

**DIOCESE OF LA CROSSE  
ADMINISTRATIVE OFFICES**

**FINANCIAL STATEMENTS  
WITH INDEPENDENT AUDITORS'  
REPORT**

**JUNE 30, 2013 AND 2012**

**DIOCESE OF LA CROSSE  
ADMINISTRATIVE OFFICES**

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## **INDEPENDENT AUDITORS' REPORT**

To the Most Reverend William Patrick Callahan  
and the Diocesan Finance Council  
Diocese of La Crosse

We have audited the accompanying financial statements of the Diocese of La Crosse - Administrative Offices (a nonprofit organization) which comprise the statement of financial position as of June 30, 2013 and 2012, and the related statements of activities and cash flows for the years then ended and the related notes to the financial statements.

### **Management's Responsibility for the Financial Statements**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### **Auditors' Responsibility**

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 from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Organization's preparation and fair presentation of the financial statements in order to design 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. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

### **Basis for Qualified Opinion**

As explained in Note 1 to the financial statements, property and equipment is not capitalized consistently and depreciation is not recorded. In our opinion, accounting principles generally accepted in the United States of America require that property and equipment be capitalized consistently and depreciated over the assets' useful life. It was not practicable to determine the effects of this omission on the financial statements.

## Qualified Opinion

In our opinion, except for the effects of not recording property, equipment, and depreciation as discussed in the paragraph above, the financial statements referred to above present fairly, in all material respects, the financial position of the Diocese of La Crosse - Administrative Offices as of June 30, 2013 and 2012, 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.

## Other Matter

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The supplemental statement of financial position, the supplemental statement of activities and the Diocesan Annual Appeal Special Report Data are presented for purposes of additional analysis and are not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

*Hawkins Ash CPAs, LLP*

La Crosse, Wisconsin  
November 19, 2013

**DIOCESE OF LA CROSSE  
ADMINISTRATIVE OFFICES**

**FINANCIAL STATEMENTS**

**DIOCESE OF LA CROSSE**  
**ADMINISTRATIVE OFFICES**  
STATEMENTS OF FINANCIAL POSITION  
JUNE 30, 2013

<u>ASSETS</u>	JUNE 30,	
	2013	2012
Cash	\$ 2,281,527	\$ 2,336,806
Accounts receivable, net	738,612	933,476
Accounts receivable - We Belong to Christ Campaign, Inc.	2,003	486,338
Accrued interest receivable	27,489	37,657
Prepaid expenses	44,366	39,618
Notes receivable	16,120	16,640
Property and equipment	11,191,941	11,018,487
Interest in net assets of We Belong to Christ Campaign, Inc.	-	1,025,235
Cash - restricted	1,767,253	2,132,068
Investments - restricted	15,918,062	15,053,633
<b>TOTAL ASSETS</b>	<b>\$ 31,987,373</b>	<b>\$ 33,079,958</b>
<u>LIABILITIES AND NET ASSETS</u>		
LIABILITIES		
Cash overdraft	\$ 111,973	\$ 279,866
Accounts payable and accrued expenses	197,146	234,633
Revolving loan with St. Ambrose Financial Services, Inc.	3,678,317	4,861,581
Deferred revenue	681	172
Collections for transmittal	1,295,146	1,025,787
Pledges payable	-	19,556
TOTAL LIABILITIES	5,283,263	6,421,595
NET ASSETS		
Unrestricted		
Undesignated	1,343,854	1,423,742
Designated	11,410,060	10,804,969
TOTAL UNRESTRICTED	12,753,914	12,228,711
Temporarily restricted	6,195,922	7,248,120
Permanently restricted	7,754,274	7,181,532
TOTAL NET ASSETS	26,704,110	26,658,363
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>\$ 31,987,373</b>	<b>\$ 33,079,958</b>

The accompanying notes are an integral part of these statements.

**DIOCESE OF LA CROSSE**  
**ADMINISTRATIVE OFFICES**  
**STATEMENTS OF ACTIVITIES**

	YEAR ENDED JUNE 30, 2013			TOTAL
	UNRESTRICTED	TEMPORARILY RESTRICTED	PERMANENTLY RESTRICTED	
<b>SUPPORT AND REVENUE</b>				
Contributions and bequests	\$ 790,862	\$ 4,922,475	\$ 375,900	\$ 6,089,237
Investment and endowment income, net of investment fees	275,726	1,099	-	276,825
Services and other income	1,975,633	-	-	1,975,633
Quotas	947,103	-	-	947,103
Loss on disposal of capital assets	(16,283)	-	-	(16,283)
Net assets released from restrictions	<u>5,364,574</u>	<u>(5,561,416)</u>	<u>196,842</u>	<u>-</u>
<b>TOTAL SUPPORT AND REVENUE</b>	<u><b>9,337,615</b></u>	<u><b>(637,842)</b></u>	<u><b>572,742</b></u>	<u><b>9,272,515</b></u>
<b>EXPENSES</b>				
Program Services				
Pastoral and administration	3,705,236	-	-	3,705,236
Interest	38,177	-	-	38,177
Religious and personnel development	972,473	-	-	972,473
Education	825,641	-	-	825,641
Charity and social justice	<u>1,866,443</u>	<u>-</u>	<u>-</u>	<u>1,866,443</u>
<b>TOTAL PROGRAM SERVICES</b>	7,407,970	-	-	7,407,970
Supporting Services				
Administration	1,157,606	-	-	1,157,606
Fundraising	<u>443,435</u>	<u>-</u>	<u>-</u>	<u>443,435</u>
<b>TOTAL EXPENSES</b>	<u><b>9,009,011</b></u>	<u><b>-</b></u>	<u><b>-</b></u>	<u><b>9,009,011</b></u>
<b>NET SUPPORT IN EXCESS (DEFICIT) OF EXPENSES</b>	328,604	(637,842)	572,742	263,504
<b>OTHER GAINS AND LOSSES</b>				
Net realized and unrealized gains on investments	<u>182,370</u>	<u>-</u>	<u>-</u>	<u>182,370</u>
<b>CHANGE IN NET ASSETS</b>	510,974	(637,842)	572,742	445,874
<b>NET ASSETS AT BEGINNING OF YEAR</b>	12,228,711	7,248,120	7,181,532	26,658,363
<b>CHANGE IN INTEREST IN NET ASSETS OF WE BELONG TO CHRIST CAMPAIGN, INC.</b>	-	(414,356)	-	(414,356)
<b>CHANGE IN VALUE OF SPLIT-INTEREST AGREEMENT</b>	<u>14,229</u>	<u>-</u>	<u>-</u>	<u>14,229</u>
<b>NET ASSETS AT END OF YEAR</b>	<u><b>\$ 12,753,914</b></u>	<u><b>\$ 6,195,922</b></u>	<u><b>\$ 7,754,274</b></u>	<u><b>\$ 26,704,110</b></u>

The accompanying notes are an integral part of these statements.

