



THE ROMAN CATHOLIC DIOCESE OF CHEYENNE

FINANCIAL REPORT

JUNE 30, 2009

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INDEPENDENT AUDITOR'S REPORT

To the Very Reverend Michael Carr
Diocesan Administrator of The Roman Catholic Diocese of Cheyenne
Cheyenne, Wyoming

We have audited the accompanying statements of financial position of The Roman Catholic Diocese of Cheyenne as of June 30, 2009 and 2008, and the related statements of activities, cash flows and functional expenses for the years then ended. These financial statements are the responsibility of The Roman Catholic Diocese of Cheyenne's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit 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 audits provide 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 Roman Catholic Diocese of Cheyenne as of June 30, 2009 and 2008, and the changes in its net assets and its cash flows for the years then ended, in conformity with accounting principles generally accepted in the United States of America.

McGee, Hearne & Paiz, LLP

Cheyenne, Wyoming
December 11, 2009

THE ROMAN CATHOLIC DIOCESE OF CHEYENNE

STATEMENTS OF FINANCIAL POSITION
June 30, 2009 and 2008

ASSETS	2009	2008
Cash and Cash Equivalents	\$ 1,388,189	\$ 1,460,674
Receivables		
Operating (Note 8)	134,272	148,502
Seminarian education loans receivable (Note 8)	436,276	301,573
Bishop's Appeal, net (Note 5)	408,822	461,610
Affiliate (Note 9)	2,588	-
Other (Note 8)	140,669	26,841
Prepaid Expenses	3,123	4,771
Investments (Note 2)	2,074,091	2,408,597
Land, Buildings and Equipment, net (Note 3)	753,012	821,246
Other Property	91,010	130,400
Self-Insurance Equity (Note 10)	90,408	143,269
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Total assets	\$ 5,522,460	\$ 5,907,483
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LIABILITIES AND NET ASSETS		
Liabilities		
Accounts payable and accrued expenses (Notes 10, 11 and 12)	\$ 822,463	\$ 535,942
Custodian payables (Note 6)	124,409	64,106
Grant custodian payable	76,417	97,607
Parish investments	1,325,855	1,420,709
Long-term liabilities (Note 8)	436,276	301,753
	<hr/>	<hr/>
Total liabilities	2,785,420	2,420,117
	<hr/> <hr/>	<hr/> <hr/>
Commitments and Contingencies (Notes 7, 10, 11 and 13)		
Net Assets		
Unrestricted (Note 4)	1,052,763	1,657,793
Temporarily restricted (Note 5)	1,684,277	1,829,573
	<hr/>	<hr/>
Total net assets	2,737,040	3,487,366
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Total liabilities and net assets	\$ 5,522,460	\$ 5,907,483
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See Notes to Financial Statements.

THE ROMAN CATHOLIC DIOCESE OF CHEYENNE

STATEMENTS OF ACTIVITIES
Years Ended June 30, 2009 and 2008

	2009	2008
Changes in Unrestricted Net Assets		
Unrestricted support:		
Contributions	\$ 32,651	\$ 100,670
World Youth Day	-	429,910
Bishop's Appeal	243,018	316,889
Grant revenue, net of pass-through payments of 2009 \$140,715; 2008 \$294,624 (Note 8)	495,148	829,897
	<u>770,817</u>	<u>1,677,366</u>
Other unrestricted revenue:		
Program revenue	105,335	778,062
Investment income (loss)	(135,270)	6,989
Other income (Note 8)	7,297	76,642
	<u>(22,638)</u>	<u>861,693</u>
Total unrestricted revenue	748,179	2,539,059
Net assets released from restrictions		
Expiration of time restrictions	1,579,480	1,285,589
	<u>1,579,480</u>	<u>1,285,589</u>
Total unrestricted revenue and support	2,327,659	3,824,648
Expenses:		
Program services (Note 12)	1,048,251	1,445,319
Chancery	635,340	723,254
General (Note 8)	1,063,859	1,085,915
Fundraising	185,239	208,969
	<u>2,932,689</u>	<u>3,463,457</u>
Increase (decrease) in unrestricted net assets	(605,030)	361,191
Changes in Temporarily Restricted Net Assets		
Contributions	78,600	167,714
Bishop's Appeal	1,355,584	1,438,634
Net assets released from restrictions	(1,579,480)	(1,285,589)
	<u>(145,296)</u>	<u>320,759</u>
Increase (decrease) in temporarily restricted net assets	(145,296)	320,759
Increase (decrease) in net assets	(750,326)	681,950
Net Assets, beginning of year	<u>3,487,366</u>	<u>2,805,416</u>
Net Assets, end of year	<u>\$ 2,737,040</u>	<u>\$ 3,487,366</u>

