

ARCHDIOCESE OF MILWAUKEE

Milwaukee, Wisconsin

June 30, 2009 and 2008

FINANCIAL STATEMENTS

Including Independent Auditors' Report

ARCHDIOCESE OF MILWAUKEE

TABLE OF CONTENTS

Independent Auditors' Report	1
Financial Statements	
Statements of Financial Position	2
Statements of Activities	3
Statements of Cash Flows	4
Notes to Financial Statements	5 - 24



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INDEPENDENT AUDITORS' REPORT

Most Reverend William P. Callahan
Archdiocesan Administrator
Milwaukee, Wisconsin

We have audited the accompanying statements of financial position of the Archdiocese of Milwaukee as of June 30, 2009 and 2008, and the related statements of activities and cash flows for the years then ended. These 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 consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, 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, 2009 and 2008, and the change 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.

Baker Tilly Virchow Krause, LLP

Milwaukee, Wisconsin
October 22, 2009

ARCHDIOCESE OF MILWAUKEE

STATEMENTS OF FINANCIAL POSITION June 30, 2009 and 2008

ASSETS		
	2009	2008
CURRENT ASSETS		
Cash and cash equivalents	\$ 2,985,575	\$ 4,018,420
Short-term investments	7,406,403	3,419,156
Receivables	4,879,060	7,085,095
Other assets	597,820	513,568
Total Current Assets	15,868,858	15,036,239
Ground burial and mausoleum crypt sites	7,060,612	7,523,930
Property and equipment, net	5,236,791	5,206,964
Beneficial interest in Cemetery Perpetual Care Trust	44,716,547	55,638,333
INVESTMENTS AND OTHER ASSETS		
Long-term investments	13,386,682	13,741,880
Invested funds held for others	3,491,661	3,421,965
Prepaid burials and deposits	3,023,934	2,647,413
Charitable gift annuities investments	1,026,852	1,087,640
Mortgages receivable	34,167	42,708
Other assets	304,285	300,498
Total Investments and Other Assets	21,267,581	21,242,104
TOTAL ASSETS	\$ 94,150,389	\$ 104,647,570
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Note payable	\$ 4,650,000	\$ 4,650,000
Current maturities of charitable gift annuities	98,102	98,562
Accounts payable	2,325,893	2,476,600
Contributions payable	2,675,224	3,176,230
Collections to be forwarded to other entities	960,123	1,499,353
Total Current Liabilities	10,709,342	11,900,745
Invested funds held for others	3,491,661	3,421,965
Charitable gift annuities	539,604	554,246
Accrued post-retirement and pension benefits	11,698,695	11,265,527
Deferred revenue	3,023,934	2,647,413
Long term portion of contributions payable	1,676,769	1,770,537
Total Liabilities	31,140,005	31,560,433
NET ASSETS		
Unrestricted		
Undesignated operating	3,843,096	2,263,382
Designated	8,463,255	8,607,867
Limited to Perpetual Care of Cemeteries	44,716,547	55,638,333
Total unrestricted	57,022,898	66,509,582
Temporarily restricted	2,271,120	2,861,189
Permanently restricted	3,716,366	3,716,366
Total Net Assets	63,010,384	73,087,137
TOTAL LIABILITIES AND NET ASSETS	\$ 94,150,389	\$ 104,647,570

See accompanying notes to financial statements.

ARCHDIOCESE OF MILWAUKEE

STATEMENTS OF ACTIVITIES

Years Ended June 30, 2009 and 2008

	2009		2008		Temporarily Restricted	Permanently Restricted	2008 Total
	Unrestricted	Total	Unrestricted	Total			
OPERATING REVENUE, GAINS, AND OTHER SUPPORT							
Contributions	\$ 10,128,421	\$ 10,399,337	\$ 11,010,802	\$ 11,555,207	\$ 544,405	\$ -	\$ 11,555,207
Parish assessments	6,077,810	6,077,810	5,901,807	5,901,807	-	-	5,901,807
Tuitions and fees	546,941	546,941	571,523	571,523	-	-	571,523
Activities and programs	183,447	183,447	192,016	192,016	-	-	192,016
Cemetery and mausoleum sales	4,079,994	4,079,994	4,489,405	4,489,405	-	-	4,489,405
Investment income	2,956,976	3,105,372	2,370,932	2,550,527	179,595	-	2,550,527
Miscellaneous revenues	1,766,511	1,766,511	1,081,520	1,081,520	-	-	1,081,520
Net assets released from restrictions	1,009,381	(1,009,381)	1,089,599	(1,089,599)	(1,089,599)	-	-
Total Revenue, Gains and Other Support	26,749,481	26,159,412	26,707,604	26,342,005	(365,599)	-	26,342,005
OPERATING EXPENSES							
Payroll and benefits	10,692,268	10,692,268	11,855,968	11,855,968	-	-	11,855,968
Operating costs	2,051,531	2,051,531	1,946,127	1,946,127	-	-	1,946,127
Travel and education	340,486	340,486	399,157	399,157	-	-	399,157
Data processing	95,922	95,922	66,974	66,974	-	-	66,974
Bad debts	450,959	450,959	369,959	369,959	-	-	369,959
Supplies	1,168,902	1,168,902	1,126,256	1,126,256	-	-	1,126,256
Interest expense	383,755	383,755	461,352	461,352	-	-	461,352
Assessments	426,725	426,725	438,550	438,550	-	-	438,550
Cost of lot and crypt sales	871,731	871,731	994,503	994,503	-	-	994,503
Professional services	4,192,302	4,192,302	2,703,359	2,703,359	-	-	2,703,359
Grants and donations	3,298,303	3,298,303	3,823,062	3,823,062	-	-	3,823,062
Miscellaneous expenses	1,169,324	1,169,324	898,481	898,481	-	-	898,481
Depreciation	506,239	506,239	435,169	435,169	-	-	435,169
Pension related changes other than net periodic pension cost	(180,941)	(180,941)	(505,649)	(505,649)	-	-	(505,649)
Total Expenses	25,467,506	25,467,506	25,013,268	25,013,268	-	-	25,013,268
Operating Income	1,281,975	(590,069)	1,694,336	1,328,737	(365,599)	-	1,328,737
NON-OPERATING ACTIVITIES							
Net realized and unrealized gains (losses)	420,219	420,219	(5,418,778)	(5,418,778)	-	-	(5,418,778)
Gain on sale of property and equipment	128,645	128,645	200,004	200,004	-	-	200,004
Change in beneficial interest in trust	(11,317,523)	(11,317,523)	1,206,259	1,206,259	-	-	1,206,259
Total Non-operating activities	(10,768,659)	(10,768,659)	(4,012,515)	(4,012,515)	-	-	(4,012,515)
Change in net assets	(9,486,684)	(590,069)	(2,318,179)	(2,683,778)	(365,599)	-	(2,683,778)
NET ASSETS - Beginning of Year	66,509,582	2,861,189	68,827,761	75,770,915	3,226,788	3,716,366	75,770,915
NET ASSETS - END OF YEAR	\$ 57,022,898	\$ 2,271,120	\$ 66,509,582	\$ 73,087,137	\$ 2,861,189	\$ 3,716,366	\$ 73,087,137

