THE CATHOLIC FOUNDATION OF EASTERN MONTANA, INC.

FINANCIAL STATEMENTS AND INDEPENDENT AUDITOR'S REPORT

December 31, 2025

Puzdrak and Stortz LLC

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THE CATHOLIC FOUNDATION OF EASTERN MONTANA, INC.

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INDEPENDENT AUDITOR'S REPORT

The Board of Directors of
The Catholic Foundation of
Eastern Montana, Inc.

Opinion

We have audited the accompanying financial statements of The Catholic Foundation of Eastern Montana, Inc. (a nonprofit organization), which comprise the statement of financial position as of December 31, 2025, and the related statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of The Catholic Foundation of Eastern Montana, Inc. as of December 31, 2025, and the changes in its net assets and cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of The Catholic Foundation of Eastern Montana, Inc. and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibility of Management 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, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of the financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about The Catholic Foundation of Eastern Montana, Inc.'s ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements, including omissions, are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of The Catholic Foundation of Eastern Montana, Inc.'s internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about The Catholic Foundation of Eastern Montana, Inc.'s ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Puzdrak and Stortz LLC

Austin, Texas
August 11, 2026

THE CATHOLIC FOUNDATION OF EASTERN MONTANA, INC.

STATEMENT OF FINANCIAL POSITION

For the year ended December 31, 2025

ASSETS		
Cash and cash equivalents	$	1,189,175
Certificate of deposit		101,132
Interest receivable		109,652
Investments		30,998,488
Construction in progress		58,084
Beneficial interest in life insurance trust		92,478
TOTAL ASSETS	$	32,549,009
LIABILITIES AND NET ASSETS		
LIABILITIES		
Accounts payable	$	6,798
Accrued vacation		38,818
Charitable gift annuities		685,988
Agency funds payable		348,363
TOTAL LIABILITIES		1,079,967
COMMITMENTS AND CONTINGENCIES		-
NET ASSETS		
Without donor restrictions		4,970,717
With donor restrictions		26,498,325
TOTAL NET ASSETS		31,469,042
TOTAL LIABILITIES AND NET ASSETS	$	32,549,009

See accompanying notes to the financial statements.

THE CATHOLIC FOUNDATION OF EASTERN MONTANA, INC.

STATEMENT OF ACTIVITIES

For the Year Ended December 31, 2025

	Without Donor Restrictions	With Donor Restrictions	Total
REVENUES, GAINS, AND OTHER SUPPORT			
Contributions	$ 7,043	$ 2,567,091	$ 2,574,134
Investment return, net	445,708	2,469,400	2,915,108
Other	-	-	-
Net assets released from restrictions	1,104,868	(1,104,868)	-
REVENUE, GAINS AND OTHER SUPPORT	1,557,619	3,931,623	5,489,242
EXPENSES			
Program Services Expense:			
Endowment and other distributions to beneficiaries	801,731	-	801,731
Grants to Catholic organizations	104,016	-	104,016
Total program expenses	905,747	-	905,747
Supporting Services Expense			
Management and general	138,316	-	138,316
Fundraising and development	190,168	-	190,168
Total supporting services expenses	328,484	-	328,484
TOTAL EXPENSES	1,234,231	-	1,234,231
Transfer-in of Donor Restricted Net Assets	-	1,435,395	1,435,395
CHANGE IN NET ASSETS	323,388	5,367,018	5,690,406
NET ASSETS AT BEGINNING OF YEAR	4,647,329	21,131,307	25,778,636
NET ASSETS AT END OF YEAR	$ 4,970,717	$ 26,498,325	$ 31,469,042

See accompanying notes to the financial statements.

THE CATHOLIC FOUNDATION OF EASTERN MONTANA, INC.

STATEMENT OF FUNCTIONAL EXPENSES

For the Year Ended December 31, 2025

	Program Services		Supporting Services		
	Endowments and Other Distributions	Grants to Catholic Organizations	Management and General	Fundraising and Development	Total
Grants and distributions	$ 698,624	$ 91,127	$ -	$ -	$ 789,751
Wages, employee benefits and taxes	83,229	10,404	114,439	138,714	346,786
Professional fees	4,302	538	5,916	7,171	17,927
Office expense	15,576	1,947	17,961	44,283	79,767
TOTAL EXPENSES	$ 801,731	$ 104,016	$ 138,316	$ 190,168	$ 1,234,231

See accompanying notes to the financial statements.