YEAR ENDED JUNE 30, 2012

UNRESTRICTED	TEMPORARILY RESTRICTED	PERMANENTLY RESTRICTED	TOTAL
\$ 967,444	\$ 4,826,990	\$ 30,000	\$ 5,824,434
291,614	1,133	-	292,747
2,089,331	-	-	2,089,331
883,776	-	-	883,776
(61,582)	-	-	(61,582)
<u>4,640,398</u>	<u>(5,028,903)</u>	<u>388,505</u>	<u>-</u>
<u>8,810,981</u>	<u>(200,780)</u>	<u>418,505</u>	<u>9,028,706</u>
3,658,053	-	-	3,658,053
49,818	-	-	49,818
1,050,871	-	-	1,050,871
713,933	-	-	713,933
<u>1,910,436</u>	<u>-</u>	<u>-</u>	<u>1,910,436</u>
7,383,111	-	-	7,383,111
1,175,917	-	-	1,175,917
<u>410,776</u>	<u>-</u>	<u>-</u>	<u>410,776</u>
<u>8,969,804</u>	<u>-</u>	<u>-</u>	<u>8,969,804</u>
(158,823)	(200,780)	418,505	58,902
<u>277,099</u>	<u>-</u>	<u>-</u>	<u>277,099</u>
118,276	(200,780)	418,505	336,001
12,133,144	7,683,007	6,763,027	26,579,178
-	(234,107)	-	(234,107)
<u>(22,709)</u>	<u>-</u>	<u>-</u>	<u>(22,709)</u>
<b><u>\$ 12,228,711</u></b>	<b><u>\$ 7,248,120</u></b>	<b><u>\$ 7,181,532</u></b>	<b><u>\$ 26,658,363</u></b>



**DIOCESE OF LA CROSSE  
ADMINISTRATIVE OFFICES  
STATEMENTS OF CASH FLOWS**

	YEAR ENDED JUNE 30,	
	2013	2012
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Change in net assets	\$ 445,874	\$ 336,001
Adjustments to reconcile change in net assets to net cash provided by operating activities		
Change in value of split-interest agreement liability	14,229	(22,709)
Net realized and unrealized (gains) on investments	(182,370)	(277,099)
(Credit) for allowance for doubtful accounts	-	(40,500)
Allowance for note receivable losses	520	520
Loss on disposal of capital assets	16,282	61,582
Change in interest in net assets of We Belong to Christ Campaign, Inc.	(414,356)	(234,107)
Contributions restricted for investment in endowment	(375,900)	(30,000)
Changes in assets and liabilities		
(Increase) decrease in assets		
Accounts receivable	648,635	232,201
Interest in the net assets of We Belong to Christ Campaign, Inc.	1,025,235	675,917
Accrued interest receivable	10,168	(2,735)
Prepaid expenses	(4,748)	3,201
Notes receivable	-	(14,040)
Restricted cash	364,815	322,297
Increase (decrease) in liabilities		
Cash overdraft	(167,893)	143,968
Accounts payable and accrued expenses	(6,923)	(328,994)
Deferred revenue	509	(154)
Pledges payable	(19,556)	(18,979)
Collections for transmittal	269,359	(6,404)
<b>NET CASH PROVIDED BY OPERATING ACTIVITIES</b>	<b>1,623,880</b>	<b>799,966</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Acquisition of property and equipment	(203,236)	(260,554)
Proceeds from the sale of capital assets	13,500	28,400
Purchases of investment securities	(9,725,158)	(13,309,163)
Proceeds on sales of investment securities	9,043,099	13,036,215
<b>NET CASH (USED IN) INVESTING ACTIVITIES</b>	<b>(871,795)</b>	<b>(505,102)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Net payments on revolving loan from St. Ambrose Financial Services, Inc.	(1,183,264)	(290,230)
Collection of contributions restricted for investment in endowment	375,900	30,000
<b>NET CASH (USED IN) PROVIDED BY FINANCING ACTIVITIES</b>	<b>(807,364)</b>	<b>(260,230)</b>
<b>NET (DECREASE) INCREASE IN CASH</b>	(55,279)	34,634
<b>CASH AT BEGINNING OF YEAR</b>	<b>2,336,806</b>	<b>2,302,172</b>
<b>CASH AT END OF YEAR</b>	<b>\$ 2,281,527</b>	<b>\$ 2,336,806</b>
<b>SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION</b>		
Cash paid during the year for interest on the revolving line of credit	<b>\$ 87,995</b>	<b>\$ -</b>

The accompanying notes are an integral part of these statements.

**DIOCESE OF LA CROSSE**  
**ADMINISTRATIVE OFFICES**  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2013

**NOTE 1 - Nature of Organization and Significant Accounting Policies**

**Nature of Organization:**

The financial statements presented are for the Diocese of La Crosse - Administrative Offices (the "Organization"). The Organization is operated to provide services and support to Diocesan parishes, schools, and organizations. Services provided include administrative services with regard to education, charitable projects, parish administration, and religious personnel activities. The Organization also provides technical and fundraising assistance to these organizations. In return, some organizations are assessed quotas.

**Summary of Significant Accounting Policies:**

**Basis of Accounting** - The financial statements of the Diocese of La Crosse - Administrative Offices have been prepared on the accrual basis of accounting and accordingly reflect all significant receivables, payables, and other liabilities.

**Basis of Presentation and Net Assets** - The accompanying financial statements are presented in accordance with the accounting principles generally accepted in the United States of America (U.S. GAAP) as codified by the Financial Accounting Standards Board.

Under U.S. GAAP, the Organization is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets. Net assets, revenue, gains, and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets of the Organization are classified and reported as follows:

*Unrestricted Net Assets* - Net assets that are not subject to donor-imposed stipulations. Board designated net assets are unrestricted net assets that have been designated by the Finance Council as opportunity and permanent reserves for future unexpected expenditures.

*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 Organization pursuant to those stipulations.

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

**Cash and Cash Equivalents** - For financial statement purposes, the Organization considers all highly liquid unrestricted investments with an initial maturity of three months or less when purchased to be cash equivalents.

**DIOCESE OF LA CROSSE**  
**ADMINISTRATIVE OFFICES**  
NOTES TO FINANCIAL STATEMENTS - Continued  
JUNE 30, 2013 AND 2012

**NOTE 1 - Nature of Organization and Significant Accounting Policies - Continued**

**Accounts Receivable and Allowance for Doubtful Accounts** - Accounts receivable consists of the balance due to the Organization from quotas billed to the various Diocesan organizations and billings for services rendered by the various offices. Management has determined an allowance for uncollectible balances based upon the analysis of prior collections and experience with individual parishes and schools.

**Investments** - The Organization carries investments in marketable securities with readily determinable fair values and all investments in debt securities at their fair values in the statements of financial position. Unrealized gains and losses are included in the change in net assets in the accompanying statement of activities.

**Donated Assets** - Donated marketable securities and other noncash donations are recorded as contributions at their estimated fair values at the date of donation.

**Fair Value Measurements** - The Organization has determined the fair value of certain assets in accordance with U.S. GAAP.

