

Benedictine Life Foundation of Wisconsin, Inc.

Financial Report

Years Ended December 31, 2009 and 2008

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MEICHER
& ASSOCIATES, LLP

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, 2009 and 2008, 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, 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.

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 13 and 14 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 2, 2010

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Benedictine Life Foundation of Wisconsin, Inc.

Statements of Financial Position
December 31, 2009 and 2008

	<u>2009</u>	<u>2008</u>
Assets		
Current Assets		
Cash and cash equivalents	\$ 192,595	\$ 62,656
Investments, at fair value	556,045	517,296
Current portion of pledges receivable	<u>188,648</u>	<u>100,335</u>
Total current assets	<u>937,288</u>	<u>680,287</u>
Other Assets		
Long-term pledges receivable, net	267,868	190,455
Art work, at fair value	<u>82,763</u>	<u>82,763</u>
	<u>350,631</u>	<u>273,218</u>
	<u>\$ 1,287,919</u>	<u>\$ 953,505</u>
Liabilities and Net Assets		
Current Liabilities		
Accounts payable	\$ 122	\$ 2,787
Accounts payable - affiliated entity	11,075	14,908
Deferred revenue	<u>82,206</u>	<u>-</u>
Total current liabilities	<u>93,403</u>	<u>17,695</u>
Net Assets		
Unrestricted	(48,441)	(30,637)
Temporarily restricted	633,842	429,637
Permanently restricted	<u>609,115</u>	<u>536,810</u>
	<u>1,194,516</u>	<u>935,810</u>
	<u>\$ 1,287,919</u>	<u>\$ 953,505</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, 2009 and 2008

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Net assets - January 1, 2008	\$ (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	(30,637)	429,637	536,810	935,810
Allocation of endowment fees	5,704	-	(5,704)	-
Contribution from Benedictine Women of Madison, Inc.	100,000	-	-	100,000
Increase (decrease) in net assets	<u>(123,508)</u>	<u>204,205</u>	<u>78,009</u>	<u>158,706</u>
Net assets - December 31, 2009	<u>\$ (48,441)</u>	<u>\$ 633,842</u>	<u>\$ 609,115</u>	<u>\$ 1,194,516</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, 2009 and 2008

	<u>2009</u>	<u>2008</u>
Unrestricted Net Assets		
Support and Revenue		
Contributions	\$ 99,867	\$ 114,922
Interest and dividend income	1,415	93
Miscellaneous income	-	100
Net realized and unrealized gain (loss)	90	(4,246)
Net assets released from restriction	<u>171,284</u>	<u>88,244</u>
 Total support and revenue	 <u>272,656</u>	 <u>199,113</u>
Expenses		
Salaries and benefits	148,385	179,873
Grants	180,639	89,474
Community relations	880	11,867
Special events	30,136	6,963
Postage and mail service	2,924	4,866
Facility expenses	6,500	6,500
Printing and production	9,111	19,241
Other	4,387	10,942
Supplies	1,457	507
Professional fees	6,232	13,667
Service Contracts	2,441	2,347
Licenses and subscriptions	868	832
Insurance	<u>2,204</u>	<u>2,192</u>
 Total expenses	 <u>396,164</u>	 <u>349,271</u>
 Decrease in unrestricted net assets	 <u>(123,508)</u>	 <u>(150,158)</u>

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

	<u>2009</u>	<u>2008</u>
Temporarily Restricted Net Assets		
Contributions	375,489	410,164
Net assets released from restrictions	<u>(171,284)</u>	<u>(88,244)</u>
Increase in temporarily restricted net assets	<u>204,205</u>	<u>321,920</u>
Permanently Restricted Net Assets		
Endowment fund contributions	1,339	18,600
Net investment income (loss)	<u>76,670</u>	<u>(150,549)</u>
Increase (decrease) in permanently restricted net assets	<u>78,009</u>	<u>(131,949)</u>
Total increase in net assets	<u>\$ 158,706</u>	<u>\$ 39,813</u>

Benedictine Life Foundation of Wisconsin, Inc.