See Notes to Financial Statements.

THE ROMAN CATHOLIC DIOCESE OF CHEYENNE

STATEMENTS OF CASH FLOWS
Years Ended June 30, 2009 and 2008

	2009	2008
Cash Flows from Operating Activities		
Change in net assets	\$ (750,326)	\$ 681,950
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Depreciation	83,531	88,770
Change in assets and liabilities:		
(Increase) decrease in accounts receivable:		
Operating	14,230	(107,558)
Seminarian loans	(134,703)	(15,982)
Bishop's Appeal	52,788	(11,536)
Affiliate	(2,588)	192,157
Other	(113,828)	(3,292)
Prepays	1,648	15,221
Self-insurance equity	52,861	(23,338)
Increase in accounts payable and accrued expenses	286,521	24,906
Net loss on disposal of fixed assets	11,167	-
Net unrealized and realized loss on long-term investments:		
Diocese portion	185,896	42,948
Net cash provided by (used in) operating activities	(312,803)	884,246
Cash Flows from Investing Activities		
Sale of other property	39,390	-
Purchase of buildings and equipment	(26,464)	-
Purchase of investments	(281,885)	(81,068)
Proceeds from sale of investments and reinvestments	430,495	635,876
Net cash provided by investing activities	161,536	554,808
Cash Flows from Financing Activities		
Net increase in custodian payables	39,113	98,161
Net (decrease) in parish investments	(94,854)	(476,466)
Payments made on long-term liabilities	(83,317)	(69,553)
Proceeds from long-term liabilities	217,840	85,715
Net cash provided by (used in) financing activities	78,782	(362,143)
Net increase (decrease) in cash and cash equivalents	(72,485)	1,076,911
Cash and Cash Equivalents		
Beginning	1,460,674	383,763
Ending	\$ 1,388,189	\$ 1,460,674

See Notes to Financial Statements.

THE ROMAN CATHOLIC DIOCESE OF CHEYENNE

STATEMENT OF FUNCTIONAL EXPENSES

Year Ended June 30, 2009

	Personnel	Operating	Administrative	Total
Program Services				
Wyoming Catholic Register	\$ 68,496	\$ 91,169	\$ 310	\$ 159,975
Vocations Office	54,195	34,165	63	88,423
Religious Education	97,050	7,711	-	104,761
Marriage, Family & Respect Life	89,508	16,210	76	105,794
Youth Ministry	60,778	97,987	2,008	160,773
Seminarian Education	90,071	40,073	300	130,444
Stewardship	52,949	4,987	163	58,099
Diaconate formation	16,937	66,271	761	83,969
Catholic schools	36,497	460	225	37,182
Reorganization	104,894	12,865	1,072	118,831
	<u>671,375</u>	<u>371,898</u>	<u>4,978</u>	<u>1,048,251</u>
Chancery				
Bishop	68,520	12,132	704	81,356
Finance	202,335	12,489	45,922	260,746
Chancellor	65,313	2,352	460	68,125
Vicar General	552	208	-	760
Contributions	-	75,000	-	75,000
Tribunal	97,071	50,512	1,770	149,353
	<u>433,791</u>	<u>152,693</u>	<u>48,856</u>	<u>635,340</u>
General				
Self-insured property and liability	-	240,371	9,717	250,088
Catholic extension	-	59,625	-	59,625
Cheyenne office	38,336	67,841	22,835	129,012
Casper office	37,607	18,915	-	56,522
Bishop's residence	29,748	38,878	5,241	73,867
Clergy support	68,398	54,425	4,610	127,433
Campus ministry	34	33,984	-	34,018
Institutes	608	14,190	-	14,798
Support	-	143,000	-	143,000
Depreciation expense	-	83,531	-	83,531
Other	13,768	73,230	4,967	91,965
	<u>188,499</u>	<u>827,990</u>	<u>47,370</u>	<u>1,063,859</u>
Fundraising				
Development	150,159	2,601	1,711	154,471
Bishop's Appeal	-	30,768	-	30,768
	<u>150,159</u>	<u>33,369</u>	<u>1,711</u>	<u>185,239</u>
	<u>\$ 1,443,824</u>	<u>\$ 1,385,950</u>	<u>\$ 102,915</u>	<u>\$ 2,932,689</u>