U.S. GAAP defines fair value as the exchange price that would be received for an asset in the principal or most advantageous market for the asset in an orderly transaction between market participants on the measurement date. U.S. GAAP requires that valuation techniques maximize the use of observable inputs and minimize the use of unobservable inputs. U.S. GAAP also establishes a fair value hierarchy, which prioritizes the valuation inputs into three broad levels.

Level 1 inputs consist of quoted prices in active markets for identical assets that the reporting organization has the ability to access at the measurement date. Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for the related asset. Level 3 inputs are unobservable inputs related to the asset.

**Property and Equipment** - Use of operating funds for certain property acquisitions is accounted for as unrestricted designated net assets. Property and equipment are carried at cost or, if donated, at the fair value at the date of donation. The Organization capitalizes the purchases of land, buildings, and vehicles, however, not all equipment and furniture is consistently capitalized, this policy is not according to U.S. GAAP. No provision is made for depreciation of property and equipment.

**Donated Property and Equipment** - Donations of property and equipment are recorded as contributions at their estimated fair value at the date of donation. Such donations are reported as increases in unrestricted net assets unless the donor has restricted the donated asset to a specific purpose. Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire property and equipment are reported as restricted contributions. Absent donor stipulations regarding how long those donated assets must be maintained, the Organization reports expirations of donor restrictions when the donated or acquired assets are placed in service as instructed by the donor. The Organization reclassifies temporarily restricted net assets to unrestricted net assets at that time.

**DIOCESE OF LA CROSSE**  
**ADMINISTRATIVE OFFICES**  
NOTES TO FINANCIAL STATEMENTS - Continued  
JUNE 30, 2013 AND 2012

**NOTE 1 - Nature of Organization and Significant Accounting Policies - Continued**

**Impairment of Long-Lived Assets** - In accordance with U.S. GAAP, the Organization reviews its non-lived assets for impairment whenever events or changes in circumstances indicate that the carrying value of an asset may not be recovered. If the fair value is less than the carrying amount of the asset, an impairment loss is recognized for the difference. No impairment loss has been recognized during the years ended June 30, 2013 and 2012.

**Interest in Net Assets of We Belong to Christ Campaign, Inc.** - In accordance with U.S. GAAP, *Transfers of Assets to a Non-Profit Organization That Raises or Holds Contributions for Others*, a specified beneficiary (Diocese of La Crosse - Administrative Offices) is required to recognize its rights to the assets held by a recipient organization when the donor has not granted the recipient organization (We Belong to Christ Campaign, Inc.) variance power. If the beneficiary and the recipient organization are financially interrelated organizations, the beneficiary is required to recognize its interest in the net assets of the recipient organization and adjust that interest for its share of the change in net assets of the recipient organization.

**Deferred Revenue** - The Organization record as deferred revenue amounts billed in advance for subscriptions to the Diocesan newspaper. Deferred revenue is recognized ratably over the period(s) of service.

**Collections for Transmittal** - The Organization receive certain funds for the benefit of others. These custodial accounts are reflected in the financial statements as collections for transmittal.

**Revenue Recognition** - Contributions are recognized as revenue when they are received or unconditionally pledged. Revenue and investment income are recognized when it is earned. The Organization's revenue sources consist of service income, quota income, contributions, and investment income.

**Restricted and Unrestricted Revenue and Support** - Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support, depending on the existence and/or nature of any donor restrictions.

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

**Contributed Services** - Services of the clergy and religious orders have been recognized only to the extent of actual compensation paid. No computation is made for the difference between the compensation paid to these employees and the comparable compensation which would be paid to lay personnel.

**DIOCESE OF LA CROSSE**  
**ADMINISTRATIVE OFFICES**  
NOTES TO FINANCIAL STATEMENTS - Continued  
JUNE 30, 2013 AND 2012

**NOTE 1 - Nature of Organization and Significant Accounting Policies - Continued**

**Advertising** - The Organization expenses advertising costs as they are incurred. Advertising expenses were \$36,986 and \$24,101 for the years ending June 30, 2013 and 2012, respectively.

**Functional Allocation of Expenses** - The costs of providing the various programs and activities have been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

**Income Tax Status** - The Diocese of La Crosse is organized as a 501(c)(3) corporation and is exempt from federal and state income taxes.

**Accounting for Uncertainty in Income Taxes** - U.S. GAAP requires management to evaluate tax positions taken by the Organization and recognize a tax liability (or asset) if the Organization has taken an uncertain position that more likely than not would not be sustained upon examination by a taxing authority. Management has analyzed the tax positions taken by the Organization, and has concluded that as of June 30, 2013, there are no uncertain positions taken or expected to be taken that would require recognition of a liability (or asset) or disclosure in the financial statements. The Organization is subject to routine audits by taxing jurisdictions; however, there are currently no audits for any tax periods in progress. The Organization will recognize future accrued interest and penalties related to unrecognized tax benefits income tax expense if incurred. The Organization is no longer subject to Federal tax examination by tax authorities for years before 2009 and state examination for years before 2008.

**Use of Estimates** - The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

**Reclassification** - Certain accounts in the prior year financial statements have been reclassified for comparative purposes to conform to the presentation of the current year's financial statements.

**Subsequent Events** - The Organization has evaluated subsequent events through November 19, 2013, the date which the financial statements were available to be issued.

**NOTE 2 - Concentration of Credit Risk Arising From Cash Deposits in Excess of Insured Limits**

The Organization maintains its cash balances at two financial institutions with the balances insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000. The Organization also maintains cash savings with St. Ambrose Financial Services, Inc., which are not insured by the FDIC. As of June 30, 2013 and 2012, uninsured balances held with St. Ambrose Financial Services, Inc. was \$2,661,505. While the Organization is exposed to custodial credit risk, the Organization has not experienced any losses in such accounts.

**DIOCESE OF LA CROSSE**  
**ADMINISTRATIVE OFFICES**  
NOTES TO FINANCIAL STATEMENTS - Continued  
JUNE 30, 2013 AND 2012

**NOTE 3 - Accounts Receivable**

	JUNE 30,	
	2013	2012
Parish Appeal Assessments	\$ 591,722	\$ 780,399
Catholic Times Subscription & Advertising	105,131	107,264
Other Program Receivables	226,259	230,313
	923,112	1,117,976
Less allowance for doubtful accounts	(184,500)	(184,500)
	<b>\$ 738,612</b>	<b>\$ 933,476</b>

**NOTE 4 - Notes Receivable**

Notes receivable - individuals consist primarily of non-interest, demand notes from priests and individuals studying for the priesthood. After ordination to the priesthood, one-tenth of the note is forgiven for each year of service. The balance as of June 30, 2013 and 2012 was \$16,120 and \$16,640, respectively.

**NOTE 5 - Investments**

Investments consist of marketable securities and are presented in the financial statements in the aggregate at fair market value.

