BILLINGS CATHOLIC SCHOOLS FOUNDATION

BILLINGS, MONTANA

FINANCIAL STATEMENTS
AS OF
JUNE 30, 2024 AND 2023

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Douglas Wilson & Company, P.C.

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Certified Public Accountants
Since 1913

Douglas WILSON
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To the Board of Directors
Billings Catholic Schools Foundation
Billings, Montana

INDEPENDENT AUDITOR'S REPORT

Opinion

We have audited the financial statements of Billings Catholic Schools Foundation (a nonprofit organization), which comprise the statements of financial position as of June 30, 2024 and 2023, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of Billings Catholic Schools Foundation as of June 30, 2024 and 2023, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). 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 Billings Catholic Schools Foundation 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.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Billings Catholic Schools Foundation's ability to continue as a going concern for one year after the date that the financial statements are 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

GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, 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 Billings Catholic Schools Foundation'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 Billings Catholic Schools Foundation'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.

Douglas Nelson + Company, P.C.

Great Falls, Montana
March 12, 2025

BILLINGS CATHOLIC SCHOOLS FOUNDATION

BILLINGS, MONTANA

STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2024 AND 2023

	6/30/24	6/30/23
ASSETS		
Current Assets		
Cash, Cash Equivalents, and Restricted Cash	$ 1,090,065	$ 293,233
Receivables		
Unconditional Promises to Give	32,000	28,600
Interest Receivable	16,120	16,182
Other Receivables	60,311	81,345
Total Current Assets	1,198,496	419,360
Long-Term Unconditional Promises to Give	5,942	33,887
Investments	18,809,756	16,391,790
Other Investments	47,541	47,541
Bacet Realty, LLC	103,453	173,453
Beneficial Interest In Split-Interest Agreement	1,527,438	1,388,260
Property and Equipment (Net)	13,913,664	14,450,693
Total Assets	**$ 35,606,290**	**$ 32,904,984**
LIABILITIES AND NET ASSETS		
Current Liabilities		
Accounts Payable	$ 1,312,306	$ 83,975
Accrued Expenses	20,811	18,814
Total Current Liabilities	1,333,117	102,789
Deferred Gift Annuities	71,405	104,752
Total Liabilities	1,404,522	207,541
Net Assets		
Without Donor Restriction	14,400,682	13,915,307
With Donor Restriction	19,801,086	18,782,136
	34,201,768	32,697,443
Total Liabilities and Net Assets	**$ 35,606,290**	**$ 32,904,984**

See the notes to the financial statements.

BILLINGS CATHOLIC SCHOOLS FOUNDATION

BILLINGS, MONTANA

STATEMENTS OF ACTIVITIES
FOR THE YEARS ENDED JUNE 30, 2024 AND 2023

	June 30, 2024			June 30, 2023		
	Without Donor Restriction	With Donor Restriction	Total	Without Donor Restriction	With Donor Restriction	Total
Revenue, Gains and Other Support						
Contributions	$ 89,490	$ 1,457,155	$ 1,546,645	$ 127,012	$ 1,416,512	$ 1,543,524
Special Events Revenue	719,269	-	719,269	537,693	-	537,693
Management Fees	59,985	-	59,985	29,501	-	29,501
Other Income	-	-	-	-	-	-
Investment Return	1,610,768	569,560	2,180,328	1,010,325	482,310	1,492,635
Net Assets Released from Restrictions	1,180,291	(1,180,291)	-	1,947,883	(1,947,883)	-
Total Revenues, Gains and Other Support	3,659,803	846,424	4,506,227	3,652,414	(49,061)	3,603,353
Expenses						
Scholarship and Program Expenses	2,668,685	-	2,668,685	3,292,438	-	3,292,438
General and Administrative	333,263	-	333,263	319,057	-	319,057
Fundraising	172,480	-	172,480	141,953	-	141,953
Total Expenses	3,174,428	-	3,174,428	3,753,448	-	3,753,448
(Gains) Losses						
Change in Value of Split-Interest Agreement	-	(172,526)	(172,526)	-	(83,904)	(83,904)
Total (Gains) Losses	-	(172,526)	(172,526)	-	(83,904)	(83,904)
Total Expenses and (Gains) Losses	3,174,428	(172,526)	3,001,902	3,753,448	(83,904)	3,669,544
Change in Net Assets	485,375	1,018,950	1,504,325	(101,034)	34,843	(66,191)
Net Assets at Beginning of Year	13,915,307	18,782,136	32,697,443	14,016,341	18,747,293	32,763,634
Net Assets at End of Year	**$ 14,400,682**	**$ 19,801,086**	**$ 34,201,768**	**$ 13,915,307**	**$ 18,782,136**	**$ 32,697,443**

See the notes to the financial statements.

