

Roman Catholic Diocese of Springfield-Cape Girardeau

Accountants' Report and Financial Statements

June 30, 2009 and 2008

Roman Catholic Diocese of Springfield-Cape Girardeau

June 30, 2009 and 2008

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Independent Accountants' Report

Most Reverend James V. Johnston, Jr.
Roman Catholic Diocese of
Springfield-Cape Girardeau
Springfield, Missouri

We have audited the accompanying statements of financial position of Roman Catholic Diocese of Springfield-Cape Girardeau 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 Diocesan management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and 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 Roman Catholic Diocese of Springfield-Cape Girardeau as of June 30, 2009 and 2008, 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.

As discussed in *Note 10*, in 2009 the Diocese changed its method of accounting for fair value measurements in accordance with Statement of Financial Accounting Standards No. 157.

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

BKD, LLP

November 5, 2009

Roman Catholic Diocese of Springfield-Cape Girardeau
Statement of Financial Position
June 30, 2009

	<u>Current Funds</u>	<u>Endowment and Annuity Funds</u>
Assets		
Cash and cash equivalents	\$ 4,215,044	\$ 70,129
Contributions and accounts receivable, net of allowance; \$86,000	1,070,887	-
Accrued interest receivable	121,487	4,441
Prepaid expenses and other assets	45,781	-
Loans receivable		
Parishes and other related entities	4,268,259	-
Other	-	-
Investments	9,129,377	583,844
Beneficial interest in funds held in trust	4,903,381	-
Equipment	514,416	-
Land and buildings	2,564,619	-
Accumulated depreciation	(1,381,650)	-
	<hr/>	<hr/>
Total assets	<u>\$ 25,451,601</u>	<u>\$ 658,414</u>
 Liabilities and Net Assets		
Liabilities		
Accounts payable and accrued expenses	\$ 687,683	\$ -
Accrued interest payable	-	-
Collections held for transmittal	-	-
Funds held for parishes, schools and missions	118,662	281,537
Deposits payable		
Parishes and missions	13,360,852	-
Annuities payable	-	148,851
	<hr/>	<hr/>
Total liabilities	<u>14,167,197</u>	<u>430,388</u>
 Net Assets		
Unrestricted		
Undesignated	2,877,206	-
Designated – vocations	1,243,470	-
Designated – other	1,311,822	52,451
Total unrestricted	<hr/>	<hr/>
Total unrestricted	5,432,498	52,451
Temporarily restricted	948,525	150,559
Permanently restricted	4,903,381	25,016
	<hr/>	<hr/>
Total net assets	<u>11,284,404</u>	<u>228,026</u>
	<hr/>	<hr/>
Total liabilities and net assets	<u>\$ 25,451,601</u>	<u>\$ 658,414</u>

See Notes to Financial Statements

Cemetery Trust Funds on Deposit	Foundation Fund	Custodian Fund	Total Funds
\$ 121,275	\$ 1,169,875	\$ 218,256	\$ 5,794,579
-	-	-	1,070,887
11,623	117,931	14,660	270,142
-	71,212	487,331	604,324
-	-	-	4,268,259
-	100,000	25,062	125,062
954,203	13,487,960	2,135,203	26,290,587
-	-	-	4,903,381
-	-	-	514,416
-	-	-	2,564,619
-	-	-	(1,381,650)
<u>\$ 1,087,101</u>	<u>\$ 14,946,978</u>	<u>\$ 2,880,512</u>	<u>\$ 45,024,606</u>
\$ -	\$ -	\$ -	\$ 687,683
16,605	-	-	16,605
-	-	101,258	101,258
1,070,496	14,550,918	2,779,254	18,800,867
-	-	-	13,360,852
-	-	-	148,851
<u>1,087,101</u>	<u>14,550,918</u>	<u>2,880,512</u>	<u>33,116,116</u>
-	-	-	2,877,206
-	-	-	1,243,470
-	146,060	-	1,510,333
-	146,060	-	5,631,009
-	-	-	1,099,084
-	250,000	-	5,178,397
-	396,060	-	11,908,490
<u>\$ 1,087,101</u>	<u>\$ 14,946,978</u>	<u>\$ 2,880,512</u>	<u>\$ 45,024,606</u>

Roman Catholic Diocese of Springfield-Cape Girardeau

Statement of Financial Position

June 30, 2008

	Current Funds	Endowment and Annuity Funds
Assets		
Cash and cash equivalents	\$ 3,083,957	\$ 98,018
Contributions and accounts receivable, net of allowance; \$86,000	1,030,269	-
Accrued interest receivable	94,075	4,828
Prepaid expenses and other assets	108,021	-
Loans receivable		
Parishes and other related entities	5,237,355	-
Other	-	-
Investments	6,954,712	599,571
Beneficial interest in funds held in trust	6,291,699	-
Equipment	527,939	-
Land and buildings	2,518,149	-
Construction in progress	20,237	-
Accumulated depreciation	(1,308,638)	-
	<u>\$ 24,557,775</u>	<u>\$ 702,417</u>
Total assets		
Liabilities and Net Assets		
Liabilities		
Accounts payable and accrued expenses	\$ 551,674	\$ -
Accrued interest payable	-	-
Collections held for transmittal	-	-
Funds held for parishes, schools and missions	119,019	320,323
Deposits payable		
Parishes and missions	10,896,713	-
Annuities payable	-	140,222
	<u>11,567,406</u>	<u>460,545</u>
Total liabilities		
Net Assets		
Unrestricted		
Undesignated	3,209,267	-
Designated – vocations	1,189,485	-
Designated – other	1,441,780	51,882
Total unrestricted	<u>5,840,532</u>	<u>51,882</u>
Temporarily restricted	858,138	164,305
Permanently restricted	6,291,699	25,685
	<u>12,990,369</u>	<u>241,872</u>
Total net assets		
Total liabilities and net assets	<u>\$ 24,557,775</u>	<u>\$ 702,417</u>