Restricted investments are composed of the following:

	JUNE 30, 2013		
	FAIR VALUE	COST	UNREALIZED (DEPRECIATION) APPRECIATION
Money market funds	\$ 1,270,831	\$ 1,270,831	\$ -
Fixed income	11,487,244	11,570,184	(82,940)
Equities	3,159,987	2,611,314	548,673
<b>TOTAL</b>	<b>\$15,918,062</b>	<b>\$15,452,329</b>	<b>\$ 465,733</b>
	JUNE 30, 2012		
	FAIR VALUE	COST	UNREALIZED APPRECIATION
Money market funds	\$ 333,673	\$ 333,673	\$ -
Fixed income	12,082,046	11,755,586	326,460
Equities	2,637,914	2,429,401	208,513
<b>TOTAL</b>	<b>\$15,053,633</b>	<b>\$14,518,660</b>	<b>\$ 534,973</b>

**DIOCESE OF LA CROSSE**  
**ADMINISTRATIVE OFFICES**  
NOTES TO FINANCIAL STATEMENTS - Continued  
JUNE 30, 2013 AND 2012

**NOTE 5 - Investments - Continued**

The following schedule summarizes investment returns:

	YEAR ENDED JUNE 30,	
	2013	2012
Investment income	\$ 288,316	\$ 302,163
Investment fees	(19,786)	(17,878)
Unrealized gains	(69,240)	1,312
Realized gains	251,610	275,787
<b>TOTAL INVESTMENT RETURN</b>	<b><u>\$ 450,900</u></b>	<b><u>\$ 561,384</u></b>

The following summarizes the interest and dividend income less investment fees:

	YEAR ENDED JUNE 30,	
	2013	2012
Investment income	\$ 288,316	\$ 302,163
Investment fees	(19,786)	(17,878)
Operations interest income	8,295	8,462
<b>TOTAL INVESTMENT INCOME</b>	<b><u>\$ 276,825</u></b>	<b><u>\$ 292,747</u></b>

**NOTE 6 - Fair Value of Assets**

Assets measured at fair value on a recurring basis are as follows:

	JUNE 30, 2013	QUOTED PRICES IN ACTIVE MARKETS FOR IDENTICAL ASSETS (LEVEL 1)	SIGNIFICANT OTHER OBSERVABLE INPUTS (LEVEL 2)	SIGNIFICANT UNOBSERVABLE INPUTS (LEVEL 3)
		(LEVEL 1)	(LEVEL 2)	(LEVEL 3)
Interest in net assets of We Belong to Christ Campaign, Inc.	\$ -	\$ -	\$ -	\$ -
Restricted investments				
Interest in Master Trust	7,744,282	-	7,744,282	-
Money Market	1,269,889	1,269,889	-	-
Bonds				
U.S. Government Bonds	6,003,631	6,003,631	-	-
Corporate Bonds	683,411	683,411	-	-
Equity				
Small Cap	46,871	46,871	-	-
Medium Cap	43,090	43,090	-	-
Large Cap	105,788	105,788	-	-
Other	21,100	21,100	-	-
<b>TOTALS</b>	<b><u>\$ 15,918,062</u></b>	<b><u>\$ 8,173,780</u></b>	<b><u>\$ 7,744,282</u></b>	<b><u>\$ -</u></b>

**DIOCESE OF LA CROSSE  
ADMINISTRATIVE OFFICES**  
NOTES TO FINANCIAL STATEMENTS - Continued  
JUNE 30, 2013 AND 2012

**NOTE 6 - Fair Value of Assets - Continued**

	JUNE 30, 2012	QUOTED PRICES IN ACTIVE MARKETS FOR IDENTICAL ASSETS (LEVEL 1)	SIGNIFICANT OTHER OBSERVABLE INPUTS (LEVEL 2)	SIGNIFICANT UNOBSERVABLE INPUTS (LEVEL 3)
Interest in net assets of We Belong to Christ Campaign, Inc.	\$ 1,025,235	\$ -	\$ -	\$ 1,025,235
Restricted investments				
Interest in Master Trust	7,094,448	-	7,094,448	-
Money Market	333,673	333,673	-	-
Bonds				
U.S. Government Bonds	6,942,384	6,942,384	-	-
Corporate Bonds	545,811	545,811	-	-
Equity				
Small Cap	26,979	26,979	-	-
Medium Cap	26,871	26,871	-	-
Large Cap	83,467	83,467	-	-
Other	-	-	-	-
<b>TOTALS</b>	<b><u>\$ 16,078,868</u></b>	<b><u>\$ 7,959,185</u></b>	<b><u>\$ 7,094,448</u></b>	<b><u>\$ 1,025,235</u></b>

Fair values for investments and endowment funds are pooled investments funds which are inputs that are observed or corroborated primarily from observable market data through correlation or other appropriate methods. Fair value for the interest in the net assets of We Belong to Christ Capital Campaign, Inc. is determined by estimating the percentage of net assets of We Belong to Christ Campaign, Inc. that will be received by the Diocese of La Crosse - Administrative Offices as defined in the campaign case statement.

Assets measured at fair value on a recurring basis using significant unobservable inputs (Level 3 inputs):

**Interest in net assets of We Belong to Christ Campaign, Inc.**

	JUNE 30,	
	2013	2012
Balance, beginning of year	\$ 1,025,235	\$ 1,701,152
(Decrease) in interest in net assets	(414,356)	(234,107)
Payments received	(610,879)	(441,810)
<b>BALANCE, END OF YEAR</b>	<b><u>\$ -</u></b>	<b><u>\$ 1,025,235</u></b>

The amortization of discount is included in the change in the net interest of We Belong to Christ Campaign, Inc. on the statement of activities.



**DIOCESE OF LA CROSSE  
ADMINISTRATIVE OFFICES**  
NOTES TO FINANCIAL STATEMENTS - Continued  
JUNE 30, 2013 AND 2012

**NOTE 7 - Property and Equipment**

Property and equipment consist of the following:

	JUNE 30,	
	2013	2012
Land held for expansion	\$ 488,129	\$ 488,129
Land and buildings	10,212,658	10,039,417
Office furniture and fixtures	391,484	391,484
Vehicles	99,670	99,457
<b>TOTAL</b>	<b><u>\$11,191,941</u></b>	<b><u>\$11,018,487</u></b>

**NOTE 8 - Revolving Loan With St. Ambrose Financial Services, Inc.**

On April 8, 2011, the Diocese of La Crosse Administrative Offices entered into a revolving line of credit with St. Ambrose Financial Services, Inc.

The loan is collateralized by a mortgage covering substantially all assets of the Organization, with interest rate of 1.00 percent or until the 90-day Treasury bill rates as published in the Wall Street Journal rises above this rate. Maximum amount available is \$12,000,000. The outstanding balance as of June 30, 2013 and 2012, is \$3,678,317, and \$4,861,581, respectively.

**NOTE 9 - Pledges Payable**

All unconditional pledges payable at year-end are pledges made by the Diocesan Bishop to others and are payable over a one-year period.

Unconditional pledges payable consist of the following:

	JUNE 30,	
	2013	2012
Payable in less than one year	\$ -	\$ 20,000
Less: unamortized discount	-	444
<b>TOTAL</b>	<b><u>\$ -</u></b>	<b><u>\$ 19,556</u></b>

Pledges payable due in more than one year are reflected at the present value of estimated future cash flows using a discount rate of 3 percent.