BILLINGS CATHOLIC SCHOOLS FOUNDATION

BILLINGS, MONTANA

STATEMENTS OF FUNCTIONAL EXPENSES
FOR THE YEARS ENDED JUNE 30, 2024 AND 2023

	June 30, 2024				June 30, 2023			
	Scholarship and Program Expenses	General and Administrative	Fundraising	Total	Scholarship and Program Expenses	General and Administrative	Fundraising	Total
Advertising	$ -	$ 2,119	$ 6,231	$ 8,350	$ -	$ 620	$ 6,230	$ 6,850
Bank Fees	-	111	18,644	18,755	-	106	11,697	11,803
Catering	-	-	-	-	-	-	-	-
Depreciation	537,029	-	-	537,029	537,029	-	-	537,029
Donor and Volunteer Relations	-	-	7,132	7,132	-	-	10,890	10,890
Dues	-	6,499	522	7,021	-	6,675	-	6,675
Fundraising Campaign	-	-	111,305	111,305	-	-	83,186	83,186
Insurance	-	5,948	-	5,948	-	5,706	-	5,706
Miscellaneous	-	-	2,010	2,010	-	10	5,000	5,010
Office Supplies	-	15,388	3,507	18,895	-	15,760	3,956	19,716
Postage	-	3,771	1,135	4,906	-	3,695	1,314	5,009
Printing	-	11,395	12,357	23,752	-	10,529	12,454	22,983
Professional Services	-	17,298	8,637	25,935	-	19,414	7,226	26,640
Rental Expenses	-	1,061	-	1,061	-	1,386	-	1,386
Salaries and Benefits	-	268,227	-	268,227	-	252,347	-	252,347
Scholarship and Program Distributions	2,131,656	-	-	2,131,656	2,755,409	-	-	2,755,409
Supplies	-	-	-	-	-	-	-	-
Training and Travel	-	1,446	-	1,446	-	2,809	-	2,809
Uncollectible Promises to Give	-	-	1,000	1,000	-	-	-	-
	$ 2,668,685	**$ 333,263**	**$ 172,480**	**$ 3,174,428**	**$ 3,292,438**	**$ 319,057**	**$ 141,953**	**$ 3,753,448**

See the notes to the financial statements.

BILLINGS CATHOLIC SCHOOLS FOUNDATION

BILLINGS, MONTANA

STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED JUNE 30, 2024 AND 2023

	6/30/24	6/30/23
Cash Flows from Operating Activities		
Change in Net Assets	$ 1,504,325	$ (66,191)
Adjustments to Reconcile Change in Net Assets to		
Net Cash Provided (Used) by Operating Activities:		
Depreciation	537,029	537,029
Realized Gain on Sale of Investments	(647,679)	(307,385)
Unrealized (Gain) Loss on Investments	(1,042,926)	(798,409)
Contributions Restricted for Long-Term Investment	(540,099)	(560,117)
Changes in Value of Split-Interest Agreements	(139,178)	(80,760)
(Increase) Decrease in Operating Assets:		
Unconditional Promises to Give	24,545	54,886
Interest Receivable	62	(4,190)
Other Receivables	21,034	(63,465)
Increase (Decrease) in Operating Liabilities:		
Accounts Payable	1,228,331	(50,275)
Accrued Expenses	1,997	5,551
Deferred Gift Annuities	(33,347)	(3,144)
Net Cash Provided (Used) by Operating Activities	914,094	(1,336,470)
Cash Flows from Investing Activities		
Purchases of Investments	(6,636,567)	(4,886,528)
Proceeds From Sales of Investments	5,979,206	4,812,874
Change in Cash Value of Life Insurance	-	458
Net Cash Used by Investing Activities	(657,361)	(73,196)
Cash Flows from Financing Activities		
Contributions Restricted for Long-Term Investment	540,099	560,117
Net Cash Provided by Financing Activities	540,099	560,117
Net Increase (Decrease) in Cash, Cash Equivalents, and Restricted Cash	796,832	(849,549)
Cash, Cash Equivalents, and Restricted Cash - Beginning of Year	293,233	1,142,782
Cash, Cash Equivalents, and Restricted Cash - End of Year	**$ 1,090,065**	**$ 293,233**

See the notes to the financial statements.

BILLINGS CATHOLIC SCHOOLS FOUNDATION

BILLINGS, MONTANA

STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED JUNE 30, 2024 AND 2023

	6/30/24	6/30/23
Supplemental Disclosure to Cash Flow Information:		
Cash and Cash Equivalents	$ 1,040,474	$ 260,403
Cash Restricted for Improvements and Maintenance (Note 8)	24,332	7,571
Cash Restricted for Scholarships and Tuition Assistance (Note 8)	25,259	25,259
	$ 1,090,065	**$ 293,233**

See the notes to the financial statements.