See Notes to Financial Statements

Cemetery Trust Funds on Deposit	Foundation Fund	Custodian Fund	Total Funds
\$ 121,805	\$ 1,306,644	\$ 257,289	\$ 4,867,713
-	-	-	1,030,269
12,644	119,873	16,612	248,032
-	86,746	455,023	649,790
-	-	-	5,237,355
-	100,000	26,232	126,232
903,522	14,637,787	1,866,698	24,962,290
-	-	-	6,291,699
-	-	-	527,939
-	-	-	2,518,149
-	-	-	20,237
-	-	-	(1,308,638)
<u>\$ 1,037,971</u>	<u>\$ 16,251,050</u>	<u>\$ 2,621,854</u>	<u>\$ 45,171,067</u>
\$ -	\$ -	\$ -	\$ 551,674
16,478	-	-	16,478
-	-	140,223	140,223
1,021,493	15,839,718	2,481,631	19,782,184
-	-	-	10,896,713
-	-	-	140,222
<u>1,037,971</u>	<u>15,839,718</u>	<u>2,621,854</u>	<u>31,527,494</u>
-	-	-	3,209,267
-	-	-	1,189,485
-	161,332	-	1,654,994
-	161,332	-	6,053,746
-	-	-	1,022,443
-	250,000	-	6,567,384
-	411,332	-	13,643,573
<u>\$ 1,037,971</u>	<u>\$ 16,251,050</u>	<u>\$ 2,621,854</u>	<u>\$ 45,171,067</u>

Roman Catholic Diocese of Springfield-Cape Girardeau
Statement of Activities
Year Ended June 30, 2009

	Unrestricted	Unrestricted - Designated - Vocations	Unrestricted - Designated - Other	Total Unrestricted
Operating Revenues, Gains and Other Support				
Contributions	\$ 1,613,317	\$ 272,707	\$ 58,142	\$ 1,944,166
Diocesan assessments	98,976	-	-	98,976
Investment return	538,953	67,096	100,517	706,566
Other revenue	769,081	5,751	11,420	786,252
Gain on sale of property and equipment	50	-	-	50
Net assets released from restrictions	858,138	-	-	858,138
	<u>3,878,515</u>	<u>345,554</u>	<u>170,079</u>	<u>4,394,148</u>
Total operating revenues, gains and other support				
Operating Expenses and Losses				
Pastoral	35,833	-	-	35,833
Religious formation	349,072	267,829	-	616,901
Education	779,913	-	-	779,913
Ministry	1,004,059	-	73,941	1,078,000
Diocesan administration	1,625,311	-	-	1,625,311
Subsidies and contributions	171,580	-	52,454	224,034
Actuarial loss on annuity obligation	-	-	-	-
	<u>3,965,768</u>	<u>267,829</u>	<u>126,395</u>	<u>4,359,992</u>
Total operating expenses and losses				
Change in Net Assets From Operations	(87,253)	77,725	43,684	34,156
Nonoperating Items				
Net unrealized losses on investments	(250,100)	(9,690)	(197,103)	(456,893)
Loss on trusts held in perpetuity	-	-	-	-
Net transfers	5,292	(14,050)	8,758	-
	<u>(244,808)</u>	<u>(14,050)</u>	<u>(188,345)</u>	<u>(447,203)</u>
Change in Net Assets	(332,061)	53,985	(144,661)	(422,737)
Net Assets, Beginning of Year	<u>3,209,267</u>	<u>1,189,485</u>	<u>1,654,994</u>	<u>6,053,746</u>
Net Assets, End of Year	<u>\$ 2,877,206</u>	<u>\$ 1,243,470</u>	<u>\$ 1,510,333</u>	<u>\$ 5,631,009</u>

See Notes to Financial Statements

Temporarily Restricted	Permanently Restricted	Total
\$ 948,525	\$ -	\$ 2,892,691
-	-	98,976
15,019	-	721,585
-	-	786,252
-	-	50
<u>(858,138)</u>	<u>-</u>	<u>-</u>
<u>105,406</u>	<u>-</u>	<u>4,499,554</u>
-	-	35,833
-	-	616,901
-	-	779,913
-	-	1,078,000
-	-	1,625,311
-	-	224,034
<u>28,765</u>	<u>670</u>	<u>29,435</u>
<u>28,765</u>	<u>670</u>	<u>4,389,427</u>
76,641	(670)	110,127
-	-	(456,893)
-	(1,388,317)	(1,388,317)
<u>-</u>	<u>-</u>	<u>-</u>
76,641	(1,388,987)	(1,735,083)
<u>1,022,443</u>	<u>6,567,384</u>	<u>13,643,573</u>
<u>\$ 1,099,084</u>	<u>\$ 5,178,397</u>	<u>\$ 11,908,490</u>

Roman Catholic Diocese of Springfield-Cape Girardeau

Statement of Activities Year Ended June 30, 2008

	Unrestricted	Unrestricted - Designated - Vocations	Unrestricted - Designated - Other	Total Unrestricted
Operating Revenues, Gains and Other Support				
Contributions	\$ 1,577,999	\$ 233,526	\$ 186,848	\$ 1,998,373
Diocesan assessments	95,702	-	-	95,702
Investment return	686,950	65,246	74,177	826,373
Other revenue	758,641	3,576	51,783	814,000
Gain on sale of property and equipment	4,999	-	-	4,999
Net assets released from restrictions	976,021	-	-	976,021
	<u>4,100,312</u>	<u>302,348</u>	<u>312,808</u>	<u>4,715,468</u>
Total operating revenues, gains and other support				
Operating Expenses and Losses				
Pastoral	32,758	-	-	32,758
Religious formation	245,615	245,694	-	491,309
Education	811,490	-	-	811,490
Ministry	956,832	-	204,716	1,161,548
Diocesan administration	1,990,120	-	-	1,990,120
Subsidies and contributions	277,133	-	59,952	337,085
Actuarial (gain) loss on annuity obligation	-	-	-	-
	<u>4,313,948</u>	<u>245,694</u>	<u>264,668</u>	<u>4,824,310</u>
Total operating expenses and losses				
Change in Net Assets From Operations	(213,636)	56,654	48,140	(108,842)
Nonoperating Items				
Net unrealized losses on investments	(44,700)	(1,573)	(94,362)	(140,635)
Loss on trusts held in perpetuity	-	-	-	-
Net transfers	75,000	-	(75,000)	-
	<u>(183,336)</u>	<u>55,081</u>	<u>(121,222)</u>	<u>(249,477)</u>
Change in Net Assets				
Net Assets, Beginning of Year	<u>3,392,603</u>	<u>1,134,404</u>	<u>1,776,216</u>	<u>6,303,223</u>
Net Assets, End of Year	<u>\$ 3,209,267</u>	<u>\$ 1,189,485</u>	<u>\$ 1,654,994</u>	<u>\$ 6,053,746</u>

