

ARCHDIOCESE OF MILWAUKEE

Milwaukee, Wisconsin

COMBINED FINANCIAL STATEMENTS

Including Independent Auditors' Report

June 30, 2003 and 2002

ARCHDIOCESE OF MILWAUKEE

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INDEPENDENT AUDITORS' REPORT

Most Reverend Timothy M. Dolan
Archbishop of Milwaukee
Milwaukee, Wisconsin

We have audited the accompanying combined statements of financial position of the Archdiocese of Milwaukee as of June 30, 2003 and 2002, and the related combined statements of activities and cash flows for the years then ended. These combined financial statements are the responsibility of the Archdiocese of Milwaukee'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 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 Archdiocese of Milwaukee as of June 30, 2003 and 2002, 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.

Our audits were conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplemental information provided, as identified in the table of contents, is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Virchow, Krause & Company, LLP

Milwaukee, Wisconsin
September 26, 2003

ARCHDIOCESE OF MILWAUKEE

COMBINED STATEMENTS OF FINANCIAL POSITION June 30, 2003 and 2002

	ASSETS	
	2003	2002
CURRENT ASSETS		
Cash and cash equivalents	\$ 8,095,906	\$ 6,647,954
Short-term investments	557,437	92,441
Receivables		
Accounts and notes	2,209,437	2,873,172
Contributions	2,198,675	2,880,674
Parish obligations	2,732,280	3,024,784
Interest and dividends	887,545	1,079,810
Total receivables	8,027,937	9,858,440
Prepaid expenses and inventories	1,719,475	1,849,666
Total current assets	18,400,755	18,448,501
Ground burial and mausoleum crypt sites	10,588,071	10,863,570
Property and equipment, net	32,815,935	33,152,328
Parish Deposit Fund, primarily investments	77,361,789	72,983,750
Assets designated for the future care of cemeteries and mausoleums, primarily cash and investments	46,344,040	46,474,674
INVESTMENTS AND OTHER ASSETS		
Long-term investments	15,762,239	13,646,084
Contributions receivable	1,350,526	738,374
Mortgages receivable	1,311,748	1,821,531
Total investments and other assets	18,424,513	16,205,989
TOTAL ASSETS	\$ 203,935,103	\$ 198,128,812

See accompanying notes to combined financial statements.

LIABILITIES AND NET ASSETS

	<u>2003</u>	<u>2002</u>
CURRENT LIABILITIES		
Current maturities of long-term debt	\$ 665,012	\$ 838,066
Accounts payable	3,674,157	3,815,472
Contributions payable	1,252,266	1,479,409
Accrued liabilities	2,319,919	2,902,952
Deferred revenue	7,969,480	7,606,884
Collections to be forwarded on to other entities	<u>1,363,941</u>	<u>1,382,161</u>
Total Current Liabilities	17,244,775	18,024,944
Parish Deposit Fund	52,541,759	44,170,338
Long-term debt	1,498,117	2,405,498
Accrued postretirement and pension benefits	11,400,193	9,592,982
Deferred revenue	<u>1,393,125</u>	<u>1,200,934</u>
Total Liabilities	<u>84,077,969</u>	<u>75,394,696</u>
NET ASSETS		
Unrestricted		
Undesignated operating	44,983,955	50,164,115
Designated	<u>54,884,362</u>	<u>55,395,175</u>
Total unrestricted	99,868,317	105,559,290
Temporarily restricted	11,005,519	9,349,404
Permanently restricted	<u>8,983,298</u>	<u>7,825,422</u>
Total Net Assets	<u>119,857,134</u>	<u>122,734,116</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 203,935,103</u>	<u>\$ 198,128,812</u>

See accompanying notes to combined financial statements.

ARCHDIOCESE OF MILWAUKEE

COMBINED STATEMENT OF ACTIVITIES Years Ended June 30, 2003 and 2002

	2003		2002					
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
REVENUE, GAINS, AND OTHER SUPPORT								
Contributions	\$ 13,122,889	\$ 3,031,057	\$ 1,157,876	\$ 17,311,822	\$ 13,034,383	\$ 6,009,131	\$ 2,235,003	\$ 21,278,517
Value of contributed services	-	-	-	-	87,996	-	-	87,996
Parish assessments	5,763,037	-	-	5,763,037	5,731,242	-	-	5,731,242
Tuitions and fees	20,827,172	-	-	20,827,172	20,004,476	-	-	20,004,476
Various activities and special programs	5,413,111	-	-	5,413,111	5,287,799	-	-	5,287,799
Cemetery and mausoleum sales	5,998,317	-	-	5,998,317	5,270,263	-	-	5,270,263
Investment income	4,633,491	383,392	-	5,016,883	5,757,381	177,244	-	5,934,625
Net realized and unrealized gains (losses)	1,269,780	-	-	1,269,780	(3,511,683)	-	-	(3,511,683)
Miscellaneous revenues	2,279,669	-	-	2,279,669	1,783,434	-	-	1,783,434
Net assets released from restrictions	1,758,334	(1,758,334)	-	-	14,871,350	(14,641,765)	(229,585)	-
Total Revenue, Gains and Other Support	61,065,800	1,656,115	1,157,876	63,879,791	68,316,641	(8,455,390)	2,005,418	61,866,669
EXPENSES								
Payroll and fringe benefits	36,259,021	-	-	36,259,021	34,599,691	-	-	34,599,691
Repairs, maintenance, insurance, utility costs	4,543,038	-	-	4,543,038	3,880,718	-	-	3,880,718
Travel and education	825,309	-	-	825,309	770,152	-	-	770,152
Data processing	144,757	-	-	144,757	69,465	-	-	69,465
Bad debts	396,637	-	-	396,637	456,563	-	-	456,563
Supplies	3,830,175	-	-	3,830,175	3,690,149	-	-	3,690,149
Interest expense	2,411,929	-	-	2,411,929	2,659,954	-	-	2,659,954
Food service	931,667	-	-	931,667	1,048,565	-	-	1,048,565
Assessments	528,866	-	-	528,866	528,176	-	-	528,176
Cost of lot and crypt sales	1,023,198	-	-	1,023,198	1,222,852	-	-	1,222,852
Activities exclusive of salaries and supplies	2,507,888	-	-	2,507,888	2,490,857	-	-	2,490,857
Professional services	4,061,710	-	-	4,061,710	3,109,298	-	-	3,109,298
Scholarships and donations	4,570,692	-	-	4,570,692	13,105,650	-	-	13,105,650
Donations to the Cathedral project	1,087,415	-	-	1,087,415	7,996,239	-	-	7,996,239
Miscellaneous expenses	1,816,324	-	-	1,816,324	1,403,607	-	-	1,403,607
Depreciation	1,818,147	-	-	1,818,147	1,836,408	-	-	1,836,408
Total Expenses	66,756,773	-	-	66,756,773	78,868,344	-	-	78,868,344
CHANGE IN NET ASSETS	(5,690,973)	1,656,115	1,157,876	(2,876,982)	(10,551,703)	(8,455,390)	2,005,418	(17,001,675)
Net assets - Beginning of Year	105,559,290	9,349,404	7,825,422	122,734,116	116,391,148	13,650,323	5,820,004	135,861,475
Prior period adjustment	-	-	-	-	(280,155)	4,154,471	-	3,874,316
Net assets - end of year	\$ 99,868,317	\$ 11,005,519	\$ 8,983,298	\$ 119,857,134	\$ 105,559,290	\$ 9,349,404	\$ 7,825,422	\$ 122,734,116