**NOTE 10 - Endowments**

The Organization's endowments include both donor-restricted endowment funds and funds designated by the Bishop and the Finance Council to function as endowments. As required by generally accepted accounting principles, net assets associated with endowment funds, including funds designated by the Finance Council to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions.

**DIOCESE OF LA CROSSE**  
**ADMINISTRATIVE OFFICES**  
NOTES TO FINANCIAL STATEMENTS - Continued  
JUNE 30, 2013 AND 2012

**NOTE 10 - Endowments - Continued**

**Interpretation of Relevant Law**

The Bishop and the Finance Council have interpreted the State Prudent Management of Institutional Funds Act (SPMIFA) as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, the Diocese 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 in permanently restricted net assets is classified as temporarily restricted net assets until those amounts are appropriated for expenditure by the Organization in a manner consistent with the standard of prudence prescribed by SPMIFA.

In accordance with SPMIFA, the Organization considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

- (1) The duration and preservation of the fund
- (2) The purposes of the organization and the donor-restricted endowment fund
- (3) General economic conditions
- (4) The possible effect of inflation and deflation
- (5) The expected total return from income and the appreciation of investments
- (6) Other resources of the organization
- (7) The investment policies of the organization

Each of the trusts in the Endowment fund is governed by a trust document which states that the principal of the trust shall be initially valued at the carrying value and generally thereafter at the current value as determined on the last day of each fiscal year. The principal shall not be invaded and shall not be distributed except in the manner that is defined within the trust document.

**Endowment Net Assets Composition by Type of Fund**

	Year Ended June 30, 2013			Total
	Unrestricted	Temporarily Restricted	Permanently Restricted	
Donor-restricted endowment funds	\$ 36,266	\$ -	\$ 7,754,274	\$ 7,790,540
Board-designated endowment funds	2,216,800	-	-	2,216,800
<b>TOTAL FUNDS</b>	<b><u>\$ 2,253,066</u></b>	<b><u>\$ -</u></b>	<b><u>\$ 7,754,274</u></b>	<b><u>\$10,007,340</u></b>
	Year Ended June 30, 2012			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Donor-restricted endowment funds	\$ (40,824)	\$ -	\$ 7,181,532	\$ 7,140,708
Board-designated endowment funds	2,216,800	-	-	2,216,800
<b>TOTAL FUNDS</b>	<b><u>\$ 2,175,976</u></b>	<b><u>\$ -</u></b>	<b><u>\$ 7,181,532</u></b>	<b><u>\$ 9,357,508</u></b>

**DIOCESE OF LA CROSSE**  
**ADMINISTRATIVE OFFICES**  
NOTES TO FINANCIAL STATEMENTS - Continued  
JUNE 30, 2013 AND 2012

**NOTE 10 - Endowments - Continued**

**Changes In Endowment Net Assets**

	Year Ended June 30, 2013			Total
	Unrestricted	Temporarily Restricted	Permanently Restricted	
ENDOWMENT NET ASSETS, BEGINNING OF YEAR	\$ 2,175,976	\$ -	\$ 7,181,532	\$ 9,357,508
Investment return:				
Investment income	-	155,796	-	155,796
Net appreciation (realized and unrealized)	77,090	52,759	172,622	302,471
Contributions	-	-	375,900	375,900
Appropriation of endowment assets for expenditure	-	(208,555)	-	(208,555)
Interest in net assets of We Belong to Christ Campaign, Inc.	-	-	24,220	24,220
<b>ENDOWMENT NET ASSETS, END OF YEAR</b>	<b><u>\$ 2,253,066</u></b>	<b><u>\$ -</u></b>	<b><u>\$ 7,754,274</u></b>	<b><u>\$ 10,007,340</u></b>

	Year Ended June 30, 2012			Total
	Unrestricted	Temporarily Restricted	Permanently Restricted	
ENDOWMENT NET ASSETS, BEGINNING OF YEAR	\$ 2,225,097	\$ -	\$ 6,763,027	\$ 8,988,124
Investment return:				
Investment income	-	147,278	-	147,278
Net (depreciation) appreciation (realized and unrealized)	(49,121)	29,309	223,220	203,408
Contributions	-	-	30,000	30,000
Appropriation of endowment assets for expenditure	-	(176,587)	-	(176,587)
Interest in net assets of We Belong to Christ Campaign, Inc.	-	-	165,285	165,285
<b>ENDOWMENT NET ASSETS, END OF YEAR</b>	<b><u>\$ 2,175,976</u></b>	<b><u>\$ -</u></b>	<b><u>\$ 7,181,532</u></b>	<b><u>\$ 9,357,508</u></b>

**Funds With Deficiencies**

From time to time, the fair value of assets associated with donor-restricted endowment funds may fall below the level that the donor or SPMIFA requires the Organization to retain as a fund of perpetual duration. In accordance with GAAP, a deficiency of this nature was reported in unrestricted net assets of \$-0- and (\$40,824) as of June 30, 2013 and June 30, 2012.

**DIOCESE OF LA CROSSE**  
**ADMINISTRATIVE OFFICES**  
NOTES TO FINANCIAL STATEMENTS - Continued  
JUNE 30, 2013 AND 2012

**NOTE 10 - Endowments - Continued**

**Return Objectives and Risk Parameters**

The donor-designated endowment funds are part of the Non-Qualified Plans Master Trust and are invested per the Diocese of La Crosse Investment Policy Statement and its Statement of Moral, Ethical and Social Principles. Endowment assets include donor-restricted funds that the organization must hold in perpetuity and consist of the Bishop's Education Endowment Trust (BEET) funds, the Holy Cross Seminary Education Fund Endowment Trust, the Diocese of La Crosse Youth Ministry Endowment Trust and the Bishop John J. Paul Scholarship Endowment Trust. Under this investment policy, as approved by the Bishop and the Finance Council, the endowment assets are invested in investment portfolio's that are intended to produce maximum return for both long and short-term needs in a manner that is consistent with solid investment practices and relative safety of principal.

The board-designated endowment funds consist of contributions and bequests that were received by the Diocese to provide for priestly formations, the Diocesan Center, and as a memorial to Pope John Paul II. The Bishop and the Finance Council designated these funds as endowments whose balance should remain as savings accounts in St. Ambrose Financial Services, Inc. and their earnings fund the above specified activities. The interest earnings on these funds are based on the 90-day U.S Treasury bill at the beginning of each quarter and are distributed quarterly. Due to the low interest rates of the 90-day Treasury bill, in July 2009, the Offices made the decision, with the approval of the Finance Council, to adjust the interest rate to the greater of .25 percent or the 90-day Treasury bill rate as published in the Wall Street Journal.

**Strategies Employed for Achieving Objectives**

To satisfy its long-term rate-of-return objectives, the Diocese relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). The Organization targets a fixed income/equity asset allocation to achieve its long-term return objectives within prudent risk constraints.