See Notes to Financial Statements

Temporarily Restricted	Permanently Restricted	Total
\$ 858,138	\$ -	\$ 2,856,511
-	-	95,702
12,564	-	838,937
-	-	814,000
-	-	4,999
<u>(976,021)</u>	<u>-</u>	<u>-</u>
<u>(105,319)</u>	<u>-</u>	<u>4,610,149</u>
-	-	32,758
-	-	491,309
-	-	811,490
-	-	1,161,548
-	-	1,990,120
-	-	337,085
<u>17,825</u>	<u>(187)</u>	<u>17,638</u>
<u>17,825</u>	<u>(187)</u>	<u>4,841,948</u>
(123,144)	187	(231,799)
-	-	(140,635)
-	(691,494)	(691,494)
<u>-</u>	<u>-</u>	<u>-</u>
(123,144)	(691,307)	(1,063,928)
<u>1,145,587</u>	<u>7,258,691</u>	<u>14,707,501</u>
<u>\$ 1,022,443</u>	<u>\$ 6,567,384</u>	<u>\$ 13,643,573</u>

Roman Catholic Diocese of Springfield-Cape Girardeau
Statements of Cash Flows
Years Ended June 30, 2009 and 2008

	2009	2008
Operating Activities		
Change in net assets	\$ (1,735,083)	\$ (1,063,928)
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities		
Depreciation	99,644	94,101
Net realized and unrealized loss on investments	424,275	140,343
Land contributed to parish	-	98,000
Loss on trusts held in perpetuity	1,388,317	691,494
Gain on sale of property and equipment	(50)	(4,999)
Changes in		
Contributions and accounts receivable	(40,618)	127,468
Accrued interest receivable	(22,110)	17,531
Prepaid expenses and other assets	45,466	(154,181)
Accounts payable and accrued expenses	136,136	(48,867)
Annuities payable	8,629	(3,392)
Collections held for transmittal	(38,965)	(22,767)
Net cash provided by (used in) operating activities	265,641	(129,197)
Investing Activities		
Purchase of property and equipment	(39,342)	(76,349)
Proceeds from sale of property and equipment	50	24,575
Advances on notes receivable	(13,497)	(1,387,662)
Payments received on notes receivable	983,763	1,932,859
Investment activity, net	(3,572,850)	(867,985)
Net cash used in investing activities	(2,641,876)	(374,562)
Financing Activities		
Advances on trust funds payable	4,462,127	2,019,570
Payments on trust funds payable	(1,997,988)	(1,484,220)
Increase in funds held for others	838,962	918,225
Net cash provided by financing activities	3,303,101	1,453,575
Increase in Cash and Cash Equivalents	926,866	949,816
Cash and Cash Equivalents, Beginning of Year	4,867,713	3,917,897
Cash and Cash Equivalents, End of Year	\$ 5,794,579	\$ 4,867,713
Supplemental Cash Flows Information		
Interest paid	\$ 274,430	\$ 411,338
Land contributed to parish	\$ -	\$ 98,000

Roman Catholic Diocese of Springfield-Cape Girardeau

Notes to Financial Statements

June 30, 2009 and 2008

Note 1: Nature of Operations and Summary of Significant Accounting Policies

Nature of Operations

The Diocese of Springfield-Cape Girardeau seeks to serve the needs of the local parishes throughout southern Missouri. The various ministries of the Diocese provide human and material resources that encourage spiritual, educational and charitable work in the Church and in the world.

Basis of Presentation

The accompanying financial statements include all administration and program offices and departments of the Diocese which are under the direct operational control, supervision or stewardship of the Bishop of Springfield-Cape Girardeau.

The accompanying financial statements exclude the accounts of the activities within the Diocese associated with such things as parishes, schools, cemeteries, homes, hospitals, etc. These activities may or may not be performed by an entity separately incorporated under civil law; however, under canon law, stewardship requirements and guidelines, etc., each is an operating entity distinct from Diocesan administrative offices, with separate Boards of Directors or governing bodies, maintaining separate accounts and carrying on their own services and programs.

The financial statements have been prepared on the accrual basis and in accordance with practices adopted by the United States Conference of Catholic Bishops.

Resource Accounting Policies

In order to ensure observance of limitations and restrictions placed on the use of the resources available to the Diocese, the accounts are maintained internally on the accrual basis in accordance with the principles of "fund accounting." Accordingly, resources are classified for accounting purposes into funds established according to their nature and purpose. For reporting purposes, the net assets of these funds have been further classified into categories based on donor stipulated restrictions.

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 revenues, expenses, gains, losses and other changes in net assets during the reporting period. Actual results could differ from those estimates.

Roman Catholic Diocese of Springfield-Cape Girardeau

Notes to Financial Statements

June 30, 2009 and 2008

Cash Equivalents

The Diocese considers all liquid investments with original maturities of three months or less to be cash equivalents. At June 30, 2009 and 2008, cash equivalents consisted primarily of brokerage cash accounts and a repurchase agreement with a financial institution, which is collateralized by U.S. government agency securities.