THE CATHOLIC FOUNDATION OF EASTERN MONTANA, INC.

STATEMENT OF CASH FLOWS

For the Year Ended December 31, 2025

CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	$	5,690,406
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Donated securities		(416,744)
Perpetually restricted contributions		(2,565,673)
Realized and unrealized (gain) loss on investments		(2,277,003)
Changes in operating assets and liabilities:		
Interest receivable		(15,230)
Accounts payable		4,175
Accrued vacation		11,380
Charitable gift annuities		53,459
Agency funds payable		80,658
NET CASH PROVIDED BY OPERATING ACTIVITIES		565,428
CASH FLOWS FROM INVESTING ACTIVITIES:		
Cash paid for purchases of investments		(6,704,748)
Proceeds from sale of investments		3,585,336
Cash paid for purchase of property and equipment		(58,084)
NET CASH USED IN INVESTING ACTIVITIES		(3,177,496)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Perpetually restricted contributions		2,565,673
NET CASH PROVIDED BY FINANCING ACTIVITIES		2,565,673
NET CHANGE IN CASH AND CASH EQUIVALENTS		(46,395)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR		1,862,272
CASH AND CASH EQUIVALENTS AT END OF YEAR	$	1,815,877
SUPPLEMENTARY INFORMATION:		
Cash paid for income taxes	$	-
Cash paid for interest	$	-
SUPPLEMENTAL DISCLOSURE OF NON-CASH INVESTING AND FINANCING ACTIVITY:		
Donated securities	$	416,744
Transfer-in of donor restricted net assets	$	1,435,395

See accompanying notes to the financial statements.

THE CATHOLIC FOUNDATION OF EASTERN MONTANA, INC.

NOTES TO FINANCIAL STATEMENTS

NOTE 1. SIGNIFICANT ACCOUNTING POLICIES

Nature of Activities

The Catholic Foundation of Eastern Montana, Inc. (the Foundation) is a nonprofit, religious corporation formed in 1999. A Board of Directors manages the affairs and assets of the Foundation. The mission of the Foundation is: In joyful relationship with Christ and our donors, the Catholic Foundation of Eastern Montana builds permanent, everlasting endowments to secure a vibrant future for Catholic parishes, schools, and ministries in our diocese.

The Foundation shall have the following specific purposes:

a) To promote, expand and strengthen the Roman Catholic Church in the Diocese.
b) Consistent with the expressed needs and priorities of the Diocese, to support and assist the Diocese by seeking and securing, investing, and managing long-term, endowed financial support to benefit the Diocese and its entities and other Catholic organizations located within the geographical borders of the Diocese.
c) To manage and administer the funds and property donated to the Foundation consistent with the intent of the donors.
d) To engage in other lawful activity which may hereafter be authorized from time to time by the Board; provided, however, that the purposes for which the corporation is formed shall at all times be consistent with 501(c)(3) of the Internal Revenue Code, as it now exists or as is may be amended from time to time.
e) To hold and exercise all rights and powers conferred on nonprofit organizations under Mont. Code Ann. 35-2-118, of the Montana Nonprofit Corporation Act; provided however, that the Foundation shall not engage in any activities or exercise any powers that are not in furtherance of the stated purposes of the Foundation and the Diocese.

Basis of Accounting

The Foundation's 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.

Basis of Presentation

In accordance with GAAP, the Foundation reports information regarding its financial position and activities according to two classes: net assets without donor restrictions and net assets with donor restrictions. The net asset classes are reported as follows:

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 organization. These net assets may be used at the discretion of Foundation management and the board of directors.

NOTE 1. SIGNIFICANT ACCOUNTING POLICIES – Continued

Net assets with donor restrictions – Net assets that are subject to donor-imposed stipulations. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the Foundation or by the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity.

Donor restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets are reclassified from net assets with donor restrictions to net assets without donor restrictions in the statement of activities. When restrictions are satisfied in the same year received, the contributions are included in net assets without donor restrictions.

Internal Support Fee Revenue and Expense
Interfunds are charged fees to reimburse the Foundation for services provided to administer the individual funds. The revenue and expense from these fees are eliminated.

Measure of Operations
The Statements of Activities reports all changes in net assets, including changes in net assets from operating and nonoperating activities. Operating activities consist of those items attributable to the Foundation's ongoing services and interest and dividends earned on investments. Nonoperating activities are limited to resources that are held in perpetuity and generate returns from investments and other activities, or are activities that are considered to be of a more unusual or nonrecurring nature.