See accompanying notes to combined financial statements.

ARCHDIOCESE OF MILWAUKEE

COMBINED STATEMENTS OF CASH FLOWS Years Ended June 30, 2003 and 2002

	2003	2002
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in Net Assets	\$ (2,876,982)	\$ (17,001,675)
Adjustments to reconcile change in net assets to net cash flows from operating activities		
Depreciation and amortization	1,818,147	1,836,408
Amortization of premiums and discounts	1,244,737	477,702
Bad debt provision	396,637	456,563
Net realized/unrealized (gains) losses	(1,269,780)	3,511,683
Proceeds from contributions restricted for investment in endowment	(1,157,876)	(2,235,003)
Gain on disposal of property and equipment	(61,436)	-
Changes in assets and liabilities		
Receivables and payables	453,256	2,516,926
Prepaid expenses and inventories	130,191	(216,477)
Ground burial and mausoleum crypt sites	275,499	(992,360)
Accrued liabilities	(583,033)	196,597
Deferred revenue	554,787	498,165
Accrued postretirement and pension benefits	1,807,211	1,677,362
Net Cash Flows from Operating Activities	731,358	(9,274,109)
CASH FLOWS FROM INVESTING ACTIVITIES		
Net purchases of land, building and equipment	(1,420,318)	(3,120,413)
Net change in investments	(6,803,513)	11,374,006
Net change in mortgages receivable	509,783	(366,027)
Net change in collections to be forwarded to other entities	(18,220)	228,131
Net change in parish deposit fund liability	8,371,421	(1,364,501)
Net Cash Flows from Investing Activities	639,153	6,751,196
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from contributions restricted for endowment	1,157,876	2,235,003
Proceeds from issuance of long-term debt	674,003	2,311,507
Payments on long-term debt	(1,754,438)	(362,372)
Net Cash Flows from Financing Activities	77,441	4,184,138
Net Change in Cash and Cash Equivalents	1,447,952	1,661,225
CASH AND CASH EQUIVALENTS - Beginning of Year	6,647,954	4,986,729
CASH AND CASH EQUIVALENTS - END OF YEAR	\$ 8,095,906	\$ 6,647,954
Supplemental cash flow disclosures		
Cash paid for interest	\$ 2,395,503	\$ 3,026,966

See accompanying notes to combined financial statements.

ARCHDIOCESE OF MILWAUKEE

NOTES TO COMBINED FINANCIAL STATEMENTS

June 30, 2003 and 2002

NOTE 1 - Summary of Significant Accounting Policies

Nature of Activities

The Archdiocese of Milwaukee (the "Archdiocese") is a not-for-profit Wisconsin corporation, without capital stock, operating primarily out of the Office of the Chancery under the management of the Archbishop of Milwaukee.

The following not-for-profit Wisconsin corporations and specific activities are operated under the direct fiscal management of the Archbishop for religious and charitable purposes and, accordingly, are included in the combined financial statements:

- Chancery and Central Offices ("Chancery")
- Parish Deposit Fund
- Income Care Fund
- Cemeteries and Mausoleums (eight locations)
- Pius XI High School, Inc. ("Pius")
- Catholic Memorial High School, Inc. ("Catholic Memorial")
- Thomas More High School, Inc. ("Thomas More")
- St. Mary's Springs High School, Inc. ("Springs")
- St. Joseph High School, Inc. ("St. Joseph")
- St. Francis Seminary, Inc. ("Seminary")
- St. Frances DeSales College, Inc.
- DeSales Preparatory Seminary, Inc.
- Other Endowment and Restricted Funds

These not-for-profit corporations and specific activities were organized without capital stock and are exempt from income taxes under the provisions of Section 501(c)(3) of the Internal Revenue Code. Accordingly, the combined financial statements do not include any amounts for capital stock or income taxes.

In June 1985, the Archdiocese, Springs, and the Congregation of Sisters of St. Agnes of Fond du Lac, Wisconsin, Inc. (the "Congregation") entered into a reversion agreement. In the event that the Archdiocese discontinues the operation of Springs as a Catholic high school or other institution of higher education, all real property, including improvements thereon, may revert to the Congregation in accordance with the terms of the agreement. Accordingly, the carrying value of the real property of Springs has been fully reserved for, and subsequent additions to the real property have been expensed. Purchases of personal property are capitalized and depreciated over their estimated useful life.

Under the laws of the State of Wisconsin, parishes, their related schools and certain other Catholic entities operating within the boundaries of the Archdiocese are not under the direct fiscal and operating control of the Archbishop and, accordingly, in accordance with accounting principles generally accepted in the United States are not included in the combined financial statements.

Basis of Accounting

The combined financial statements have been prepared on the accrual basis of accounting. All significant balances and transactions between the specific activities and corporations have been eliminated in the combined financial statements.

ARCHDIOCESE OF MILWAUKEE

NOTES TO COMBINED FINANCIAL STATEMENTS June 30, 2003 and 2002

NOTE 1 - Summary of Significant Accounting Policies (continued)

Cash and Cash Equivalents

Cash equivalents are defined as securities and other short-term investments with maturities at acquisition of approximately three months or less.