NOTE 1: NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

Nature of Activities - The Billings Catholic Schools Foundation (BCS Foundation), formerly known as Billings Area Catholic Education Trust (BACET), which was formed August 3, 1973 and was an auxiliary of the Roman Catholic Church, is a nonprofit organization which was formed January 1, 2007 and is dedicated to providing reliable, long-range financial support for the Billings Catholic Schools (Schools). BACET became part of the BCS Foundation January 1, 2007. BCS Foundation is governed by a Board of Directors. Resources for BCS Foundation activities are primarily provided by contributions, special events revenue, and investment income. Distributions to the Schools from BCS Foundation are made on an annual basis and are for operating expenses directly related to the education of students. The financial statements reflect the operations of BCS Foundation for the years ended June 30, 2024 and 2023.

Basis of Accounting - The financial statements of BCS Foundation have been prepared on the accrual basis of accounting and accordingly reflect all significant receivables, payables, and other assets and liabilities.

Basis of Presentation - BCS Foundation is required to report information regarding its financial position and activities according to two classes of net assets: net assets without donor restriction, and net assets with donor restriction.

Net Asset Categories:

Net assets with donor restrictions carry restrictions that expire upon the passage of a prescribed period, upon the occurrence of a stated event as specified by the donor, or are those that are subject to donor-imposed stipulations that the assets be maintained permanently by the Foundation. Included in this category are grants and contributions to be used by the Foundation in accordance with donor stipulations. The Foundation had $19,501,086 and $18,782,136 in net assets with donor restriction at June 30, 2024 and 2023, respectively.

The Foundation had $18,381,335 and $17,668,710 of net assets with donor restriction that are required to be maintained permanently at June 30, 2024 and 2023. See Note 8 for information on the net assets with donor restrictions.

Net assets without donor restrictions are composed of all resources not included in the above category. Included are expendable resources used to support Foundation activities. Donor-restricted contributions that are received and expended in the same year are released to net assets without donor restriction. All expenses are recorded as a reduction to net assets without donor restriction. These net assets may be used at the discretion of Foundation management and the board of directors.

Use of Estimates - The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Income Taxes - BCS Foundation was previously tax-exempt as a subordinate under a Group Ruling issued to the United States Conference of Catholic Bishops by the Internal Revenue Service with respect to the federal tax status of Catholic organizations listed in the Official Catholic Directory. BCS Foundation applied for, and in a letter from the Internal Revenue Service dated March 12, 2015, was granted its own tax-exempt status as a public charity under Section 501(c)(3) of the Internal Revenue Code, effective June 27, 2014, and is listed individually in the Exempt Organization Select Check. Therefore, no provision for income taxes has been made in these statements.

Cash and Cash Equivalents - BCS Foundation considers all highly liquid investments purchased with a maturity of three months or less to be cash equivalents. Cash and cash equivalents for the purpose of the statement of cash flows exclude cash equivalents included in investments.

Property and Equipment - Property and equipment acquisitions are recorded at cost or, if donated, at fair value at the date of receipt. Depreciation of property and equipment is computed using the straight-line method over estimated useful lives of the assets.

Investments - Investments in marketable securities with readily determinable fair values, and all investments in debt securities are stated at their fair value. Other investments without readily determinable values are stated using estimated fair value. Realized and unrealized gains and losses are included in the statement of activities. Gains and losses on the sale of securities are determined using the specific-identification method.

BCS Foundation determines the fair value of its investments according to standards issued by the Financial Accounting Standards Board (FASB). These standards establish a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted observable quoted prices in active markets for identical assets or liabilities (level 1 measurements) and the lowest priority to unobservable input (level 3 measurements). The three levels of the fair value hierarchy under these standards are described below:

Level 1 – Unadjusted quoted prices in active markets that are accessible at the measurement date for identical, unrestricted assets or liabilities;

Level 2 – Quoted prices in markets that are not considered to be active or financial instruments for which all significant inputs are observable, either directly or indirectly for substantially the full term of the asset or liability;

Level 3 – Significant unobservable prices or inputs where there is little or no market activity for the asset or liability at the measurement date.

In addition to quoted market prices in active markets, valuation techniques included:

Level 2 – Debt securities are reported at fair value on a recurring basis determined by reference to quoted market prices for similar investments, yield curves, and other relevant information generated by market transactions. Life insurance policies are valued using calculated cash surrender values as provided by the life insurance company.

Level 3 – The limited partnership interest consists of two limited partnership interests in the Treasure State Capital Limited Partnership. BCS Foundation has a total interest of 3.97% in this limited partnership. Fair value is the amount of future cash flows management believes will ultimately be received upon liquidation of their interests. Fair value is $0 at June 30, 2024 and 2023. The beneficial interest in the split-interest agreement is valued at the present value of the remainder interest. BCS Foundation remeasures the fair value of its beneficial interest and adjusts the measurement inputs based on statements received from the trustee, market conditions, adjusted payout rates, and other relevant data.

A financial instrument's level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement.

BCS Foundation's investments are summarized in Notes 3 and 4.

