

Diocese of Lansing

**Financial Report
with Additional Information
June 30, 2006**

Diocese of Lansing

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Independent Auditor's Report

To the Most Reverend Carl F. Mengeling
Diocese of Lansing

We have audited the accompanying balance sheet of Diocese of Lansing as of June 30, 2006 and 2005 and the related statements of activities and changes in net assets and cash flows for the years then ended. These financial statements are the responsibility of the Diocese'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 audits 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 Diocese of Lansing at June 30, 2006 and 2005 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.

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August 18, 2006

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Diocese of Lansing

Balance Sheet

	<u>June 30, 2006</u>	<u>June 30, 2005</u>
Assets		
Cash and cash equivalents	\$ 4,689,880	\$ 4,111,244
Accounts receivable	1,920,888	1,969,087
Cemetery inventory	32,883	32,946
Prepaid expenses	218,854	396,973
Contributions receivable	1,854,619	2,146,490
Allowance for uncollectible contributions	(260,158)	(290,458)
Investments (Note 2)	37,650,569	37,304,714
Accrued interest receivable	1,351,908	915,920
Unrecovered cost of crypts and niches	1,950,063	2,028,374
Undeveloped burial ground	553,771	553,771
Loans - Parishes, schools, and other - Net of allowance for doubtful loans of \$58,391 for 2006 and 2005	50,800,543	45,285,752
Property and equipment:		
Equipment	1,270,654	1,257,070
Land and buildings	16,939,313	16,805,917
Future sites	1,150,835	1,150,835
Accumulated depreciation	<u>(4,924,736)</u>	<u>(4,469,081)</u>
Total assets	<u>\$ 115,199,886</u>	<u>\$ 109,199,554</u>
Liabilities and Net Assets		
Liabilities		
Accounts payable and accrued liabilities	\$ 389,122	\$ 833,103
Gain due to depositors	532,182	198,841
Unremitted collections	270,139	216,139
Parishes, schools, and other deposits	82,580,241	76,043,643
Amounts due beneficiaries	126,973	130,178
Funds held for others	39,105	38,901
Cemetery trust funds	<u>1,186,427</u>	<u>1,124,246</u>
Total liabilities	85,124,189	78,585,051
Net Assets		
Unrestricted:		
Designated	23,881,776	24,093,051
Undesignated	823,934	742,525
Temporarily restricted (Note 3)	<u>5,369,987</u>	<u>5,778,927</u>
Total net assets	<u>30,075,697</u>	<u>30,614,503</u>
Total liabilities and net assets	<u>\$ 115,199,886</u>	<u>\$ 109,199,554</u>

Diocese of Lansing

Statement of Activities and Changes in Net Assets

	Year Ended	
	<u>June 30, 2006</u>	<u>June 30, 2005</u>
Revenue		
Diocese assessments	\$ 2,404,668	\$ 2,297,243
Diocese Services Appeal contributions	238,789	593,283
Cemetery operations	884,976	894,944
FAITH Magazine	-	659,886
Participant premium	2,265,734	2,111,158
Interest	3,289,056	2,981,898
Dividends	716,634	665,386
Net realized and unrealized gain on investments	756,101	1,479,585
Gain (loss) on dispositions	(329)	(11,909)
Bequests and donations	834,815	916,872
Catholic Charities activities	30,780	72,511
Common conference	-	100,057
Mission office	39,317	33,443
Flint Region Hospital Ministries	108,218	107,138
Rental and other income	41,502	45,888
Program and project receipts:		
Tribunal	54,990	54,295
Formation	111,857	67,810
Communications	49,302	54,709
Education	516,526	115,503
Catholic charities and other	5,618	6,058
Total revenue	<u>12,348,554</u>	<u>13,245,758</u>
Satisfaction of Program Restrictions		
DSA Campaign	4,550,482	3,928,353
Other	13,490	98,232
Total release from restriction	<u>4,563,972</u>	<u>4,026,585</u>
Total unrestricted revenue, support, and net assets released from restriction	16,912,526	17,272,343