See Notes to Financial Statements.

THE ROMAN CATHOLIC DIOCESE OF CHEYENNE

STATEMENT OF FUNCTIONAL EXPENSES

Year Ended June 30, 2008

	Personnel	Operating	Administrative	Total
Program Services				
Wyoming Catholic Register	\$ 72,703	\$ 158,230	\$ 2,452	\$ 233,385
Vocations Office	29,146	31,518	3,771	64,435
Religious Education	119,039	16,002	570	135,611
Marriage, Family & Respect Life	102,839	26,305	-	129,144
Youth Ministry	61,809	75,913	5,399	143,121
World Youth Day	-	441,068	-	441,068
Seminarian Education	44,440	13,369	-	57,809
Stewardship	50,727	7,588	-	58,315
Diaconate formation	16,967	60,369	585	77,921
Catholic schools	92,182	12,218	110	104,510
	<u>589,852</u>	<u>842,580</u>	<u>12,887</u>	<u>1,445,319</u>
Chancery				
Bishop	106,377	19,822	422	126,621
Finance	246,918	36,949	65,482	349,349
Chancellor	67,845	1,547	178	69,570
Vicar General	-	2,361	-	2,361
Contributions	-	28,085	-	28,085
Tribunal	101,375	43,086	2,807	147,268
	<u>522,515</u>	<u>131,850</u>	<u>68,889</u>	<u>723,254</u>
General				
Self-insured medical plan	-	(50,027)	-	(50,027)
Self-insured property and liability	513	129,436	2,050	131,999
Catholic extension	507	74,391	-	74,898
Cheyenne office	39,330	64,189	18,306	121,825
Casper office	38,545	22,074	314	60,933
Bishop's residence	37,077	45,237	5,691	88,005
Clergy support	4,273	42,696	4,030	50,999
Campus ministry	9,645	8,463	-	18,108
Institutes	80	38,169	-	38,249
Grants	-	276,395	-	276,395
Depreciation expense	-	88,770	-	88,770
Other	20,646	152,198	12,917	185,761
	<u>150,616</u>	<u>891,991</u>	<u>43,308</u>	<u>1,085,915</u>
Fundraising	<u>147,444</u>	<u>59,741</u>	<u>1,784</u>	<u>208,969</u>
	<u>\$ 1,410,427</u>	<u>\$ 1,926,162</u>	<u>\$ 126,868</u>	<u>\$ 3,463,457</u>

See Notes to Financial Statements.

THE ROMAN CATHOLIC DIOCESE OF CHEYENNE

NOTES TO FINANCIAL STATEMENTS

Note 1. **Affiliated Organizations and Significant Accounting Policies**

Affiliated organizations: The Roman Catholic Diocese of Cheyenne is a Wyoming church corporation.

The Diocese is affiliated with numerous other Wyoming Catholic corporations. The affiliates not included in the accompanying financial statements are distinct operating entities and they maintain their separate accounts and carry on their own services and programs. These affiliates include:

- 58 parish and mission corporations
- Catholic Charities of Wyoming, Inc.
- St. Joseph's Children's Home
- St. Joseph's Society: Clergy Retirement Fund of the Diocese of Cheyenne
- Parish educational foundations and trusts

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

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

Operating and other receivables: Accounts receivable are stated at their net realizable value. Management periodically reviews collectability of past due accounts and will recognize an allowance if one is deemed necessary. The Diocese has not experienced significant receivable write-offs, it does not currently carry an allowance for doubtful accounts. Recoveries of trade receivables previously written off are recorded when received.