Statements of Cash Flows
Years Ended December 31, 2009 and 2008

	<u>2009</u>	<u>2008</u>
Cash Flows from Operating Activities		
Increase in net assets	\$ 158,706	\$ 39,813
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	62,164	175,562
Changes in:		
Contributions receivable	(183,684)	(275,532)
Accounts payable	(2,665)	2,787
Accounts payable - affiliated entity	(3,833)	1,731
Deferred revenues	82,206	-
Contributions restricted for long-term	-	<u>(12,703)</u>
Net cash provided by (used in) operations	<u>112,894</u>	<u>(58,952)</u>
Cash Flows from Investing Activities		
Change in marketable securities	<u>(100,913)</u>	<u>(136,857)</u>
Cash Flows from Financing Activities		
Collections of contributions restricted for long-term	17,958	58,204
Contributions from affiliated entity	<u>100,000</u>	<u>125,000</u>
Net cash provided by financing activities	<u>117,958</u>	<u>183,204</u>
Net increase (decrease) in cash	129,939	(12,605)
Cash at beginning of year	<u>62,656</u>	<u>75,261</u>
Cash at end of year	<u>\$ 192,595</u>	<u>\$ 62,656</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, 2009 and 2008

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 is 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, 2009 and 2008

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 applicable to the years in which the promises are to be received.

Donated Assets/Contributed Services

Artwork and other donated assets are recorded as contributions at their estimated fair values at the date of donation. Contributions of donated services that create or enhance nonfinancial assets or that require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation, are recorded at their fair values in the period received.

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.

Reclassifications

Certain balances at December 31, 2008 have been reclassified to conform to the December 31, 2009 presentations.

Significant Recent Accounting Pronouncements

FASB ASC 740, *Income Taxes* (FIN 48), provides guidance on the financial statement recognition and measurement of a tax position taken or expected to be taken in the Foundation's financial statements. FIN 48 also provides guidance on classification, interest and penalties, disclosure and transition. FASB deferred the effective date until annual periods beginning after December 15, 2008. Based on its continued analysis, management has determined that the adoption of FIN 48 does not have a material impact on the Foundation's financial statements. However, management's conclusions regarding FIN 48 may be subject to review and adjustment at a later date, based on factors including, but not limited to, further implementation guidance, and ongoing analysis of tax laws, regulations and interpretations thereof.

Benedictine Life Foundation of Wisconsin, Inc.

Notes to Financial Statements
Years Ended December 31, 2009 and 2008

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

Subsequent Events

Subsequent events have been evaluated through February 8, 2010, which is the date the financial statements were available to be issued.

Note 2 - Promises to Give

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

	<u>2009</u>	<u>2008</u>
Receivable in less than one year	\$ 188,648	\$ 100,335
Receivable in one to five years, net of unamortized discount of \$10,000 at December 31, 2009 and 2008.	<u>267,868</u>	<u>190,455</u>
	<u>\$ 456,516</u>	<u>\$ 290,790</u>

Note 3 - Investments

Investments as of December 31, consisted of the following:

	<u>2009</u>		<u>2008</u>	
	<u>Cost</u>	<u>Fair Value</u>	<u>Cost</u>	<u>Fair Value</u>
Money market funds	\$ 268	\$ 268	\$ 971	\$ 971
Common stocks	9,980	9,875	65,644	65,477
Mutual funds	<u>603,235</u>	<u>545,902</u>	<u>589,667</u>	<u>450,848</u>
	<u>\$ 613,483</u>	<u>\$ 556,045</u>	<u>\$ 656,282</u>	<u>\$ 517,296</u>

Benedictine Life Foundation of Wisconsin, Inc.

Notes to Financial Statements
Years Ended December 31, 2009 and 2008

Note 4 - Fair Value of Financial Instruments

The following methods and assumptions were used by the Foundation in estimating its fair value disclosures for financial instruments:

- Cash, cash equivalents, short-term unconditional promises to give: The carrying amounts reported in the statement of financial position approximates fair values because of the short maturities of those instruments.
- Investments: The fair values of investments are based on quoted market prices for those or similar investments.
- Artwork: Appraised value estimating fair value.
- Long-term unconditional promises to give: The fair value of promises to give that are due in more than one year is estimated by discounting expected future cash flows using a rate of return based on the yield of a U.S. Treasury security with a maturity date similar to the expected collection period.