Investments

Certificates of deposit and other short-term investments are stated at cost or amortized cost, which approximates fair value. Under the amortized cost method, all investments purchased on a discount or premium basis are valued by amortizing the difference between the original purchase price and maturity value of the issue over the period to maturity on a straight-line basis. Results from the use of the straight-line method do not vary materially from those that would be obtained by use of the effective interest rate method. Common stocks and bonds are stated at fair value with unrealized gains or losses recorded in the statement of activities. Interest on investments is recorded as earned. Investment transactions are recorded on the trade date.

Accounts Receivable

The Organization used the allowance method to account for uncollectible accounts receivable. Accounts receivable are presented net of allowance for doubtful accounts of \$598,787 and \$546,586 at June 30, 2003 and 2002, respectively. Parish obligations are presented net of allowance for doubtful accounts of \$1,316,579 and \$1,142,253 at June 30, 2003 and 2002, respectively.

Notes Receivable

Notes receivable arising from the sale of mausoleum crypts are typically collectible in monthly installments, including interest, over four years.

Life Insurance Contributions

Donors have contributed multiple life insurance policies on their lives to the Archdiocese. As of June 30, 2003 and 2002, these policies have a combined face value of \$1,367,973 and \$1,350,798, respectively. The cash surrender value of \$416,352 and \$396,078 at June 30, 2003 and 2002, respectively, is included in prepaid expenses and inventories in the combined statements of financial position.

Contribution revenue had been recorded for the cash surrender value of these policies, plus any future premium payments pledged by the donor.

Property and Equipment

Land, buildings and equipment are primarily carried at cost, except for certain St. Francis Seminary assets for which original cost was not readily determinable and which are carried at a 1972 appraisal value of \$8,458,000, plus subsequent additions at cost less the estimated cost of subsequent retirements. Remaining net book value of the St. Francis Seminary assets at June 30, 2003 and 2002, were \$4,921,321 and \$5,125,950, respectively.

ARCHDIOCESE OF MILWAUKEE

NOTES TO COMBINED FINANCIAL STATEMENTS

June 30, 2003 and 2002

NOTE 1 - Summary of Significant Accounting Policies (continued)

Property and Equipment (continued)

Depreciation is recorded on a straight-line basis over the estimated useful lives of the assets as follows:

	<u>Years</u>
Buildings	50
Land improvements	20
Equipment	3-10
Automobiles and trucks	5

Contributions Payable

Contributions payable represent unconditional promises to give to be paid by the Archdiocese in the subsequent fiscal year.

Collections to be Forwarded to Other Entities

Collections to be forwarded to other entities represent cash collected on behalf of other Catholic organizations and programs, mainly via the annual Combined Collections fund drive.

Net Assets

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

Unrestricted Net Assets - Net assets that are not subject to donor-imposed stipulations.

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 Archdiocese pursuant to those stipulations.

Permanently Restricted Net Assets - Net assets subject to donor-imposed stipulations that they be maintained permanently by the Archdiocese. The donors of these assets permit the Archdiocese to use all or part of the income earned on related investments for general or specific purposes.

Board-Designated Net Assets

The Archdiocese may designate a portion of unrestricted net assets for a specific purpose. At June 30, designated unrestricted net assets consist of the following:

Future Care of Cemeteries and Mausoleums

Since the Archdiocese has the responsibility to adequately provide for the future care of mausoleum crypts and cemetery gravesites, the Board of Directors has designated certain unrestricted net assets for the purpose of funding this future care.

ARCHDIOCESE OF MILWAUKEE

NOTES TO COMBINED FINANCIAL STATEMENTS June 30, 2003 and 2002

NOTE 1 - Summary of Significant Accounting Policies (continued)

Future Care of Cemeteries and Mausoleums (continued)

The Board of Directors has also designated certain assets for this purpose, which is shown as a noncurrent asset in the combined statements of financial position. The fair values of the specific assets designated for future care as of June 30 are:

	2003	2002
Common Stocks	\$ 28,584,763	\$ 24,809,725
U.S. Government Bonds	7,834,749	5,540,676
Short-Term Investments	4,747,981	6,333,914
Commercial Bonds	5,036,624	9,641,100
Other	139,923	149,259
Total	46,344,040	46,474,674

Other Specific Purposes

The Board of Directors has designated certain unrestricted net assets for other specific purposes as of June 30 as follows:

Chancery		
St. John's Burse (for deaf and hearing impaired ministry)	901,908	860,988
St. Anthony Hospital (for health care needs of the medically indigent)	546,791	522,144
St. Aemilian Trust (for rehabilitation, treatment and other welfare services, and promoting education, charity and religion for emotionally disturbed dependent or delinquent children or for any other purpose as determined by the Archbishop)	5,970,457	6,419,426
General operations and other	399,297	387,359
	7,818,453	8,189,917
Seminary		
General operations and other	721,869	730,584
	8,540,322	8,920,501
Total designated net assets	\$ 54,884,362	\$ 55,395,175

Revenue Recognition

Contributions, including unconditional promises to give, are recognized in the period received. Conditional promises are not recognized until they become unconditional, that is when the conditions on which they depend are substantially met.

The Archdiocese reports gifts of cash and other assets as restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor 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. Donor-restricted contributions whose restrictions are met in the same reporting period are reported as unrestricted support.

ARCHDIOCESE OF MILWAUKEE

NOTES TO COMBINED FINANCIAL STATEMENTS June 30, 2003 and 2002

NOTE 1 - Summary of Significant Accounting Policies (continued)

Tuition and Fees

Tuition revenue is reported net of any tuition discounts. Tuition discounts are defined as the difference between the stated charge for a service provided by the high school and the amount which is expected to be collected. Tuition discounts include donor restricted scholarships administered by the high schools, financial aid offered by the high schools, student work credits, sibling discounts and foreign exchange student credits. The tuition discounts for fiscal years ended June 30, 2003 and 2002 were \$1,682,746 and \$1,091,852, respectively.

Cemetery and Mausoleum Sales

The Archdiocese records revenue on sales of cemetery plots and mausoleum crypts at the date of sale as it has no legal obligation, beyond a short rescission period, to refund any such sale. As such, no reserve for sale returns has been established. As a matter of policy the Archdiocese has refunded sales under certain circumstances at amounts equal to or less than the original sales price, which units are then returned to inventory. This policy is subject to amendment at any time. The Archdiocese also allows customers to purchase cemetery plots and mausoleum crypts through the installment method in which customers are given four years to pay. Revenue from these sales is recognized immediately as there is little uncertainty as to the collectibility of the balance of the purchase price.