Diocese of Lansing

Statement of Activities and Changes in Net Assets (Continued)

	Year Ended	
	<u>June 30, 2006</u>	<u>June 30, 2005</u>
Expenses		
Central service ministries	\$ 6,323,603	\$ 6,025,289
Grants, assessments, and other ministries	2,157,372	2,680,741
Cemetery operations	1,421,865	1,338,365
FAITH operations	35,105	1,028,801
Distributions to depositors	3,587,007	3,070,274
Insurance premium, fees, and claims	2,546,248	2,329,637
Administrative expenses	160,809	183,444
Depreciation	397,672	428,199
Plant expense	169,357	221,655
Self-supporting activities	243,354	319,662
	<u>17,042,392</u>	<u>17,626,067</u>
Total expenses		
	17,042,392	17,626,067
Decrease in Unrestricted Net Assets	(129,866)	(353,724)
Changes in Temporarily Restricted Net Assets		
Diocese Services Appeal contributions	4,075,813	4,550,482
Bequests and donations	28,490	240,765
Investment income	50,729	49,828
DSA campaign release from restriction	(4,550,482)	(3,928,353)
Other release from restriction	(13,490)	(98,232)
	<u>(408,940)</u>	<u>814,490</u>
Increase (Decrease) in Temporarily Restricted Net Assets	(408,940)	814,490
Increase (Decrease) in Net Assets	(538,806)	460,766
Net Assets - Beginning of year	<u>30,614,503</u>	<u>30,153,737</u>
Net Assets - End of year	<u>\$ 30,075,697</u>	<u>\$ 30,614,503</u>

Diocese of Lansing

Statement of Cash Flows

	Year Ended	
	June 30, 2006	June 30, 2005
Cash Flows from Operating Activities		
Increase (decrease) in net assets	\$ (538,806)	\$ 460,766
Adjustments to reconcile increase (decrease) in net assets to net cash from operating activities:		
Depreciation	478,860	510,803
Net gain on investments	(756,101)	(1,479,585)
(Loss) gain on dispositions	(329)	11,909
Change in allowance for uncollectible contributions	(30,300)	(5,225)
Increase (decrease) in assets:		
Accounts receivable	10,693	(389,504)
Contributions receivable	291,871	(227,809)
Cemetery inventory	63	4,119
Unrecovered cost of crypts and niches	78,310	55,826
Accrued interest receivable	(435,986)	(318,005)
Prepaid expenses	176,634	(166,010)
Increase (decrease) in liabilities:		
Accounts payable and accrued liabilities	(426,123)	176,294
Cemetery trust fund	62,181	93,791
Distributions due to depositors	(14,570)	(129,016)
Deposits	6,918,536	(373,058)
Amounts due beneficiaries	(3,205)	(2,396)
Funds held for others	204	(4,431)
Unremitted collections	90,928	(32,009)
Net cash provided by (used in) operating activities	5,902,860	(1,813,540)
Cash Flows from Investing Activities		
Proceeds from sale of equipment	5,000	2,299
Proceeds from loan repayments	5,834,435	6,125,846
Issuance of loans	(11,349,224)	(10,054,600)
Purchase of equipment	(89,665)	(90,020)
Purchase of land and buildings	(174,856)	(98,336)
Purchase of future sites	-	(14,266)
Net increase in investments	450,086	3,570,105
Net cash used in investing activities	(5,324,224)	(558,972)
Net Increase (Decrease) in Cash and Cash Equivalents	578,636	(2,372,512)
Cash and Cash Equivalents - Beginning of year	4,111,244	6,483,756
Cash and Cash Equivalents - End of year	\$ 4,689,880	\$ 4,111,244

Diocese of Lansing

Notes to Financial Statements June 30, 2006 and 2005

Note I - Nature of Business and Significant Accounting Policies

Principles of Reporting - The accompanying financial statements include only those funds for which the Diocese of Lansing (the "Diocese") retains operational control. The financial statements do not reflect the assets, liabilities, and results of operations of parishes, schools, and other diocesan organizations. The excluded organizations receive financial support from other sources and their activities are accounted for separately.