Loans Receivable

Loans receivable are stated at their outstanding principal amount, net of allowance for uncollectible loans. At June 30, 2009 and 2008, the allowance was \$0. The Diocese provides an allowance for uncollectible loans, which is based upon a review of outstanding receivables, historical collection information and existing economic conditions. Outstanding loans accrue interest based on the terms of the respective agreements. A loan receivable is considered delinquent when the parish's ability to pay is diminished. At that time, the loan is placed on nonaccrual status and interest accrual ceases and does not resume until the loan is no longer classified as delinquent. Delinquent loans are written off based on individual credit evaluation and specific circumstances.

Investments and Investment Return

Investments in equity securities having a readily determinable fair value and in all debt securities are carried at fair value. All other investments are carried at the lower of cost (or fair value at time of donation, if acquired by contribution) or fair value. Investment return includes dividend, interest and other investment income; realized and unrealized gains and losses on investments carried at fair value; and realized gains and losses on other investments. Investment return that is initially restricted by donor stipulation and for which the restriction will be satisfied in the same year are included in unrestricted net assets. Other investment return is reflected in the statements of activities as unrestricted, temporarily restricted or permanently restricted based upon the existence and nature of any donor or legally imposed restrictions.

Property and Equipment

Equipment, land and buildings are stated at cost or, if acquired by gift, the estimated fair value at the date of the gift.

Equipment and buildings are depreciated over the estimated useful life of each asset. Annual depreciation is primarily computed using the straight-line method.

Funds Held for Parishes, Schools and Missions and Deposits Payable

Funds held for parishes, schools and missions and deposits payable (also known as trust funds on deposit) represent funds held and invested by the Diocese for the benefit of others. Investment earnings are either paid to the depositors or reinvested and added to the liability. Investment losses

Roman Catholic Diocese of Springfield-Cape Girardeau

Notes to Financial Statements

June 30, 2009 and 2008

are subtracted from the liability. Trust funds on deposit are payable on demand while cemetery, endowment and foundation fund liabilities are invested in perpetuity.

Annuities Payable

Annuity obligations are valued at the actuarial present value of the expected payments based upon the life expectancy of the annuitants and grantors. The Diocese received \$0 in contributions from these instruments for 2009 and 2008.

Temporarily and Permanently Restricted Net Assets

Temporarily restricted net assets are those whose use by the Diocese has been limited by donors to a specific time period or purpose. Permanently restricted net assets have been restricted by donors to be maintained by the Diocese in perpetuity.

Contributions

Gifts of cash and other assets received without donor stipulations are reported as unrestricted revenue and net assets. Gifts received with a donor stipulation that limits their use are reported as temporarily or permanently restricted revenue and net assets. When a donor stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions. Gifts having donor stipulations which are satisfied in the period the gift is received are reported as unrestricted revenue and net assets.

Gifts of land, buildings, equipment and other long-lived assets are reported as unrestricted revenue and net assets unless explicit donor stipulations specify how such assets must be used, in which case the gifts are reported as temporarily or permanently restricted revenue and net assets. Absent explicit donor stipulations for the time long-lived assets must be held, expirations of restrictions resulting in reclassification of temporarily restricted net assets as unrestricted net assets are reported when the long-lived assets are placed in service.

Unconditional gifts expected to be collected within one year are reported at their net realizable value. Unconditional gifts expected to be collected in future years are reported at the present value of estimated future cash flows. The resulting discount is amortized using the level-yield method and is reported as contribution revenue.

The Diocese recognizes transfers of nonfinancial assets received with a corresponding liability in circumstances where the Organization does not have variance power and is not financially interrelated with the specified beneficiary.

Income Tax Status

The Diocese is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code (IRC). However, the Diocese is subject to federal income tax on any unrelated business taxable income as defined in the IRC.

Roman Catholic Diocese of Springfield-Cape Girardeau
Notes to Financial Statements
June 30, 2009 and 2008

Uncertain Tax Positions

In accordance with Financial Accounting Standards Board (FASB) Staff Position No. FIN 48-3, the Diocese has elected to defer the effective date of FASB Interpretation No. 48 (FIN 48), *Accounting for Uncertainty in Income Taxes*, until its fiscal year ending June 30, 2010. The Diocese has continued to account for any uncertain tax positions in accordance with literature that was authoritative immediately prior to the effective date of FIN 48, such as FASB Statement No. 109, *Accounting for Income Taxes*, and FASB Statement No. 5, *Accounting for Contingencies*.

Allocation of Catholic Center Overhead

The Diocese is located in The Catholic Center and allocates to various departments their portion of the overhead costs of operating The Catholic Center. The allocations amounted to approximately \$77,000 in both 2009 and 2008, and are included in the departments' rent expenses and as a reduction of the Diocese administration expenses.

Functional Allocation of Expenses

The costs of supporting the various programs and other activities have been summarized on a functional basis in the statements of activities. Certain costs have been allocated among the program and support services categories based on various methods.

Subsequent Events

Subsequent events have been evaluated through November 5, 2009, which is the date the financial statements were available to be issued.

Note 2: Contributions Receivable

Contributions receivable consist of the following unconditional promises to give:

	2009	2008
DDF – due in less than one year	\$ 933,900	\$ 858,138
Less allowance for doubtful pledges	86,000	86,000
	\$ 847,900	\$ 772,138

Diocesan Development Fund (DDF) pledges are solicited annually on the first Sunday in May and are collected over the following year.

For the years ended June 30, 2009 and 2008, total Diocesan Development Fund pledges amounted to \$1,873,888 and \$1,828,218, respectively. The pledges not collected at the end of the pledge year are written off against the allowance for doubtful pledges.

