

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

Green Bay, Wisconsin

FINANCIAL STATEMENTS

June 30, 2008 and 2007

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

TABLE OF CONTENTS

Independent Auditors' Report	1
Financial Statements	
Statements of Financial Position	2
Statement of Activities	3
Statements of Cash Flows	4
Notes to Financial Statements	5 - 12



INDEPENDENT AUDITORS' REPORT

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

We have audited the accompanying statement of financial position of The Catholic Foundation for the Diocese of Green Bay, Inc. as of June 30, 2008, and the related statements of activities and cash flows for the year then ended. These financial statements are the responsibility of the Organization's management. Our responsibility is to express an opinion on these financial statements based on our audit. The prior year summarized comparative information has been derived from The Catholic Foundation for the Diocese of Green Bay, Inc.'s 2007 audited financial statements, and in our report dated September 14, 2007, we expressed an unqualified opinion on those financial statements.

We conducted our audit 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 the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides 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, 2008, and the changes in its net assets and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Virchow, Krause & Company, LLP

Appleton, Wisconsin
October 8, 2008

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

STATEMENTS OF FINANCIAL POSITION June 30, 2008 and 2007

	<u>2008</u>	<u>2007</u>
ASSETS		
Cash	\$ 1,179,515	\$ 889,988
Accounts receivable	3,720	-
Contributions receivable, net	15,976,152	11,968,439
Investments	43,139,855	38,947,332
Prepaid expenses	1,652	480
Property and equipment, net	484	806
Cash surrender value of life insurance	93,422	72,188
Beneficial interest in trusts held by others	231,475	268,369
Property held for sale	-	<u>128,108</u>
TOTAL ASSETS	<u>\$ 60,626,275</u>	<u>\$ 52,275,710</u>
LIABILITIES AND NET ASSETS		
LIABILITIES		
Accounts payable and accrued expenses	\$ 78,858	\$ 72,260
Funds held for others	8,711,077	7,472,863
Pledges payable	126,039	189,560
Line of credit	-	<u>700,852</u>
Total Liabilities	<u>8,915,974</u>	<u>8,435,535</u>
NET ASSETS		
Unrestricted	6,208,465	4,847,006
Temporarily restricted	44,716,196	38,468,169
Permanently restricted	<u>785,640</u>	<u>525,000</u>
Total Net Assets	<u>51,710,301</u>	<u>43,840,175</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 60,626,275</u>	<u>\$ 52,275,710</u>

See accompanying notes to financial statements.

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

STATEMENT OF ACTIVITIES Year Ended June 30, 2008 (with comparative totals for 2007)

	2008			Total	2007 Total
	Unrestricted	Temporarily Restricted	Permanently Restricted		
REVENUES AND SUPPORT					
Contributions	\$ 1,663,931	\$ 18,607,304	\$ 260,640	\$ 20,531,875	\$ 20,593,795
Management fees	174,369	-	-	174,369	110,035
Net assets released from restrictions	<u>11,289,190</u>	<u>(11,289,190)</u>	-	-	-
Total Revenues and Support	<u>13,127,490</u>	<u>7,318,114</u>	<u>260,640</u>	<u>20,706,244</u>	<u>20,703,830</u>
EXPENSES					
Salaries and benefits	450,011	-	-	450,011	430,835
Grants	9,189,580	-	-	9,189,580	6,177,896
Facility, buildings and grounds	47,076	-	-	47,076	47,340
Purchased services	1,374,458	-	-	1,374,458	2,260,819
Office	<u>273,205</u>	-	-	<u>273,205</u>	<u>294,766</u>
Total Expenses	<u>11,334,330</u>	<u>-</u>	<u>-</u>	<u>11,334,330</u>	<u>9,211,656</u>
Revenues and Support in Excess of (Less than) Expenses	1,793,160	7,318,114	260,640	9,371,914	11,492,174
OTHER CHANGES IN NET ASSETS					
Change in beneficial interest in trust	-	(36,894)	-	(36,894)	33,454
Investment return	<u>(431,701)</u>	<u>(1,033,193)</u>	-	<u>(1,464,894)</u>	<u>3,684,098</u>
Total Other Changes in Net Assets	<u>(431,701)</u>	<u>(1,070,087)</u>	-	<u>(1,501,788)</u>	<u>3,717,552</u>
Change in Net Assets	1,361,459	6,248,027	260,640	7,870,126	15,209,726
NET ASSETS - Beginning 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>
NET ASSETS - END OF YEAR	<u>\$ 6,208,465</u>	<u>\$ 44,716,196</u>	<u>\$ 785,640</u>	<u>\$ 51,710,301</u>	<u>\$ 43,840,175</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, 2008 and 2007