Contributed Services

Support arising from contributed services of certain religious personnel has been recognized in the combined financial statements. The value of the contribution of those services represents the difference between the amount paid to or on behalf of the religious personnel and the comparable compensation that would be paid to lay persons if they were to occupy those positions. The amount of contributed services was \$0 and \$87,996 for fiscal years ended June 30, 2003 and 2002, respectively. The amount is included as both revenue and expense in the combined statements of activities and has no effect on the net assets of the Archdiocese.

Volunteers contribute personal time to assist the Archdiocese in performing various services. Volunteer services are not recorded by the Archdiocese, as these services do not require specialized expertise as defined.

Fundraising Costs

Fundraising costs, consisting primarily of payroll and fringe benefits, supplies and professional services, for fiscal years ended June 30, 2003 and 2002 were \$1,898,298 and \$1,649,226, respectively.

Reclassifications

For comparability, certain 2002 amounts have been reclassified to conform with classifications adopted in 2003. The reclassifications have no effect on reported amounts of net assets or change in net assets.

ARCHDIOCESE OF MILWAUKEE

NOTES TO COMBINED FINANCIAL STATEMENTS June 30, 2003 and 2002

NOTE 1 - Summary of Significant Accounting Policies (continued)

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities and the reported amounts of revenues and expenses. Actual results could be different from those estimates.

NOTE 2 - Investments

The fair value of investments by type, excluding assets designated for future care of cemeteries and mausoleums and the Parish Deposit Fund, as of June 30 are:

	<u>2003</u>	<u>2002</u>
U.S. Government Bonds	\$ 1,893,799	\$ 4,091,498
Common Stocks	5,409,188	2,835,177
Commercial Bonds	4,234,523	3,688,519
Certificates of Deposit	303,899	210,365
Other Investments	<u>4,478,267</u>	<u>2,912,966</u>
Total	16,319,676	13,738,525
Less: Short-Term Investments	<u>(557,437)</u>	<u>(92,441)</u>
Long-Term Investments	<u>\$15,762,239</u>	<u>\$13,646,084</u>

Net realized and unrealized losses for all Archdiocese investments for the year ended June 30 are:

	<u>2003</u>	<u>2002</u>
Net Realized Gains (Losses) on Investments	\$ (541,674)	\$ 1,111,166
Net Unrealized Gains (Losses) on Investments	<u>1,811,454</u>	<u>(4,622,849)</u>
Total	<u>\$ 1,269,780</u>	<u>\$ (3,511,683)</u>

NOTE 3 - Contributions Receivable

Gross Contributions receivable are reported in the combined statements of financial position net of allowances for uncollectible amounts and unamortized discounts.

Unconditional promises (pledges) to give that are expected to be collected in future years are recorded at the present value of estimated future cash flows, when significant. The discounts on those amounts are computed using a risk-free interest rate applicable to the year in which the promise is expected to be received. Amortization of the discount is included in contribution revenue.

The Archdiocese is aware of foundations, booster clubs and other organizations formed independently of the Archdiocese, which donate substantially all of their net assets to, primarily, the high schools. The net assets of those organizations are not material and, therefore, have not been included in the combined financial statements.

ARCHDIOCESE OF MILWAUKEE

NOTES TO COMBINED FINANCIAL STATEMENTS June 30, 2003 and 2002

NOTE 3 - Contributions Receivable (continued)

The contributions receivable balance as of June 30 is expected to be collected according to the following schedule:

	2003	2002
Less Than One Year	\$ 2,332,420	\$ 2,959,592
One to Five Years	1,777,075	748,556
More Than Five Years	-	27,500
Gross Contributions Receivable	4,109,495	3,735,648
Less Allowance for Doubtful Accounts	(320,249)	(116,600)
Less Discount	(240,045)	-
Net Contributions Receivable	3,549,201	3,619,048
Less: Current Portion	(2,198,675)	(2,880,674)
Long-Term Portion	\$ 1,350,526	\$ 738,374

NOTE 4 - Ground Burial and Mausoleum Crypt Sites

These properties are recorded at original cost and consist of the following as of June 30:

	2003	2002
Mausoleum Crypts	\$ 7,748,562	\$ 8,132,960
Cemetery Land and Facilities Held for Burial Privileges	2,839,509	2,730,610
Total	\$10,588,071	\$10,863,570

The Archdiocese does not provide depreciation on these properties. The cost of individual crypts and cemetery plots are allocated based on the total estimated costs of completion and are offset against revenue upon sale.

NOTE 5 - Land, Buildings and Equipment

Land, buildings and equipment are summarized as follows as of June 30:

	2003	2002
St. Francis Seminary Complex and Archbishop Cousins Catholic Center	\$ 31,944,691	\$ 32,307,021
Archdiocesan High Schools	30,334,594	29,143,264
Future Parish Sites	2,300,866	2,249,530
Cemeteries and Mausoleums	7,077,667	6,923,503
Other Facilities Currently in Use	1,779,776	1,914,591
Total Land, Buildings and Equipment	73,437,594	72,537,909
Less: Accumulated depreciation	(40,621,659)	(39,385,581)
Net Land, Buildings and Equipment	\$ 32,815,935	\$ 33,152,328

ARCHDIOCESE OF MILWAUKEE

NOTES TO COMBINED FINANCIAL STATEMENTS

June 30, 2003 and 2002

NOTE 5 - Land, Buildings and Equipment (continued)

The amounts for future parish sites are at the properties' cost plus the annual carrying costs of those sites, such as maintenance and property taxes.

NOTE 6 - Parish Deposit Fund

The Archdiocese operates the Parish Deposit Fund (the "Fund") to enable entities within the Combined Archdiocese, as well as outside parishes and other Catholic organizations, to invest their excess funds. The Fund pays interest quarterly to its depositors at a rate of 3.0% and 4.5% as of June 30, 2003 and 2002, respectively determined by the Archdiocese based on current market conditions and the return on existing investments, and requires a five-day written notice for withdrawals. The Fund is administered by the Chancery without specific charges for services rendered.

The Fund is shown as a noncurrent asset in the combined statement of financial position. The fair values of investments by type as of June 30 are:

	<u>2003</u>	<u>2002</u>
U.S. Government Bonds and Notes	\$62,851,104	\$55,190,502
Commercial Bonds	9,196,700	15,575,611
Short-Term Investments	<u>5,313,985</u>	<u>2,217,637</u>
Total	<u>\$77,361,789</u>	<u>\$72,983,750</u>

\$52,541,759 and \$44,170,338 of the Fund's assets are payable to outside parishes and other Catholic organizations as of June 30, 2003 and 2002, respectively. These amounts are shown as noncurrent liabilities in the combined statements of financial position.