The Diocese has recorded land and buildings in the Plant Fund for certain property owned by the Diocese but operated by such organizations. The Diocese, in the name of the bishop, Carl F. Mengeling, holds legal title to all diocesan properties.

The Diocese of Lansing provides various services primarily in the central area of lower Michigan. A description of these services and the funds maintained by the Diocese is as follows:

Central Services - Central Services accounts for the operations of the central administrative offices of the Diocese. The main sources of income are the annual Diocesan Services Appeal drive and diocesan assessments levied on each parish. Diocesan Services Appeal contributions are recorded as temporarily restricted revenue until the period that expenditures relating to each drive are made.

Plant - Plant activities include purchase, renovation, or rehabilitation of land, buildings, and equipment. Equipment is recorded at cost. Land and future parish sites are recorded at cost. Plant activities include costs associated with property and equipment used in the operations included in these financial statements. Costs of operating and maintaining land, buildings, and equipment of parishes, schools, and other diocesan institutions are excluded.

Savings and Loan Program - Savings of, and loans to, diocesan units are accounted for in this program. Loans made to diocesan units have varying maturities and bear interest rates of 5.0 percent during 2006 and 2005. Interest was paid on deposits at a rate of 3.5 percent during 2006 and 2005. In addition, an annual special income distribution may be paid to depositors to recognize earnings received or investment returns in excess of the above rates. Special income distribution for 2006 is \$347,911.

The allowance for doubtful loans is reviewed annually and is considered adequate to cover potentially uncollectible loans at June 30, 2006.

Trust and Endowment - Trust and endowment funds are long-term savings of trusts, endowments, cemetery endowed care, and other restricted funds of diocesan units. Returns to the depositors are based on actual results of the investments.

Protected Loss Program - This program covers liability, property, and workers' compensation losses for all diocesan personnel and property. Loss coverage is provided through a self-insurance plan with the Michigan Catholic Conference (MCC) and premiums are billed to covered entities within the Diocese.

Diocese of Lansing

Notes to Financial Statements June 30, 2006 and 2005

Note I - Nature of Business and Significant Accounting Policies (Continued)

Self-supporting Activities - Self-supporting activities include activities of the central diocesan self-supporting enterprises, such as the senior priest center, mission office, and various Catholic Charities activities.

Designated Gift - Gift funds are limited for special purposes. Restrictions are donor-imposed limitations and designations are management imposed.

Custodial - Gift funds are limited for special purposes. Restrictions are donor-imposed limitations and designations are management imposed.

Cemetery - Diocesan cemeteries accounts for the activities of St. Joseph Catholic Cemetery in Lansing, New and Old Calvary Cemeteries in Flint, St. Patrick Cemetery in Clinton County, St. Michael Byzantine Cemetery in Flint, and the central administrative and pre-need offices.

Accounting Policies

Cash and Cash Equivalents - The Diocese considers all highly liquid investments purchased with a maturity of three months or less to be cash and cash equivalents.

Accounts Receivable - Accounts receivable are stated at invoice amounts. An allowance for doubtful accounts is established based on a specific assessment of all invoices that remain unpaid following normal payment periods. In addition, a general valuation allowance is established for other accounts receivable based on historical loss experience. All amounts deemed uncollectible are charged against the allowance for doubtful accounts in the period that determination is made. The Diocese has determined no allowance for uncollectibility is necessary.

Amounts received from cemetery trusts, included in investments, receivables, and liabilities, represents a portion of the proceeds from the sale of pre-need merchandise and services, deposited in accordance with state trusting laws with various financial institutions, together with accrued earnings. The Diocese will recognize and generally receive these amounts when the merchandise is delivered or the service is performed.