See accompanying notes to financial statements.

ARCHDIOCESE OF MILWAUKEE

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

	2009	2008
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in Net Assets	\$ (10,076,753)	\$ (2,683,778)
Adjustments to reconcile total non-operating activities to net cash flows from operating activities		
Depreciation and amortization	506,239	435,169
Amortization of premiums and discounts	-	59,378
Net realized/unrealized losses (gains)	(420,219)	5,418,778
Gain on sale or disposal of property and equipment	(128,645)	(200,004)
Change in beneficial interest in Cemetery Perpetual Care Trust	11,317,523	(1,206,259)
Change in charitable gift annuities	(15,102)	(45,342)
Changes in assets and liabilities		
Receivables and payables	1,059,120	(2,939,268)
Other assets	(88,039)	80,597
Ground burial and mausoleum crypt sites	463,318	607,036
Deferred revenue	376,521	273,791
Accrued postretirement and pension benefits	433,168	141,676
Net Cash Flows from Operating Activities	3,427,131	(58,226)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of property and equipment	(696,629)	(329,342)
Proceeds from the sale of property and equipment	294,904	224,547
Proceeds from sale of investments	14,999,748	19,489,118
Purchase of investments	(18,597,007)	(16,680,589)
Net change in mortgages receivable	8,542	8,542
Net change in collections to be forwarded on to other entities	(539,230)	(257,879)
Net change in invested funds held for others	69,696	508,069
Net Cash Flows from Investing Activities	(4,459,976)	2,962,466
Net Change in Cash and Cash Equivalents	(1,032,845)	2,904,240
CASH AND CASH EQUIVALENTS - Beginning of Year	4,018,420	1,114,180
CASH AND CASH EQUIVALENTS - END OF YEAR	\$ 2,985,575	\$ 4,018,420
Supplemental cash flow disclosures		
Cash paid for interest	\$ 383,755	\$ 461,352
Noncash investing and financing activities		
Purchase of property included in accounts payable	5,696	-

See accompanying notes to financial statements.

ARCHDIOCESE OF MILWAUKEE

NOTES TO FINANCIAL STATEMENTS June 30, 2009 and 2008

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. The Archdiocese has a Board of Directors which oversees all ordinary administration. The Archbishop of Milwaukee serves as the canonical administrator of the Archdiocese. The Archdiocese is exempt from income taxes under the provisions of Section 501(c)(3) of the Internal Revenue Code. Accordingly, the financial statements do not include any amounts for capital stock or income taxes.

The following activities are not separately incorporated from the Archdiocese of Milwaukee and, accordingly, are included in the financial statements:

- Chancery and Central Offices ("Chancery")
- Cemeteries and Mausoleums (eight locations)
- Other Endowment and Restricted Funds

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 fiscal and operating control of the Archdiocese and, accordingly, in accordance with accounting principles generally accepted in the United States of America are not included in the financial statements.

Basis of Accounting

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

Cash and Cash Equivalents

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

Investments

Investments are generally recorded at fair value based upon quoted market prices, when available, or estimates of fair value. Donated assets are recorded at fair value at the date of donation, or, if sold immediately after receipt, at the amount of sales proceeds received (which are considered a fair measure of the value at the date of donation). Those investments for which fair value is not readily determinable are carried at cost or, if donated, at fair value at the date of donation, or if no value can be estimated, at a nominal value. The Organization records the change of ownership of bonds and stocks on the day a trade is made. 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.