NOTE 7 - Mortgages Receivable

Mortgages receivable (all secured by real estate) consist of the following as of June 30:

	<u>2003</u>	<u>2002</u>
6% note receivable, due August 1, 2014, interest and principal payments payable monthly.	\$ 1,067,790	\$ 1,133,021
6% note receivable, principal due August 1, 2014 interest payable monthly.	150,000	150,000
Noninterest bearing note receivable, due in equal annual payments through January 1, 2014.	93,958	102,500
8% note, due December 1, 2003	<u>-</u>	<u>436,010</u>
Total	<u>\$ 1,311,748</u>	<u>\$ 1,821,531</u>

ARCHDIOCESE OF MILWAUKEE

NOTES TO COMBINED FINANCIAL STATEMENTS June 30, 2003 and 2002

NOTE 8 - Deferred Revenue

The Archdiocese has both short-term and long-term deferred revenue. Short-term deferred revenue primarily includes the initial billings for school tuition by the Archdiocesan high schools for the next school year which will be recognized as revenue throughout such school year (\$7,969,480 and \$7,606,884 at June 30, 2003 and 2002, respectively). Long-term deferred revenue includes unearned income on burial fees which are to be recognized as revenue as the services are performed (\$1,393,125 and \$1,200,934 at June 30, 2003 and 2002, respectively).

NOTE 9 - Long-Term Debt and Lines of Credit

Long-term debt consists of the following as of June 30 :

	2003	2002
Note payable to financial institution, prime rate (4% at June 30, 2003) due on demand	\$ 275,000	\$ 125,000
Note payable to financial institution, prime rate (4% at June 30, 2003) payable monthly, due on demand	55,000	80,000
Note payable to financial institution, 3.75% payable monthly installments due on demand	-	382,511
Note payable to insurance society, 6.25% interest and principal payable in monthly installments, final payment due March 2013 secured by a mortgage.	159,983	1,153,068
Note payable to financial institution, 7.50% interest and principal payable in monthly installments, final payment due February 2014	601,594	641,380
Charitable Gift Annuities, 7.00%	758,976	690,666
Note payable to financial institution, interest at a floating rate based on the Wall Street Journal and principal payable in monthly installments, final payment due November 2003	162,616	-
Other notes payable	149,960	170,939
Totals	2,163,129	3,243,564
Less: Current portion	(665,012)	(838,066)
Long-Term Portion	\$ 1,498,117	\$ 2,405,498

ARCHDIOCESE OF MILWAUKEE

NOTES TO COMBINED FINANCIAL STATEMENTS June 30, 2003 and 2002

NOTE 9 - Long-Term Debt and Lines of Credit (continued)

Principal requirements on long-term debt for years ending after June 30, 2003 are as follows:

2004	\$ 665,012
2005	169,274
2006	167,185
2007	163,840
2008	159,018
Thereafter	<u>838,800</u>
Total	<u>\$ 2,163,129</u>

The Archdiocese maintained \$6,000,000 and \$6,200,000 as of June 30, 2003 and 2002, respectively of unsecured lines of credit. No borrowings were outstanding under these agreements at June 30, 2003 and 2002.

NOTE 10 - Employee Benefit Plans

The Archdiocese has several pension plans covering substantially all employees. The plans also cover certain individuals employed by Catholic corporations and activities which are located within the boundaries of the Archdiocese but are not included among the entities that are under the direct fiscal management of the Archbishop, as listed in Note 1. A summary of each plan follows:

Lay Employees' Pension Plan

This is a noncontributory multi-employer defined benefit plan. All full-time lay employees of participating Catholic organizations located within the boundaries of the Archdiocese (except for the union employees of the cemetery and mausoleum operations) who have been employed for one year are covered by the plan. As this is a multi-employer plan, valuation information is not available by employer.

Pension expense for the years ended June 30, 2003 and 2002 was approximately \$960,000 and \$989,000, respectively, which includes amortization of past service costs over 30 years. Annual contributions to the plan equal amounts accrued for pension expense.

Archdiocese of Milwaukee Priests' Pension Plan

This is a contributory multi-employer defined benefit plan covering all archdiocesan priests. As such, valuation information is not available by employer.

The plan is under funded in that the accumulated benefit obligation exceeds the plan's assets as of July 1, 2002, the date of the latest available actuarial valuation.

Pension expense for the years ended June 30, 2003 and 2002 was approximately \$45,000 and \$40,000, respectively which includes amortization of past service costs over 30 years. Annual contributions to the plan equal amounts accrued for pension expense.

ARCHDIOCESE OF MILWAUKEE

NOTES TO COMBINED FINANCIAL STATEMENTS June 30, 2003 and 2002

NOTE 10 - Employee Benefit Plans (continued)

Cemetery and Mausoleum Employees' Union Pension Plan

Union employees of the cemetery and mausoleum operations are participants in this defined benefit plan. The plan is contributory and provides pension benefits based on a specified percentage of final average compensation per year of service.

Net periodic pension cost for the plan for the year ended June 30 includes the following components:

	2003	2002
Service Cost	\$ 60,083	\$ 59,998
Interest Cost on Projected Benefit Obligation	115,413	115,288
Actual Return on Assets	(66,120)	(65,441)
Net Amortization and Deferral	25,986	25,986
Net Periodic Pension Cost	\$ 135,362	\$ 135,831

Assumptions used in calculating pension expense were:

	As of July 1, 2002	As of July 1, 2001
Discount Rate	6.0 %	6.5 %
Rate of Increase in Compensation Levels	4.0	4.0
Expected Long-term Rate of Return on Assets	8.0	8.0

The following table sets forth the plan's funded status and amounts recognized in the combined statements of financial position as of June 30:

	2003	2002
Actuarial Present Value of Benefit Obligation		
Vested Benefit Obligation	\$ (1,679,930)	\$ (1,470,320)
Accumulated Benefit Obligation	\$ (1,692,689)	\$ (1,506,994)
Projected Benefit Obligation	\$ (2,082,907)	\$ (1,941,285)
Plan Assets at Fair Value, Comprised of a Deposit with an Insurance Company	851,902	845,661
Projected Benefit Obligation in Excess of Plan Assets	(1,231,005)	(1,095,624)
Unrecognized Net Loss	324,176	267,524
Unrecognized Prior Service Cost	105,284	130,786
Accrued Pension Liability	\$ (801,545)	\$ (697,314)

ARCHDIOCESE OF MILWAUKEE

NOTES TO COMBINED FINANCIAL STATEMENTS June 30, 2003 and 2002

NOTE 10 - Employee Benefit Plans (continued)

Postretirement Benefits Other Than Pensions

The Archdiocese provides defined benefit postretirement health insurance benefits to its diocesan priests. Covered members become eligible for these benefits at retirement after meeting minimum age and service requirements. The costs of future benefits are accrued during employee's active working career. The Archdiocese funds benefits on a pay as you go basis, with some retirees paying a portion of the costs.

