

**Benedictine Life Foundation of Wisconsin, Inc.**

Financial Report

Years Ended December 31, 2008 and 2007

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## Independent Auditors' Report

To the Board of Directors  
Benedictine Life Foundation of Wisconsin, Inc.  
Madison, Wisconsin

We have audited the statements of financial position of Benedictine Life Foundation of Wisconsin, Inc. (a non-profit corporation) (the "Foundation") as of December 31, 2008 and 2007, and the related statements of changes in net assets, activities, and cash flows for the years then ended. These financial statements are the responsibility of the Foundation's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Foundation as of December 31, 2008 and 2007, and the changes in its net assets and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

Our audits were conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The schedule of functional expenses on pages 11 and 12 are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

*Meicher & Associates, LLP*

Middleton, Wisconsin  
February 5, 2009

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Private Companies Practice Section of the American Institute of Certified Public Accountants

**Benedictine Life Foundation of Wisconsin, Inc.**

Statements of Financial Position  
December 31, 2008 and 2007

	<u>2008</u>	<u>2007</u>
<b>Assets</b>		
<b>Current Assets</b>		
Cash and cash equivalents	\$ 62,656	\$ 75,261
Investments, at fair value	517,296	556,001
Current portion of pledges receivable	<u>100,335</u>	<u>52,914</u>
Total current assets	<u>680,287</u>	<u>684,176</u>
<b>Other Assets</b>		
Long-term pledges receivable, net	190,455	17,235
Art work, at fair value	<u>82,763</u>	<u>82,763</u>
	<u>273,218</u>	<u>99,998</u>
	<u>\$ 953,505</u>	<u>\$ 784,174</u>
<b>Liabilities and Net Assets</b>		
<b>Current Liabilities</b>		
Accounts payable	\$ 2,787	\$ -
Accounts payable - affiliated entity	<u>14,908</u>	<u>13,177</u>
Total current liabilities	<u>17,695</u>	<u>13,177</u>
<b>Net Assets</b>		
Unrestricted	(30,637)	(11,371)
Temporarily restricted	429,637	107,717
Permanently restricted	<u>536,810</u>	<u>674,651</u>
	<u>935,810</u>	<u>770,997</u>
	<u>\$ 953,505</u>	<u>\$ 784,174</u>

The Notes to Financial Statements are an integral part of these statements.

**Benedictine Life Foundation of Wisconsin, Inc.**

Statements of Changes in Net Assets  
Years Ended December 31, 2008 and 2007

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Net assets - January 1, 2007	\$ 22,627	\$ 199,229	\$ 614,967	\$ 836,823
Allocation of endowment fees	6,370	-	(6,370)	-
Allocation of endowment expenses	36,656	-	(36,656)	-
Transfer restricted annuity reserve	104,000	(104,000)	-	-
Increase (decrease) in net assets	<u>(181,024)</u>	<u>12,488</u>	<u>102,710</u>	<u>(65,826)</u>
Net assets - December 31, 2007	(11,371)	107,717	674,651	770,997
Allocation of endowment fees	5,892	-	(5,892)	-
Contribution from Benedictine Women of Madison, Inc.	125,000	-	-	125,000
Increase (decrease) in net assets	<u>(150,158)</u>	<u>321,920</u>	<u>(131,949)</u>	<u>39,813</u>
Net assets - December 31, 2008	<u>\$ (30,637)</u>	<u>\$ 429,637</u>	<u>\$ 536,810</u>	<u>\$ 935,810</u>

The Notes to Financial Statements are an integral part of these statements.