Investments: Investments are carried at fair market value.

Other property: Other properties are stated at cost. If events or changes in circumstances indicate that any of these assets may be impaired, a loss will be realized and the carrying amount reduced to its fair value.

Property and equipment: Property and equipment is stated at cost or fair market value at date of donation for donated property. Depreciation is computed by the straight-line method. Furniture and equipment is being depreciated over lives ranging from 3 to 20 years and the buildings are being depreciated over a 40-year life.

Custodial investments: Affiliated parishes and organizations have the opportunity to combine their funds with Diocesan funds in order to obtain a greater return on investments than would be available on separate accounts. Income (loss) is allocated to the parishes based on the relationship of their investment to the total amount invested.

THE ROMAN CATHOLIC DIOCESE OF CHEYENNE

NOTES TO FINANCIAL STATEMENTS

Designated funds: Certain funds have been internally designated by the Bishop and the Finance Council for operation of Bishop's Appeal overages, social justice, Bishop's discretion, and property self-insurance.

Bishop's Appeal, contributions and grants: Revenue from these sources are recognized when an unconditional promise to give exists. This income is temporarily restricted until any donor stipulation is satisfied or the time restriction has expired. The Diocese expects to receive most contributions within one year or less.

Income taxes: The Diocese is exempt from Federal income taxes by virtue of its inclusion in the Group Ruling issued to the United States Conference of Catholic Bishops by the Internal Revenue Service with respect to the Federal tax status of Catholic organizations listed in the 2009 edition of the Official Catholic Directory.

Recent accounting pronouncements: In June 2006, the Financial Accounting Standards Board (FASB) issued FASB Interpretation No. 48 (FIN 48), *Accounting for Uncertainty in Income Taxes* – an interpretation of FASB Statement 109. FIN 48 clarifies the accounting for uncertainty in income taxes recognized in an enterprise's financial statements in accordance with FASB Statement No. 109, *Accounting for Income Taxes*. FIN 48 prescribes a comprehensive model for recognizing, measuring, presenting and disclosing in the financial statements, tax positions taken or expected to be taken on a tax return including positions that the organization is exempt from income taxes or not subject to income taxes on unrelated business income. If there are changes in net assets as a result of application of FIN 48 these will be accounted for as an adjustment to the opening balance of net assets. Additional disclosures about the amounts of such liabilities will also be required.

The Diocese presently discloses or recognizes income tax positions based on management's estimate of whether it is reasonably possible or probable, respectively, that a liability has been incurred for unrecognized income tax benefits by applying FASB Statement No. 5, *Accounting for Contingencies*. The Diocese has elected to defer the application of Interpretation 48 in accordance with FASB Staff Position (FSP) FIN 48-3. This FSP defers the effective date of Interpretation 48 for nonpublic enterprises included within its scope, such as The Roman Catholic Diocese of Cheyenne, until fiscal years beginning after December 15, 2008. The Diocese will be required to adopt FIN 48 in its 2010 annual financial statements. Management has not yet assessed the impact of FIN 48 on its financial position and results of operations and has not determined if the adoption of FIN 48 will have a material effect on its financial statements.

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

Subsequent events: Events occurring subsequent to the balance sheet date have been evaluated for financial statement impact or disclosure through December 11, 2009, the date the financial statements were available to be issued.

THE ROMAN CATHOLIC DIOCESE OF CHEYENNE

NOTES TO FINANCIAL STATEMENTS

Note 2. Investments

At June 30, 2009 and 2008, the investments consisted of the following:

	Amortized Cost	Net Unrealized Gains/(Losses)	Fair Value
	2009		
Debt securities:			
Bond mutual funds	\$ 1,011,563	\$ (5,881)	\$ 1,005,682
Equity securities:			
International equities	236,630	(57,631)	178,999
U.S. equities	1,278,990	(389,580)	889,410
Total equity securities	1,515,620	(447,211)	1,068,409
	\$ 2,527,183	\$ (453,092)	\$ 2,074,091
	2008		
Debt securities:			
Bond mutual funds	\$ 778,202	\$ 4,953	\$ 783,155
Equity securities:			
International equities	236,638	45,006	281,644
U.S. equities	1,471,895	(205,385)	1,266,510
Total equity securities	1,708,533	(160,379)	1,548,154
Money market account	77,288	-	77,288
	\$ 2,564,023	\$ (155,426)	\$ 2,408,597

THE ROMAN CATHOLIC DIOCESE OF CHEYENNE

NOTES TO FINANCIAL STATEMENTS

The components of investment income listed below represent only the Diocese's portion of investment income and do not include the portion allocated to parish investments.