The accumulated postretirement benefit obligation as of June 30, consisted of unfunded obligations related to the following:

	2003	2002
Retirees	\$ 4,709,160	\$ 4,037,558
Fully Eligible Active Plan Participants	1,288,660	835,721
Other Active Plan Participants	4,600,828	4,022,389
Accrued Postretirement Liability	\$10,598,648	\$ 8,895,668

Net postretirement benefit cost for the year ended June 30 included the following components:

	2003	2002
Service Cost	\$ 371,671	\$ 371,459
Interest Cost on Projected Benefit Obligations	1,453,374	1,348,484
Net Postretirement Benefit Cost	\$ 1,825,045	\$ 1,719,943

The assumptions used to develop the net postretirement benefit expense and the present value of benefit obligations are as follows:

	2003	2002
Discount Rate	7.0 %	7.0 %
Medical Cost Trend Rate for the Next Year	9.0	10.0
Dental Cost Trend Rate for Next Year	4.0	4.0

The medical cost trend rate used to value the accumulated postretirement benefit obligation is assumed to decrease gradually to an ultimate rate of 5% in 2009, while the dental cost trend rate used is assumed to remain at 4.0%. A 1.0% increase in these annual trend rates would increase the accumulated postretirement benefit obligation as of June 30, 2003 and 2002 by \$2,847,055 and \$2,785,288, respectively and the combined service and interest components of the annual net postretirement health care cost for the years ended June 30, 2003 and 2002 by \$339,053 and \$283,292, respectively.

ARCHDIOCESE OF MILWAUKEE

NOTES TO COMBINED FINANCIAL STATEMENTS June 30, 2003 and 2002

NOTE 11 - Temporarily Restricted Net Assets

Temporarily restricted net assets consist of amounts restricted by donors for (a) scholarships, (b) other particular operating activities, (c) use in a specified future period, (d) investment for a specified term, or (e) combinations of the above.

Temporarily restricted net assets are restricted as of June 30, as follows:

	2003	2002
Chancery		
St. John's Burse (for deaf and hearing impaired ministry)	\$ 106,640	\$ 194,210
St. Anthony's Hospital (for health care needs of the medically indigent)	94,419	94,419
Capital Campaign (for various capital and program needs)	218,807	218,807
Rapp Trust (for capital needs of St. Michael's Church in Mitchell, Wisconsin)	638,890	644,700
General Operations and Other	1,757,673	1,920,943
	2,816,429	3,073,079
Seminary		
General Operations and Other	4,802,846	4,662,124
High Schools		
Pius		
Scholarships	148,725	93,645
Clubs and Associations	3,238	89,445
Capital Improvements	2,159,573	314,167
	2,311,536	497,257
Catholic Memorial		
Scholarships	159,513	118,861
Capital Improvements	210,819	-
Other	150,676	376,011
	521,008	494,872
Thomas More		
Scholarships	124,638	131,483
Other	-	53,902
	124,638	185,385
Springs		
Scholarships	63,561	-
Capital Improvements	2,500	33,290
Other	238,933	299,395
	304,994	332,685
St. Joseph		
Scholarships	20,023	-
Clubs and Associations	-	1,573
Capital Improvements	42,500	28,000
Other	61,545	74,429
	124,068	104,002
Total High Schools	3,386,244	1,614,201
Total Temporarily Restricted Net Assets	\$11,005,519	\$ 9,349,404

ARCHDIOCESE OF MILWAUKEE

NOTES TO COMBINED FINANCIAL STATEMENTS June 30, 2003 and 2002

NOTE 12 - Permanently Restricted Net Assets

Permanently restricted net assets consist of amounts contributed by donors with the express intent that the principal be maintained in perpetuity. Donors have specified that the investment income be used for (a) scholarships, (b) other particular operating activities, or (c) other general expenses.

	<u>2003</u>	<u>2002</u>
Chancery		
Education Endowment Fund (for needy children for tuition in any schools of the Catholic Archdiocese of Milwaukee)	\$ 1,000,000	\$ 1,000,000
Msgr. Eugene J. Kapalczynski Development Fund	2,624,360	2,000,000
General Operations and Other	<u>91,005</u>	<u>91,006</u>
	<u>3,715,365</u>	<u>3,091,006</u>
High Schools		
Pius		
Scholarships	556,891	404,000
Other	<u>83,029</u>	<u>64,853</u>
	<u>639,920</u>	<u>468,853</u>
Catholic Memorial		
Scholarships	1,855,895	1,426,473
Other	<u>70,530</u>	<u>332,285</u>
	<u>1,926,425</u>	<u>1,758,758</u>
Thomas More		
Scholarships	152,310	152,310
Other	<u>84,435</u>	<u>84,435</u>
	<u>236,745</u>	<u>236,745</u>
Springs		
Scholarships	1,748,382	1,611,304
Other	<u>186,819</u>	<u>176,714</u>
	<u>1,935,201</u>	<u>1,788,018</u>
St. Joseph		
Scholarships	466,476	418,876
Clubs and Associations	2,500	2,500
Other	<u>60,666</u>	<u>60,666</u>
	<u>529,642</u>	<u>482,042</u>
Total High Schools	<u>5,267,933</u>	<u>4,734,416</u>
Total Permanently Restricted Net Assets	<u>\$ 8,983,298</u>	<u>\$ 7,825,422</u>

ARCHDIOCESE OF MILWAUKEE

NOTES TO COMBINED FINANCIAL STATEMENTS June 30, 2003 and 2002

NOTE 13 - Protected Self-Insurance Program

The Archdiocese along with all parishes and various other Catholic entities operating within the boundaries of the Archdiocese under the direct fiscal operating control of the Archbishop, entered into a Protected Self-Insurance Program. Premiums and loss reserves are determined and claims are processed by a service agency on a contractual basis.