**Spending Policy and How the Investment Objectives Relate to Spending Policy**

The Diocesan Endowment Trusts govern the distribution of their income. The trustee is to distribute all income earned at least annually; provided that if such distributions include the realized gains on investments, the total amount distributed shall not exceed the maximum distributable return on the current value of the principal determined on the first day of the fiscal year. The maximum distributable return for this purpose shall be one percent more than the percentage yield on the five year U.S. Treasury note. The trustee distributes the income to the charitable purpose that is defined in the trust document quarterly.

Each trust document establishes the expectation of long-term returns on its endowment. Accordingly, over the long term, the Organization expects the current spending policy to allow its endowment to grow overtime. This is consistent with the Organization's objective to maintain the purchasing power of the endowment assets held in perpetuity or for a specified term as well as to provide additional real growth through new gifts and investment return.

**DIOCESE OF LA CROSSE  
ADMINISTRATIVE OFFICES**  
NOTES TO FINANCIAL STATEMENTS - Continued  
JUNE 30, 2013 AND 2012

**NOTE 11 - Retirement Plan**

**Defined Benefit Plan**

The Organization sponsored a retirement plan (the "Plan") covering all full-time, lay employees of the Organization and Diocesan organizations. On June 1, 2006, the Finance Council voted to amend the Plan and freeze the accrual of any and all future benefits as of December 31, 2006. The Plan continues to be administered by Marshall and Isley Trust Company. The Organization acts as a third party administrator for organizations affiliated with the Diocese of La Crosse. The noncontributory funded pension plan provides defined benefits to substantially all full-time employees as of December 31, 2006. Amount charged to pension costs for the Organization and contributed to the Plan for year ended June 30, 2013 and 2012 was \$32,500 and \$34,444. This Plan is not required to conform to ERISA.

The various Diocesan organizations pay the cost of the Retirement Plan, as determined by the plan's actuary. Assets are held in trust by BMO Financial Group.

Benefits are based on years of service and employee's compensation during the highest average five years' earnings during his or her career prior to retirement or termination. The maximum pension benefit is \$1,200 per month, effective January 1, 1998. Contributions are made annually to fund the plan. Contributions for the plan year ended December 31, 2012 and 2011 were \$841,196 and \$873,867, respectively. The Organization collects and remits these monies from the Diocesan organizations.

Although the plan is not required to comply with ERISA, an actuarial valuation report is prepared annually for the plan. The following information is available as of the plan years ended December 31:

	<u>2012</u>	<u>2011</u>
Actuarial Present Value of Vested Accumulated Plan Benefits	<u>\$ 37,121,348</u>	<u>\$ 36,406,368</u>
Actuarial Present Value of Nonvested Accumulated Plan Benefits	<u>\$ 18,768</u>	<u>\$ 66,243</u>
Plan Net Assets Available for Benefits	<u>\$ 31,625,470</u>	<u>\$ 29,975,007</u>
(Unfunded) Actuarial Present Value of Accumulated Plan Benefits	<u>\$ (5,454,646)</u>	<u>\$ (6,496,804)</u>
Rate of Return Used in Determining Actuarial Benefits	<u>7.0%</u>	<u>7.0%</u>
Benefits Paid	<u>\$ 1,883,180</u>	<u>\$ 1,726,248</u>

**403(b) Thrift Plan**

On June 1, 2006, the Finance Council also approved the adoption of a 403 (b) Thrift Plan to provide retirement benefits for employees of the Diocese of La Crosse which became effective January 1, 2007. The Plan is funded through a group annuity contract between the Diocese of La Crosse and Mutual of America. Employees are immediately vested in the plan. The Organization contributes 2 percent of the employee's base compensation as an employer match for those employees who are at least 21 years of age, who work more than 20 hours per week and have completed one year of service. As of June 30, 2013 and 2012, the Organization contributed \$51,172 and \$50,872, respectively to this plan.

**DIOCESE OF LA CROSSE**  
**ADMINISTRATIVE OFFICES**  
NOTES TO FINANCIAL STATEMENTS - Continued  
JUNE 30, 2013 AND 2012

**NOTE 12 - Split Interest Agreements**

The Charitable Gift Annuity Fund is a Diocesan program that was started in 2003 to receive contributions under charitable gift annuities. The Diocese has segregated these assets as separate and distinct funds, independent from other funds and not to be applied toward payment of any obligations of the Diocese or any other purpose other than annuity benefits specified in the agreements. In addition, this portfolio of assets meets all requirements concerning permissible investments and mandated reserves required by law. These reserves totaled \$137,000 as of June 30, 2013 and 2012. The Diocese agrees to pay a stated return to the beneficiaries as long as they live, at which time the remaining assets will be distributed according to the donor's requests.

At June 30, 2013 and 2012, the total assets held under split-interest agreements as a part of restricted investments were \$945,756 and \$716,500, respectively. Split-interest agreement liabilities are reported at the present value of the estimated future cash flows using discount rate assumptions established upon recognition of the liabilities and are included as part of collections for transmittal.

**NOTE 13 - Temporary and Permanent Restrictions**

The restricted purposes of the temporarily and permanently restricted assets are as follows:

	<u>JUNE 30, 2013</u>	
	<u>TEMPORARILY RESTRICTED</u>	<u>PERMANENTLY RESTRICTED</u>
Purpose restricted		
Building renovation	\$ 799,660	\$ -
Education	473,787	7,754,274
Canonization	95,485	-
Time restricted		
Diocesan Annual Appeal	4,826,990	-
Interest in We Belong to Christ Campaign, Inc.	-	-
<b>TOTAL, JUNE 30, 2013</b>	<b><u>\$ 6,195,922</u></b>	<b><u>\$ 7,754,274</u></b>
	<u>JUNE 30, 2012</u>	
	<u>TEMPORARILY RESTRICTED</u>	<u>PERMANENTLY RESTRICTED</u>
Purpose restricted		
Building renovation	\$ 874,356	\$ -
Education	521,539	7,181,532
Canonization	-	-
Time restricted		
Diocesan Annual Appeal	4,826,990	-
Interest in We Belong to Christ Campaign, Inc.	1,025,235	-
<b>TOTAL, JUNE 30, 2012</b>	<b><u>\$ 7,248,120</u></b>	<b><u>\$ 7,181,532</u></b>

The Diocesan Annual Appeal began in fiscal year 1998. Contributions received are recorded in the current fiscal year. These funds are intended to support expenditures of the subsequent fiscal year and as such are shown as temporarily restricted net assets. Each parish entity solicits its members. Each parish is given a target amount to be raised for this Appeal. Individual parishes raising amounts in excess of their target are rebated the excess amounts as they are collected by the Diocese. Total funds collected are reported net of parish rebates. These rebates totaled \$678,134 and \$482,220 as of June 30, 2013 and 2012, respectively.

