565,103	5,508,739
	<u>\$14,390,467</u>	<u>\$12,382,814</u>

NOTE D - FAIR VALUE MEASUREMENTS

The Foundation adopted FASB ASC 820, which establishes a framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1 measurements) and the lowest priority to unobservable inputs (level 3 measurements). The three levels of the fair value hierarchy under the standard are describes below:

- Level 1 - quoted prices in active markets for identical investments
- Level 2 - other significant observable inputs (including quoted prices for similar investments)
- Level 3 - significant unobservable inputs (including the Foundation's own assumptions in determining the fair value of investments)

IDAHO CATHOLIC FOUNDATION

NOTES TO FINANCIAL STATEMENTS (Continued)

June 30, 2011 and 2010

NOTE D- FAIR VALUE MEASUREMENTS (Continued)

The asset's or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

Assets at fair value as of June 30, 2011:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Money market funds	\$ 125,170	\$ 1,816	\$ -	\$ 126,986
Mutual funds - equity	-	1,725,172	-	1,725,172
Mutual funds - fixed income	4,973,206	-	-	-
Corporate equities	7,565,103	-	-	7,565,103
	<u>\$12,663,479</u>	<u>\$ 1,726,988</u>	<u>\$ -</u>	<u>\$14,390,467</u>

NOTE E - BENEFICIAL INTEREST IN PERPETUAL TRUST

The Foundation received notice on March 30, 2011 that they were named as a beneficiary in The John L. Muegerl Trust. The trust account assets are held and managed by an independent trustee. In April 2011, a trust investment account was opened at a national financial institution, and in May 2011 trust assets were transferred to the account. The beneficial interest in trust assets was recorded at fair market value as of May 31, 2011, as a permanently restricted contribution. The Foundation's beneficial interest consists of five percent of the total trust assets. According to the trust agreement, the Foundation is to receive a fixed percentage of trust assets each year, which is temporarily restricted income, and has been recorded as such in the Statement of Activities for the year ended June 30, 2011. The beneficial interest in trust assets has been recorded at fair market value as of June 30, 2011 in the Statement of Financial Position. The decrease in fair market value from May 31, 2011 to June 30, 2011 of \$934 is included in unrestricted net assets.

Activity for the beneficial interest in the perpetual trust for the year ended June 30, 2011 is as follows:

Beginning balance, May 31, 2011	\$ 191,176
Unrealized loss	(934)
Income distributable to beneficiary	2,306
Amounts appropriated for expenditure	<u>(2,306)</u>
Total Beneficial Interest	<u>\$ 190,242</u>

NOTE F - ENDOWMENTS

Implementation of FASB ASC 958-205

In August 2008, the Financial Accounting Standards Board issued FASB ASC 958-205. The standard provides guidance on the net asset classification of donor-restricted endowment funds for a nonprofit organization that is subject to an enacted version of the Uniform Prudent Management of Institutional Funds Act of 2006 (UPMIFA). The standard also required additional disclosures about an organization's endowment funds (both donor-restricted endowment funds and board-designated endowment funds) whether or not the organization is subject to UPMIFA.

The State of Idaho enacted UPMIFA effective July 1, 2007, the provisions of which apply to endowment funds existing on or established after that date. The Organization follows FASB ASC 958-205 for the years ending June 30, 2011 and 2010. It has been determined that the majority of the Diocese's permanently restricted net assets meet the definition of endowment funds under UPMIFA.

IDAHO CATHOLIC FOUNDATION

NOTES TO FINANCIAL STATEMENTS (Continued)

June 30, 2011 and 2010

NOTE F - ENDOWMENTS (Continued)

Board and Donor--designated Endowments - after implementation of FASB 958-205

Board-designated endowments that are internally designated by the Board of Directors and are not donor-restricted are classified as unrestricted net assets. The Foundation administers the endowments of the Diocese. These endowments consists of approximately ten individual funds, some of which have donor-restricted spending guidelines and were established for a variety of purposes ranging from education of seminarians and helping retired priests of the diocese, to providing scholarships for education of youth and maintenance and repair of facilities. Its endowments include both donor-restricted endowment funds and funds designated by the Boards of Trustees to function as endowments.

As required by generally accepted accounting principals, net assets associated with endowment funds, including funds designated by Boards of Trustees to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions.

Investment Policy

All endowments within the financial statements of the Diocese have adopted the Prudent Person Guideline. The PPG suggests an amount to be distributed which is designed to allow for a reasonable stream of distributions, while preserving the value of the endowment against inflation and a volatile market. The calculation applies an applicable distribution percentage (currently five percent) to the average value of the endowment account over the preceding period of 13 calendar months.