Roman Catholic Diocese of Springfield-Cape Girardeau

Notes to Financial Statements

June 30, 2009 and 2008

Note 3: Loans Receivable

Loans receivable from parishes and other related entities are payable in monthly installments with interest adjusted to 1% below the prime rate at January 1 and July 1. Installments due within 12 months total approximately \$613,000 and \$603,000 at June 30, 2009 and 2008, respectively.

Note 4: Investments and Investment Return

At June 30, 2009 and 2008, the Diocese held the following investments:

	2009					Total
	Current Funds	Endowment and Annuity Funds	Cemetery Trust Funds on Deposit	Foundation Fund	Custodian Fund	
Certificate of deposit	\$ -	\$ -	\$ -	\$ 73,214	\$ -	\$ 73,214
Corporate stocks	1,104,991	25,052	310,008	357,739	40,884	1,838,674
Corporate bonds	5,751,252	302,529	510,084	5,610,938	599,261	12,774,064
Mutual funds	120,460	166,735	-	5,832,326	1,129,035	7,248,556
Government issue and similar bonds	1,744,082	89,528	134,111	1,613,743	366,023	3,947,487
Real estate	408,592	-	-	-	-	408,592
	<u>\$ 9,129,377</u>	<u>\$ 583,844</u>	<u>\$ 954,203</u>	<u>\$ 13,487,960</u>	<u>\$ 2,135,203</u>	<u>\$ 26,290,587</u>
	2008					Total
	Current Funds	Endowment and Annuity Funds	Cemetery Trust Funds on Deposit	Foundation Fund	Custodian Fund	
Certificate of deposit	\$ -	\$ -	\$ -	\$ 27,029	\$ -	\$ 27,029
Corporate stocks	1,085,463	145,029	2,139	3,678,966	273,490	5,185,087
Corporate bonds	2,250,342	271,862	305,006	2,918,812	418,181	6,164,203
Mutual funds	135,859	1,716	-	2,652,944	405,322	3,195,841
Government issue and similar bonds	3,074,456	180,964	596,377	5,360,036	733,105	9,944,938
Real estate	408,592	-	-	-	36,600	445,192
	<u>\$ 6,954,712</u>	<u>\$ 599,571</u>	<u>\$ 903,522</u>	<u>\$ 14,637,787</u>	<u>\$ 1,866,698</u>	<u>\$ 24,962,290</u>

Investments of \$275,016 and \$275,685 at June 30, 2009 and 2008, respectively, are held for long-term investments in perpetuity and \$263,878 and \$272,477 are held to support split-interest annuity agreements at June 30, 2009 and 2008, respectively.

Roman Catholic Diocese of Springfield-Cape Girardeau
Notes to Financial Statements
June 30, 2009 and 2008

Investment return during 2009 and 2008 consisted of the following:

	2009					
	Unrestricted	Unrestricted - Designated - Vocations	Unrestricted - Designated - Other	Total Unrestricted	Temporarily Restricted	Permanently Restricted
Investment income	\$ 538,830	\$ 62,673	\$ 72,445	\$ 673,948	\$ 15,019	\$ -
Net realized gain	<u>123</u>	<u>4,423</u>	<u>28,072</u>	<u>32,618</u>	<u>-</u>	<u>-</u>
Total operating investment return	538,953	67,096	100,517	706,566	15,019	-
Net unrealized loss - nonoperating	<u>(250,100)</u>	<u>(9,690)</u>	<u>(197,103)</u>	<u>(456,893)</u>	<u>-</u>	<u>-</u>
Total investment return	<u>\$ 288,853</u>	<u>\$ 57,406</u>	<u>\$ (96,586)</u>	<u>\$ 249,673</u>	<u>\$ 15,019</u>	<u>\$ -</u>

	2008					
	Unrestricted	Unrestricted - Designated - Vocations	Unrestricted - Designated - Other	Total Unrestricted	Temporarily Restricted	Permanently Restricted
Investment income	\$ 686,711	\$ 65,977	\$ 73,393	\$ 826,081	\$ 12,564	\$ -
Net realized gain (loss)	<u>239</u>	<u>(731)</u>	<u>784</u>	<u>292</u>	<u>-</u>	<u>-</u>
Total operating investment return	686,950	65,246	74,177	826,373	12,564	-
Net unrealized loss - nonoperating	<u>(44,700)</u>	<u>(1,573)</u>	<u>(94,362)</u>	<u>(140,635)</u>	<u>-</u>	<u>-</u>
Total investment return	<u>\$ 642,250</u>	<u>\$ 63,673</u>	<u>\$ (20,185)</u>	<u>\$ 685,738</u>	<u>\$ 12,564</u>	<u>\$ -</u>

Note 5: Trusts Held by Others

The Diocese is the beneficiary of various trusts held by third parties. Under the terms of these trusts, the Diocese has the irrevocable right to receive a percentage of the income earned on the trust assets in perpetuity. The Diocese has recorded its interest in these trusts, based on the fair value of assets held in trust, which approximates the present value of income to be received from trust assets. During the years ended June 30, 2009 and 2008, distributions of \$308,140 and \$311,344, respectively, were received from these trusts. Losses on assets held in trust in perpetuity of \$1,388,317 and \$691,494 were recognized in 2009 and 2008, respectively.

Roman Catholic Diocese of Springfield-Cape Girardeau

Notes to Financial Statements

June 30, 2009 and 2008

Note 6: Deposits Payable

Deposits from parishes, missions and Priests' Mutual Benefit Society represent funds received and held in trust. These funds are payable on demand and bear interest at variable rates.

Interest expense for the years ended June 30, 2009 and 2008, on notes payable and deposits payable totaled \$274,557 and \$413,377, respectively.