Losses are paid from the Loss Fund to which premiums are paid by the participants. No single claim from the Loss Fund may exceed a specified maximum. Claims in excess of this maximum are fully covered by insurance. The Loss Fund is not reflected in the accompanying combined financial statements as the Fund was established to be separate and distinct from the Archdiocese. Any portion of the Loss Fund, which might revert back to the Archdiocese, is not measurable.

NOTE 14 - Contingencies

The Archdiocese is currently involved as a defendant in various lawsuits. While the ultimate outcome of such actions cannot be determined at this time, in view of available defenses, insurance coverages, the opinion of management and legal counsel, and other factors, such outcome is not expected to have a material effect on the financial condition of the Archdiocese.

NOTE 15 - Financial Instruments

The following methods and assumptions were used to estimate the fair value of each class of financial instrument for which it is practical to estimate that value as of June 30, 2003 and 2002:

Cash, Cash Equivalents and Investments

The carrying value approximates fair value as determined by published market data for all instruments, including investments designated for the future care of cemeteries and mausoleums and investments in the Parish Deposit Fund.

Notes and Mortgage Notes Receivable

The carrying amount approximates fair value because of the variable nature of the associated interest rate or the short maturity of those instruments.

Long-Term Debt

The carrying amount approximates fair value because of the variable nature of the associated interest rate or the short maturity of those instruments.

Parish Deposit Fund Liability

The carrying amount approximates fair value because of the variable nature of the associated interest rate.

ARCHDIOCESE OF MILWAUKEE

NOTES TO COMBINED FINANCIAL STATEMENTS June 30, 2003 and 2002

NOTE 16 - Concentrations

Prior to June 30, 2001, a new foundation, the Archdiocese of Milwaukee Catholic Community Foundation, Inc. (the "Foundation"), was formed. The Foundation's purpose is to allow donors to contribute money to support the mission of the Catholic Church. The Archdiocese contributed approximately \$6,904,000 to the Foundation for the year ended June 30, 2002. Included in this contribution was a transfer of \$229,585 of permanently restricted net assets.

The Organization maintains cash balances in eight institutions which exceeds the federally insured limit of \$100,000. The Organization has not experienced any losses in such accounts and believes it is not exposed to any significant credit risk on cash.

NOTE 17 - Prior Period Adjustment

Net assets at July 1, 2001 have been adjusted to correct the omission of the recording of pledges received and construction costs paid on behalf of St. Johns Cathedral made in the year ended June 30, 2000. Had the omission not been made, the change in net assets for the year ended June 30, 2001 would have been increased by \$3,633,405.

NOTE 18 - Commitments and Contingencies

Construction

A high school is currently undergoing a major construction project. The total commitment for the construction is approximately \$9,200,000 as of June 30, 2003, with a remaining balance of approximately \$9,100,000.

SUPPLEMENTAL INFORMATION

ARCHDIOCESE OF MILWAUKEE

COMBINING STATEMENT OF FINANCIAL POSITION June 30, 2003

ASSETS						
	Chancery	High Schools	Seminary	Cemeteries and Mausoleums	Eliminations	Total
CURRENT ASSETS						
Cash and cash equivalents	\$ 2,853,581	\$ 5,093,529	\$ 147,896	\$ 900	\$ -	\$ 8,095,906
Short-term investments	71,450	485,987	-	-	-	557,437
Receivables						
Accounts and notes	757,676	271,038	81,695	1,159,028	(60,000)	2,209,437
Contributions	1,434,805	763,175	695	-	-	2,198,675
Parish obligations	2,732,280	-	-	-	-	2,732,280
Interest and dividends	908,683	-	46,949	-	(68,087)	887,545
Total receivables	5,833,444	1,034,213	129,339	1,159,028	(128,087)	8,027,937
Prepaid expenses and inventories	428,149	633,446	225,155	432,725	-	1,719,475
Total current assets	9,186,624	7,247,175	502,390	1,592,653	(128,087)	18,400,755
Ground burial and mausoleum crypt sites	-	-	-	10,588,071	-	10,588,071
Property and equipment, net	9,487,498	16,177,000	4,921,321	2,230,116	-	32,815,935
Parish deposit fund, primarily cash and investments	77,361,789	-	-	-	-	77,361,789
Assets designated for the future care of cemeteries and mausoleums, primarily cash and investments	-	-	-	47,899,040	(1,555,000)	46,344,040
INVESTMENTS AND OTHER ASSETS						
Long-term investments	4,672,124	8,386,655	7,523,091	1,368,543	(6,188,174)	15,762,239
Contributions receivable	-	1,350,526	-	-	-	1,350,526
Mortgages receivable	1,311,748	-	-	-	-	1,311,748
Total Investments and Other Assets	5,983,872	9,737,181	7,523,091	1,368,543	(6,188,174)	18,424,513
Interdiocesan	(2,791,259)	(9,184,466)	10,586	11,965,139	-	-
TOTAL ASSETS	\$ 99,228,524	\$ 23,976,890	\$ 12,957,388	\$ 75,643,562	\$ (7,871,261)	\$ 203,935,103

LIABILITIES AND NET ASSETS

	<u>Chancery</u>	<u>High Schools</u>	<u>Seminary</u>	<u>Cemeteries and Mausoleums</u>	<u>Eliminations</u>	<u>Total</u>
CURRENT LIABILITIES						
Current maturities of long-term debt	\$ 111,179	\$ 553,833	\$ -	\$ -	\$ -	\$ 665,012
Accounts payable	2,281,376	1,172,042	83,085	137,654	-	3,674,157
Contributions payable	1,252,266	-	-	-	-	1,252,266
Accrued liabilities	485,502	1,660,457	86,886	155,161	(68,087)	2,319,919
Deferred revenue	162,107	7,807,373	-	-	-	7,969,480
Collections to be forwarded on to other entities	<u>1,363,941</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,363,941</u>
Total Current Liabilities	5,656,371	11,193,705	169,971	292,815	(68,087)	17,244,775
Parish Deposit Fund	58,729,933	60,000	-	-	(6,248,174)	52,541,759
Long-term debt	2,202,797	850,320	-	-	(1,555,000)	1,498,117
Accrued postretirement and pension benefits	11,400,193	-	-	-	-	11,400,193
Deferred revenue	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,393,125</u>	<u>-</u>	<u>1,393,125</u>
 Total Liabilities	 <u>77,989,294</u>	 <u>12,104,025</u>	 <u>169,971</u>	 <u>1,685,940</u>	 <u>(7,871,261)</u>	 <u>84,077,969</u>
 NET ASSETS						
Unrestricted						
Undesignated operating	6,888,982	3,218,689	7,262,702	26,058,582	1,555,000	44,983,955
Designated	<u>7,818,453</u>	<u>-</u>	<u>721,869</u>	<u>47,899,040</u>	<u>(1,555,000)</u>	<u>54,884,362</u>
Total unrestricted	14,707,435	3,218,689	7,984,571	73,957,622	-	99,868,317
Temporarily restricted	2,816,429	3,386,244	4,802,846	-	-	11,005,519
Permanently restricted	<u>3,715,366</u>	<u>5,267,932</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>8,983,298</u>
Total Net Assets	<u>21,239,230</u>	<u>11,872,865</u>	<u>12,787,417</u>	<u>73,957,622</u>	<u>-</u>	<u>119,857,134</u>
 TOTAL LIABILITIES AND NET ASSETS	 <u>\$ 99,228,524</u>	 <u>\$ 23,976,890</u>	 <u>\$ 12,957,388</u>	 <u>\$ 75,643,562</u>	 <u>\$ (7,871,261)</u>	 <u>\$ 203,935,103</u>