All endowments are invested in the Diocese Investment Pool. The Pool is professionally managed by six different investment firms with specific disciplines of investment such as large cap growth, large cap value, fixed income etc. Further, these managers have regular oversight by an independent consultant hired by the Diocese. This consultant independently reports to the finance council of the Diocese on a monthly basis. Each manager's performance is specifically checked for adherence to investment discipline and judged against established industry accepted benchmarks.

Endowment Net Asset Composition by Type of Fund as of June 30, 2011 is as follows:

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total Net Endowment</u>
Donor-restricted endowment funds	\$ 164,389	\$ 2,306	\$ 1,025,090	\$ 1,191,785
Board-designated endowment funds	3,481,367	-	-	3,481,367
Total funds	<u>\$ 3,645,756</u>	<u>\$ 2,306</u>	<u>\$ 1,025,090</u>	<u>\$ 4,673,152</u>

Change in endowment net assets as of June, 2011 are as follows:

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total Net Endowment</u>
Endowment net assets,				
beginning of year	\$ 3,021,101	\$ -	\$ 788,914	\$ 3,810,015
Contributions	995	-	236,176	237,171
Investment income	280,064	2,306	-	282,370
Net appreciation	590,327	-	-	590,327
Amounts appropriated for expenditure	(246,731)	-	-	(246,731)
Endowment net assets, end of year	<u>\$ 3,645,756</u>	<u>\$ 2,306</u>	<u>\$ 1,025,090</u>	<u>\$ 4,673,152</u>

IDAHO CATHOLIC FOUNDATION

NOTES TO FINANCIAL STATEMENTS (Continued)

June 30, 2011 and 2010

NOTE F - ENDOWMENTS (Continued)

Endowment Net Asset Composition by Type of Fund as of June 30, 2010 is as follows:

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total Net Endowment</u>
Donor-restricted endowment funds	\$ 22,134	\$ -	\$ 788,914	\$ 811,048
Board-designated endowment funds	2,998,967	-	-	2,998,967
Total funds	<u>\$ 3,021,101</u>	<u>\$ -</u>	<u>\$ 788,914</u>	<u>\$ 3,810,015</u>

Change in endowment net assets as of June, 2010 are as follows:

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total Net Endowment</u>
Endowment net assets, beginning of year	\$ 2,669,631	\$ -	\$ 733,914	\$ 3,403,545
Contributions	1,920	-	55,000	56,920
Investment income	86,867	-	-	86,867
Net appreciation	476,189	-	-	476,189
Amounts appropriated for expenditure	(213,506)	-	-	(213,506)
Endowment net assets, end of year	<u>\$ 3,021,101</u>	<u>\$ -</u>	<u>\$ 788,914</u>	<u>\$ 3,810,015</u>

NOTE G - ASSETS HELD FOR DIOCESE AND OTHERS

Amounts held by the Foundation for the Diocese and others consisted of the following at June 30:

	<u>2011</u>	<u>2010</u>
Assets held for Diocese:		
Investments, cash and cash equivalents held for Diocese	\$ 6,614,412	\$ 5,563,330
Contributions to Diocese received by the Foundation	46,764	78,598
Total investments, cash and cash equivalents held for Diocese	6,661,176	5,641,928
Beneficial interest in perpetual trust	190,242	-
Beneficial interest in perpetual trust - income receivable	2,306	-
Other assets held for Diocese	87,750	111,807
Land held for investment for Diocese	81,000	81,000
Total assets held for Diocese	<u>\$ 361,298</u>	<u>\$ 192,807</u>
Assets held for others:		
Investments, cash and cash equivalents held for others	\$ 7,717,225	\$ 6,441,525
Contributions to others received by the Foundation	19,611	790,322
Total assets held for others	<u>\$ 7,736,836</u>	<u>\$ 7,231,847</u>

See supplemental information for complete list of participants.

NOTE H - SUBSEQUENT EVENTS

Subsequent events have been evaluated through January 10, 2012 which coincides with the date of issuance of these financial statements. No subsequent events of significance have been brought to the attention of management that would require disclosure as of January 10, 2012.

INDEPENDENT AUDITOR'S REPORT ON SUPPLEMENTARY INFORMATION

Board of Trustees
Idaho Catholic Foundation
Boise, Idaho

Our report on our audit of the basic financial statements of Idaho Catholic Foundation as of and for the years ended June 30, 2011 and 2010 appears on page 3. We conducted our audit in accordance with auditing standards generally accepted in the United States of America for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplementary information is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Travis Jeffries, P.A.

Boise, Idaho
January 10, 2012