Contributions Receivable - Contributions receivable result from unconditional promises to fund Diocesan Services Appeal drives. All amounts are due within 12 months.

Note I - Nature of Business and Significant Accounting Policies (Continued)

Contributions - Contributions of cash and other assets, including unconditional promises to give in the future, are reported as revenue when received and measured at fair value. Donor promises to give in the future are recorded at the present value of estimated future cash flows. Contributions resulting from split-interest agreements, measured at the time the agreements are entered into, are recognized based on the difference between the fair value of the assets received or promised and the present value of obligations to the third-party recipients under the related contracts. Contributions with donor-imposed time or purpose restrictions are reported as restricted support and all other contributions are reported as unrestricted support.

Investments - Investments are stated at fair value. Gifts of investment securities are initially recorded at fair value at the date of receipt. Investment income is recorded when earned.

Unrecovered Cost of Crypts and Niches - It is the policy of the Diocese to capitalize all construction costs for the mausoleums and columbarium. The costs of crypts and niches are written off as the entombment and inurnment rights are sold.

Undeveloped Burial Ground - Undeveloped burial ground represents the cost of land not developed or available for the sale of burial rights at year end.

Property and Equipment - The Diocese maintains historical financial records of the cost of land, buildings, and certain equipment. Depreciation is calculated on a straight-line basis over the estimated useful lives of the various assets.

Split-interest Agreements - The Designated Gift program includes resources and obligations created by various split-interest agreements with donors. Under the terms of the contracts, the Diocese is required to invest amounts received and distribute a percentage of that investment or a set amount to designated beneficiaries. Upon the death of a beneficiary, the principal remaining under each contract reverts to the Diocese or other designated beneficiaries in accordance with the terms of the respective contract.

Classification of Net Assets - Net assets of the Diocese are classified as temporarily restricted or unrestricted depending on the presence and characteristics of donor-imposed restrictions limiting the Diocese's ability to use or dispose of contributed assets or the economic benefits embodied in those assets. Donor-imposed restrictions that expire with the passage of time or can be removed by meeting certain requirements result in temporarily restricted net assets. Earnings, gains, and losses on restricted net assets are classified as unrestricted unless specifically restricted by the donor or by applicable law.

Diocese of Lansing

Notes to Financial Statements June 30, 2006 and 2005

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

Tax Status - The Diocese is tax-exempt under Section 501(c)(3) of the Internal Revenue Code and, accordingly, no income tax provision is reflected in the financial statements.

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

Functional Expenses - The costs of providing program services, administrative expenses, and fundraising are reported on a functional basis in Note 5. Costs are allocated between the various programs and support services on an actual basis, where available, or based upon reasonable methods. Although the methods of allocation used are considered appropriate, other methods could be used that would produce different results.

Note 2 - Investments

A summary of investments held by the Diocese at June 30 is as follows:

	<u>2006</u>	<u>2005</u>
Investment in MCC investment pool	<u>\$ 37,650,569</u>	<u>\$ 37,304,714</u>

The Diocese participates in an investment pool, which invests exclusively in mutual funds. The investment pool participates with other dioceses that MCC operates on the Diocese's behalf.

Note 3 - Temporarily Restricted Net Assets

Temporarily restricted net assets consist of the following:

- Central Services - Net assets with time restrictions
- Designated Gift - Net assets restricted for specific purposes as specified by the donors
- Cemetery Fund - Net assets restricted for specific purposes as specified by the donors

Note 4 - Self-insurance Plan

The Diocese participates in a self-insurance plan with other Michigan dioceses for workers' compensation, liability, and property coverage. Initial losses of up to \$1,000,000 for workers' compensation, \$1,000,000 for liability, and \$500,000 for property per occurrence are the responsibility of the plan. In addition, liability and property losses have an additional \$500,000 corridor. Premiums paid to the plan by the Diocese are recorded in the expenses of the Protected Loss Program Fund.

