

**THE CATHOLIC FOUNDATION FOR THE
DIOCESE OF GREEN BAY, INC.**

Green Bay, Wisconsin

FINANCIAL STATEMENTS

June 30, 2007 and 2006

THE CATHOLIC FOUNDATION FOR THE DIOCESE OF GREEN BAY, INC.

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INDEPENDENT AUDITORS' REPORT

Mr. Robert Endries
The Catholic Foundation for the Diocese of Green Bay, Inc.
Green Bay, Wisconsin

We have audited the accompanying statements of financial position of The Catholic Foundation for the Diocese of Green Bay, Inc. as of June 30, 2007 and 2006, and the related statement of activities for the year ended June 30, 2007 and the statements of cash flows for the years ended June 30, 2007 and 2006. These financial statements are the responsibility of The Catholic Foundation for the Diocese of Green Bay, Inc.'s management. Our responsibility is to express an opinion on these financial statements based on our audits. The prior year summarized comparative information for the statement of activities has been derived from the Organization's 2006 audited financial statements, and in our report dated August 30, 2006, we expressed an unqualified opinion on those financial statements.

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 audits 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 the 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 Catholic Foundation for the Diocese of Green Bay, Inc. as of June 30, 2007 and 2006, 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.

Virchow, Krause & Company, LLP

Appleton, Wisconsin
September 14, 2007

THE CATHOLIC FOUNDATION FOR THE DIOCESE OF GREEN BAY, INC.

STATEMENTS OF FINANCIAL POSITION June 30, 2007 and 2006

	<u>2007</u>	<u>2006</u>
ASSETS		
Cash	\$ 889,988	\$ 843,393
Contributions receivable, net	11,968,439	3,670,644
Investments	38,947,332	30,371,881
Prepaid expenses	480	524
Property and equipment, net	806	1,129
Cash surrender value of life insurance	72,188	52,451
Beneficial interest in trusts held by others	268,369	234,914
Property held for sale	<u>128,108</u>	<u>-</u>
TOTAL ASSETS	<u>\$ 52,275,710</u>	<u>\$ 35,174,936</u>
LIABILITIES AND NET ASSETS		
LIABILITIES		
Accounts payable and accrued expenses	\$ 72,260	\$ 45,262
Funds held for others	7,472,863	5,860,860
Pledges payable	189,560	160,245
Line of credit	<u>700,852</u>	<u>478,120</u>
Total Liabilities	<u>8,435,535</u>	<u>6,544,487</u>
NET ASSETS		
Unrestricted	4,847,006	3,518,564
Temporarily restricted	38,468,169	24,586,885
Permanently restricted	<u>525,000</u>	<u>525,000</u>
Total Net Assets	<u>43,840,175</u>	<u>28,630,449</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 52,275,710</u>	<u>\$ 35,174,936</u>

See accompanying notes to financial statements.

THE CATHOLIC FOUNDATION FOR THE DIOCESE OF GREEN BAY, INC.

STATEMENT OF ACTIVITIES Year Ended June 30, 2007 (with comparative totals for 2006)

	2007			Total	2006 Total
	Unrestricted	Temporarily Restricted	Permanently Restricted		
REVENUES AND SUPPORT					
Contributions	\$ 972,123	\$ 19,621,672	\$ -	\$ 20,593,795	\$ 23,489,436
Management fees	110,035	-	-	110,035	18,273
Net assets released from restrictions	8,350,346	(8,350,346)	-	-	-
Total Revenues and Support	<u>9,432,504</u>	<u>11,271,326</u>	<u>-</u>	<u>20,703,830</u>	<u>23,507,709</u>
EXPENSES					
Salaries and benefits	430,835	-	-	430,835	224,787
Grants	6,177,896	-	-	6,177,896	444,252
Facility, buildings and grounds	47,340	-	-	47,340	24,132
Purchased services	2,260,819	-	-	2,260,819	769,452
Office	294,766	-	-	294,766	166,098
Total Expenses	<u>9,211,656</u>	<u>-</u>	<u>-</u>	<u>9,211,656</u>	<u>1,628,721</u>
Revenues and Support in Excess of (Less than) Expenses	220,848	11,271,326	-	11,492,174	21,878,988
OTHER CHANGES IN NET ASSETS					
Change in beneficial interest in trust	-	33,454	-	33,454	(18,340)
Investment return	1,107,594	2,576,504	-	3,684,098	493,958
Total Other Changes in Net Assets	<u>1,107,594</u>	<u>2,609,958</u>	<u>-</u>	<u>3,717,552</u>	<u>475,618</u>
Change in Net Assets	1,328,442	13,881,284	-	15,209,726	22,354,606
NET ASSETS - Beginning of Year	<u>3,518,564</u>	<u>24,586,885</u>	<u>525,000</u>	<u>28,630,449</u>	<u>6,275,843</u>
NET ASSETS - END OF YEAR	<u>\$ 4,847,006</u>	<u>\$ 38,468,169</u>	<u>\$ 525,000</u>	<u>\$ 43,840,175</u>	<u>\$ 28,630,449</u>