**Benedictine Life Foundation of Wisconsin, Inc.**

Statements of Activities  
Years Ended December 31, 2008 and 2007

	<u>2008</u>	<u>2007</u>
<b>Unrestricted Net Assets</b>		
<b>Support and Revenue</b>		
Contributions	\$ 114,922	\$ 98,601
Investment income	93	6,850
Miscellaneous income	100	632
Net realized and unrealized loss	(4,246)	(292)
Net assets released from restriction	<u>88,244</u>	<u>85,043</u>
Total support and revenue	<u>199,113</u>	<u>190,834</u>
<b>Expenses</b>		
Salaries and benefits	179,873	149,727
Grants	89,474	144,194
Community relations	11,867	12,000
Special events	6,963	13,435
Postage and mail service	4,866	5,738
Facility expenses	6,500	6,500
Printing and production	19,241	23,479
Other	10,701	3,150
Supplies	507	2,546
Memorial expense	171	774
Professional fees	13,667	5,070
Service Contracts	2,347	2,440
Licenses and subscriptions	832	580
Board development	70	43
Insurance	<u>2,192</u>	<u>2,182</u>
Total expenses	<u>349,271</u>	<u>371,858</u>
Decrease in unrestricted net assets	<u>(150,158)</u>	<u>(181,024)</u>

The Notes to Financial Statements are an integral part of these statements.

	<u>2008</u>	<u>2007</u>
<b>Temporarily Restricted Net Assets</b>		
Contributions	410,164	97,531
Net assets released from restrictions	<u>(88,244)</u>	<u>(85,043)</u>
Increase in temporarily restricted net assets	<u>321,920</u>	<u>12,488</u>
<b>Permanently Restricted Net Assets</b>		
Endowment fund contributions	18,600	67,159
Net investment income (loss)	<u>(150,549)</u>	<u>35,551</u>
Increase (decrease) in permanently restricted net assets	<u>(131,949)</u>	<u>102,710</u>
Total increase (decrease) in net assets	<u>\$ 39,813</u>	<u>\$ (65,826)</u>

**Benedictine Life Foundation of Wisconsin, Inc.**

Statements of Cash Flows  
Years Ended December 31, 2008 and 2007

	<u>2008</u>	<u>2007</u>
<b>Cash Flows from Operating Activities</b>		
Increase (decrease) in net assets	\$ 39,813	\$ (65,826)
Adjustments to reconcile change in net assets to cash provided by (used in) operating activities:		
Increase in allowance for uncollectible accounts	9,390	-
Net realized and unrealized gains	175,562	(7,393)
Changes in:		
Contributions receivable	(275,532)	(54,909)
Annuity reserve	-	100,000
Accounts payable	2,787	-
Accounts payable - affiliated entity	1,731	(9,503)
Annuities payable	-	(3,414)
Deferred revenues	-	(16,524)
Contributions restricted for long-term	<u>(12,703)</u>	<u>(4,005)</u>
Net cash used in operations	<u>(58,952)</u>	<u>(61,574)</u>
<b>Cash Flows from Investing Activities</b>		
Change in marketable securities	<u>(136,857)</u>	<u>(26,971)</u>
<b>Cash Flows from Financing Activities</b>		
Collections of contributions restricted for long-term	58,204	67,159
Contributions from affiliated entity	<u>125,000</u>	<u>-</u>
Net cash provided by financing activities	<u>183,204</u>	<u>67,159</u>
Net decrease in cash	(12,605)	(21,386)
Cash at beginning of year	<u>75,261</u>	<u>96,647</u>
Cash at end of year	<u>\$ 62,656</u>	<u>\$ 75,261</u>

The Notes to Financial Statements are an integral part of these statements.

## **Benedictine Life Foundation of Wisconsin, Inc.**

Notes to Financial Statements  
Years Ended December 31, 2008 and 2007

### **Note 1 - Nature of Operations and Significant Accounting Policies**

#### **Nature of Operations**

Benedictine Life Foundation of Madison, Wisconsin, Inc. is a not-for-profit corporation established September 5, 1995 under the laws of the State of Wisconsin. The Foundation operates to provide ongoing support and development for the program and capital needs of Benedictine Life Foundation of Wisconsin, Inc. and Benedictine Women of Madison, Inc. by conducting fundraising campaigns and receiving, investing, administering and distributing funds to and for the benefit of Benedictine Life Foundation of Wisconsin, Inc.

#### **Financial Statement Presentation**

The Foundation 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. Unrestricted net assets are not subject to donor-imposed stipulations. Temporarily restricted net assets are subject to donor-imposed stipulations that may or will be met by actions of the Foundation. Permanently restricted net assets consist of endowment funds to be held indefinitely. Endowment contributions are permanently restricted until the endowments' goals are met. Earnings from these funds are expendable for program services related to each endowment's purpose.