The plan's specific reinsurance carrier is responsible for all claims in excess of \$1,000,000 for workers' compensation, \$1,000,000 for liability, and \$500,000 for property per occurrence with an additional \$500,000 corridor for liability and property losses up to a limit of \$100,000,000 per occurrence for workers' compensation, \$100,000,000 per occurrence for liability, and \$125,000,000 per occurrence for property. In the current year, the plan is responsible for aggregate losses of up to \$11,082,000 annually. The Diocese, along with the other dioceses included in the plan, is contingently liable for claims in excess of these amounts. This contingency cannot be estimated or determined and has not been accounted for in the financial statements.

Diocese of Lansing

Notes to Financial Statements June 30, 2006 and 2005

Note 5 - Functional Expenses

The Diocese provides various services to residents within its geographic area. Expenses related to providing these services at June 30 are as follows:

	<u>2006</u>	<u>2005</u>
Program services:		
Central service ministerial program and grants	\$ 6,842,922	\$ 6,325,129
Plant operational activities	567,029	649,855
Savings and loan operational activities	2,830,793	2,457,875
Trust and endowment operational activities	905,672	773,719
Protected loss program	2,546,248	2,329,637
Self-supporting ministries	243,354	319,662
Cemetery operations	1,421,865	1,338,365
FAITH operations	35,105	1,028,801
Designated gift fund activities	453,163	1,165,219
Total program services	<u>15,846,151</u>	<u>16,388,262</u>
General and administrative:		
Finance, property services, and technology systems	706,389	664,611
Building management	204,220	183,962
Total general and administrative	<u>910,609</u>	<u>848,573</u>
Fundraising	<u>285,632</u>	<u>389,232</u>
Total	<u>\$ 17,042,392</u>	<u>\$ 17,626,067</u>

Note 6 - Pension Plan for Lay Employees

The Diocese participates in a statewide, defined benefit pension plan that covers all lay employees. The plan is administered by the Michigan Catholic Conference (MCC). Contributions to the plan are based on percentage (6.60 percent) of covered employees' wages and amounted to approximately \$177,000 and \$185,100 for the years ended June 30, 2006 and 2005, respectively, principally for employees of the central administrative offices. The pension plan's assets exceeded the actuarial computed present value of accumulated plan benefits as of July 1, 2004, the date of the last actuarial valuation. In the event of withdrawal from the plan and under certain circumstances, a contributor to a multiple employer plan may be liable for a portion of any underfunded status. The weighted average assumed rate of return used in the valuation was 8.0 percent. Information as to the actuarial present value of vested and nonvested accumulated plan benefits and the plan's net assets available for benefits attributable to employees of the Diocese of Lansing is not available since the MCC does not compute it for each participating diocese.

Note 7 - Replacement Value of Buildings

The replacement value of parish, school, and other diocesan institution buildings owned by the Diocese is in excess of \$20,000,000 which does not include the amounts shown in the balance sheet under land and buildings, as determined by Marshall Swift Valuation Services Cost Indices as of June 30, 2006. The buildings included in this valuation are comprised substantially of buildings excluded from plant assets in the accompanying financial statements, as discussed in Note 1.

Note 8 - Commitments

The savings and loan program has approved loans to parishes for construction projects during fiscal 2006 totaling approximately \$7,800,000 which are expected to be distributed in 2007.

The Diocese has provided an irrevocable letter of credit with a bank related to a bond issued in its name for the benefit of Father Gabriel Richard High School. As of June 30, 2006, the outstanding balance on this bond issue is \$13,335,000 and is payable through May 1, 2032. The letter of credit is in force through April 25, 2009. Currently, the school is making all payments due on the bonds and all related expenses.

The Diocese has guaranteed a letter of credit related to a bond issue for the St. Vincent Catholic Charities. As of June 30, 2006, the outstanding balance on this bond issue is \$6,645,000 and is payable through July 18, 2008. Currently, the other diocesan entity is making all payments due on the bonds and all related expenses.