The estimated fair values of the Organization's financial instruments at December 31, 2009 are as follows:

	Carrying Amount	Fair Value
Financial assets:		
Cash and cash equivalents	\$ 192,595	\$ 192,595
Investments	556,045	556,045
Artwork	82,763	82,763
Unconditional promises to give	456,516	456,516

Fair Value Measurements

The following table presents the Foundation's fair value hierarchy for the financial assets measured at fair value on a recurring basis:

	<u>Fair Value</u>	<u>Quoted Prices in Active Markets for Identical Assets (Level 1)</u>
Investments	\$ <u>556,045</u>	\$ <u>556,045</u>

Benedictine Life Foundation of Wisconsin, Inc.

Notes to Financial Statements
Years Ended December 31, 2009 and 2008

Note 5 - Restrictions on Net Assets

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

	<u>2009</u>	<u>2008</u>
Missionary/Africa school	\$ 2,225	\$ 1,635
Natural resources	3,502	347
Sunday assembly	62,516	59,319
Oblates	8,736	12,686
Benedict House renovation	553,149	354,052
Employee assistance	5,544	5,544
Scholarships	3,106	3,106
Ecumenical education/formation	2,040	1,020
Kollasch fund	1,800	1,500
SA vera court	450	-
SA sound system	288	288
Other	<u>486</u>	<u>140</u>
	643,842	439,637
Less unamortized discount	<u>10,000</u>	<u>10,000</u>
	<u>\$ 633,842</u>	<u>\$ 429,637</u>

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

	<u>2009</u>	<u>2008</u>
Endowment for the environment	\$ 464,627	\$ 409,397
Endowment for ecumenism	<u>144,488</u>	<u>127,413</u>
	<u>\$ 609,115</u>	<u>\$ 536,810</u>

The Board of Directors may authorize grants from the income generated by the endowment funds. Annual expenditures are to be limited to 50% of the actual earnings rate (net of endowment administrative fees) for the previous 3 years.

Benedictine Life Foundation of Wisconsin, Inc.

Notes to Financial Statements
Years Ended December 31, 2009 and 2008

Note 6 - 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 \$7,210 and \$8,427 for the years ended December 31, 2009 and 2008, respectively.

Note 7 - Related Party Transactions

The Foundation is affiliated with Benedictine Women of Madison, Inc. At December 31, 2009 and 2008, the Foundation had a payable to Benedictine Women of Madison, Inc. of \$11,075 and \$14,908, respectively.

During the year ended December 31, 2009 and 2008, the Foundation transferred grants to Benedictine Women of Madison, Inc. totaling \$171,285 and \$79,729 respectively. During the years ended December 31, 2009 and 2008, the Foundation paid Benedictine Women of Madison, Inc. \$148,385 and \$179,873 respectively, for payroll and employee benefits related expenditures. During the year ended December 31, 2009 and 2008, the Foundation received a contribution from Benedictine Women of Madison, Inc. totaling \$100,000 and \$125,000 respectively.

Supplementary Data

Benedictine Life Foundation of Wisconsin, Inc.

Schedule of Functional Expenses
Year Ended December 31, 2009

	<u>Program</u>	<u>Administrative</u>	<u>Fundraising</u>	<u>Total</u>
Salaries and benefits	\$ 520	\$ 38,738	\$ 109,127	\$ 148,385
Grants	180,639	-	-	180,639
Community relations	-	440	440	880
Special events	29,658	137	341	30,136
Postage and mail service	602	413	1,909	2,924
Facility expenses	1,300	650	4,550	6,500
Printing and production	1,564	839	6,708	9,111
Other	281	2,315	1,791	4,387
Supplies	216	511	730	1,457
Professional fees	1,686	649	3,897	6,232
Service contracts	244	122	2,075	2,441
Licenses and subscriptions	385	54	429	868
Insurance	229	125	1,850	2,204
	<u>\$ 217,324</u>	<u>\$ 44,993</u>	<u>\$ 133,847</u>	<u>\$ 396,164</u>

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	421	10,454	10,942
Supplies	71	179	257	507
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
Insurance	144	536	1,512	2,192
	<u>\$ 101,673</u>	<u>\$ 56,885</u>	<u>\$ 190,713</u>	<u>\$ 349,271</u>