Note 7: Temporarily Restricted Net Assets

Temporarily restricted net assets at June 30, 2009 and 2008, are available for the following purposes or periods:

	<u>2009</u>	<u>2008</u>
Unrestricted DDF pledges for periods after year end	\$ 933,900	\$ 858,138
Gift annuity agreements	150,559	164,305
Other	14,625	-
	<u>\$ 1,099,084</u>	<u>\$ 1,022,443</u>

Note 8: Permanently Restricted Net Assets

Permanently restricted net assets at June 30, 2009 and 2008, are restricted to investment in perpetuity, the income from which is expendable to support:

	<u>2009</u>	<u>2008</u>
Vocations activities	\$ 470,985	\$ 681,193
Social ministry activities	25,016	25,685
Any activities of the Diocese	4,682,396	5,860,506
	<u>\$ 5,178,397</u>	<u>\$ 6,567,384</u>

Note 9: Retirement and Benefit Plans

The Diocese has a noncontributory retirement plan covering all full-time lay personnel. The expense for the plan was \$71,474 and \$70,132 for the years ended June 30, 2009 and 2008, respectively. The retirement plan is part of a multiemployer plan, administered by the Christian

Roman Catholic Diocese of Springfield-Cape Girardeau

Notes to Financial Statements

June 30, 2009 and 2008

Brothers Retirement Allowance Committee. The unfunded portion, if any, of vested employee benefits is not determinable at the Diocese level. The Diocese makes annual plan contributions equal to the retirement expense accrued.

Note 10: Disclosures About Fair Value of Assets and Liabilities

Effective July 1, 2008, the Diocese adopted Statement of Financial Accounting Standards No. 157, *Fair Value Measurements* (FAS 157). FAS 157 defines fair value, establishes a framework for measuring fair value and expands disclosures about fair value measurements. FAS 157 has been applied prospectively as of the beginning of the year.

FAS 157 defines fair value as 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. FAS 157 also establishes a fair value hierarchy which requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. The standard describes three levels of inputs that may be used to measure fair value:

- Level 1** Quoted prices in active markets for identical assets or liabilities.
- Level 2** Observable inputs other than Level 1 prices, such as quoted prices for similar assets or liabilities; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities.
- Level 3** Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities.

Following is a description of the valuation methodologies used for assets and liabilities measured at fair value on a recurring basis and recognized in the accompanying statements of financial position, as well as the general classification of such assets and liabilities pursuant to the valuation hierarchy.

Investments

Where quoted market prices are available in an active market, securities are classified within Level 1 of the valuation hierarchy. Level 1 securities include corporate stocks, cash equivalents and mutual funds. If quoted market prices are not available, then fair values are estimated by using pricing models, quoted prices of securities with similar characteristics or discounted cash flows. Level 2 securities include government and corporate bonds. In certain cases where Level 1 or Level 2 inputs are not available, securities are classified within Level 3 of the hierarchy. There are no Level 3 investments.

Roman Catholic Diocese of Springfield-Cape Girardeau

Notes to Financial Statements

June 30, 2009 and 2008

Beneficial Interest in Funds Held in Trust

Fair value is estimated at the present value of the future distributions expected to be received over the term of the agreement. Due to the nature of the valuation inputs, the interest is classified within Level 2 of the hierarchy.

	Fair Value	Fair Value Measurements Using		
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Cash equivalents	\$ 1,618,814	\$ 1,618,814	\$ -	\$ -
Corporate stocks	1,838,674	1,838,674	-	-
Corporate bonds	12,774,064	-	12,774,064	-
Mutual funds	7,248,556	7,248,556	-	-
Government issue and similar bonds	3,947,487	-	3,947,487	-
Assets held in trust by others	4,903,381	4,903,381	-	-

Note 11: Significant Estimates and Concentrations

Accounting principles generally accepted in the United States of America require disclosure of certain significant estimates and current vulnerabilities due to certain concentrations. Those matters include the following:

Investments in Marketable Securities

The Diocese invests in various investment securities. Investment securities are exposed to various risks such as interest rate, market and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such change could materially affect the amounts reported in the accompanying statements of financial position. This risk is controlled through a diversified portfolio and regular monitoring procedures.

Roman Catholic Diocese of Springfield-Cape Girardeau
Notes to Financial Statements
June 30, 2009 and 2008

Revenues From Pledge Drive

The Diocese holds the Diocesan Development Fund drive annually to raise funds for the Diocesan programs and activities. Contributions from this pledge drive were approximately 76% and 73% of total contribution revenue during 2009 and 2008, respectively.

Related Party Receivables

At June 30, 2009, the Diocese has two outstanding loans receivable from parishes that comprised approximately 86% of total loans receivable.

Loss Contingencies

The Diocese was a defendant in a lawsuit involving a claim alleging clergy sexual misconduct and \$90,000 was recorded as a provision for loss contingency for the year ended June 30, 2008. This case was settled as of June 30, 2009, for \$150,000. A liability is recorded for this amount and is included in accounts payable and accrued expenses.

Current Economic Conditions

The current economic environment presents not-for-profit organizations with unprecedented circumstances and challenges, which in some cases have resulted in large declines in the fair value of investments and other assets and declines in contributions. The financial statements have been prepared using values and information currently available to the Diocese.

Given the volatility of current economic conditions, the values of assets and liabilities recorded in the financial statements could change rapidly, resulting in material future adjustments in investment values and allowances for receivables that could negatively impact the Diocese ability to maintain sufficient liquidity.

Management is closely monitoring this uncertain economic environment and attempting to adjust operating and financial plans based on significant experience and industry knowledge.