ARCHDIOCESE OF MILWAUKEE

NOTES TO FINANCIAL STATEMENTS June 30, 2009 and 2008

NOTE 1 - Summary of Significant Accounting Policies (continued)

Receivables

The Archdiocese uses the allowance method to account for uncollectible accounts receivable. The allowance is based on historic collection experience and a review of the current status of receivables. Notes receivable arising from the sale of mausoleum crypts are typically collectible in monthly installments, including interest, over four years. Receivables are presented net of allowance for doubtful accounts of \$2,743,046 and \$2,330,803 at June 30, 2009 and 2008, respectively. Net receivables as of June 30 consists of:

	<u>2009</u>	<u>2008</u>
Accounts and notes	\$ 3,041,144	\$ 4,808,201
Contributions	393,458	489,609
Parish obligations	1,222,496	1,557,857
Mortgages	8,541	8,542
Interest and dividends	<u>213,421</u>	<u>220,886</u>
Total Accounts Receivable	<u>\$ 4,879,060</u>	<u>\$ 7,085,095</u>

Life Insurance Contributions

Donors have contributed multiple life insurance policies on their lives to the Archdiocese. The cash surrender value of \$304,285 and \$300,498 at June 30, 2009 and 2008, respectively, is included in long-term other assets on the statements of financial position.

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

Property and Equipment

Acquisitions of property and equipment in excess of \$1,000 and expenditure for improvements and betterments that materially prolong the useful lives of assets are capitalized.

Land, buildings and equipment are primarily carried at cost.

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
Furniture and Fixtures	10
Equipment	3-10
Automobiles and trucks	5

ARCHDIOCESE OF MILWAUKEE

NOTES TO FINANCIAL STATEMENTS

June 30, 2009 and 2008

NOTE 1 - Summary of Significant Accounting Policies (continued)

Property and Equipment (continued)

In 2006, the Archdiocese adopted Financial Accounting Standards Board ("FASB") Interpretation 47 ("FIN 47"), *Accounting for Conditional Asset Retirement Obligations*. FIN 47 provides additional guidance with respect to certain provisions of SFAS No. 143, *Accounting for Asset Retirement Obligations*. If an institution has sufficient information to reasonably estimate the fair value of an obligation in connection with an asset retirement, it is required to recognize a liability at the time the liability is incurred. Since the Archdiocese is not aware of any material required remediation that would result in an asset retirement obligation, the Archdiocese has not recorded an asset retirement obligation.

Impairment of Long-Lived Assets

The Archdiocese reviews long-lived assets, including property and equipment and intangible assets, for impairment whenever events or changes in business circumstances indicate that the carrying amount of an asset may not be fully recoverable. An impairment loss would be recognized when the estimated future cash flows from the use of the asset are less than the carrying amount of that asset. There have been no such losses during the years ended June 30, 2008 and 2009.

Beneficial Interest in Cemetery Perpetual Care Trust

On April 2, 2007, the Archdiocese of Milwaukee Catholic Cemetery Perpetual Care Trust (the "Cemetery Trust") was created to formalize the trust relationship with respect to funds which were held under a fiduciary responsibility to adequately provide for the future care of mausoleums, crypts and gravesites. In March, 2008, all assets relating to the future care of cemeteries and mausoleums were moved to a separate investment account controlled by the Cemetery Trust. A Beneficial Interest in the Cemetery Trust valued at the value of the trust's assets appears on the statements of financial position in accordance with SFAS No. 136. The Trust assets consist primarily of cash and investments. Pursuant to a contract for services, the Cemetery Trust makes payments to the Archdiocese of Milwaukee as reimbursement for costs incurred by the Archdiocese for providing services for the purpose of care and maintenance of Cemeteries. The Cemetery Trust is a distinct legal entity whose assets are legally restricted to the purposes of the Cemetery Trust. The Archdiocese of Milwaukee disclaims control of the Cemetery Trust or a right to receive assets for any purpose other than for the care and maintenance of cemetery properties.

Accounts Payable

Accounts Payable as of June 30 consist of:

	<u>2009</u>	<u>2008</u>
Accounts payable	\$ 756,377	\$ 636,608
Accrued liabilities	452,704	488,384
Deferred revenue	55,442	37,232
Due to related parties	94,975	224,283
Mediation and litigation settlements, sexual abuse therapy, and victim assistance payable	<u>966,395</u>	<u>1,090,093</u>
Total Accounts Payable	<u>\$ 2,325,893</u>	<u>\$ 2,476,600</u>

ARCHDIOCESE OF MILWAUKEE

NOTES TO FINANCIAL STATEMENTS June 30, 2009 and 2008

NOTE 1 - Summary of Significant Accounting Policies (continued)

Contributions Payable

Contributions payable represent unconditional promises to give to be paid by the Archdiocese in subsequent fiscal years. In 2007, the Archdiocese entered into an agreement to pay a contribution over an extended period of 15 years. The long term portion of this contribution has been discounted at 6% to its net present value. The obligations are as follows for the years ended June 30 net of the discount of \$723,231:

2010	\$ 2,675,224
2011	188,679
2012	177,999
2013	167,924
2014	158,419
Thereafter	<u>983,748</u>
Total	<u>\$ 4,351,993</u>

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.

Invested Funds Held for Others

The Archdiocese administers the investments for various programs and organizations within the geographical boundaries of the Archdiocese of Milwaukee. These are not Archdiocesan funds. The Archdiocese may provide administrative services to help support these ministries and programs. The invested funds held for others as of June 30 consist of:

	<u>2009</u>	<u>2008</u>
Priests' Continuing Formation Program	\$ 1,989,586	\$ 1,903,715
St. Mary's Help Of Christians, net proceeds	-	1,023,729
Protected Self Insurance Program	1,055,473	49,643
Other	<u>446,602</u>	<u>444,878</u>
Total	<u>\$ 3,491,661</u>	<u>\$ 3,421,965</u>

ARCHDIOCESE OF MILWAUKEE

NOTES TO FINANCIAL STATEMENTS June 30, 2009 and 2008

NOTE 1 - Summary of Significant Accounting Policies (continued)

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:

Specific Purposes

The Board of Directors has designated certain unrestricted net assets for purposes consistent with the purposes set forth in the original instruments as of June 30 as follows:

	2009	2008
St. John's Burse (for deaf and hearing impaired ministry)	\$ 565,786	\$ 619,003
St. Anthony Hospital (for health care needs of the medically indigent)	54,461	150,029
St. Aemilian Trust (for the establishment of facilities for orphans, dependent, neglected, and delinquent children, for rehabilitation, treatment and other welfare services needed for such ends, and the promotion of education, charity and religion)	4,885,109	5,102,038
St. Joseph Parish, West Allis	1,112,044	1,080,136
St. Gerard Parish, Milwaukee	1,186,037	1,201,026
General operations and other	<u>659,818</u>	<u>455,635</u>
Total designated net assets	<u>\$ 8,463,255</u>	<u>\$ 8,607,867</u>

The Archdiocese has an Economic Interest, as defined by Accounting Standards, in a Cemetery Perpetual Care Trust. Trust funding occurs as part of the sale of burial rights, and Trust funds are subject to a fiduciary obligation to be used for the purpose of Perpetual Care of Archdiocesan Cemeteries.

Limited to Perpetual Care of Cemeteries	\$ 44,716,547	\$ 55,638,333
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ARCHDIOCESE OF MILWAUKEE

NOTES TO FINANCIAL STATEMENTS

June 30, 2009 and 2008

NOTE 1 - Summary of Significant Accounting Policies (continued)

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 statements of activities as net assets released from restrictions.

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. There is a fiduciary obligation which exists to hold certain of the funds collected for perpetual care. As of March, 2008, the funds which must be held for the perpetual care of the Cemeteries are deposited into the Cemetery Trust.

Contributed Services

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.

Contributed Facilities

The Archdiocese of Milwaukee occupies premises owned by DeSales Preparatory Seminary, Inc. There is currently no lease agreement and no rent is being charged for the use of the premises.

Fundraising Costs

Fundraising costs, consisting primarily of payroll and fringe benefits, supplies and professional services, for fiscal years ended June 30, 2009 and 2008 were \$829,325 and \$810,966, respectively.

Reclassifications

For comparability, certain 2008 amounts have been reclassified to conform with classifications adopted in 2009. The reclassifications have no effect on reported amounts of net assets or change in net assets.

ARCHDIOCESE OF MILWAUKEE

NOTES TO FINANCIAL STATEMENTS

June 30, 2009 and 2008

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 - Fair Value of Financial Instruments

Effective July 1, 2008, the Archdiocese adopted Financial Accounting Standards Board ("FASB") Statement No. 157, Fair Value Measurements ("SFAS No. 157"), which provides a framework for measuring, reporting and disclosing fair value under generally accepted accounting principles. SFAS No. 157 applies to all assets and liabilities that are measured, reported and/or disclosed on a fair value basis. There was no effect to beginning net assets due to adopting SFAS No. 157.

As defined in SFAS No. 157, fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. In determining fair value, the Archdiocese uses various valuation methods including the market, income and cost approaches. The assumptions used in the application of these valuation methods are developed from the perspective of market participants pricing the asset or liability. Inputs used in the valuation methods, can be either readily observable, market corroborated, or generally unobservable inputs. Whenever possible the Archdiocese attempts to utilize valuation methods that maximize the use of observable inputs and minimizes the use of unobservable inputs. Based on the observation of the inputs used in the valuation methods, the Archdiocese is required to provide the following information according to the fair value hierarchy. The fair value hierarchy ranks the quality and reliability of the information used to determine fair values. Assets and liabilities measured, reported and/or disclosed at fair value will be classified and disclosed in one of the following three categories:

- Level 1 Quoted market prices in active markets for identical assets or liabilities.
- Level 2 Observable market based inputs or unobservable inputs that are corroborated by market data.
- Level 3 Unobservable inputs that are not corroborated by market data.

ARCHDIOCESE OF MILWAUKEE

NOTES TO FINANCIAL STATEMENTS

June 30, 2009 and 2008

NOTE 2 - Fair Value of Financial Instruments (continued)

The table below presents the balances of assets and liabilities measured at fair value on a recurring basis by level within the hierarchy.

	June 30, 2009			Total
	Level 1	Level 2	Level 3	
Assets				
Investments	\$ 9,436,254	\$ 16,475,211	\$ 2,424,067	\$ 28,335,532
Beneficial interest in Cemetery Perpetual Care Trust	-	-	44,716,547	44,716,547
Total Assets	\$ 9,436,254	\$ 16,475,211	\$ 47,140,614	\$ 73,052,079

The changes in Level 3 assets measured at fair value on a recurring basis are summarized as follows:

	Long-term investments	Beneficial interest in Cemetery Perpetual Care Trust	Total
Balance, July 1, 2008	\$ 4,801,315	\$ 55,638,333	\$ 60,439,648
Net gains (losses) (realized and unrealized) included in the change in net assets	16,892	(11,317,523)	(11,300,631)
Net purchases, sales, issuances, and fees	(2,394,140)	395,737	(1,998,403)
Balance, June 30, 2009	\$ 2,424,067	\$ 44,716,547	\$ 47,140,614

In accordance with FASB Staff Position FAS 157-2, "Effective Date of FASB Statement No. 157", the Archdiocese has deferred the adoption of certain provisions of SFAS No. 157 related to nonfinancial assets and liabilities measured at fair value on a nonrecurring basis.