Public Support Revenue - Contributions of cash and noncash assets are recorded at their fair market value in the period received and are recognized as an increase in net assets without donor restriction unless specifically restricted by the donor. Unconditional promises to give are recorded as the promise is received. Unconditional promises to give due in the next year are reflected as current promises to give and are recorded at their net realizable value. Unconditional promises to give due in subsequent years are reflected as long-term promises to give and are recorded at the present value of their net realizable value, using an appropriate discount rate commensurate with the risks involved. Conditional promises to give are recognized only when the conditions on which they depend are substantially met and the promises become unconditional.

Contributions of cash and other assets are reported as an increase in net assets with donor restriction if they are received with the donor stipulations that limit the use of the donated assets. If contributions are restricted in perpetuity by the donor, they are also recorded as an increase in net assets with donor restriction. When donor restrictions expire, that is, when a stipulated time restriction ends or purpose restriction is accomplished, net assets with donor restriction are released to net assets without donor restriction and are reported in the statement of activities as net assets released from restrictions. The Foundation has not adopted a policy for implying time restrictions on contributions of long-lived assets.

Endowment contributions and investments are restricted in perpetuity by the donor. Investment earnings available for distribution are recorded in net assets without donor restriction. Investment earnings with donor restrictions are recorded in net assets with donor restriction based on the nature of the restrictions.

Functional Allocation of Expenses - Expenses directly attributable to the various activities are recorded as program, general and administrative, or fundraising expenses. All other costs of providing the various programs and other activities are allocated on a functional basis in the statement of activities. Joint costs, which include fund-raising costs, include salaries and benefits, which have been allocated based on an estimate of employee time spent on each function.

Depreciation Expense on the statement of functional expenses relate directly to the new school that was placed in service in July 2017. Therefore, these items are recorded as program expenses.

Beneficial Interest in Split-Interest Agreement - The beneficial interest in the split-interest agreement consists of contributions to an irrevocable charitable remainder unitrust of which BCS Foundation is the beneficiary and receives its interest in the donated assets after the donor or another beneficiary has received benefits for a specified time period. At the termination of the agreement, the remaining assets in the trust pass to BCS Foundation for its use in the endowment. The beneficial interest in the split-interest agreement has been valued at the present value of remainder interest as of June 30, 2024, using a discount rate of approximately 7.5%.

New Accounting Pronouncements – The BCS Foundation adopted ASU 2016-13, Financial Instruments – Credit Losses (Topic 326) and ASU 2019-11, Codification Improvements to Topic 326, Financial Instruments – Credit Losses during the year ended June 30, 2024. These ASU's change the allowance for credit losses accounting model by requiring recognition of management's estimates of current expected credit losses (CECL). These standards broaden the information that an entity must consider in developing its expected credit loss estimate for assets measured either collectively or individually. A CECL analysis must reflect the nature of the credit portfolio and the economic environment as they exist at the specific reporting date. There was no impact on the BCS Foundation's financial statements for 2024 or beginning balances.

NOTE 2: FINANCIAL INSTRUMENTS:

Financial instruments that potentially subject BCS Foundation to concentrations of credit risk consist principally of cash and cash equivalents and unconditional promises to give receivables. BCS Foundation maintains its cash balances at financial institutions in Billings, Montana. The balances are insured by the Federal Deposit Insurance Corporation up to $250,000 per institution. At June 30, 2024 and 2023, BCS Foundation had uninsured cash balances totaling $838,220 and $577,964, respectively. Concentrations of credit risk with respect to unconditional promises to give receivables are limited due to the large number of contributors comprising BCS Foundation's contributor base and their dispersion across different industries and geographic areas.

NOTE 3: FAIR VALUE MEASUREMENTS:

The following tables present, by level, within the fair value hierarchy, BCS Foundation's investment assets at fair value, as of June 30, 2024 and 2023. As required by generally accepted accounting principles, investment assets are classified in their entirety based upon the lowest level of input that is significant to the fair value measurement.

	Fair Value as of June 30, 2024	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Cash Equivalents	$ 1,148,527	$ 1,148,527	$ -	$ -
Corporate Bonds	390,309	-	390,309	-
Marketable Equity Securities	5,178,062	5,178,062	-	-
Mutual Funds	12,085,751	12,085,751	-	-
Cash Surrender Value of Life Insurance Policies	7,107	-	7,107	-
Investments on Statement of Financial Position	18,809,756	18,412,340	397,416	-
Beneficial Interest in Split-Interest Agreement	1,527,438	-	-	1,527,438
	$ 20,337,194	**$ 18,412,340**	**$ 397,416**	**$ 1,527,438**

	Fair Value as of June 30, 2023	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Cash Equivalents	$ 433,608	$ 433,608	$ -	$ -
Corporate Bonds	575,682	-	575,682	-
Marketable Equity Securities	4,745,565	4,745,565	-	-
Mutual Funds	10,629,393	10,629,393	-	-
Cash Surrender Value of Life Insurance Policies	7,542	-	7,542	-
Investments on Statement of Financial Position	16,391,790	15,808,566	583,224	-
Beneficial Interest in Split-Interest Agreement	1,388,260	-	-	1,388,260
	$ 17,780,050	**$ 15,808,566**	**$ 583,224**	**$ 1,388,260**

The following tables summarize the investment return for the years ended June 30, 2024 and 2023.