See accompanying notes to financial statements.

THE CATHOLIC FOUNDATION FOR THE DIOCESE OF GREEN BAY, INC.

STATEMENTS OF CASH FLOWS Year Ended June 30, 2007 and 2006

	2007	2006
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash received from contributors and fees	\$ 12,851,875	\$ 7,740,370
Cash paid to and on behalf of employees	(394,259)	(202,098)
Cash paid to suppliers	(2,612,137)	(940,488)
Cash paid to donees	(6,148,581)	(454,049)
Net Cash Flows From Operating Activities	3,696,898	6,143,735
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property and equipment	-	(1,290)
Purchase of investments	(14,941,095)	(7,008,775)
Sale of investments	11,068,060	1,316,025
Net Cash Flows from Investing Activities	(3,873,035)	(5,694,040)
CASH FLOWS FROM FINANCING ACTIVITIES		
Funds due - Catholic Diocese of Green Bay, Inc.	-	(84,422)
Proceeds from line of credit	222,732	478,120
Net Cash Flows from Financing Activities	222,732	393,698
Net Change in Cash	46,595	843,393
CASH - Beginning of Year	843,393	-
CASH - END OF YEAR	\$ 889,988	\$ 843,393
RECONCILIATION OF CHANGE IN NET ASSETS TO NET CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ 15,209,726	\$ 22,354,606
Adjustments to reconcile change in net assets to net cash flows from operating activities:		
Depreciation	323	161
Investment return	(3,652,414)	(475,618)
Investment contribution from Lumen Christi	-	(15,051,253)
Real estate contributions	(128,108)	-
Stock contributions held for sale in brokerage account	(216,229)	-
Changes in certain assets and liabilities:		
Contributions receivable	(8,297,795)	(3,210,420)
Prepaid expenses	44	(424)
Beneficial interest in trusts held by others	(33,454)	(53,918)
Accounts payable and accrued expenses	26,996	42,146
Funds held for others	758,494	2,548,252
Pledges payable	29,315	(9,797)
NET CASH FLOWS FROM OPERATING ACTIVITIES	\$ 3,696,898	\$ 6,143,735

Noncash investing and financing activities

During the fiscal years ended June 30, 2007 and 2006, \$853,509 and \$170,718, respectively, of the increase in funds held for others related to investment returns.

See accompanying notes to financial statements.

THE CATHOLIC FOUNDATION FOR THE DIOCESE OF GREEN BAY, INC.

NOTES TO FINANCIAL STATEMENTS June 30, 2007 and 2006

NOTE 1 - Nature of Activities

The Catholic Foundation for the Diocese of Green Bay, Inc. (The Foundation) is a not-for-profit corporation organized under the laws of the State of Wisconsin for the purpose of receiving and maintaining a fund or funds of real or personal property and to use or apply the whole or any part of the income therefrom and the principal thereof exclusively for religious, charitable, scientific, literary or educational purposes, in connection with the Catholic Diocese of Green Bay, in accordance with the teachings and the Code of Canon Law of the Roman Catholic Church.