ARCHDIOCESE OF MILWAUKEE

NOTES TO FINANCIAL STATEMENTS June 30, 2009 and 2008

NOTE 3 - Investments

The fair value of investments by type, as of June 30 are:

	<u>2009</u>	<u>2008</u>
Money market funds	\$ 16,475,211	\$ 5,804,705
US Treasury Bills	-	2,971,920
US Government bonds	6,442,172	7,493,000
Commercial bonds	2,994,082	3,247,114
Pooled mortgages	1,258,659	3,366,711
Other investments	1,165,408	1,434,604
Total	<u>\$ 28,335,532</u>	<u>\$ 24,318,054</u>

The classification of investments, as reflected on the Statements of Financial Position, as of June 30 are:

	<u>2009</u>	<u>2008</u>
Short-term investments	\$ 7,406,403	\$ 3,419,156
Long-term investments	13,386,682	13,741,880
Invested funds held for others	3,491,661	3,421,965
Prepaid burials and deposits	3,023,934	2,647,413
Charitable gift annuities investments	1,026,852	1,087,640
Total	<u>\$ 28,335,532</u>	<u>\$ 24,318,054</u>

Net realized and unrealized gains (losses) for all Archdiocese investments for the years ended June 30 are:

	<u>2009</u>	<u>2008</u>
Net realized gains (losses) on investments	\$ 302,773	\$(5,922,139)
Net unrealized gains on investments	117,446	503,361
Total	<u>\$ 420,219</u>	<u>\$(5,418,778)</u>

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.

NOTE 4 - Contributions Receivable

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

Unconditional promises (pledges/contributions) 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.

ARCHDIOCESE OF MILWAUKEE

NOTES TO FINANCIAL STATEMENTS

June 30, 2009 and 2008

NOTE 4 - Contributions Receivable (continued)

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

	<u>2009</u>	<u>2008</u>
Less Than One Year	\$ 473,458	\$ 620,209
Less: Allowance for doubtful accounts	<u>(80,000)</u>	<u>(130,600)</u>
Net Contributions Receivable	<u>\$ 393,458</u>	<u>\$ 489,609</u>

NOTE 5 - Ground Burial and Mausoleum Crypt Sites

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

	<u>2009</u>	<u>2008</u>
Mausoleum crypts	\$ 4,238,793	\$ 4,693,518
Cemetery land and facilities held for burial privileges	<u>2,821,219</u>	<u>2,830,412</u>
Total	<u>\$ 7,060,012</u>	<u>\$ 7,523,930</u>

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 6 - Property and Equipment

Property and equipment are summarized as follows as of June 30:

	<u>2009</u>	<u>2008</u>
Land	\$ 1,381,568	\$ 1,607,020
Land and building improvements	1,473,808	1,474,382
Construction in progress	73,240	73,240
Buildings	9,043,857	8,787,123
Furniture and fixtures	327,590	1,802,898
Equipment	1,351,937	4,355,447
Vehicles	697,058	627,489
Future parish sites	<u>358,629</u>	<u>360,132</u>
Total	14,707,687	19,087,731
Less: Accumulated depreciation	<u>(9,470,896)</u>	<u>(13,880,767)</u>
Net	<u>\$ 5,236,791</u>	<u>\$ 5,206,964</u>

ARCHDIOCESE OF MILWAUKEE

NOTES TO FINANCIAL STATEMENTS June 30, 2009 and 2008

NOTE 6 - Property and Equipment (continued)

Included in property and equipment is certain land, building and equipment (other than leasehold improvements and equipment owned directly by the tenants) being used by St. Joseph High School, Inc., Pius XI High School, Inc., and St. Thomas More High School, Inc. The Archdiocese and the high schools have entered into lease agreements for a term ending in 2043 with a renewal option for 15 years. The property and equipment being used by Pius XI High School, Inc. is subject to a mortgage entered into by Pius XI High School, Inc. for up to \$6,050,000. The land and property being used by Thomas More High School, Inc. is subject to a mortgage entered into by Thomas More High School, Inc. for up to \$1,500,000. Both mortgages are non-recourse as to the Archdiocese.

NOTE 7 - Mortgages Receivable

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

	<u>2009</u>	<u>2008</u>
Noninterest bearing note receivable, receivable in equal annual payments through January 1, 2015.	\$ 42,708	\$ 51,250
Less: Current Portion	<u>(8,541)</u>	<u>(8,542)</u>
Long-Term Portion	<u>\$ 34,167</u>	<u>\$ 42,708</u>

NOTE 8 - Business Note

At June 30, 2009, the Archdiocese has a line of credit financing agreement with Park Bank for up to \$4,650,000. The amount available to the organization as of June 30, 2008 was \$5,200,000. Interest is payable monthly at 5.25%. The line of credit matures on June 30, 2010 and is secured by a mortgage on the Archbishop Cousins Catholic Center (owned by DeSales Preparatory Seminary, Inc.) and the St. Charles Youth and Family Services, Inc. property. Interest expense was \$276,674 and \$311,950 for the years ended June 30, 2009 and 2008, respectively. \$4,650,000 was outstanding on the line of credit at June 30, 2009 and 2008, respectively.

NOTE 9 - Accrued Mediation and Litigation Settlements

In January 2004, the Archdiocese established an independent mediation system to address reports of diocesan clergy sexual abuse of minors. The Archdiocese has accrued \$966,395 and \$1,090,093 as of June 30, 2009 and 2008, respectively, to cover mediation and litigation settlements, sexual abuse therapy, and victim assistance agreed to under mediation. These expenses will be paid for by sales of properties including the Archbishop Cousins Catholic Center and liquidation of some investments. Payments of \$810,312 and \$917,486 for mediation and litigation settlements, sexual abuse therapy, and victim assistance were made during the years ended June 30, 2009 and 2008, respectively.