#### **Use of Estimates**

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires the Foundation to make estimates and assumptions that affect the amounts reported in the financial statements and the accompanying notes. Actual results could differ from those estimates.

#### **Income Taxes**

The Foundation is exempt from Federal and State income taxes under Internal Revenue Code Section 501 (c) (3). Accordingly, no provision for income taxes is included in the accompanying statements.

#### **Cash and Cash Equivalents**

For purposes of the Statements of Cash Flows, the Foundation considers all highly liquid investments with an initial maturity of three months or less to be cash equivalents.

#### **Investments**

Investments are composed of marketable equity securities with readily determinable fair values. Unrealized gains and losses are included in the change in net assets in the accompanying statement of activities. Investment transactions are accounted for on a trade-date basis. Dividends are recorded on the ex-dividend date and interest is recognized on the accrual basis.

## **Benedictine Life Foundation of Wisconsin, Inc.**

Notes to Financial Statements  
Years Ended December 31, 2008 and 2007

### **Note 1 - Nature of Operations and Significant Accounting Policies (Continued)**

#### **Promises to Give**

Contributions are recognized when the donor makes a promise to give to the Foundation that is, in substance, unconditional. Contributions that are restricted by the donor are reported as increases in unrestricted net assets if the restrictions expire in the fiscal year in which the contributions are 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 classified to unrestricted net assets.

Unconditional promises to give, due in subsequent years, are reported at the present value of their net realizable value, using a discount rate of 3% applicable to the years in which the promises are to be received.

#### **Donated Assets**

Artwork and other donated assets are recorded as contributions at their estimated fair values at the date of donation.

#### **Expense Allocation**

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

#### **Significant Recent Accounting Pronouncements**

In September 2006, the Financial Accounting Standards Board (FASB) issued Statement of Financial Accounting Standards No. 157, *Fair Value Measurements* (SFAS 157). This standard clarifies the definition of fair value for financial reporting, establishes a framework for measuring fair value and requires additional disclosures about the use of fair value measurements. SFAS 157 is effective for financial statements issued for fiscal years beginning after November 15, 2007. The Organization adopted SFAS 157 effective January 1, 2008. Upon adoption, SFAS 157 did not have a material effect on the Organization's financial position or results of operations.

#### **Reclassifications**

Certain balances at December 31, 2007 have been reclassified to conform to the December 31, 2008 presentations.

**Benedictine Life Foundation of Wisconsin, Inc.**

Notes to Financial Statements  
Years Ended December 31, 2008 and 2007

**Note 2 - Promises to Give**

Unconditional promises to give at December 31, are summarized as follows:

	<u>2008</u>	<u>2007</u>
Receivable in less than one year	\$ 100,335	\$ 52,914
Receivable in one to five years, net of unamortized discount of \$10,000 and \$610 at December 31, 2008 and 2007, respectively.	<u>190,455</u>	<u>17,235</u>
	<u>\$ 290,790</u>	<u>\$ 70,149</u>

**Note 3 - Investments**

Investments as of December 31, consisted of the following:

	<u>2008</u>		<u>2007</u>	
	<u>Cost</u>	<u>Market</u>	<u>Cost</u>	<u>Market</u>
Money market funds	\$ 971	\$ 971	\$ 567	\$ 567
Common stocks	65,644	65,477	-	-
Mutual funds	<u>589,667</u>	<u>450,849</u>	<u>519,113</u>	<u>555,434</u>
	<u>\$ 656,282</u>	<u>\$ 517,297</u>	<u>\$ 519,680</u>	<u>\$ 556,001</u>

**Benedictine Life Foundation of Wisconsin, Inc.**

Notes to Financial Statements  
Years Ended December 31, 2008 and 2007

**Note 4 - Restrictions on Net Assets**

Temporarily restricted net assets at December 31, are available for the following purposes:

	<u>2008</u>	<u>2007</u>
Missionary/Africa school	\$ 1,635	\$ 915
Natural resources	347	2,888
Sunday assembly	59,319	54,892
Oblates	12,686	14,786
Benedict House renovation	354,052	22,579
Employee assistance	5,544	5,194
Scholarships	3,106	4,113
Palestinian conferences	-	1,392
Ecumenical education/formation	1,020	1,055
Kollasch fund	1,500	-
SA vera court	-	175
SA sound system	288	288
Other	<u>140</u>	<u>50</u>
	439,637	108,327
Less unamortized discount	<u>10,000</u>	<u>610</u>
	<u>\$ 429,637</u>	<u>\$ 107,717</u>

Permanently restricted net assets at December 31, are as follows:

	<u>2008</u>	<u>2007</u>
Endowment for the environment	\$ 409,397	\$ 512,983
Endowment for ecumenism	<u>127,413</u>	<u>161,668</u>
	<u>\$ 536,810</u>	<u>\$ 674,651</u>

**Benedictine Life Foundation of Wisconsin, Inc.**

Notes to Financial Statements  
Years Ended December 31, 2008 and 2007

**Note 5 - Retirement Plan**

Foundation employees are covered under the Benedictine Women of Madison 403(b) salary deferral plan. Covered employees have the option of making contributions into the plan. The Foundation contributes 6.5% of employee wages into the plan. Employer contributions to this plan were \$8,427 and \$6,014 for the years ended December 31, 2008 and 2007, respectively.

**Note 6 - Related Party Transactions**

The Foundation is affiliated with Benedictine Women of Madison, Inc. At December 31, 2008 and 2007, the Foundation had a payable to Benedictine Women of Madison, Inc. of \$14,908 and \$13,177, respectively.

During the year ended December 31, 2008 and 2007, the Foundation transferred grants to Benedictine Women of Madison, Inc. totaling \$79,729 and \$136,459 respectively. During the years ended December 31, 2008 and 2007, the Foundation paid Benedictine Women of Madison, Inc. \$179,873 and \$149,727 respectively, for payroll and employee benefits related expenditures.

## **Supplementary Data**

**Benedictine Life Foundation of Wisconsin, Inc.**

Schedule of Functional Expenses  
Year Ended December 31, 2008

	<u>Program</u>	<u>Administrative</u>	<u>Fundraising</u>	<u>Total</u>
Salaries and benefits	\$ 34	\$ 50,954	\$ 128,885	\$ 179,873
Grants	89,474	-	-	89,474
Community relations	51	174	11,642	11,867
Special events	4,567	50	2,346	6,963
Postage and mail service	407	440	4,019	4,866
Facility expenses	1,300	650	4,550	6,500
Printing and production	1,215	845	17,181	19,241
Other	67	369	10,265	10,701
Supplies	71	179	257	507
Memorial expense	-	-	171	171
Professional fees	3,821	2,177	7,669	13,667
Service contracts	469	235	1,643	2,347
Licenses and subscriptions	53	224	555	832
Board development	-	52	18	70
Insurance	144	536	1,512	2,192
	<u>\$ 101,673</u>	<u>\$ 56,885</u>	<u>\$ 190,713</u>	<u>\$ 349,271</u>

**Benedictine Life Foundation of Wisconsin, Inc.**

Schedule of Functional Expenses  
Year Ended December 31, 2007

	<u>Program</u>	<u>Administrative</u>	<u>Fundraising</u>	<u>Total</u>
Salaries and benefits	\$ 495	\$ 56,740	\$ 92,492	\$ 149,727
Grants	144,194	-	-	144,194
Community relations	2,400	1,200	8,400	12,000
Special events	13,435	-	-	13,435
Postage and mail service	1,147	574	4,017	5,738
Facility expenses	1,300	650	4,550	6,500
Printing and production	4,696	2,348	16,435	23,479
Other	660	1,131	1,359	3,150
Supplies	509	255	1,782	2,546
Memorial expense	-	-	774	774
Professional fees	1,014	507	3,549	5,070
Service contracts	488	244	1,708	2,440
Licenses and subscriptions	116	58	406	580
Board development	9	4	30	43
Insurance	227	113	1,842	2,182
	<u>\$ 170,690</u>	<u>\$ 63,824</u>	<u>\$ 137,344</u>	<u>\$ 371,858</u>