Use of Estimates
The preparation of financial statements in conformity with GAAP includes the use of estimates that affect the financial statements and disclosures. Accordingly, actual results could differ from those estimates.

Cash and Cash Equivalents
For purposes of the statements of cash flows, the Foundation considers cash and all highly liquid investments with a maturity date of 90 days or less to be cash equivalents. Money market funds have been included in investments rather than cash equivalents. The following table provides a reconciliation of cash and cash equivalents reported within the statement of financial position that sum to the total of the same such amounts shown in the statement of cash flows.

NOTE 1. SIGNIFICANT ACCOUNTING POLICIES – Continued

	December 31, 2025	January 1, 2025
Cash and cash equivalents	$ 1,189,175	$ 619,326
Cash and cash equivalents included in investments	626,702	1,242,946
Total cash and cash equivalents shown in the statement of cash flows	$ 1,815,877	$ 1,862,272

Occasionally the Foundation maintains cash balances in excess of FDIC insurance limits of $250,000. The Foundation does not believe that it is exposed to a significant credit risk as deposits are maintained in high quality financial institutions. At December 31, 2025, the Foundation's uninsured cash balances totaled $853,183.

Investments
The Foundation carries investments at their estimated fair values in the statements of financial position.

A significant portion of the Foundation's investments are subject to the risk of value fluctuations that is inherent in the market. As such, the value of the Foundation's assets may change frequently. To help manage this risk, the Foundation utilizes professional investment managers who oversee the Foundation's portfolio and make changes deemed necessary, within the parameters of the Foundation's investment policies. Investment income, net of expenses and net realized gains (losses), are pooled and allocated monthly to the participating funds based upon the value of their accounts in relation to the total value of all accounts at the beginning of each month. Contributions are allocated at the beginning of the month. Distributions of the net investment income, if any, are paid annually. Unrealized gains (losses) are not distributed. On the statement of activities, investment return, net includes interest and dividends earned, realized gains (losses) on sale of investments, and unrealized gains (losses).

Charitable Gift Annuities
Charitable gift annuities require annual payments at a fixed rate specified in the contract to a designated beneficiary over the beneficiary's lifetime, with payments commencing upon contribution. The payment is based on the value of the assets and the age of the annuitant(s) at the date of donation. Deferred gift annuities are similar but delay the start of annual payments to a future date. The financial statements include a liability representing the present value of the payments required by those contracts over the beneficiaries' expected lives as determined by mortality tables.

NOTE 1. SIGNIFICANT ACCOUNTING POLICIES – Continued

Donated Land and Buildings

Donations of land and buildings are recorded as contributions at their estimated fair value at the date of the donation. Assets donated with explicit restrictions regarding their use are reported as increases in restricted net assets. Land and buildings are not being depreciated as the value of the buildings is negligible.

Revenue Recognition

The Foundation recognizes contributions when cash, securities, or other assets; an unconditional promise to give; or a notification of a beneficial interest is received. Conditional promises to give – that is, those with a measurable performance or other barrier and right of return – are not recognized until the conditions on which they depend have been met.

Advertising

Advertising costs are expensed as incurred. Advertising expense for the year ended December 31, 2025 was $17,045 and included in office expense on the statement of activities.

Income Tax Status

In an annually updated ruling, the Internal Revenue Service has held that the agencies, instrumentalities and educational, charitable, and religious institutions operated, supervised, or controlled by or in connection with the Roman Catholic Church in the United States, its territories or possessions appearing in the “Official Catholic Directory” are exempt from federal income tax under the provisions of Section 501(c)(3) of the Internal Revenue Code. The Foundation is listed in the “Official Catholic Directory” and therefore is exempt from income tax and income tax filings. Accordingly, the accompanying financial statements reflect no provision for income taxes.

Functional Expenses

The expenses of the Foundation are categorized as program for direct payments to parishes and other organizations and all other expenses are categorized as management and general, and fundraising and development.

Agency Transactions

The Foundation is a recipient organization, accepting assets from a donor and agreeing to (a) use those assets on behalf of the specified beneficiary or (b) disburse those assets, the return on investment of those assets, or both to that beneficiary. Assets received from an organization for the benefit of that organization are recorded as an agency liability by the Foundation, payable to that organization. The liability, Agency Funds Payable, is recorded at the fair value of the asset.

