



THE ROMAN CATHOLIC DIOCESE OF CHEYENNE

FINANCIAL REPORT

JUNE 30, 2008

CONTENTS

INDEPENDENT AUDITOR'S REPORT	1
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FINANCIAL STATEMENTS	
Statements of financial position	2
Statements of activities	3
Statements of cash flows	4
Statements of functional expenses	5 and 6
Notes to financial statements	7 - 14

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, 2008 and 2007, 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, 2008 and 2007, 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 18, 2008

THE ROMAN CATHOLIC DIOCESE OF CHEYENNE

STATEMENTS OF FINANCIAL POSITION

June 30, 2008 and 2007

ASSETS	2008	2007
Cash and Cash Equivalents	\$ 1,460,674	\$ 383,763
Receivables		
Operating (Note 8)	148,502	40,944
Seminarian education loans receivable (Note 8)	301,573	285,591
Bishop's Appeal, net (Note 5)	461,610	450,074
Affiliate (Note 9)	-	192,157
Other	26,841	23,549
Prepaid Expenses	4,771	19,992
Investments (Note 2)	2,408,597	3,006,353
Land, Buildings and Equipment, net (Note 3)	821,246	910,016
Other Property	130,400	130,400
Self-Insurance Equity (Note 10)	143,269	119,931
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Total assets	\$ 5,907,483	\$ 5,562,770
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LIABILITIES AND NET ASSETS		
Liabilities		
Accounts payable and accrued expenses (Notes 10, 11 and 12)	\$ 535,942	\$ 511,036
Custodian payables (Note 6)	64,106	63,552
Grant custodian payable	97,607	-
Parish investments	1,420,709	1,897,175
Long-term liabilities (Note 8)	301,753	285,591
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Total liabilities	2,420,117	2,757,354
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Commitments and Contingencies (Notes 7, 10, 11 and 13)		
Net Assets		
Unrestricted (Note 4)	1,657,793	1,296,602
Temporarily restricted (Note 5)	1,829,573	1,508,814
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Total net assets	3,487,366	2,805,416
	<hr/> <hr/>	<hr/> <hr/>
Total liabilities and net assets	\$ 5,907,483	\$ 5,562,770
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See Notes to Financial Statements.

THE ROMAN CATHOLIC DIOCESE OF CHEYENNE

STATEMENTS OF ACTIVITIES
Years Ended June 30, 2008 and 2007

	2008	2007
Changes in Unrestricted Net Assets		
Unrestricted support:		
Contributions	\$ 100,670	\$ 236,632
World Youth Day	429,910	-
Bishop's Appeal	316,889	115,988
Grant revenue, net of pass-through payments of 2008 \$294,624; 2007 \$229,612 (Note 8)	829,897	583,429
	<u>1,677,366</u>	<u>936,049</u>
Other unrestricted revenue:		
Program revenue	778,062	258,490
Investment income	6,989	123,843
Other income (Note 8)	76,642	51,195
	<u>861,693</u>	<u>433,528</u>
Total unrestricted revenue	2,539,059	1,369,577
Net assets released from restrictions		
Expiration of time restrictions	1,285,589	1,218,154
	<u>1,285,589</u>	<u>1,218,154</u>
Total unrestricted revenue and support	3,824,648	2,587,731
Expenses:		
Program services (Note 12)	1,445,319	1,248,857
Chancery	723,254	723,556
General (Note 8)	1,085,915	938,306
Fundraising	208,969	124,737
	<u>3,463,457</u>	<u>3,035,456</u>
Increase (decrease) in unrestricted net assets	361,191	(447,725)
Changes in Temporarily Restricted Net Assets		
Contributions	167,714	121,290
Bishop's Appeal	1,438,634	1,113,684
Net assets released from restrictions	(1,285,589)	(1,218,154)
	<u>320,759</u>	<u>16,820</u>
Increase in temporarily restricted net assets	320,759	16,820
Increase (decrease) in net assets	681,950	(430,905)
Net Assets, beginning of year	<u>2,805,416</u>	<u>3,236,321</u>
Net Assets, end of year	<u>\$ 3,487,366</u>	<u>\$ 2,805,416</u>

See Notes to Financial Statements.