	<u>2008</u>	<u>2007</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash received from contributors and fees	\$ 18,200,516	\$ 12,851,875
Cash paid to and on behalf of employees	(446,705)	(394,259)
Cash paid to suppliers	(1,692,297)	(2,612,137)
Cash paid to donees	<u>(9,253,100)</u>	<u>(6,148,581)</u>
Net Cash Flows From Operating Activities	<u>6,808,414</u>	<u>3,696,898</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of investments	(22,131,689)	(14,941,095)
Sale of investments	15,924,906	11,068,060
Proceeds from sale of property held for sale	<u>128,108</u>	<u>-</u>
Net Cash Flows from Investing Activities	<u>(6,078,675)</u>	<u>(3,873,035)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Payments on line of credit	(700,852)	-
Proceeds from long-term debt	-	222,732
Permanently restricted contributions received	<u>260,640</u>	<u>-</u>
Net Cash Flows from Financing Activities	<u>(440,212)</u>	<u>222,732</u>
Net Change in Cash	289,527	46,595
CASH - Beginning of Year	<u>889,988</u>	<u>843,393</u>
CASH - END OF YEAR	<u>\$ 1,179,515</u>	<u>\$ 889,988</u>
RECONCILIATION OF CHANGE IN NET ASSETS TO NET CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ 7,870,126	\$ 15,209,726
Adjustments to reconcile change in net assets to net cash flows from operating activities:		
Depreciation	322	323
Investment return	1,475,411	(3,652,414)
Permanently restricted contributions	(260,640)	-
Real estate contributions	-	(128,108)
Stock contributions held for sale in brokerage account	-	(216,229)
Changes in certain assets and liabilities:		
Contributions receivable	(4,007,713)	(8,297,795)
Accounts receivable	(3,720)	-
Prepaid expenses	(1,172)	44
Beneficial interest in trusts held by others	36,894	(33,454)
Accounts payable and accrued expenses	6,598	26,996
Funds held for others	1,755,829	758,494
Pledges payable	<u>(63,521)</u>	<u>29,315</u>
NET CASH FLOWS FROM OPERATING ACTIVITIES	<u>\$ 6,808,414</u>	<u>\$ 3,696,898</u>
Noncash investing and financing activities		
Interest and dividends were reinvested directly back into investment funds	\$ 1,020,377	\$ 847,501
The change in funds held for other related to investment returns	(517,615)	853,509

See accompanying notes to financial statements.

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

NOTES TO FINANCIAL STATEMENTS

June 30, 2008 and 2007

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, 2008 and 2007

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, 2008 and 2007

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, 2007, 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 managed by a related party (see note 7), are carried at market value and consist of the following as of June 30, 2008 and 2007:

	<u>2008</u>	<u>2007</u>
St. Francis Xavier Investment Corp. account:		
Stock funds	\$ 20,730,819	\$ 23,535,029
Bond funds	11,204,041	10,366,910
Money Market	<u>11,204,995</u>	<u>5,045,393</u>
 Total	 <u>\$ 43,139,855</u>	 <u>\$ 38,947,332</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, 2008 and 2007

NOTE 3 - Investments (cont.)

Investment return in the statement of activities for the years ended June 30, 2008 and 2007 consist of the following:

	2008	2007
Interest and dividends	\$ 1,020,377	\$ 847,501
Realized and unrealized gain (loss) on investments	(2,485,271)	2,836,597
Total	\$ (1,464,894)	\$ 3,684,098

Fees charged on investments have been netted against the investment return. Total fees for the years ended June 30, 2008 and 2007 were \$312,945 and \$328,473, 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, 2008 and 2007 consist of the following:

	2008	2007
Total contributions receivable	\$ 17,760,853	\$ 13,698,587
Less: Discount to present value	(552,101)	(790,148)
Present value of contributions receivable	17,208,752	12,908,439
Less: Allowance for uncollectible promises to give	(1,232,600)	(940,000)
Total Unconditional Promises to Give	\$ 15,976,152	\$ 11,968,439

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, 2008 are expected to be received as follows:

Year ending June 30,	
2009	\$ 10,450,622
2010	5,294,225
2011	1,505,135
2012	236,856
2013	148,460
Thereafter	125,555
	\$ 17,760,853

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

NOTES TO FINANCIAL STATEMENTS June 30, 2008 and 2007

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 was secured by all of the Foundation's assets and expired on December 12, 2007. The line of credit was redone on December 12, 2007 with a total amount available of \$500,000 with a due date of June 12, 2008. There was no interest expense for the year ended June 30, 2008 as 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.

The outstanding balance on the line of credit at June 30, 2007 was \$700,852. There was no outstanding balance on the line at June 30, 2008.

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, 2008 and 2007 is as follows:

	<u>2008</u>	<u>2007</u>
Program services:		
Grants	\$ 9,189,580	\$ 6,177,896
Supporting services:		
Management and general	164,533	168,821
Fundraising	<u>1,980,217</u>	<u>2,864,939</u>
Total	<u>\$ 11,334,330</u>	<u>\$ 9,211,656</u>

NOTE 7 - Leases

The Foundation leases certain office space and equipment under operating lease agreements on a month to month basis. Total rent expense for the years ended June 30, 2008 and 2007 was approximately \$47,076 and \$47,340, respectively.