Supplementary Information

Roman Catholic Diocese of Springfield-Cape Girardeau
Contributions and Accounts Receivable
June 30, 2009 and 2008

	2009	2008
DDF contributions receivable	\$ 933,900	\$ 858,138
Accounts receivable		
Insurance premiums	87,191	119,202
Subscriptions receivable	36,387	10,636
Miscellaneous receivable	99,409	128,293
	222,987	258,131
	1,156,887	1,116,269
Less allowance for doubtful contributions	86,000	86,000
	\$ 1,070,887	\$ 1,030,269

Allowance for Doubtful Contributions
Years Ended June 30, 2009 and 2008

	2009	2008
Balance, beginning of year	\$ 86,000	\$ 86,000
Provision for doubtful accounts	70,081	91,355
Accounts charged off during the year	(70,081)	(91,355)
Balance, end of year	\$ 86,000	\$ 86,000

Roman Catholic Diocese of Springfield-Cape Girardeau
Revenues, Gains and Other Support
Year Ended June 30, 2009

	Unrestricted	Unrestricted - Designated - Vocations	Unrestricted - Designated - Other	Temporarily Restricted	Permanently Restricted	Total
Contributions						
Catholic Home						
· Missions Appeal	\$ 55,000	\$ -	\$ -	\$ 14,625	\$ -	\$ 69,625
Dorsey B. Heer Trust	286,608	-	-	-	-	286,608
DDF annual appeal	1,266,177	-	-	933,900	-	2,200,077
Collections for Seminarian and retired Diocesan priests	-	233,721	-	-	-	233,721
Other	5,532	38,986	58,142	-	-	102,660
	<u>1,613,317</u>	<u>272,707</u>	<u>58,142</u>	<u>948,525</u>	<u>-</u>	<u>2,892,691</u>
Diocesan Assessments	<u>98,976</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>98,976</u>
Investment Return						
Investment income	538,830	62,673	72,445	15,019	-	688,967
Net realized gains (losses) on investments reported at fair value and on other investments	123	4,423	28,072	-	-	32,618
	<u>538,953</u>	<u>67,096</u>	<u>100,517</u>	<u>15,019</u>	<u>-</u>	<u>721,585</u>
Other Revenue						
Insurance commissions	50,800	-	-	-	-	50,800
Miscellaneous	53,175	5,751	-	-	-	58,926
Priests' Institute	18,725	-	-	-	-	18,725
Priests' Retreat	6,950	-	-	-	-	6,950
Insurance premiums – CUP II	87,000	-	-	-	-	87,000
Rent	21,380	-	-	-	-	21,380
Auxiliary offices						
<i>The Mirror</i>	258,086	-	-	-	-	258,086
Diocesan						
Religious						
Education	30,259	-	-	-	-	30,259
Social Ministry	15,776	-	11,420	-	-	27,196
Superintendent of Schools	46,910	-	-	-	-	46,910
Hispanic Ministry	20,000	-	-	-	-	20,000
Chaplain Ministry	28,350	-	-	-	-	28,350
Communications	28,180	-	-	-	-	28,180
Family Life Office	5,194	-	-	-	-	5,194
Marriage Tribunal	17,884	-	-	-	-	17,884
Diocesan Youth	80,412	-	-	-	-	80,412
	<u>769,081</u>	<u>5,751</u>	<u>11,420</u>	<u>-</u>	<u>-</u>	<u>786,252</u>
	<u>\$ 3,020,327</u>	<u>\$ 345,554</u>	<u>\$ 170,079</u>	<u>\$ 963,544</u>	<u>\$ -</u>	<u>\$ 4,499,504</u>

Roman Catholic Diocese of Springfield-Cape Girardeau
Revenues, Gains and Other Support
Year Ended June 30, 2008

	Unrestricted	Unrestricted - Designated - Vocations	Unrestricted - Designated - Other	Temporarily Restricted	Permanently Restricted	Total
Contributions						
Catholic Home						
Missions Appeal	\$ 55,000	\$ -	\$ -	\$ -	\$ -	\$ 55,000
Dorsey B. Heer Trust	289,053	-	-	-	-	289,053
DDF annual appeal	1,233,946	-	-	858,138	-	2,092,084
Collections for vocations	-	198,030	-	-	-	198,030
Other	-	35,496	186,848	-	-	222,344
	<u>1,577,999</u>	<u>233,526</u>	<u>186,848</u>	<u>858,138</u>	<u>-</u>	<u>2,856,511</u>
Diocesan Assessments	<u>95,702</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>95,702</u>
Investment Return						
Investment income	686,711	65,977	73,393	12,564	-	838,645
Net realized gains on investments reported at fair value and on other investments	239	(731)	784	-	-	292
	<u>686,950</u>	<u>65,246</u>	<u>74,177</u>	<u>12,564</u>	<u>-</u>	<u>838,937</u>
Other Revenue						
Insurance commissions	50,000	-	-	-	-	50,000
Miscellaneous	49,028	3,576	-	-	-	52,604
Priests' Institute	16,200	-	-	-	-	16,200
Priests' Retreat	6,750	-	-	-	-	6,750
Insurance premiums – CUP II	95,851	-	-	-	-	95,851
Rent	7,900	-	-	-	-	7,900
Auxiliary offices						
<i>The Mirror</i>	266,772	-	-	-	-	266,772
Diocesan						
Religious						
Education	30,895	-	-	-	-	30,895
Social Ministry	27,008	-	12,960	-	-	39,968
Superintendent of Schools	47,035	-	-	-	-	47,035
Hispanic Ministry	20,000	-	-	-	-	20,000
Chaplain Ministry	3,500	-	-	-	-	3,500
Communications	28,793	-	-	-	-	28,793
Family Life Office	7,067	-	-	-	-	7,067
Marriage Tribunal	20,766	-	-	-	-	20,766
Diocesan Youth	81,076	-	38,823	-	-	119,899
	<u>758,641</u>	<u>3,576</u>	<u>51,783</u>	<u>-</u>	<u>-</u>	<u>814,000</u>
	<u>\$ 3,119,292</u>	<u>\$ 302,348</u>	<u>\$ 312,808</u>	<u>\$ 870,702</u>	<u>\$ -</u>	<u>\$ 4,605,150</u>

Roman Catholic Diocese of Springfield-Cape Girardeau

Expenses by Object

Years Ended June 30, 2009 and 2008

Pastoral

	<u>2009</u>	<u>2008</u>
DCCW	\$ 30,929	\$ 29,565
Diocesan Leadership Groups	<u>4,904</u>	<u>3,193</u>
	<u>\$ 35,833</u>	<u>\$ 32,758</u>