THE ROMAN CATHOLIC DIOCESE OF CHEYENNE

STATEMENTS OF CASH FLOWS
Years Ended June 30, 2008 and 2007

	2008	2007
Cash Flows from Operating Activities		
Change in net assets	\$ 681,950	\$ (430,905)
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Depreciation	88,770	94,698
Change in assets and liabilities:		
(Increase) decrease in accounts receivable:		
Operating	(107,558)	71,180
Seminarian loans	(15,982)	(68,503)
Bishop's Appeal	(11,536)	155,415
Affiliate	192,157	(192,157)
Other	(3,292)	135,554
Prepays	15,221	1,452
Self-insurance equity	(23,338)	13,312
Increase in accounts payable and accrued expenses	24,906	55,909
Net unrealized and realized (gain) loss on long-term investments:		
Diocese portion	42,948	(93,020)
Net cash provided by (used in) operating activities	884,246	(257,065)
Cash Flows from Investing Activities		
Purchase of buildings and equipment	-	(46,674)
Purchase of investments	(81,068)	(987,545)
Proceeds from sale of investments and reinvestments	635,876	898,208
Net cash provided by (used in) investing activities	554,808	(136,011)
Cash Flows from Financing Activities		
Net increase (decrease) in custodian payables	98,161	(48,786)
Net increase (decrease) in parish investments	(476,466)	264,889
Increase in long-term liabilities	16,162	68,503
Net cash provided by (used in) financing activities	(362,143)	284,606
Net increase (decrease) in cash and cash equivalents	1,076,911	(108,470)
Cash and Cash Equivalents		
Beginning	383,763	492,233
Ending	\$ 1,460,674	\$ 383,763

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 education	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	147,444	59,741	1,784	208,969
	<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

STATEMENT OF FUNCTIONAL EXPENSES

Year Ended June 30, 2007

	Personnel	Operating	Administrative	Total
Program Services				
Wyoming Catholic Register	\$ 75,339	\$ 204,083	\$ 2,576	\$ 281,998
Vocations Office	25,890	17,248	1,339	44,477
Religious Education	113,682	55,599	1,192	170,473
Marriage, Family & Respect Life	116,474	69,639	221	186,334
Youth Ministry	83,417	74,287	4,316	162,020
Seminarian Education	40,594	43,406	-	84,000
Stewardship	38,959	9,973	17	48,949
Diaconate formation	17,014	6,189	577	23,780
Catholic schools	96,301	6,736	890	103,927
Charitable contributions	-	142,899	-	142,899
	<u>607,670</u>	<u>630,059</u>	<u>11,128</u>	<u>1,248,857</u>
Chancery				
Bishop	123,632	27,801	1,433	152,866
Finance	234,182	43,758	75,338	353,278
Chancellor	61,741	9,369	1,754	72,864
Vicar General	329	3,154	-	3,483
Tribunal	94,152	43,338	3,575	141,065
	<u>514,036</u>	<u>127,420</u>	<u>82,100</u>	<u>723,556</u>
General				
Self-insured medical plan	-	(18,455)	-	(18,455)
Self-insured property and liability	-	70,446	21,902	92,348
Catholic extension	250	60,618	-	60,868
Cheyenne office	35,708	67,142	29,919	132,769
Casper office	38,428	22,144	-	60,572
Bishop's residence	42,573	46,723	7,290	96,586
Clergy education	3,200	22,989	-	26,189
Campus ministry	10,404	72,100	-	82,504
Institutes	492	37,925	604	39,021
Depreciation expense	-	94,698	-	94,698
Other	18,896	241,618	10,692	271,206
	<u>149,951</u>	<u>717,948</u>	<u>70,407</u>	<u>938,306</u>
Fundraising	<u>50,749</u>	<u>72,975</u>	<u>1,013</u>	<u>124,737</u>
	<u>\$ 1,322,406</u>	<u>\$ 1,548,402</u>	<u>\$ 164,648</u>	<u>\$ 3,035,456</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 2008 edition of the Official Catholic Directory.

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.

Note 2. Investments

At June 30, 2008 and 2007, the investments consisted of the following:

	Amortized Cost	Net Unrealized Gains/(Losses)	Fair Value
	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

	Amortized Cost	Net Unrealized Gains/(Losses)	Fair Value
	2007		
Debt securities:			
Bond mutual funds	\$ 944,852	\$ (26,474)	\$ 918,378
Equity securities:			
International equities	234,910	78,174	313,084
U.S. equities	1,348,941	154,072	1,503,013
Mutual funds	13,526	1,402	14,928
Total equity securities	1,597,377	233,648	1,831,025
Money market account	256,950	-	256,950
	\$ 2,799,179	\$ 207,174	\$ 3,006,353

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		
	Undesignated	Designated	Total
	2008		
Interest and dividends	\$ 43,692	\$ 6,245	\$ 49,937
Net realized and unrealized income	(21,374)	(21,574)	(42,948)
	\$ 22,318	\$ (15,329)	\$ 6,989
	2007		
Interest and dividends	\$ 22,307	\$ 12,317	\$ 34,624
Net realized and unrealized income	34,052	55,167	89,219
	\$ 56,359	\$ 67,484	\$ 123,843

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. Subsequent to year end, 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 a significant adverse impact on investment portfolios.

The Diocese's investments have incurred a decline in fair value of approximately \$465,000, from June 30, 2008 to December 1, 2008.