	Unrestricted		Total
	Undesignated	Designated	
	2009		
Interest and dividends	\$ 45,048	\$ 5,578	\$ 50,626
Net realized and unrealized income	(165,796)	(20,100)	(185,896)
	<u>\$ (120,748)</u>	<u>\$ (14,522)</u>	<u>\$ (135,270)</u>
	2008		
Interest and dividends	\$ 43,692	\$ 6,245	\$ 49,937
Net realized and unrealized income	(21,374)	(21,574)	(42,948)
	<u>\$ 22,318</u>	<u>\$ (15,329)</u>	<u>\$ 6,989</u>

The Diocese invests in a professionally managed portfolio that contains common stocks and bonds of publicly traded companies, U.S. Government obligations, mutual funds and money market funds. Such investments are exposed to various risks such as interest rate, market and credit. Throughout the year, the credit and liquidity crisis in the United States and throughout the global financial system has resulted in substantial volatility in financial markets and the banking system. These and other economic events have had an adverse impact on investment portfolios.

Fair value measurements: The Diocese adopted Financial Accounting Standards Board Statement No. 157, *Fair Value Measurements*, for its 2009 financial statements. Statement No. 157 establishes a framework for fair value measurement and disclosure. It requires that assets and liabilities carried at fair value will be classified and disclosed in one of the following three categories:

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

Level 2: Observable market based inputs or unobservable inputs that are corroborated by market data.

Level 3: Unobservable inputs that are not corroborated by market data.

The Diocese has valued its investments utilizing the Level 1 approach.

THE ROMAN CATHOLIC DIOCESE OF CHEYENNE

NOTES TO FINANCIAL STATEMENTS

Note 3. Land, Buildings and Equipment

A summary of land, buildings and equipment at June 30, 2009 and 2008 is as follows:

	<u>2009</u>	<u>2008</u>
Land and improvements	\$ 157,900	\$ 157,900
Buildings and improvements	1,099,941	1,085,746
Furniture and equipment	642,350	801,201
	<u>1,900,191</u>	<u>2,044,847</u>
Less accumulated depreciation	(1,147,179)	(1,223,601)
	<u>\$ 753,012</u>	<u>\$ 821,246</u>

Note 4. Unrestricted Designated Net Assets

The Bishop and the Board of Directors have designated funds in the unrestricted fund for the following purposes:

	<u>2009</u>	<u>2008</u>
Bishop's Appeal Overage	\$ -	\$ 63,238
Social Justice	23,414	26,572
Bishop's Discretion	76,994	73,756
Property Self-insurance	181,281	226,781
	<u>\$ 281,689</u>	<u>\$ 390,347</u>

Note 5. Temporarily Restricted Net Assets

The temporarily restricted fund represents funds which are expendable only for operating purposes specified by the donor. Temporarily restricted net assets as of June 30, 2009 and 2008 of \$1,355,584 and \$1,438,634, respectively, are available for Bishop's Appeal programs for the years ending June 30, 2009 and 2008, respectively.

The Bishop's Appeal program pledges receivable of \$408,822 is reported net of \$121,562, representing an allowance for uncollectable pledges.