NOTE 2 - Significant Accounting Policies

Basis of Accounting

Net assets, revenues, gains, and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets of the Foundation are classified and reported as follows:

Unrestricted Net Assets - Net assets that are not subject to donor-imposed stipulations. Accounting principles generally accepted in the United States of America provide that if the governing body of an organization has the unilateral power to redirect the use of a donor's contribution to another beneficiary, such contributions must be classified as unrestricted net assets. The Board of Directors of the Foundation has that ability known as variance power.

Temporarily Restricted Net Assets - Net assets subject to donor-imposed stipulations that either expire by passage of time or can be fulfilled and removed by actions of the Foundation pursuant to those stipulations.

Permanently Restricted Net Assets - Net assets subject to donor-imposed stipulations that they be maintained permanently by the Foundation.

Cash

The Foundation maintains its cash in bank deposit accounts which, at times, may exceed federally insured limits. The Foundation has not experienced any losses in such accounts and believes it is not exposed to any significant credit risk on cash and cash equivalents.

Investments

Investments are generally recorded at fair value based upon quoted market prices, when available, or estimates of fair value. Investment income or loss and unrealized gains or losses are included in the statement of activities as increases or decreases in unrestricted net assets unless the income or loss is restricted by donor or law.

THE CATHOLIC FOUNDATION FOR THE DIOCESE OF GREEN BAY, INC.

NOTES TO FINANCIAL STATEMENTS June 30, 2007 and 2006

NOTE 2 - Significant Accounting Policies (cont.)

Property and Equipment

Property and equipment are stated at cost if purchased or fair market value at date of the gift if donated. All acquisitions of property in excess of \$5,000 and equipment in excess of \$1,000 and all expenditures for improvements and betterments that materially prolong the useful lives of assets are capitalized. Maintenance, repairs, and minor improvements are expensed as incurred. When assets are retired or otherwise disposed of, their costs and related accumulated depreciation are removed from the accounts and resulting gains or losses are included in income.

Property and equipment are depreciated using the straight-line method over their estimated useful lives.

	<u>Years</u>
Furniture and equipment	5-10

Beneficial Interest in Trusts Held by Others

The Foundation has arrangements with donors classified as charitable remainder trusts and charitable gift annuities. The Foundation has recognized its interest in the estimated future cash flows as temporarily restricted net assets based on the fair market value of the assets.

Contribution Recognition

Contributions are recognized as revenue when they are received or unconditionally pledged. Contributions that are restricted by the donor are reported as increases in unrestricted net assets if the restrictions expire (that is, when a stipulated time restriction ends or purpose restriction is accomplished) in the reporting period in which the revenue is recognized. All other donor-restricted contributions are reported as increases in temporarily or permanently restricted net assets, depending on the nature of the restrictions. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

Donated services are recognized as contributions if the services (a) create or enhance non-financial assets or (b) require specialized skills, are performed by people with those skills and would otherwise be purchased by the Foundation. A substantial number of volunteers have donated significant amounts of their time in the Foundation's program services and in its fund-raising campaigns. The value of these donated services and time is not recognized in the accompanying financial statements because they do not meet the criteria for recognition.

Funds Held for Others

The Foundation has a number of funds for which it acts as a custodian. Receipts are held and disbursements are made by the board according to the intentions of the organization from which the funds were received. These funds are reported as funds held for others in the financial statements. Investment income and distributions of these funds are not considered revenues or expenses of the Foundation.

THE CATHOLIC FOUNDATION FOR THE DIOCESE OF GREEN BAY, INC.

NOTES TO FINANCIAL STATEMENTS June 30, 2007 and 2006

NOTE 2 - Significant Accounting Policies (cont.)

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 revenues and expenses during the reporting period. Actual results could differ from those estimates.

Summarized Information

The financial statements include certain prior-year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with the Organization's financial statements for the year ended June 30, 2006, from which the summarized information was derived.

Income Tax Status

The Foundation is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code. In addition, the Foundation qualifies for the charitable contribution deduction under Section 170(b)(1)(A) and has been classified as an organization other than a private foundation under Section 509(a)(2). The Foundation is also exempt from Wisconsin income taxes.