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, 2008 and 2007 is as follows:

	<u>2008</u>	<u>2007</u>
Land and improvements	\$ 157,900	\$ 157,900
Buildings and improvements	1,085,746	1,085,746
Furniture and equipment	801,201	801,201
	<u>2,044,847</u>	<u>2,044,847</u>
Less accumulated depreciation	(1,223,601)	(1,134,831)
	<u>\$ 821,246</u>	<u>\$ 910,016</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>2008</u>	<u>2007</u>
Bishop's Appeal Overage	\$ 63,238	\$ 154,604
Social Justice	26,572	27,557
Bishop's Discretion	73,756	571
Property Self-insurance	226,781	246,181
	<u>\$ 390,347</u>	<u>\$ 428,913</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, 2008 and 2007 of \$1,438,634 and \$1,113,684, 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 \$461,610 is reported net of \$167,700, representing an allowance for uncollectable pledges.

In addition, temporarily restricted net assets at June 30, 2008 and 2007 include amounts restricted by donors for the following purposes:

	<u>2008</u>	<u>2007</u>
Program services	\$ 94,718	\$ 85,351
Chancery	3,691	3,210
General	292,530	306,569
	<u>\$ 390,939</u>	<u>\$ 395,130</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, 2008 and 2007 is as follows:

	2008	2007
Religious Retirement	\$ 315	\$ -
Human Development	323	-
Catholic Relief Services	6,383	30,984
Peter's Pence	17,893	9,002
Holy Land	-	1,729
Catholic Home Missions	12,899	7,313
Region 13 Youth Ministry	1,069	1,069
Operation Rice Bowl	9,278	9,282
Zambia Trip	10,079	-
Flood Victims, USA	25	-
Myanmar	100	20
Heart to Heart	1,772	-
Mary's Fund	3,557	-
World Mission Sunday	135	4,153
Other	278	-
	\$ 64,106	\$ 63,552

Note 7. Employee Benefits

The Diocese makes a monthly contribution to a tax-deferred savings thrift plan for all incardinated deacons who work full time for the Church, except for the one incardinated deacon who participates in the St. Joseph's Society: Clergy Retirement Fund of the Diocese of Cheyenne, and all lay employees who have completed one year of service, meet certain age requirements and who elect to participate. The Diocese will contribute up to a maximum of 6% of the individual's salary based on years of service and individual's deferral. Participating individuals may designate a greater percentage be withheld up to the maximum allowed by law.

The Diocese also makes a monthly contribution to this tax-deferred savings thrift plan for the one incardinated deacon who works full time for the Diocese and participates in the St. Joseph's Society: Clergy Retirement Fund of the Diocese of Cheyenne, and for all incardinated priests and bishops employed by the Diocese, who have completed 90 days of service, meet certain age requirements and who elect to participate. The Diocese will match 50% of the clergy employee's deferral not to exceed 2% of the clergy employee's compensation. Participating clergy employees may designate a greater percentage be withheld up to the maximum allowed by law.

Expenses related to the tax-deferred savings thrift plan were \$36,771 and \$36,320 for the years ended June 30, 2008 and 2007, respectively.

THE ROMAN CATHOLIC DIOCESE OF CHEYENNE

NOTES TO FINANCIAL STATEMENTS

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, 2008 and 2007, the Foundation contributed \$523,500 and \$331,497, 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 \$18,000 for the years ended June 30, 2008 and 2007, included in other income. The Diocese paid rent payments to the Foundation for use of its facility in Casper, Wyoming in the amount of none and \$12,000 for the years ended June 30, 2008 and 2007, included in general expenses.

The Diocese has borrowed \$301,573 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, 2008 and 2007, the Diocese had reimbursements receivable from the Foundation in the amount of \$100,000 and \$4,901, respectively, included in operating 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.

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 1.202% participant equity in the Pool with a carrying value of \$147,748 and \$119,931 at June 30, 2008 and 2007, respectively.

THE ROMAN CATHOLIC DIOCESE OF CHEYENNE

NOTES TO FINANCIAL STATEMENTS

For the year ended June 30, 2008, the Pool has not paid any claims for its levels of coverage. As of June 30, 2007, 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, 2008 and 2007, the Diocese has recognized a liability of \$30,168 and \$20,380, 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, 2008 and 2007, the Diocese has accrued an estimated liability for qualified medical claims incurred but not reported of \$273,253 and \$241,097, respectively, included in accounts payable and accrued expenses.

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, 2008 and 2007 were \$28,085 and \$142,899, respectively, included in program services. At June 30, 2008 and 2007, the Diocese had pledges payable of \$15,000 and \$45,000, respectively, included in accounts payable.

THE ROMAN CATHOLIC DIOCESE OF CHEYENNE

NOTES TO FINANCIAL STATEMENTS

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.