In addition, temporarily restricted net assets at June 30, 2009 and 2008 include amounts restricted by donors for the following purposes:

	<u>2009</u>	<u>2008</u>
Program services	\$ 314,430	\$ 94,718
Chancery	2,760	3,691
General	11,503	292,530
	<u>\$ 328,693</u>	<u>\$ 390,939</u>

THE ROMAN CATHOLIC DIOCESE OF CHEYENNE

NOTES TO FINANCIAL STATEMENTS

Note 6. Custodian Payables

The Diocese acts as a custodial agent for collections and disbursements for various programs. A summary for custodial payables as of June 30, 2009 and 2008 is as follows:

	<u>2009</u>	<u>2008</u>
Religious Retirement	\$ 37,386	\$ 315
Human Development	-	323
Catholic Relief Services	4,100	6,383
Peter's Pence	2,630	17,893
Holy Land	106	-
Catholic Home Missions	5,535	12,899
Region 13 Youth Ministry	-	1,069
Operation Rice Bowl	14,669	9,278
Zambia Trip	20,699	10,079
Flood Victims, USA	-	25
Myanmar	-	100
Heart to Heart	-	1,772
Mary's Fund	-	3,557
World Mission Sunday	10	135
Other	455	278
Missions Appeal	1,050	-
St. Joseph Children's Home	25	-
St. Joseph Society	55	-
Black and Indian Mission	37,361	-
Employee service projects	328	-
	<u>\$ 124,409</u>	<u>\$ 64,106</u>

Note 7. Employee Benefits

The Diocese sponsors a 403(b) thrift savings plan. The Diocese makes monthly contributions for its lay employees who have completed one year of service and elect to participate, and for bishops, priests and deacons who work for the Diocese, are neither members of the St. Joseph Society: Clergy Retirement Fund of the Diocese of Cheyenne nor another diocese's, institute of consecrated life's or society of apostolic life's retirement program, and elect to participate. Such contributions are a base contribution equal to 4% of such an eligible employee's salary, and a matching contribution equal to one-half of the employee's salary reduction contribution up to 2% of the employee's earnings, for a maximum total employer contribution equal to 6% of earnings. Participating employees may elect a greater percentage be deferred and withheld from earnings up to the maximum allowed by law.

THE ROMAN CATHOLIC DIOCESE OF CHEYENNE

NOTES TO FINANCIAL STATEMENTS

The Diocese also makes monthly contribution for incardinated bishops, priests and deacons who work for the Diocese, are members of the St. Joseph Society: Clergy Retirement Fund of the Diocese of Cheyenne, and elect to participate. The contribution is the matching contribution equal to one-half of a participating cleric's salary reduction contribution up to 2% of earnings. Participating clerics are not eligible for the 4% base contribution, but may elect a greater percentage be deferred and withheld from earnings up to the maximum allowed by law.

Expenses related to the tax-deferred savings thrift plan were \$38,709 and \$36,771 for the years ended June 30, 2009 and 2008, respectively.

Note 8. Related-Party Transactions

Wyoming Catholic Ministries Foundation (the "Foundation") is a non-profit, religious corporation formed to support the religious, charitable, ministerial and education programs of the Roman Catholic Church in the State of Wyoming. The Foundation operates independently from the Diocese, but supports diocesan and other Catholic activities.

During the years ended June 30, 2009 and 2008, the Foundation contributed \$289,000 and \$523,500, respectively, included in grant revenue, in support of Diocesan programs; the Foundation also paid for administrative services provided by the Diocese in the amount of \$16,500 and \$18,000 for the years ended June 30, 2009 and 2008, respectively, included in other income. The Foundation provided the Diocese with the use of a facility in Casper, Wyoming at no cost.

The Diocese has borrowed \$436,276 from the Foundation in order to make education loans to seminarians. The outstanding loans to the seminarians are shown as an asset and the obligation to repay this borrowing is shown as a long-term liability on the accompanying statement of financial position.

As of June 30, 2009 and 2008, the Diocese had reimbursements receivable from the Foundation in the amount of \$123,000 and \$100,000, respectively, included in operating and other receivables for retired clergy medical expenses paid by the Diocese on behalf of the Foundation.

Note 9. Transactions with Affiliate

During the year ended June 30, 2007, the Diocese advanced \$192,157 to Catholic Charities of Wyoming, Inc. for operating expenses and purchase of fixed assets for the affiliate. Catholic Charities of Wyoming repaid \$56,747 and the remaining balance of \$135,410 was forgiven by the Diocese as of June 30, 2008.