ARCHDIOCESE OF MILWAUKEE

NOTES TO FINANCIAL STATEMENTS June 30, 2009 and 2008

NOTE 9 - Accrued Mediation and Litigation Settlements (continued)

The Archdiocese currently is a defendant in thirteen lawsuits alleging personal injuries. Five of the lawsuits were filed subsequent to June 30, 2009. All of the cases are at trial court level in the initial stages of pre-trial procedures. The dismissal by the trial court of an additional case was upheld on appeal prior to June 30, 2009. Of the thirteen lawsuits, the Archdiocese was named in two lawsuits filed in Delaware which are in the initial stages of determination as to whether there is any basis for the Archdiocese to be included. Management has not accrued any additional expense in connection with these cases as management intends to vigorously defend the claims and the outcome is uncertain.

NOTE 10 - Deferred Revenue

The Archdiocese has both short-term and long-term deferred revenue. Deferred revenue primarily includes unearned income on burial fees which are to be recognized as revenue as the services are performed.

NOTE 11 - Charitable Gift Annuities

Charitable gift annuities consist of the following as of June 30:

	<u>2009</u>	<u>2008</u>
Charitable Gift Annuities, 7.00%	\$ 637,706	\$ 652,808
Less: Current portion	<u>(98,102)</u>	<u>(98,562)</u>
Long-Term Portion	<u>\$ 539,604</u>	<u>\$ 554,246</u>

Principal requirements on charitable gift annuities for years ending after June 30, 2009 are as follows:

2010	\$ 98,102
2011	91,684
2012	85,686
2013	80,081
2014	74,842
Thereafter	<u>207,311</u>
Total	<u>\$ 637,706</u>

NOTE 12 - Interdiocesan Payable

St. Francis de Sales Seminary, Inc. (the "Seminary") is a freestanding, separate legal entity. The Seminary has a Board of Trustees overseeing governance and administration. The Archdiocese contributes a Catholic Stewardship Appeal grant to the Seminary, and is paid by the Seminary for certain administrative services under a contract.

The net Interdiocesan transactions balance was a payable of \$94,975 and \$224,283 as of June 30, 2009 and 2008, respectively. Contribution expense recognized by the Archdiocese was \$1,350,000 for the Seminary for each of the years ended June 30, 2009 and 2008.

ARCHDIOCESE OF MILWAUKEE

NOTES TO FINANCIAL STATEMENTS June 30, 2009 and 2008

NOTE 12 - Interdiocesan Payable (continued)

In fiscal 2008, the assets of a printing operation were donated to St. Francis de Sales Seminary, Inc., which agreed to accept responsibility for operation and maintenance of the printing operation. The net book value of the assets donated was \$1,839.

The Archdiocese guarantees a demand line of credit arrangement for St. Joseph's High School, Inc. in the amount of \$300,000.

NOTE 13 - 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 fiscal management of the Archdiocese, as listed in Note 1. A summary of each plan follows:

Cemetery and Mausoleum Employees' Union Pension Plan

Union employees of the cemetery and mausoleum operations are participants in this defined benefit plan. During the 2008 fiscal year a change to the benefits calculation was negotiated, so that in the future a calculation similar to that used in the Lay Employees' Pension Plan will be applicable to most Union employees upon retirement.

The following table sets forth the plan's funded status and amounts recognized in the statements of financial position.

	<u>2009</u>	<u>2008</u>
Projected benefit obligation at end of year	\$ 1,987,148	\$ 1,714,944
Fair value of plan assets at end of year	<u>888,447</u>	<u>902,062</u>
Funded status of the plan, recognized in the statements of financial position	<u>\$ (1,098,701)</u>	<u>\$ (812,882)</u>

At June 30, 2009 and 2008, the amount of the accumulated benefit obligation was \$1,543,772 and \$1,442,496, respectively.

Amounts that have yet to be recognized as components of net periodic pension benefit cost for the years ended June 30:

	<u>2009</u>	<u>2008</u>
Unrecognized net loss (gain)	\$ 46,006	\$ (128,023)
Unrecognized prior service cost (credit)	\$ (583,164)	\$ (615,071)

The net amortization of the above amounts that are reclassified into a component of net periodic pension cost for the years ended June 30, 2009 and 2008 was \$(31,907) and \$(2,028), respectively.

ARCHDIOCESE OF MILWAUKEE

NOTES TO FINANCIAL STATEMENTS June 30, 2009 and 2008

NOTE 13 - Employee Benefit Plans (continued)

Cemetery and Mausoleum Employees' Union Pension Plan (continued)

The amounts expected to be recognized into net periodic pension benefit cost in the year ended June 30, 2010 are as follows:

Unrecognized net loss	\$	-
Unrecognized prior service cost (credit)	\$	(31,907)

The amount of employer contributions to the plan and the benefits paid by the plan for the years ended June 30 are as follows:

	2009	2008
Employer contributions	\$ -	\$ 43,846
Benefits paid	\$ 49,338	\$ 42,961

The Archdiocese expects to contribute approximately \$110,000 to the plan during the year ended June 30, 2010.

Assumptions used in calculating pension expense were:

	2009	2008
Discount rate	6.25 %	6.75 %
Rate of increase in compensation levels	4.0	4.0
Expected long-term rate of return on assets	7.0	7.0

The assets related to the plan are invested in fixed income securities.

The following benefit payments are expected to be paid from the plan:

2010	\$	47,693
2011		46,342
2012		61,181
2013		59,841
2014		58,540
2015-2019		534,499
		\$ 808,096

Post-Retirement Benefits Other Than Pensions

The Archdiocese provides defined benefit post-retirement health, dental, and vision insurance benefits to its diocesan priests. The vision benefits were added to the plan during the year ended June 30, 2008. Covered members become eligible for these benefits at retirement after meeting minimum age and service requirements. The costs of future benefits are accrued during the priest's active working career. The Archdiocese funds benefits on a pay as you go basis, with some retirees paying a portion of the costs.