**DIOCESE OF LA CROSSE  
ADMINISTRATIVE OFFICES**  
NOTES TO FINANCIAL STATEMENTS - Continued  
JUNE 30, 2013 AND 2012

**NOTE 14 - Board Designations**

The Board has designated operating funds to fund the following:

	JUNE 30,	
	2013	2012
Quasi endowment activities	\$ 2,216,800	\$ 2,216,800
Property and equipment	9,193,260	8,588,169
	<b><u>\$11,410,060</u></b>	<b><u>\$10,804,969</u></b>

**NOTE 15 - Interest in Net Assets of We Belong to Christ Campaign, Inc.**

As of June 30, 2013 and 2012, the Diocesan interest in the net assets of We Belong to Christ Campaign, Inc. was \$-0- and \$1,973,156 respectively. Distributions made from the Campaign to the Diocese Administrative Offices during 2013 and 2012 were \$610,879 and \$441,810, respectively.

Per the case statement of the We Belong to Christ Campaign, Inc. (WBTCC), the following is the expected allocation of that interest for June 30, 2012:

	Diocesan Administrative Offices		
20%	Holy Cross Seminarian Education Endowment	\$	154,631
5%	Youth Ministry Endowment		38,658
	St. Ambrose Financial Services, Inc.,		
12%	Revolving Line of Credit (Plant Fund)		92,779
	Diocesan Administrative Offices		
6%	Holy Cross Diocesan Center Renovations		646,389
	St. Ambrose Financial Services, Inc.,		
12%	Revolving Line of Credit (Current Fund)		92,778
	<b>Diocesan Administrative Offices</b>		
	<b>Interest in Net Assets of WBTCC</b>		<b><u>\$ 1,025,235</u></b>
25%	Lay Retirement Plan	\$	493,289
5%	Catholic Charities, Inc.		38,658
15%	St. Joseph's Priest Fund, Inc.		415,973
	<b>TOTAL INTEREST IN NET ASSETS OF WBTCC</b>		<b><u>\$ 1,973,156</u></b>

**NOTE 16 - Affiliate Transactions**

On March 31, 2011, the Organization entered into a service agreement with St. Ambrose Financial Services, Inc., to perform accounting and administrative services for the Diocese of La Crosse - Administrative Offices. Payments for these services began July 1, 2011. Total expense for services for June 30, 2013 and 2012 is \$186,057 and \$165,382, respectively.

**DIOCESE OF LA CROSSE  
ADMINISTRATIVE OFFICES**

**SUPPLEMENTAL INFORMATION**



**DIOCESE OF LA CROSSE  
ADMINISTRATIVE OFFICES**  
SUPPLEMENTAL STATEMENT OF FINANCIAL POSITION  
JUNE 30, 2013

<u>ASSETS</u>	<u>CURRENT FUND</u>	<u>ENDOWMENT FUND</u>	<u>PLANT FUND</u>	<u>LEGACY FUND</u>
Cash	\$ 20,022	\$ 2,261,505	\$ -	\$ -
Accounts receivables, net	738,612	-	-	-
Accounts receivable - We Belong to Christ Campaign, Inc.	2,003	-	-	-
Accrued interest receivable	27,489	-	-	-
Prepaid expenses	44,366	-	-	-
Notes receivable	16,120	-	-	-
Due from other funds	41,515	1,555	-	95,485
Property and equipment	-	-	11,191,941	-
Interest in net assets of We Belong to Christ Campaign, Inc.	-	-	-	-
Restricted cash	398,916	-	799,660	-
Restricted investments	<u>7,228,026</u>	<u>7,744,280</u>	<u>-</u>	<u>-</u>
<b>TOTAL ASSETS</b>	<b><u>\$ 8,517,069</u></b>	<b><u>\$ 10,007,340</u></b>	<b><u>\$11,991,601</u></b>	<b><u>\$ 95,485</u></b>
 <u>LIABILITIES AND NET ASSETS</u>				
<b>LIABILITIES</b>				
Cash overdraft	\$ 111,973	\$ -	\$ -	\$ -
Accounts payable and accrued expenses	197,146	-	-	-
Revolving loan with St. Ambrose Financial Services, Inc.	1,679,636	-	1,998,681	-
Deferred revenue	681	-	-	-
Due to other funds	-	-	-	-
Collections for transmittal	-	-	-	-
Pledges payable	-	-	-	-
TOTAL LIABILITIES	<u>1,989,436</u>	<u>-</u>	<u>1,998,681</u>	<u>-</u>
 <b>NET ASSETS</b>				
Unrestricted				
Undesignated	1,226,856	36,266	-	-
Designated	-	2,216,800	9,193,260	-
TOTAL UNRESTRICTED	<u>1,226,856</u>	<u>2,253,066</u>	<u>9,193,260</u>	<u>-</u>
Temporarily restricted	5,300,777	-	799,660	95,485
Permanently restricted	-	7,754,274	-	-
TOTAL NET ASSETS	<u>6,527,633</u>	<u>10,007,340</u>	<u>9,992,920</u>	<u>95,485</u>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b><u>\$ 8,517,069</u></b>	<b><u>\$ 10,007,340</u></b>	<b><u>\$11,991,601</u></b>	<b><u>\$ 95,485</u></b>

CUSTODIAL FUND	CHARITABLE GIFT ANNUITY FUND	TOTAL COMBINED FUNDS	INTER- ORGANIZATION ELIMINATIONS	2013 TOTALS	2012 TOTALS ONLY
\$ -	\$ -	\$ 2,281,527	\$ -	\$ 2,281,527	\$ 2,336,806
-	-	738,612	-	738,612	933,476
-	-	2,003	-	2,003	486,338
-	-	27,489	-	27,489	37,657
-	-	44,366	-	44,366	39,618
-	-	16,120	-	16,120	16,640
-	-	138,555	(138,555)	-	-
-	-	11,191,941	-	11,191,941	11,018,487
-	-	-	-	-	1,025,235
568,677	-	1,767,253	-	1,767,253	2,132,068
-	945,756	15,918,062	-	15,918,062	15,053,633
<b>\$ 568,677</b>	<b>\$ 945,756</b>	<b>\$ 32,125,928</b>	<b>\$ (138,555)</b>	<b>\$ 31,987,373</b>	<b>\$ 33,079,958</b>

\$ -	\$ -	\$ 111,973	\$ -	\$ 111,973	\$ 279,866
-	-	197,146	-	197,146	234,633
-	-	3,678,317	-	3,678,317	4,861,581
-	-	681	-	681	172
-	138,555	138,555	(138,555)	-	-
568,677	726,469	1,295,146	-	1,295,146	1,025,787
-	-	-	-	-	19,556
568,677	865,024	5,421,818	(138,555)	5,283,263	6,421,595

-	80,732	1,343,854	-	1,343,854	1,423,742
-	-	11,410,060	-	11,410,060	10,804,969
-	80,732	12,753,914	-	12,753,914	12,228,711
-	-	6,195,922	-	6,195,922	7,248,120
-	-	7,754,274	-	7,754,274	7,181,532
-	80,732	26,704,110	-	26,704,110	26,658,363
<b>\$ 568,677</b>	<b>\$ 945,756</b>	<b>\$ 32,125,928</b>	<b>\$ (138,555)</b>	<b>\$ 31,987,373</b>	<b>\$ 33,079,958</b>