	June 30, 2024		
	Without Donor Restriction	With Donor Restriction	Total
Interest, Dividends and Royalties	$ 447,358	$ 146,459	$ 593,817
Realized Gain (Loss) on Sales of Investments	629,264	18,415	647,679
Unrealized Gain (Loss) on Investments	638,240	404,686	1,042,926
Investment Fees	(104,094)	-	(104,094)
Total	**$ 1,610,768**	**$ 569,560**	**$ 2,180,328**

	June 30, 2023		
	Without Donor Restriction	With Donor Restriction	Total
Interest, Dividends and Royalties	$ 365,568	$ 114,013	$ 479,581
Realized Gain (Loss) on Sales of Investments	349,614	(42,229)	307,385
Unrealized Gain (Loss) on Investments	387,425	410,526	797,951
Investment Fees	(92,282)	-	(92,282)
Total	**$ 1,010,325**	**$ 482,310**	**$ 1,492,635**

The table below presents information about the changes in the beneficial interest in the split-interest agreement, which is measured at fair value on a recurring basis:

	Beneficial Interest in Split-Interest Agreement
Beginning Balance, July 1, 2022	$ 1,307,500
Change in Value of Beneficial Interest	80,760
Ending Balance, June 30, 2023	1,388,260
Change in Value of Beneficial Interest	139,178
Ending Balance, June 30, 2024	**$ 1,527,438**

NOTE 4: OTHER INVESTMENTS:

Other investments consist of mineral rights contributed to the BCS Foundation in 2010. They are carried at the appraisal amount provided to the donor trust prior to the gift of the rights to BCS Foundation. The mineral rights were not evaluated for impairment at June 30, 2024 and 2023, respectively, as it is not practicable to estimate their fair value.

NOTE 5: BACET REALTY, LLC:

In 2002, BACET formed BACET Realty, LLC for the purpose of holding contributions of real estate. Thus, all real estate was transferred to BACET Realty, LLC. The assets of BACET Realty, LLC at June 30, 2024 and 2023 are summarized below:

	6/30/24	6/30/23
Cash in Bank	$ 602	$ 602
Lots	82,851	152,851
Time Share Condos	20,000	20,000
	$ 103,453	**$ 173,453**

During the year ended June 30, 2024, lots with a cost basis of $70,000 were sold for $36,516, which resulted in a realized loss of $33,484.

NOTE 6: PROMISES TO GIVE:

BCS Foundation raised funds for the construction of a new school building. The building costs exceeded promises to give, and as a result, all donor restrictions on the promises to give were released. Unconditional promises to give at June 30, 2024 and 2023 are summarized in the following table. The discount rates used on long-term promises to give are 7.5% at June 30, 2024 and 2023.

	6/30/24	6/30/23
Receivable in Less than One Year	$ 33,000	$ 29,600
Receivable in One to Five Years	6,900	38,200
Receivable After Five Years	-	-
Total Unconditional Promises to Give	39,900	67,800
Less: Discounts to Net Present Value	(958)	(4,313)
Less: Allowance for Uncollectible Promises	(1,000)	(1,000)
Net Unconditional Promises to Give	**$ 37,942**	**$ 62,487**

Unconditional promises to give as described above, have been included in the accompanying statements of financial position as follows:

	6/30/24	6/30/23
Unconditional Promises to Give - Current Portion	$ 32,000	$ 28,600
Unconditional Promises to Give - Net of Current Portion	5,942	33,887
Net Unconditional Promises to Give	$ 37,942	$ 62,487

NOTE 7: PROPERTY AND EQUIPMENT:

A summary of property and equipment for the years ended June 30, 2024 and 2023 follows:

	June 30, 2023 Cost	Additions	Deletions	Transfers	June 30, 2024 Cost
Intermediate Building	$ 7,065	$ -	$ -	$ -	$ 7,065
Colton Building	540	-	-	-	540
St. Francis School:					
Building	15,074,983	-	-	-	15,074,983
Landscaping	219,503	-	-	-	219,503
Playground Equipment	244,296	-	-	-	244,296
Roofing	499,835	-	-	-	499,835
HVAC System	616,611	-	-	-	616,611
Signage	55,615	-	-	-	55,615
Food Service Equipment	175,052	-	-	-	175,052
Athletic Equipment	139,300	-	-	-	139,300
Furniture	497,735	-	-	-	497,735
IT System	97,153	-	-	-	97,153
	$ 17,627,688	$ -	$ -	$ -	$ 17,627,688