ARCHDIOCESE OF MILWAUKEE

NOTES TO FINANCIAL STATEMENTS June 30, 2009 and 2008

NOTE 13 - Employee Benefit Plans (continued)

Post-Retirement Benefits Other Than Pensions (continued)

At June 30, 2009 and 2008, the post-retirement health insurance benefit plan did not have any assets.

The following table sets forth the plan's funded status and amounts recognized in the statements of financial position.

	2009	2008
Accumulated post-retirement benefit obligation	\$ 10,599,994	\$ 10,452,645
Fair value of plan assets	-	-
Funded status of plan, recognized in the statements of financial position	<u>\$ (10,599,994)</u>	<u>\$ (10,452,645)</u>

Amounts that have yet to be recognized as components of net periodic pension benefit cost for the year ended June 30:

	2009	2008
Unrecognized net loss (gain)	\$ (657,347)	\$ (449,739)
Unrecognized prior service cost (credit)	\$ (2,834,193)	\$ (3,154,973)

The net amortization of the above amounts that are reclassified into a component of net periodic pension cost for the years ended June 30, 2009 and 2008 was \$(320,780) and \$(344,539), respectively.

The amounts expected to be recognized into net periodic pension benefit cost in the year ended June 30, 2010 are as follows:

Unrecognized net loss	\$	-
Unrecognized prior service cost (credit)	\$	(320,780)

The amount of employer contributions to the plan and the benefits paid by the plan for the years ended June 30 are as follows:

	2009	2008
Employer contributions	\$ 500,049	\$ 548,166
Benefits paid	\$ 500,049	\$ 548,166

The Archdiocese expects to contribute approximately \$614,983 to the plan during the year ended June 30, 2010.

The weighted average discount rate used to develop the net post-retirement benefit expense and the present value of benefit obligations was 7% at June 30, 2009 and 7% at June 30, 2008.

ARCHDIOCESE OF MILWAUKEE

NOTES TO FINANCIAL STATEMENTS June 30, 2009 and 2008

NOTE 13 - Employee Benefit Plans (continued)

Post-Retirement Benefits Other Than Pensions (continued)

The medical cost trend rate used to value the accumulated post-retirement benefit obligation is 7.0% for 2010, and is assumed to decrease gradually to an ultimate rate of 5% in 2014, while the dental and vision cost trend rates used for 2010 are 4% and are assumed to remain at that rate.

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, 2009 and 2008, respectively was approximately \$243,021 and \$298,816, 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.

Pension expense for the years ended June 30, 2009 and 2008 was approximately \$46,462 and \$55,649, respectively, which includes amortization of past service costs over 30 years. Annual contributions to the plan equal amounts accrued for pension expense.

NOTE 14 - Temporarily Restricted Net Assets

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

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

	<u>2009</u>	<u>2008</u>
Rapp Trust (for capital needs of St. Michael's Church in Mitchell, Wisconsin)	\$ 236,991	\$ 288,492
General Operations and Other	<u>2,034,129</u>	<u>2,572,697</u>
Total Temporarily Restricted Net Assets	<u>\$ 2,271,120</u>	<u>\$ 2,861,189</u>

ARCHDIOCESE OF MILWAUKEE

NOTES TO FINANCIAL STATEMENTS June 30, 2009 and 2008

NOTE 15 - 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>2009</u>	<u>2008</u>
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	2,624,360
General operations and other	<u>92,006</u>	<u>92,006</u>
Total Permanently Restricted Net Assets	<u>\$ 3,716,366</u>	<u>\$ 3,716,366</u>

NOTE 16 - Endowment

Effective July 1, 2008 the Archdiocese adopted the provisions of FASB Staff position FSP-117-1, "Endowments of Not for Profit Organization: Net Asset Classification of Funds Subject to an Enacted Version of the Uniform Management of Institutional Funds Act, and Enhanced Disclosures for All Endowment Funds". The FSP provides guidance on classifying net assets associated with donor-restricted endowment funds held by an organization. A key component of the FSP (after UPMIFA) is a requirement to classify the portion of a donor-restricted endowment fund that is not classified as permanently restricted net assets as temporarily restricted net assets until appropriated for expenditure. Another key component of the FSP is a requirement for expanded disclosures about all endowment funds.

Interpretation of Relevant Law – In July 2009, Wisconsin enacted the Uniform Prudent Management of Institutional Funds Act (UPMIFA). Prior to the effective date of UPMIFA, Wisconsin followed the Uniform Management of Institutional Funds Act (UMIFA). The interpretation of Wisconsin's adoption of the Uniform Management of Institutional Funds Act of 1972 (UMIFA) has been as requiring the preservation of the historic dollar value of the original gift as of the gift date of the donor restricted endowment funds absent explicit donor stipulations to the contrary. The Archdiocese classifies as permanently restricted net assets (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The remaining portion of the donor-restricted endowment fund that is not classified as permanently restricted net assets is classified as temporarily restricted net assets until those amounts are spent by the Archdiocese in a manner consistent with the donor's wishes. If the market value of the permanently restricted net asset at year end is below the historic dollar value, the deficit is recorded as an unrestricted unrealized loss. Subsequent gains that restore the fair value of the assets of the endowment fund to the historic dollar value would be classified as an increase in unrestricted net assets.