Religious Formation – Undesignated

Priests' Institute	\$ 43,406	\$ 38,411
Priests' Retreat	25,090	23,888
Priests' other	<u>280,576</u>	<u>183,316</u>
	<u>\$ 349,072</u>	<u>\$ 245,615</u>

Religious Formation – Designated

Seminary	\$ 26,698	\$ 129,227
Continuing education of priests	32,018	4,560
Vocation	<u>209,113</u>	<u>111,907</u>
	<u>\$ 267,829</u>	<u>\$ 245,694</u>

Roman Catholic Diocese of Springfield-Cape Girardeau

Expenses by Object Years Ended June 30, 2009 and 2008

Education – Undesignated

	2009	2008
<i>The Mirror</i>	\$ 384,768	\$ 420,430
Diocesan Religious Education	145,660	142,968
Superintendent of Schools	153,970	147,024
Communications	95,515	101,068
	\$ 779,913	\$ 811,490

Ministry – Undesignated

Catholic Campus Ministry		
Springfield	\$ 163,080	\$ 159,874
Cape Girardeau	92,412	90,600
Joplin	3,060	3,000
Hispanic Ministry	77,601	75,533
Chaplain Ministry	54,264	11,840
Family Life Office	104,355	100,958
Diocesan Youth	172,497	175,183
Office of Worship	46,418	52,291
Social Ministry	112,934	122,116
Marriage Tribunal	177,438	165,437
	\$ 1,004,059	\$ 956,832

Ministry – Designated – Other

Diocesan Youth – special projects	\$ -	\$ 50,456
Diocesan charities	4,499	33,061
Grants for disaster relief	58,142	109,699
Social Ministry – CCHD	11,300	11,500
	\$ 73,941	\$ 204,716

Roman Catholic Diocese of Springfield-Cape Girardeau

Expenses by Object

Years Ended June 30, 2009 and 2008

Diocesan Administration

	2009	2008
Salaries	\$ 415,621	\$ 425,079
Employee benefits	136,137	138,748
Life and long-term disability for Diocesan-wide employees	96,709	130,594
Episcopal nonadministrative	64,731	52,112
Purchased services		
Architectural fees	3,868	27
Accounting fees	48,075	45,480
Legal fees	26,520	24,316
Postage	17,210	17,171
Telephone	4,866	4,066
Utilities	33,222	35,460
Travel	25,496	31,554
Maintenance and repairs	74,281	63,318
Rent	43,996	43,996
Insurance	99,379	125,716
Conferences and conventions	13,031	8,002
DDF	44,541	38,865
Printing	9,653	8,834
Meals	-	552
Advertising	2,954	873
	447,092	448,230
Other		
Office supplies	8,715	9,698
Interest	274,557	413,377
Taxes	4,989	6,134
Uncollectible contributions and loans receivable	70,081	91,355
Diocesan celebrations	(300)	136,042
Miscellaneous	126,184	161,172
	484,226	817,778
Depreciation	57,795	54,579
	1,702,311	2,067,120
Allocation of the Catholic Center overhead	(77,000)	(77,000)
	\$ 1,625,311	\$ 1,990,120

Roman Catholic Diocese of Springfield-Cape Girardeau
Expenses by Object
Years Ended June 30, 2009 and 2008

Subsidies and Contributions

	2009	2008
United States Conference of Catholic Bishops	\$ 22,545	\$ 24,812
Missouri Catholic Conference	45,104	46,711
DDF gifts	53,171	36,527
Lay leadership endowment fund grants	44,055	53,013
Other gifts and donations	59,159	176,022
	\$ 224,034	\$ 337,085

Roman Catholic Diocese of Springfield-Cape Girardeau
Custodian Fund Collections Held for Transmittal
Year Ended June 30, 2009

	Balance, Beginning of Year	Receipts	Disbursements	Balance, End of Year
Peter's Pence	\$ 30,759	\$ 125,813	\$ 127,275	\$ 29,297
Catholic Communication Campaign	15,587	25,191	30,036	10,742
Retirement Fund for Religious	135	77,277	77,312	100
Church in Latin America	101	39,368	38,672	797
Aid to the Church in Central and Eastern Europe	1,118	36,637	37,755	-
Home Missions Appeal	478	39,165	38,589	1,054
Holy Land	87	40,916	39,004	1,999
American Bishops' Overseas Appeal	270	45,963	45,994	239
Two Percent Fund – PMBS	7,659	317,480	318,483	6,656
Operation Rice Bowl	19	22,559	22,302	276
Catholic Campaign for Human Development	392	45,389	45,681	100
Local Disaster Relief	83,618	56,317	89,937	49,998
	<u>\$ 140,223</u>	<u>\$ 872,075</u>	<u>\$ 911,040</u>	<u>\$ 101,258</u>

Roman Catholic Diocese of Springfield-Cape Girardeau
Custodian Fund Collections Held for Transmittal
Year Ended June 30, 2008

	Balance, Beginning of Year	Receipts	Disbursements	Balance, End of Year
Peter's Pence	\$ 71,384	\$ 93,829	\$ 134,454	\$ 30,759
Catholic Communication Campaign	15,893	28,144	28,450	15,587
Retirement Fund for Religious	122	88,380	88,367	135
Church in Latin America	591	46,756	47,246	101
Aid to the Church in Central and Eastern Europe	1,759	30,877	31,518	1,118
Home Missions Appeal	71	42,039	41,632	478
Holy Land	1,982	38,943	40,838	87
American Bishops' Overseas Appeal	389	46,233	46,352	270
Two Percent Fund – PMBS	19,460	332,736	344,537	7,659
Operation Rice Bowl	115	25,874	25,970	19
Catholic Campaign for Human Development	1,975	50,256	51,839	392
Local Disaster Relief	49,249	71,669	37,300	83,618
	<u>\$ 162,990</u>	<u>\$ 895,736</u>	<u>\$ 918,503</u>	<u>\$ 140,223</u>