NOTE 3 - Investments

Investments are carried at market value and consist of the following as of June 30, 2007 and 2006:

	<u>2007</u>	<u>2006</u>
St. Francis Xavier Investment Corp. account:		
Stocks	\$ 23,535,029	\$ 20,536,446
Bonds	10,366,910	9,178,554
Money Market	<u>5,045,393</u>	<u>656,881</u>
 Total	 <u>\$ 38,947,332</u>	 <u>\$ 30,371,881</u>

The Foundation considers money market funds held by brokers to be investments. Additional investments consist of stocks, bonds and other investment securities. Investment securities are exposed to various risks, such as interest rate, market and credit. Due to the level of risk associated with certain investment securities and the level of uncertainty related to changes in the value of investment securities, it is at least reasonably possible that changes in risks in the near term would materially affect the amounts reported in the financial statements.

THE CATHOLIC FOUNDATION FOR THE DIOCESE OF GREEN BAY, INC.

NOTES TO FINANCIAL STATEMENTS June 30, 2007 and 2006

NOTE 3 - Investments (cont.)

Investment return in the statement of activities for the years ended June 30, 2007 and 2006 consist of the following:

	2007	2006
Interest and dividends	\$ 847,501	\$ 239,091
Realized and unrealized gain on investments	2,836,597	254,867
Total	\$ 3,684,098	\$ 493,958

Fees charged on investments have been netted against the investment return. Total fees for the year ended June 30, 2007 and 2006 were \$328,473 and \$90,810, respectively.

NOTE 4 - Contributions Receivable

Contributions receivable consist primarily of donor pledges for funds supporting a variety of activities. Net contributions receivable as of June 30, 2007 and 2006 consist of the following:

	2007	2006
Total contributions receivable	\$ 13,698,587	\$ 3,898,524
Less: Discount to present value	(790,148)	(227,880)
Present value of contributions receivable	12,908,439	3,670,644
Less: Allowance for uncollectible promises to give	(940,000)	-
Total Unconditional Promises to Give	\$ 11,968,439	\$ 3,670,644

The discount rates used to determine the present value of contributions are risk-free interest rates applicable to the years in which the promises are received.

Payments on contributions receivable at June 30, 2007 are expected to be received as follows:

Year ending June 30,	
2008	\$ 6,614,082
2009	4,349,877
2010	1,763,673
2011	516,615
2012	184,330
Thereafter	270,010
	\$ 13,698,587

THE CATHOLIC FOUNDATION FOR THE DIOCESE OF GREEN BAY, INC.

NOTES TO FINANCIAL STATEMENTS June 30, 2007 and 2006

NOTE 5 - Line of Credit

At June 30, 2007, the Foundation had a line of credit financing agreement with a bank. \$1,500,000 was available to the Foundation. The interest rate on the line is 0%. The line of credit is secured by all of the Foundation's assets and expires on December 12, 2007. There was no interest expense for the year ended June 30, 2007. The line of credit is structured in a way that allows the bank to make nightly sweeps from the cash account to the line of credit.

\$700,852 and \$478,120 was outstanding on the line of credit at June 30, 2007 and 2006, respectively.

NOTE 6 - Functional Classification of Expenses

The costs of providing program and other activities have been summarized on a functional basis. Accordingly, certain costs have been allocated among the program and supporting services benefited.

Expenses by function for the years ended June 30, 2007 and 2006 is as follows:

	<u>2007</u>	<u>2006</u>
Program services:		
Grants	\$ 6,177,896	\$ 444,252
Supporting services:		
Management and general	168,821	82,470
Fundraising	<u>2,864,939</u>	<u>1,101,999</u>
 Total	 <u>\$ 9,211,656</u>	 <u>\$ 1,628,721</u>

THE CATHOLIC FOUNDATION FOR THE DIOCESE OF GREEN BAY, INC.