	June 30, 2023 Accumulated Depreciation	Additions	Deletions	Transfers	June 30, 2024 Accumulated Depreciation
Intermediate Building	$ 2,089	$ 353	$ -	$ -	$ 2,442
Colton Building	-	-	-	-	-
St. Francis School:					
Building	2,229,412	376,875	-	-	2,606,287
Landscaping	64,936	10,975	-	-	75,911
Playground Equipment	144,544	24,430	-	-	168,974
Roofing	73,934	12,496	-	-	86,430
HVAC System	91,206	15,415	-	-	106,621
Signage	32,908	5,562	-	-	38,470
Food Service Equipment	103,571	17,505	-	-	121,076
Athletic Equipment	82,419	13,930	-	-	96,349
Furniture	294,495	49,773	-	-	344,268
IT System	57,481	9,715	-	-	67,196
	$ 3,176,995	**$ 537,029**	**$ -**	**$ -**	**$ 3,714,024**
Property and Equipment (Net)	**$ 14,450,693**	**$ (537,029)**	**$ -**	**$ -**	**$ 13,913,664**

	June 30, 2022 Cost	Additions	Deletions	Transfers	June 30, 2023 Cost
Intermediate Building	$ 7,065	$ -	$ -	$ -	$ 7,065
Colton Building	540	-	-	-	540
St. Francis School:					
Building	15,074,983	-	-	-	15,074,983
Landscaping	219,503	-	-	-	219,503
Playground Equipment	244,296	-	-	-	244,296
Roofing	499,835	-	-	-	499,835
HVAC System	616,611	-	-	-	616,611
Signage	55,615	-	-	-	55,615
Food Service Equipment	175,052	-	-	-	175,052
Athletic Equipment	139,300	-	-	-	139,300
Furniture	497,735	-	-	-	497,735
IT System	97,153	-	-	-	97,153
	$ 17,627,688	**$ -**	**$ -**	**$ -**	**$ 17,627,688**

	June 30, 2022 Accumulated Depreciation	Additions	Deletions	Transfers	June 30, 2023 Accumulated Depreciation
Intermediate Building	$ 1,736	$ 353	$ -	$ -	$ 2,089
Colton Building	-	-	-	-	-
St. Francis School:					
Building	1,852,537	376,875	-	-	2,229,412
Landscaping	53,961	10,975	-	-	64,936
Playground Equipment	120,114	24,430	-	-	144,544
Roofing	61,438	12,496	-	-	73,934
HVAC System	75,791	15,415	-	-	91,206
Signage	27,346	5,562	-	-	32,908
Food Service Equipment	86,066	17,505	-	-	103,571
Athletic Equipment	68,489	13,930	-	-	82,419
Furniture	244,722	49,773	-	-	294,495
IT System	47,766	9,715	-	-	57,481
	$ 2,639,966	**$ 537,029**	**$ -**	**$ -**	**$ 3,176,995**
Property and Equipment (Net)	**$ 14,987,722**	**$ (537,029)**	**$ -**	**$ -**	**$ 14,450,693**
Property Held for Sale	**$ 70,000**	**$ -**	**$ -**	**$ (70,000)**	**$ -**

Property held for sale at June 30, 2022, is made up of residential lots that were donated to the BCS Foundation in December 2019. The lots were moved to Bacet Realty, LLC in the fiscal year ended June 30, 2023.

NOTE 8: RESTRICTIONS/LIMITATIONS ON NET ASSETS:

The following schedule summarizes the net assets with donor restrictions:

	6/30/24	6/30/23
Purpose Restricted:		
Endowment Earnings for Building Improvement and Maintenance Purposes	$ 1,377,042	$ 1,088,167
Billings Catholic Schools Projects	17,450	-
Scholarship and Tuition Assistance	25,259	25,259
	1,419,751	1,113,426
Restricted in Perpetuity:		
Endowment	18,381,335	17,668,710
Total Net Assets with Donor Restriction	**$ 19,801,086**	**$ 18,782,136**

Included in cash, cash equivalents, and restricted cash presented on the accompanying statements of financial position at June 30, 2024 and 2023 is cash with purpose restrictions to be used for building improvements and maintenance of $24,332 and $7,571, respectively. Additionally, net assets with donor restriction for Scholarship and Tuition Assistance line items in the table above are represented by cash and cash equivalents on the accompanying statements of financial position.

NOTE 9: DEFERRED GIFT ANNUITIES:

BCS Foundation has entered into numerous deferred gift annuities with contributors. Under the terms of the deferred gift annuities, BCS Foundation receives a cash or property contribution from the donor, who in turn receives a deferred gift annuity. The deferred annuity stipulates the annual amount to be paid to the donor and the date the payments are to begin. All deferred gift annuities continue for the life of the donor. The deferred gift annuity is non-assignable, but the donor may irrevocably renounce all future payments, thus making a charitable gift of the interest in the annuity. BCS Foundation records the asset at the fair market value on the date of gift. The net present value of the deferred gift annuities payable is recorded as a liability and the difference is recorded as permanently restricted revenue because the deferred gift annuity agreement stipulates that the contribution be held in a permanent irrevocable fund. BCS Foundation calculated the net present value of the estimated future payments using applicable mortality tables and a discount rate of 7.5% at June 30, 2024 and 2023, respectively.