Fund Objectives and Policies – The endowment funds assist the Archdiocese in its mission by providing support for Catholic education and for the support of operations and activities of the Archdiocese's programs and services. The endowment funds consist of donor restricted gifts. The endowment funds are invested in conservative fixed income investments to provide funding for the purposes supported by the endowments with a primary objective of maintaining the principal of the endowment assets. The Archdiocesan spending policy is that the income generated by the investments can be used for the funds' support purposes.

ARCHDIOCESE OF MILWAUKEE

NOTES TO FINANCIAL STATEMENTS June 30, 2009 and 2008

NOTE 16 - Endowment (continued)

Funds with Deficiencies

From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor requires the Archdiocese to retain as a fund of perpetual duration. In accordance with generally accepted accounting principals ("GAAP"), deficiencies of this nature that are reported in unrestricted net assets were \$71,583 as of June 30, 2009. This deficiency resulted from unfavorable market fluctuations. Subsequent gains that restore the fair value of the assets of the endowment fund to the required level will be classified as an increase in unrestricted net assets.

Endowment net asset composition by type of fund consists of the following as of June 30:

	2009			Total
	Unrestricted	Temporarily Restricted	Permanently Restricted	
Donor restricted	\$ (71,583)	\$ 405,287	\$ 3,716,366	\$ 4,050,070

Changes in endowment net assets for the year ended June 30 are as follows:

	2009			Total
	Unrestricted	Temporarily Restricted	Permanently Restricted	
Endowment net assets, June 30, 2008	\$ -	\$ 495,668	\$ 3,716,366	\$ 4,212,034
Investment return				
Investment income	-	122,108	-	122,108
Net depreciation realized and unrealized	(71,583)	(98,505)	-	(170,088)
Total investment return	(71,583)	23,603	-	(47,980)
Appropriation for expenditure	-	(113,984)	-	(113,984)
Endowment net assets: June 30, 2009	\$ (71,583)	\$ 405,287	\$ 3,716,366	\$ 4,050,070

Comparable information for the prior year was not readily available.

ARCHDIOCESE OF MILWAUKEE

NOTES TO FINANCIAL STATEMENTS June 30, 2009 and 2008

NOTE 17 - Operating Leases

The Archdiocese leases automobiles, equipment, and office space. All leases are accounted for as operating leases.

Future minimum lease payments as of June 30, 2009 are as follows:

2010	\$ 223,496
2011	63,799
2012	42,840
2013	<u>7,140</u>
	<u>\$ 337,275</u>

Expense on the operating leases was \$184,631 and \$192,816 for the years ended June 30, 2009 and 2008, respectively.

NOTE 18 - Protected Self-Insurance Program

The Archdiocese, both for itself and as the agent for all parishes and various other Catholic entities operating within the boundaries of the Archdiocese, 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 of the Protected Self-Insurance Program 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 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 19 - Services for Faith in Our Future Trust

The Archdiocese of Milwaukee signed a services contract with the Faith in Our Future Trust, a separate legal entity, to provide administrative services for the Trust. As part of the contractual agreement the Archdiocese advances payments for professional services. These services include a contract through August 2009 with a fundraising company. The contract has been assumed by Faith in Our Future Trust and includes future minimum payments of approximately \$389,919. As of June 30, 2009 and 2008 respectively, the Archdiocese had a receivable of \$404,734 and \$2,279,855 for reimbursement of costs and expense incurred on behalf of the Trust. Contributions to the Faith in Our Future Trust are donor restricted and grants from the Trust can be made only for purposes of Catholic Education and Faith Formation, as disclosed in materials provided to donors. The Archdiocese of Milwaukee does not have control or a beneficial interest in the net assets of the Faith in Our Future Trust, and therefore, none of the activities of the Trust are included in the Archdiocese financial statements.

ARCHDIOCESE OF MILWAUKEE

NOTES TO FINANCIAL STATEMENTS June 30, 2009 and 2008

NOTE 20 - 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 2009 and 2008:

Cash, Cash Equivalents and Investments

The carrying value approximates fair value as determined by published market data for all instruments.

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.

Charitable Gift Annuities

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

NOTE 21 - Concentrations

The Archdiocese maintains cash balances in four institutions which exceeds the federally insured limit of \$250,000. The Archdiocese has not experienced any losses in such accounts and believes it is not exposed to any significant credit risk on cash.

NOTE 22 - Recent Accounting Pronouncements

Recently issued accounting guidance that is applicable to the Archdiocese is as follows:

In June 2009, the FASB issued SFAS 168, "The FASB Accounting Standards Codification and the Hierarchy of Generally Accepted Accounting Principles". FASB Accounting Standards Codification will become the single source of authoritative nongovernmental U.S. GAAP, superseding existing FASB, American Institute of Certified Public Accountants ("AICPA"), Emerging Issues Task Force ("EITF"), and related accounting literature. SFAS 168 reorganizes the thousands of GAAP pronouncements into roughly 90 accounting topics and displays them using a consistent structure. Also included is relevant Securities and Exchange Commission guidance organized using the same topical structure in separate sections. SFAS 168 will be effective for the period ending June 30, 2010. This will have an impact on the Archdiocese's disclosures in its financial statements since all future references to authoritative accounting literature will be referenced in accordance with the Accounting Standards Codification.

NOTE 23 - Subsequent Event

The Archdiocese has evaluated subsequent events through October 22, 2009 which is the date that the financial statements were approved and available to be issued.

On July 21, 2009, the State of Wisconsin passed a bill that replaces UMIFA with the Uniform Prudent Management of Institutional Funds Act ("UPMIFA"). The Archdiocese is currently analyzing the potential impact this law will have on future financial statements.