As of June 30, 2009, there was a \$2,588 receivable from Catholic Charities of Wyoming. In addition, the Diocese granted \$137,000 to Catholic Charities of Wyoming for operating expenses.

THE ROMAN CATHOLIC DIOCESE OF CHEYENNE

NOTES TO FINANCIAL STATEMENTS

Note 10. Property and Liability Self-Insurance

The Diocese carries liability insurance to cover individual casualty losses to a limit of \$10,000,000. The Diocese is also a participant in the Catholic Umbrella Pool II (the "Pool") that was created as a self-insurance fund for certain (Arch)Dioceses of the Roman Catholic Church in North America for a portion of this coverage. On July 1, 1989, the Pool began providing this liability coverage for its membership. The Pool is responsible for individual casualty losses exceeding \$1,500,000 to a limit of \$5,500,000.

Participating (Arch)Dioceses share in the operating and investment income and expenses of the Pool based on their contributions for each fiscal year. The Diocese has a 1.224% participant equity in the Pool with a carrying value of \$90,408 and \$143,269 at June 30, 2009 and 2008, respectively. The June 30, 2009 amount is based on equity at June 30, 2009 and the June 30, 2008 amount is based on equity at June 30, 2007, due to the availability of the Catholic Umbrella Pool II reports.

For the year ended June 30, 2009, the Pool has not paid any claims for its levels of coverage. As of June 30, 2009, the Pool had paid \$2,400,434 for claims for prior years. In the event total paid and reserved claims exceed the assets of the Pool, participating (Arch)Dioceses will be responsible for pro rata additional contributions.

The Diocese and Parishes are partially self-insured for certain insurable property risks up to \$10,000 per claim for Parishes that participate in the program. These Parishes are fully covered under the plan by the Diocese. A liability for a claim is established by the Diocese if information indicates that it is probable that a liability has been incurred by either the Diocese or a participating parish at the date of the financial statements and the amount of the loss is reasonably estimatable. The maximum aggregate exposure to the Diocese, which may be paid during any plan year, is approximately \$125,000. At June 30, 2009 and 2008, the Diocese has recognized a liability of \$41,905 and \$30,168, respectively, which is included in accounts payable and accrued expenses.

Note 11. Partially Self-Insured Medical Plan

Effective January 1, 2006, the Diocese elected to initiate a partially self-insured employee health insurance program, in which all employees of the Diocese and its affiliates that work more than a half teaching load or 20 hours per week are eligible to participate. Under the plan, the Diocese is required to pay for the first \$75,000 of qualified medical expenditures for each employee per year. The maximum aggregate exposure to the Diocese, which may be paid during any plan year, is approximately \$1,500,000.

At June 30, 2009 and 2008, the Diocese has accrued an estimated liability for qualified medical claims incurred but not reported of \$470,739 and \$273,253, respectively, included in accounts payable and accrued expenses.

THE ROMAN CATHOLIC DIOCESE OF CHEYENNE

NOTES TO FINANCIAL STATEMENTS

Note 12. Contributions and Pledges

The Diocese contributes to various entities in support of charitable and education efforts in common cause with those of the Diocese. Contributions made by the Diocese for the years ended June 30, 2009 and 2008 were \$75,000 and \$28,085, respectively, included in program services. At June 30, 2009 and 2008, the Diocese had pledges payable of \$10,000 and \$15,000, respectively, included in accounts payable.

Note 13. Contingencies

The Diocese is responsible under Canon Law to provide a reasonable retirement for its incardinated priests, bishops and deacons who work full time for the Diocese. Currently, incardinated priests and bishops and the one incardinated deacon who works full time for the Diocese receive retirement benefits from the St. Joseph's Society: Clergy Retirement Fund of the Diocese of Cheyenne. The most recent actuarial study of St. Joseph's Society, performed as of July 1, 2007, indicated that the plan was under funded at that time by \$1,108,532.

The Diocese is involved in legal actions in the ordinary course of its operations. Although the outcome of any such legal actions cannot be predicted, in the opinion of management, there is no legal proceeding pending against or involving the Diocese for which the outcome is likely to have a material adverse effect on the financial position or results of operations of the Diocese.