NOTE 10: COMMITMENTS:

BCS Foundation has committed to distribute at least annually to the Billings Catholic Schools System a percentage of the net market value of the Trust assets as approved by a majority vote of the Board of Directors, as disclosed in Note 16. For the years ended June 30, 2024 and 2023, scholarship and program distributions were as follows:

	6/30/24	6/30/23
Billings Area Catholic Education Trust	$ 423,651	$ 412,749
Mayfair	508,275	610,313
Annual Fund	83,627	151,998
Tuition Assistance	55,130	40,340
Projects	-	254,718
Elevator	-	1,101,196
Urbaska Field	397,867	-
Porter Endowment	250,000	125,000
Special Events	-	16,368
Duffner	39,972	40,477

(CONTINUED)	6/30/24	6/30/23
ECE	3,050	-
SFC	29,804	-
BCCHS	82,721	-
BCS	94,000	-
BCS Tuition Assistance	71,615	-
Special Events Central Cross Club	75,000	-
Special Events Ram Scramble	15,594	-
Annuity Payments	1,350	2,250
	$ 2,131,656	**$ 2,755,409**

Accounts payable at June 30, 2024 and 2023 on the statements of financial position includes $1,312,306 and $83,975, respectively of distributions payable to Billings Catholic Schools.

NOTE 11: OFFICE SPACE:

BCS Foundation receives donated office space from Billings Catholic Schools. The value of the donated office space has not been recorded in the financial statements.

NOTE 12: PENSION PLAN:

BCS Foundation's full-time employees are enrolled in the Billings Catholic Schools 403(b) retirement plan. BCS Foundation contributed an amount equal to 3% of the eligible employees' salaries in 2024 and 2023, respectively. Retirement expense of $12,143 and $11,305 during the years ended June 30, 2024 and 2023, respectively, was contributed by BCS Foundation to the retirement plan and is included in salaries and benefits in the statements of functional expenses.

NOTE 13: ADVERTISING:

Billings Catholic Schools Foundation expenses advertising costs as they are incurred.

NOTE 14: RELATED PARTIES:

As described in Note 1, Billings Catholic Schools Foundation was formed to provide reliable, long-range financial support for Billings Catholic Schools. BCS Foundation employees are paid by Billings Catholic Schools, and then those costs are billed to BCS Foundation.

BCS Foundation has entered into a lease agreement with the Roman Catholic Bishop of the Diocese of Great Falls-Billings. This agreement is for the use of the land that the new St. Francis School has been constructed on. There are no payments made under this agreement and the term of the agreement is 75 years, with the option to extend the initial term for two additional ten-year periods. Although there are no payments due on this lease agreement, BCS Foundation is responsible for all taxes, utilities, insurance, and maintenance in connection with the property and improvements on the premises.

BCS Foundation has also entered into an agreement with the Roman Catholic Bishop of the Diocese of Great Falls-Billings which granted an easement to BCS Foundation for the construction of a parking lot adjacent to the new school. There are no payments made under this agreement and the term of the agreement follows the term of the land use agreement in the preceding paragraph.

Additional related party transactions are described in Notes 7, 10, 11, and 12.

NOTE 15: LIQUIDITY

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 primarily receives contributions with donor restrictions, investment return, and special events revenue throughout the year that are used to support the activities of the Billings Catholic Schools as well as used to pay other operating expenses. Financial assets available for general expenditure include only those without donor or other restrictions limiting their use within one year of the statement of financial position date. General expenditures include those listed within the program, management, and general, and fundraising classifications on the statements of activities.

Management has identified the following assets as of June 30, 2024 as available for general expenditures in fiscal year 2024-2025:

	6/30/24
Cash and Cash Equivalents	$ 1,040,474
Other Receivables	60,311
	$ 1,100,785

Cash and cash equivalents above exclude the portion of cash with purpose restrictions to be used for building improvements and maintenance of $24,332 and the portion with purpose restrictions to be used for tuition and scholarship assistance of $25,259. Annual investment income on $13,813,517 of the total $18,809,756 of investments reported on the statement of financial position is without donor restriction and is available for general expenditure. In 2024-2025, investment income without donor restriction, net of investment fees, was $1,610,768.