NOTE 2. INVESTMENTS

The Foundation holds investments with third-party investment custodians. Investments carried at fair value as of December 31, 2025 are as follows:

	Cost	Fair Value	Net Cumulative Earnings (Loss)
Certificate of deposits	$ 101,132	$ 101,132	$ -
Mutual fund	708,667	802,511	93,844
Debt securities	11,272,244	11,138,724	(133,520)
Corporate stock	11,665,522	18,430,551	6,765,029
	$ 23,747,565	$ 30,472,918	$ 6,725,353

Net investment income at December 31, 2025 consisted of the following:

Interest and dividend income:	
Total Investments	$ 740,364
Less Agency funds portion	(7,819)
Unrealized gain (loss):	
Total Investments	2,236,450
Less Agency funds portion	(22,844)
Realized gain (loss):	
Total Investments	36,199
Less Agency funds portion	(235)
Investment fees:	
Total Investments	67,695
Less Agency funds portion	(688)
Investment return, net	$ 2,915,108

NOTE 3. FAIR VALUE MEASUREMENTS

The Foundation has determined the fair value of its investments and liabilities in accordance with GAAP. This standard establishes a fair value hierarchy, which prioritizes the valuation into three broad levels:

Level 1: Quoted prices in active markets for identical assets or liabilities,

Level 2: Observable inputs other than Level 1 prices, such as quoted prices for similar assets or liabilities; quoted prices in markets that are not active, or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities, and

Level 3: Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities.

NOTE 3. FAIR VALUE MEASUREMENTS – Continued

Following is a description of the valuation methodologies used for investments measured at fair value. There have been no changes in the methodologies used at December 31, 2022.

U.S. Government and Municipal Debt Securities: Valued at the closing price reported on active markets in which the individual or similar securities are traded.

Corporate Debt Securities: Valued at the closing price reported on the active market on which the individual securities are traded.

Developed Foreign Debt Securities: Valued at the closing price reported on active markets in which the individual or similar securities are traded.

Corporate Stocks: Valued at the closing price reported in the active market in which the individual securities are traded.

Mutual Funds and Exchange Traded Funds: Valued at net asset value (NAV). The NAV is based on the value of the underlying assets owned by the fund, minus its liabilities, and then divided by the number of shares held by the Foundation at year end. The NAV is quoted in an active market.

Money Market Funds: Valued at $1 (cash equivalents).

Certificates of Deposit: Valued based on other observable inputs, including broker or dealer quotations or alternative pricing sources.

Annuity obligations: Valued based on the present value of the expected future cash flows based on the donor or beneficiaries' life expectancies and using applicable federal rates updated annually.

NOTE 3. FAIR VALUE MEASUREMENTS – Continued

The following tables presents by level, within the fair value hierarchy, the Foundation's investment assets at fair value, as of December 31, 2025:

	Level 1	Level 2	Level 3	Total
Certificate of deposits	-	101,132	-	101,132
Debt securities:				
U.S. Treasury notes	-	6,868,346	-	6,868,346
Corporate debt securities	3,705,300	-	-	3,705,300
Developed foreign debt securities	-	565,078	-	565,078
Total debt securities	3,705,300	7,534,556	-	9,431,987
Equity securities:				
U.S. equity stocks	14,585,246	-	-	14,585,246
Developed foreign stocks	2,294,621	-	-	2,294,621
U.S. listed real estate ETF	1,550,684	-	-	1,550,684
Mutual funds	802,511	-	-	802,511
Total equity securities	19,233,062	-	-	19,233,062
Money market funds	626,702	-	-	626,702
	$ 23,565,064	$ 7,534,556	$ -	$ 31,099,620

The following table sets forth by level, within the fair value hierarchy, the Foundation's liabilities measured at fair value on a recurring basis as of December 31, 2025:

	Level 1	Level 2	Level 3	Total
Charitable gift annuities	$ 685,988	$ -	$ -	$ 685,988

NOTE 4. BENEFICIAL INTEREST IN TRUST

The Foundation is the remainder beneficiary of a charitable remainder annuity trust. Under the terms of the trust, net income is used to care for a certain named individual for life. Upon the death of the individual, all of the assets remaining in the trust will be distributed to the Foundation. The Foundation's share of the remainder interest of the trust was $92,478 as of December 31, 2025.

NOTE 5. ENDOWMENT

The Foundation maintains endowments within its perpetually restricted net assets established for the greatest needs of the Foundation. Contributions to the endowment funds are subject to donor restrictions that stipulate the original principal of the gift is to be held and invested by the Foundation indefinitely, and income from the fund is to be expended for the greatest needs of the Foundation. As required by GAAP, net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions.