**DIOCESE OF LA CROSSE**  
**ADMINISTRATIVE OFFICES**  
SUPPLEMENTAL STATEMENT OF ACTIVITIES  
YEAR ENDED JUNE 30, 2013

	<u>CURRENT FUND</u>	<u>ENDOWMENT FUND</u>	<u>PLANT FUND</u>
<b>SUPPORT AND REVENUE</b>			
Contributions and bequests	\$ 5,561,508	\$ 375,900	\$ 100
Investment and endowment income, net of investment fees	119,790	139,013	2,112
Services and other income	1,975,633	-	-
Quotas	947,103	-	-
Loss on the disposal of capital assets	-	-	(16,283)
<b>TOTAL SUPPORT AND REVENUE</b>	<u>8,604,034</u>	<u>514,913</u>	<u>(14,071)</u>
<b>EXPENSES</b>			
Program Services			
Pastoral and administration	3,651,676	-	-
Interest	15,970	-	22,207
Religious and personnel development	972,473	-	-
Education	633,869	191,772	-
Charity and social justice	<u>1,866,443</u>	-	-
<b>TOTAL PROGRAM SERVICES</b>	7,140,431	191,772	22,207
Supporting Services			
Administration	1,149,259	-	8,347
Fundraising	<u>440,751</u>	-	-
<b>TOTAL EXPENSES</b>	<u>8,730,441</u>	<u>191,772</u>	<u>30,554</u>
<b>NET SUPPORT IN (DEFICIT) EXCESS OF EXPENSES</b>	(126,407)	323,141	(44,625)
<b>OTHER GAINS AND LOSSES</b>			
Net realized and unrealized (loss) gain on investments	<u>(143,030)</u>	<u>302,471</u>	<u>-</u>
<b>CHANGE IN NET ASSETS</b>	(269,437)	625,612	(44,625)
<b>NET ASSETS AT BEGINNING OF YEAR</b>	6,878,209	9,550,797	10,201,693
<b>CHANGE IN INTEREST IN NET ASSETS OF WE BELONG TO CHRIST CAMPAIGN, INC.</b>	(81,139)	(169,069)	(164,148)
<b>CHANGE IN VALUE OF SPLIT-INTEREST AGREEMENT</b>	<u>-</u>	<u>-</u>	<u>-</u>
<b>NET ASSETS AT END OF YEAR</b>	<u><b>\$ 6,527,633</b></u>	<u><b>\$ 10,007,340</b></u>	<u><b>\$ 9,992,920</b></u>

LEGACY FUND	CHARITABLE GIFT ANNUITY FUND	2013	2012
		TOTAL COMBINED FUNDS	TOTALS ONLY
\$ 151,729	\$ -	\$ 6,089,237	\$ 5,824,434
-	15,910	276,825	292,747
-	-	1,975,633	2,089,331
-	-	947,103	883,776
-	-	(16,283)	(61,582)
<u>151,729</u>	<u>15,910</u>	<u>9,272,515</u>	<u>9,028,706</u>
53,560	-	3,705,236	3,658,053
-	-	38,177	49,818
-	-	972,473	1,050,871
-	-	825,641	713,933
-	-	1,866,443	1,910,436
<u>53,560</u>	<u>-</u>	<u>7,407,970</u>	<u>7,383,111</u>
-	-	1,157,606	1,175,917
2,684	-	443,435	410,776
<u>56,244</u>	<u>-</u>	<u>9,009,011</u>	<u>8,969,804</u>
95,485	15,910	263,504	58,902
<u>-</u>	<u>22,929</u>	<u>182,370</u>	<u>277,099</u>
95,485	38,839	445,874	336,001
-	27,664	26,658,363	26,579,178
-	-	(414,356)	(234,107)
-	14,229	14,229	(22,709)
<u>\$ 95,485</u>	<u>\$ 80,732</u>	<u>\$ 26,704,110</u>	<u>\$ 26,658,363</u>

**DIOCESE OF LA CROSSE**  
**ADMINISTRATIVE OFFICES**  
DIOCESAN ANNUAL APPEAL 2012-2013

VOCATIONS, CLERGY SUPPORT, LAY LEADERSHIP

Seminary Education	\$ 360,000
Continuing Education for Clergy	85,000
Clergy Retirement	135,000
Diaconate Formation	55,000
Holy Cross Seminary House of Formation/Mater Redemptoris	85,000
International Priests	120,000
Clergy Healthcare	80,000
Vocations Promotion	15,000
Vicar for Clergy	40,000
TOTAL	<u>975,000</u>

CHARITABLE WORKS

Catholic Charities	480,000
Works of Charity	<u>125,000</u>
TOTAL	<u>605,000</u>

MISSION AND THE WIDER CHURCH

Special Collections	500,000
Support of the Wider Church	180,000
Casa Hogar Orphanage/Holy Cross Parish Lay Missionaries and Priests	<u>25,000</u>
TOTAL	<u>705,000</u>

CATHOLIC EDUCATION AND FORMATION

Direct Parish Subsidy for Catholic Schools	200,000
Tuition Assistance	100,000
Televised Mass	55,000
Natural Family Planning	21,000
Hmong Ministry	50,000
Lay Formation	35,000
Marriage Preparation & Marriage Enrichment	30,000
High School Faith Formation	12,000
Hispanic and Migrant Ministry	55,000
Ministry to Persons with Special Needs	3,000
The Catholic Times	250,000
Catholic Schools Development	10,000
Support of Scout Chaplains	5,000
Lay Employee Retirement	<u>73,000</u>
TOTAL	<u>899,000</u>

DIOCESAN OPERATIONS AND MAINTENANCE

St. Joseph the Workman Cathedral Operations & Maintenance	75,000
Holy Cross Diocesan Center Building Operations & Maintenance	100,000
Buildings and Grounds - Consultative Services for Parishes and School	<u>80,000</u>
TOTAL	<u>255,000</u>

DIOCESAN MINISTRIES, SERVICES, AND ADMINISTRATION

Diocesan Administrative Offices	<u>1,387,990</u>
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**TOTAL APPEAL GOAL**

**\$ 4,826,990**

**DIOCESE OF LA CROSSE  
ADMINISTRATIVE OFFICES**  
DIOCESAN ANNUAL APPEAL 2012-2013 SPECIAL REPORT DATA

REVENUE

Gift Receipts	\$ 5,523,543	
Less Parish cash rebates	<u>(678,134)</u>	
	4,845,409	94.2%
Investment (Loss)	(29,424)	(0.6)
Assessments to Parishes Under Target	<u>329,265</u>	<u>6.4</u>
<b>TOTAL</b>	<b><u>\$ 5,145,250</u></b>	<b><u>100.0%</u></b>

EXPENDITURES

Case Statement Disbursement (2011-2012 pledge year)	\$ 4,826,990	93.8%
Operating Expenses	336,090	6.2
Professional Fees	<u>363</u>	<u>-</u>
<b>TOTAL</b>	<b><u>\$ 5,163,443</u></b>	<b><u>100.0%</u></b>