NOTES TO FINANCIAL STATEMENTS June 30, 2007 and 2006

NOTE 7 - Related Party Transactions

The Foundation is the beneficiary of various assets and incurred various charges from related entities during the year ended June 30, 2007 and 2006 as follows:

<u>Entity</u>	<u>Nature of Transaction</u>	<u>2007</u>	<u>2006</u>
Assets:			
Catholic Diocese of Green Bay, Inc.	Beneficial interest in annuities held by the Catholic Diocese of Green Bay, Inc.	\$ 212,695	\$ 180,997
Charges:			
St. Joseph Real Estate Services Corporation	Occupancy expense	107,916	56,772
	Insurance expenses	2,999	-
St. Francis Xavier Investment Corp.	Investment management charges	328,473	90,810
St. Luke Benefit & Insurance Services Corp.	Insurance expenses	1,498	3,480
	Human resources expenses	4,156	1,512
Catholic Diocese of Green Bay, Inc.	Accounting expenses	-	10,650
	Bishop's Appeal grant	2,702,673	-
The Green Bay Catholic Compass, Inc.	Advertising and subscriptions	2,837	1,360
	Bishop's Appeal grant	211,208	-
Catholic Charities of the Diocese of Green Bay, Inc.	Spalding golf outing expense	100	-
	Bishop's Appeal grant	867,131	-
St. Therese of the Little Flower, Inc.	Accounting expenses	75,606	18,548
	Computer expenses	31,780	14,905
	Communications expenses	21,708	-
Newman Center of Oshkosh, Inc.	Bishop's Appeal grant	196,251	-
Holy Name Retreat House Inc.	Fees on beneficial interest in trust	11,012	11,593
Camp Tekawitha Retreat and Conference Center, Inc.	Bishop's Appeal grant	46,705	-

The value of donated professional services by Catholic Diocese of Green Bay, Inc. of \$15,000 for the year ended June 30, 2006, is included in contributions and the corresponding expense categories in the financial statements.

THE CATHOLIC FOUNDATION FOR THE DIOCESE OF GREEN BAY, INC.

NOTES TO FINANCIAL STATEMENTS June 30, 2007 and 2006

NOTE 8 - Retirement Plan

Employees of the Foundation are covered by the Catholic Diocese of Green Bay Employees' Retirement Plan. The defined contribution plan covers most lay employees. Employees are vested over five years. Contributions of 9% of an employee's previous calendar year salary are made in December for those employees who are eligible under the Plan. Retirement plan expense was \$21,891 and \$11,845 for the years ended June 30, 2007 and 2006, respectively.

NOTE 9 - Restrictions on Net Assets

Temporarily restricted net assets are available for the following purposes or periods:

	<u>2007</u>	<u>2006</u>
Catholic education	\$ 34,356	\$ 31,087
Priest education	383,576	344,889
Respect for life	353,410	321,533
Children's services	237,923	215,904
Seminarians	487,705	26,760
Helen Danoski CHD grants	67,891	61,456
Bishop's appeal	4,237,658	4,027,365
Lumen Christi	14,960,508	13,571,132
Catholic schools	1,642,585	1,467,574
Retired priests residence	364,713	331,410
Advancing the mission	15,312,731	3,639,990
Future periods	<u>385,113</u>	<u>547,785</u>
	<u>\$ 38,468,169</u>	<u>\$ 24,586,885</u>

Permanently restricted net assets are for endowment purposes. The investment earnings are used for priest education purposes and at the discretion of the Bishop for the areas of greatest needs in the Diocese of Green Bay.

NOTE 10 - Pledges Payable

During the year ended June 30, 2005, the Foundation made a pledge of long term support. The pledge calls for ten annual payments of \$25,000 each to be made, with the final payment due in fiscal 2014. The liability on the books at June 30, 2007 has been recorded at the net present value of the payments.

NOTE 11 - Commitments and Contingencies

As of January 1, 2006, the Foundation entered into an agreement for the implementation of custom-designed, consultant-led, capital stewardship campaigns for all the parishes of the Diocese of Green Bay. The Foundation agreed to pay to Resource Services, Inc. a fixed fee in monthly installments through December 2007. The first payments under the contract were made during the year ended June 30, 2006. The remainder of the fee will be paid in the fiscal year ending June 30, 2008. Management estimates that the total amounts paid under the contract will be between 4.5% and 5.0% of the funds pledged during the campaign.