Interpretation of Relevant Law
The Foundation has interpreted the Montana Uniform Prudent Management of Institutional Funds Act (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 explicit donor stipulations to the contrary. As a result, the Foundation classifies as perpetually restricted net assets (a) the original value of gifts donated to the permanent endowment, and (b) the original value of subsequent gifts to the perpetually restricted endowment. The remaining portion of the donor-restricted endowment fund that is not classified as perpetually restricted is classified as time or purpose restricted, until those amounts are appropriated for expenditure by the Foundation in a manner consistent with the standard of prudence prescribed by UPMIFA.

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

- The duration and preservation of the fund,
- The purpose of the Foundation and the donor-restricted endowment fund,
- General economic conditions,
- The possible effect of inflation and deflation,
- The expected total return from income and the appreciation of investments,
- Other resources of the Foundation, and
- The investment policies of the Foundation.

Spending Policy
Purpose – The goal of the spending policy is to provide funding from the endowment fund(s) to the various beneficiaries, in a disciplined and reasonable approach, while at the same time attempting to do so in a predictable, reasonable, and consistent basis.

The spending policy helps to determine the payout rate from the endowment of the beneficiaries. A 4.5% ceiling and a 3% floor have been put in place on endowment asset balances based on the average balance in the fund over the past twelve quarters, to help moderate spending during times of volatile periods. Both rates can be changed by the Board of Directors of the Foundation, but act to provide stability and long-term growth in the Foundation.

Board policy does not allow for distributions to fund beneficiaries when the endowment is less than one-year old, or when the endowment has less than a $20,000 balance for a named endowment or a $10,000 balance for an institutional endowment.

NOTE 5. ENDOWMENT – Continued

Determining the Distribution Rate – The Finance Committee of the Foundation will make an annual recommendation for the distributions within the approved guidelines to the Board of Directors.

Endowment Investment Policy
Timing of Distributions – Distributions to the beneficiaries will be made as soon as possible after the fiscal year-end.

Investment Objective – The obligations of the Foundation are long-term in nature; consequently, the investment of the endowment assets has a long-term focus. The endowment assets are invested in accordance with sound investment practices that emphasize long-term investment fundamentals. The primary investment objectives are, first, the preservation of purchasing power of the principal. The second objective is the generation of a reasonable income to support the specific programs as identified by the donors. These objectives are achieved through a well-diversified portfolio structure in a manner consistent with the investment policy when read in its entirety.

Risk Tolerance – The Foundation examined two important factors that affect the portfolio risk tolerance: financial ability to accept risk within the investment program and the willingness to accept return volatility. The Foundation is comfortable with a low to moderate risk strategy.

However, safety and soundness is considered essential in the selection of securities. Specifically, approved investments may be in blue chip stocks, corporate bonds, time certificates of deposit, commercial paper, US Treasury securities, government agency offerings, money market funds, bank security agreements, and savings accounts.

Strategies for Achieving Objectives – To satisfy its long-term objectives, the Foundation relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends).

Funds with Deficiencies
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. At December 31, 2025, there were no funds in a loss position.

Endowment net asset composition by type of fund consisted of $19,193,161 of donor permanently restricted endowments.

NOTE 5. ENDOWMENT – Continued

Changes in net asset composition by type of fund for the year ended December 31, 2025 are as follows:

	With donor restrictions
Endowment net assets, January 1, 2025	$ 15,319,934
Contributions	2,565,673
Transfer-in	1,307,554
Endowment net assets, December 31, 2025	$ 19,193,161

NOTE 6. NET ASSETS WITH DONOR RESTRICTIONS

Donor restricted net assets exist for the following purposes as of December 31, 2025:

Subject to expenditure once purpose restrictions are met:

Foundation	$ 167,267
Roman Catholic Bishop Pastoral Center	1,026,616
Schools	1,481,771
Parish	3,860,856
Priest retirement	256,417
Other Catholic organizations	512,237
	$ 7,305,164

Perpetual in nature:

Foundation	$ 575,503
Roman Catholic Bishop Pastoral Center	3,365,622
Schools	4,654,713
Parish	8,592,899
Priest retirement	633,002
Other Catholic organizations	1,371,422
	$ 19,193,161

Net assets were released from donor restrictions by incurring expenses satisfying the purpose restrictions specified by donors as follows:

Foundation	$ 26,457
Roman Catholic Bishop Pastoral Center	270,452
Schools	261,221
Parish	447,296
Priest retirement	31,179
Other Catholic organizations	68,263
	$ 1,104,868

NOTE 7. PLANNED GIFT LIABILITIES

The Foundation is subject to certain provisions of the Montana Code Annotated which specify that a charitable organization may only issue a "qualified charitable gift annuity" if it meets the following statutory requirements on the date of the annuity agreement:

- Has a minimum of $300,000 net assets or has a minimum of $100,000 in unrestricted cash, cash equivalents, or publicly traded securities, exclusive of the assets funding the annuity agreement;
- Has been in continuous operations for at least three years or is a successor or affiliate of a charitable organization that has been in continuous operations for at least three years; and
- Maintains a separate annuity fund with at least one-half the value of the initial amount transferred for outstanding annuities.

If the charitable organization cannot meet the requirements, the issuance of a qualified charitable gift annuity by a charitable organization must be commercially insured by a licensed insurance company that is qualified to do business in Montana.

For the year ended December 31, 2025, the Foundation met the requirements to issue qualified charitable gift annuities.

The liability for each type of planned gift described in Note 1 changes each year with receipts of new gifts, payments under contracts, change in trust asset values, and the change in the present value of required payments to beneficiaries. The present value of the future payments over the beneficiaries' estimated remaining lives was calculated using the original discount rates at the date of the gift and applicable mortality tables.

The following summarizes the change in planned gift liabilities for the year ended December 31, 2025:

Estimated present value of liability at January 1, 2025	$	632,529
Increase in estimated present value of liability from contributions		92,570
Decrease in estimated present value due to payments to beneficiaries		(10,415)
Decrease in estimated present value due to release from beneficiaries		(35,146)
Change in fair value of the estimated present value liability		6,450
Estimated present value of liability at December 31, 2025	$	685,988

NOTE 8. RELATED PARTY TRANSACTIONS

The Foundation holds assets on behalf of the Roman Catholic Bishop of Great Falls. Contributions during the year ended December 31, 2025 were $327,786. Support fees for the year ended December 31, 2025 were $57,520. Total assets held on behalf of the Roman Catholic Bishop of Great Falls at December 31, 2025 was $4,392,238.

NOTE 9. PENSION PLAN

The Foundation provides a 403(b) defined contribution pension plan for lay employees through Christian Brothers Retirement Services. For permanent full-time employees the Foundation contribution is equal to 6% of gross salary. Employees may also contribute to the plan on a voluntary basis from their salary, subject to certain annual limits. For the year ended December 31, 2025, employer costs were $13,842.

NOTE 10. LIQUIDITY AND AVAILABILITY

The Foundation regularly monitors the availability of resources required to meet its operating needs and other contractual commitments, while also striving to maximize the investment of its available funds. The Foundation utilizes its annual budget as its primary monitoring tool.

The Foundation receives significant contributions with donor restrictions to be used in accordance with the associated purpose restrictions. The majority of these contributions are to establish or add additional amounts to endowments that will exist in perpetuity. The income generated from such endowments is used to fund the respective Catholic parishes, schools, and ministries and other operating needs, when appropriate.

The Foundation's board approves a distribution from endowment earnings between 3%- 4.5% of the endowment asset balance based on the average balance in the fund over the past twelve quarters. In addition, the Foundation receives support without donor restrictions.

Financial assets available for general expenditure include only those without donor or other restrictions limiting their use within one year of the balance sheet date. General expenditures include those listed within the management and general classification on the statement of activities.

The following represents the Foundation's financial assets at December 31, 2025:

Financial assets at year-end:		
Cash and cash equivalents	$	1,189,175
Certificate of deposit		101,132
Interest receivable		109,652
Investments		30,998,488
Total financial assets		32,398,447

NOTE 10. LIQUIDITY AND AVAILABILITY - Continued

Less amounts not available to be used within one year:		
Contractual or donor-imposed restrictions:		
Charitable gift annuities		685,988
Agency funds payable		348,988
Restricted by donor		26,498,325
		27,532,676
Financial assets available to meet general expenditures within one year	$	4,865,771

NOTE 11. SUBSEQUENT EVENTS

In preparing the financial statements, the Foundation has evaluated events and transactions for potential recognition or disclosure through August 11, 2026, the date that the financial statements were available to be issued.