NOTE 8 - Related Party Transactions

The Foundation is the beneficiary of various assets, received various revenues and incurred various charges from related entities during the year ended June 30, 2008 and 2007 as follows:

<u>Entity</u>	<u>Nature of Transaction</u>	<u>2008</u>	<u>2007</u>
Assets:			
Catholic Diocese of Green Bay, Inc.	Beneficial interest in annuities held by the Catholic Diocese of Green Bay, Inc.	\$ 184,468	\$ 212,695
Revenues:			
Catholic Diocese of Green Bay, Inc.	Donation	295,640	-

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

NOTES TO FINANCIAL STATEMENTS
June 30, 2008 and 2007

NOTE 8 - Related Party Transactions (cont.)

<u>Entity</u>	<u>Nature of Transaction</u>	<u>2008</u>	<u>2007</u>
Camp Tekawitha Retreat and Conference Center, Inc.	Purchased Services	9,527	-
The Chapel of Our Lady of Good Help, Inc.	Purchased Services	9,528	-
Holy Name Retreat House, Inc.	Purchased services	9,527	-
Catholic Charities of the Diocese of Green Bay, Inc.	Purchased services	28,582	-
Charges:			
St. Joseph Real Estate Services Corporation	Occupancy expense	104,220	107,916
	Insurance expenses	1,480	2,999
St. Francis Xavier Investment Corp.	Investment management charges	312,945	328,473
St. Luke Benefit & Insurance Services Corp.	Insurance expenses	1,498	1,498
	Human resources expenses	5,256	4,156
	Unemployment compensation	3,106	-
Catholic Diocese of Green Bay, Inc.	Bishop's Appeal Grant	3,241,270	2,702,673
	Donation	57,340	47,611
The Green Bay Catholic Compass, Inc.	Advertising and subscriptions	34,139	33,794
	Bishop's Appeal grant	248,990	211,208
Catholic Charities of the Diocese of Green Bay, Inc.	Spalding golf outing expense	-	100
	Donation	35,047	62,157
	Bishop's Appeal grant	893,632	867,131
St. Therese of the Little Flower, Inc.	Accounting expenses	87,204	75,606
	Computer expenses	39,192	31,780
	Donation	250,000	-
	Communications expenses	11,984	21,708
Newman Center of Oshkosh, Inc.	Bishop's Appeal grant	208,956	196,251
Holy Name Retreat House Inc.	Fees on beneficial interest in trust	9,300	11,012
	Bishop's Appeal grant	17,865	-
Camp Tekawitha Retreat and Conference Center, Inc.	Bishop's Appeal grant	-	46,705
	Donation	58,285	27,965

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

NOTES TO FINANCIAL STATEMENTS June 30, 2008 and 2007

NOTE 8 - Related Party Transactions (cont.)

<u>Entity</u>	<u>Nature of Transaction</u>	<u>2008</u>	<u>2007</u>
Sacred Heart Seminary Corporation	Donation	16,374	24,879
McCormick Memorial Home for the Aged, Inc.	Donation	18,073	17,775

NOTE 9 - 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 \$25,216 and \$21,891 for the years ended June 30, 2008 and 2007, respectively.

NOTE 10 - Restrictions on Net Assets

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

	<u>2008</u>	<u>2007</u>
Catholic education	\$ 37,000	\$ 34,356
Priest education	351,822	383,576
Respect for life	310,867	353,410
Children's services	208,965	237,923
Seminarians	895,833	487,705
Helen Danoski CHD grants	59,273	67,891
Bishop's appeal	5,396,145	4,237,658
Lumen Christi	13,152,064	14,960,508
Catholic schools	1,395,657	1,642,585
Retired priests residence	319,488	364,713
Advancing the mission	22,155,009	15,312,731
Future periods	332,187	385,113
Parish Vitality Fund	101,736	-
New Genesis Community Endowment	150	-
	<u>\$ 44,716,196</u>	<u>\$ 38,468,169</u>

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

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

NOTES TO FINANCIAL STATEMENTS June 30, 2008 and 2007

NOTE 11 - 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, 2008 has been recorded at the net present value of the payments.

NOTE 12 - 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 has been paid in the fiscal year ending June 30, 2008. Management estimates that the total amounts paid under the contract will be between 8.0% and 9.0% of the funds pledged during the campaign.

NOTE 13 - Subsequent Event

Beginning in October 2008, The Foundation will no longer utilize St. Francis Xavier Investment Corp. for investment management services.

NOTE 14 - New Accounting Standards

In September 2006, the Financial Accounting Standards Board issued Statement of Financial Accounting Standards No. 157 ("SFAS 157"), Fair Value Measurements. SFAS 157 clarifies the principle that fair value should be based on the assumptions market participants would use when pricing an asset or liability and establishes a fair value hierarchy that prioritizes the information used to develop those assumptions. Under SFAS 157, fair value measurements would be separately disclosed by level within the fair value hierarchy. SFAS 157 is effective for financial statements issued for fiscal years beginning after November 15, 2007, and interim periods within those fiscal years, with early adoption permitted. Management believes the adoption of this pronouncement will not have a material impact on the Foundation's financial statements.