NOTE 16: ENDOWMENT:

BCS Foundation's endowment consists of donor-restricted endowment funds. As required by generally accepted accounting principles in the United States, 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 Board of Directors of BCS Foundation has interpreted the Montana Uniform Prudent Management of Institutional Funds Act (UPMIFA) as requiring the presentation 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, BCS Foundation classifies as net assets with donor restriction (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 earnings that are not classified in net assets with donor restriction in perpetuity is classified as net assets with donor restriction for a purpose until those amounts are appropriated for expenditure by BCS Foundation in a manner consistent with the standard of prudence prescribed by UPMIFA.

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

(1) The duration and preservation of the fund

(2) The purpose of BCS Foundation and the donor-restricted endowment fund

(3) General economic conditions

(4) The possible effect of inflation and deflation

(5) The expected total return from income and the appreciation of investments

(6) Other resources of BCS Foundation

(7) The investment policies of BCS Foundation

Endowment Spending Policy

It is the goal of BCS Foundation to provide annual distributions to support the programs it has identified within its mission. This goal needs to be balanced with an equally important goal of growing the principal of the Endowment Funds in real terms. The Board of Directors has taken into consideration the impact cash withdrawals play upon the volatility of a portfolio over time. Taking this into account, the Board of Directors has committed to distribute at least annually:

- The BCS Foundation will annually distribute to BCS four percent of the three-year moving average of the BACET portfolio value.

- The BCS Foundation will annually calculate four percent of the three-year moving average of the Dorothy Porter portfolio value. The greater of the income of the Porter Fund or the potential Porter Fund percentage distribution shall be available for distribution to BCS subject to distributions being used in manners consistent with the intent of the Dorothy M. Porter Living Trust. If amounts distributed during any particular fiscal year are less than the annual Porter Fund distribution available, then the remaining balance will be held in the Porter Reserve Fund and invested according to the then current investment policy of the BCS Foundation.

- The BCS Foundation will annually distribute to the BCS four percent of the three-year moving average of the Duffner Family Scholarship portfolio value.

- An annual Operating Distribution shall be made to the BCS of the net revenue derived from designated special events including, but not limited to, Mayfair and the Annual Fund.

- After making the BACET Distribution, the Porter Fund Distribution, and the Operating Distribution, the BCSF Board of Directors may, but is not required to, make additional distributions. The BCSF recognizes that both the health of the Foundation and the financial support for the operations of BCS are essential. Consideration shall be given to balance the financial stability of the Foundation, future growth of the endowment, and funding for operations of the Foundation.

Endowment Investment Policy

Investment Objective - The obligations of BCS 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, preservations 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 Board of Directors 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 Board of Directors 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 and money market funds, bank security agreements and savings accounts.

Strategies for Achieving Objectives - To satisfy its long-term objectives, BCS 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). With a long-term growth focus, donor restricted endowments may have a higher exposure in the equity market.

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 BCS Foundation to retain as a fund of perpetual duration. Deficiencies result from unfavorable market fluctuations that occur after the investment of permanently restricted contributions and continued appropriation for certain programs that were deemed prudent by the Board of Directors. There were no deficiencies of this nature at June 30, 2024 and 2023.

Endowment Net Assets

	With Donor Restriction		
	Restricted for a Purpose	Restricted in Perpetuity	Total Net Endowment Assets
Endowment Net Assets, July 1, 2022	$ 1,699,345	$ 17,024,689	$ 18,724,034
Contributions	162,184	560,117	722,301
Change In Value of Split-Interest Agreements	-	83,904	83,904
Investment Income	114,013	-	114,013
Realized Gain on Investments	(42,229)	-	(42,229)
Unrealized Gain on Investments	410,526	-	410,526
Amounts Appropriated for Expenditure	(1,255,672)	-	(1,255,672)
Endowment Net Assets, June 30, 2023	**1,088,167**	**17,668,710**	**18,756,877**
Contributions	397,867	540,099	937,966
Change In Value of Split-Interest Agreements	-	172,526	172,526
Investment Income	115,774	-	115,774
Realized Gain on Investments	18,415	-	18,415
Unrealized Gain on Investments	404,686	-	404,686
Amounts Appropriated for Expenditure	(647,867)	-	(647,867)
Endowment Net Assets, June 30, 2024	**$ 1,377,042**	**$ 18,381,335**	**$ 19,758,377**

NOTE 17: SUBSEQUENT EVENTS

ASC No. 855: *Subsequent Events* establishes general standards of accounting for and disclosures of events that occur after the statement of financial position date but before the financial statements are issued or are available to be issued. Specifically, it sets forth the period after the balance sheet date during which management of a reporting entity should evaluate events or transactions that may occur for potential recognition or disclosure in the financial statements, the circumstances under which an entity should recognize events or transactions occurring after the statement of financial position date in its financial statements, and the disclosures that an entity should make about events or transactions that occurred after the statement of financial position date.

In accordance with ASC No. 855, the BCS Foundation evaluated subsequent events through March 12, 2025, the date these financial statements were available to be issued. There were no material subsequent events that require recognition or additional disclosure in these financial statements.