ARCHDIOCESE OF MILWAUKEE

COMBINING STATEMENT OF ACTIVITIES

Year Ended June 30, 2003

	Chancery	High Schools	Seminary	Cemeteries and Mausoleums	Eliminations	Total
UNRESTRICTED NET ASSETS						
REVENUE, GAINS, AND OTHER SUPPORT						
Catholic Stewardship Funding	\$ -	\$ -	\$ 2,310,405	\$ -	\$ (2,310,405)	\$ -
Contributions	11,068,587	1,603,635	449,662	1,005	-	13,122,889
Value of contributed services	-	-	188,000	-	(188,000)	-
Parish assessments	5,230,341	532,696	-	-	-	5,763,037
Tuitions and fees	515,090	19,765,996	546,086	-	-	20,827,172
Various activities and special programs	1,000,405	4,642,812	138,349	-	(368,455)	5,413,111
Cemetery and mausoleum sales	-	-	-	5,998,317	-	5,998,317
Investment income	3,397,589	415,024	340,466	866,361	(385,949)	4,633,491
Net realized and unrealized gains/(losses)	254,730	14,260	310,729	690,061	-	1,269,780
Miscellaneous revenues	1,386,484	774,925	85,936	32,324	-	2,279,669
Net assets released from restrictions	773,054	951,200	34,080	-	-	1,758,334
Total Revenue, Gains and Other Support	23,626,280	28,700,548	4,403,713	7,588,068	(3,252,809)	61,065,800
EXPENSES						
Payroll and fringe benefits	11,304,648	19,215,692	2,505,803	3,232,878	-	36,259,021
Repairs, maintenance, insurance, utility costs	790,500	2,356,854	322,183	1,073,501	-	4,543,038
Travel and education	313,598	380,356	75,532	55,823	-	825,309
Data processing	34,991	76,831	32,935	-	-	144,757
Allowance for doubtful accounts	199,674	137,444	24,714	34,805	-	396,637
Supplies	1,511,757	2,276,269	295,124	115,480	(368,455)	3,830,175
Interest expense	2,611,757	186,121	-	-	(385,949)	2,411,929
Food service	550,945	257,587	123,135	-	-	931,667
Assessments	496,174	32,692	-	-	-	528,866
Cost of lot and crypt sales	-	-	-	1,023,198	-	1,023,198
Activities exclusive of salaries and supplies	-	2,507,888	-	-	-	2,507,888
Professional services	2,504,756	811,484	364,747	568,723	(188,000)	4,061,710
Scholarships and donations	6,411,615	-	468,532	950	(2,310,405)	4,570,692
Donations to the Cathedral project	1,087,415	-	-	-	-	1,087,415
Miscellaneous expenses	1,148,886	552,754	53,245	61,439	-	1,816,324
Depreciation	524,119	819,524	268,377	206,127	-	1,818,147
Total Expenses	29,490,835	29,611,496	4,534,327	6,372,924	(3,252,809)	66,756,773
CHANGE IN NET ASSETS	(5,864,555)	(910,948)	(130,614)	1,215,144	-	(5,690,973)
NET ASSETS - Beginning of Year	20,571,990	4,129,637	8,115,185	72,742,478	-	105,559,290
NET ASSETS - END OF YEAR	\$ 14,707,435	\$ 3,218,689	\$ 7,984,571	\$ 73,957,622	\$ -	\$ 99,868,317

ARCHDIOCESE OF MILWAUKEE

COMBINING STATEMENT OF ACTIVITIES Year Ended June 30, 2003

	Chancery	High Schools	Seminary	Cemeteries and Mausoleums	Eliminations	Total
TEMPORARILY RESTRICTED NET ASSETS						
REVENUE, GAINS, AND OTHER SUPPORT						
Contributions	\$ 344,077	\$ 2,513,630	\$ 173,350	\$ -	\$ -	\$ 3,031,057
Investment Income	172,327	209,613	1,452	-	-	383,392
Net assets released from restrictions	<u>(773,054)</u>	<u>(951,200)</u>	<u>(34,080)</u>	-	-	<u>(1,758,334)</u>
Total Revenue, Gains and Other Support	<u>(256,650)</u>	<u>1,772,043</u>	<u>140,722</u>	-	-	<u>1,656,115</u>
CHANGE IN NET ASSETS	(256,650)	1,772,043	140,722	-	-	1,656,115
NET ASSETS - Beginning of Year	<u>3,073,079</u>	<u>1,614,201</u>	<u>4,662,124</u>	-	-	<u>9,349,404</u>
NET ASSETS - END OF YEAR	<u>\$ 2,816,429</u>	<u>\$ 3,386,244</u>	<u>\$ 4,802,846</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 11,005,519</u>
PERMANENTLY RESTRICTED NET ASSETS						
REVENUE, GAINS, AND OTHER SUPPORT						
Contributions	<u>\$ 624,360</u>	<u>\$ 533,516</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,157,876</u>
CHANGE IN NET ASSETS	624,360	533,516	-	-	-	1,157,876
NET ASSETS - Beginning of Year	<u>3,091,006</u>	<u>4,734,416</u>	-	-	-	<u>7,825,422</u>
NET ASSETS - END OF YEAR	<u>\$ 3,715,366</u>	<u>\$ 5,267,932</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 8,983,298</u>