As previously disclosed in Note 1, the scope of these financial statements excludes assets, liabilities, and the results of operations of schools or the other diocesan entity; therefore, the bonds and the asset constructed with the proceeds are not included in these financial statements. An appropriate liability will be recognized if a possibility reasonably exists that the school will not be able to meet its obligations of these bonds and diocesan resources covered in this statement would need to be used to service the debt. Should this occur, the Diocese could seek to recover those amounts from the school and other diocesan entity.

Note 9 - Contingent Liabilities

The Diocese is contingently liable in respect to litigation and claims incidental to the ordinary course of its operations. In the opinion of management, based on their consultation with legal counsel, the amount of loss, if any, is unknown at this time. Therefore, no provision has been made in the accompanying financial statements for losses that might result from the ultimate disposition of these matters.

Note 10 - Fair Value of Financial Instruments

A summary of the methods and significant assumptions used to estimate the fair value of financial instruments for the Diocese of Lansing is as follows:

Short-term Financial Instruments - The fair values of short-term financial instruments, including cash and cash equivalents, accrued interest, Diocesan Service Appeal contributions, assessment and accounts receivable, prepaid expenses, accounts payable, and accrued liabilities approximate their carrying amounts in the accompanying financial statements due to the short maturity of such instruments.

Investments - The fair values of investments, which include mutual funds, are based on quoted market prices.

Loans Receivable - The fair values of loans receivable approximate the carrying amounts since interest rates reflect current market rates.

Deposits Payable - The fair value of deposits payable with no stated maturity is equal to the amount payable on demand.

Additional Information



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To the Most Reverend Carl F. Mengeling
Diocese of Lansing

We have audited the financial statements of Diocese of Lansing as of June 30, 2006 and 2005. Our audits were made for the purpose of forming an opinion on the financial statements taken as a whole. The additional information listed in the table of contents is presented for the purpose of additional analysis and is not a required part of the basic financial statements. This 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.

Plante & Moran, PLLC

August 18, 2006

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Diocese of Lansing

Central Services Fund Balance Sheet

	<u>June 30</u>	<u>June 30</u>
	<u>2006</u>	<u>2005</u>
Assets		
Invested in savings and loan program	\$ 2,296,694	\$ 2,603,543
Accounts receivable	1,007,165	1,006,337
Prepaid expenses	210,840	354,909
Contributions receivable	1,854,619	2,146,490
Allowance for uncollectible contributions	<u>(260,158)</u>	<u>(290,458)</u>
Total assets	<u>\$ 5,109,160</u>	<u>\$ 5,820,821</u>
Liabilities and Net Assets		
Liabilities - Accounts payable and accrued liabilities	\$ 209,413	\$ 527,814
Net Assets		
Unrestricted - Undesignated	823,934	742,525
Temporarily restricted	<u>4,075,813</u>	<u>4,550,482</u>
Total net assets	<u>4,899,747</u>	<u>5,293,007</u>
Total liabilities and net assets	<u>\$ 5,109,160</u>	<u>\$ 5,820,821</u>

Diocese of Lansing

Central Services Fund Statement of Activities and Changes in Net Assets

	Year Ended June 30	
	2006	2005
Changes in Unrestricted Net Assets		
Revenue:		
Diocesan assessments	\$ 2,404,668	\$ 2,297,243
Diocesan Services Appeal contributions	238,789	593,283
Interest	102,769	98,635
Bequests and donations	608	583
Rental and other income	45	383
Program and project receipts:		
Tribunal	54,990	54,295
Finance department	173,149	178,640
Formation	111,857	67,810
Catholic Charities	5,616	6,015
Communications	49,302	54,709
Education	516,436	115,278
Other	-	15
Total revenue	3,658,229	3,466,889
Net assets released from restriction - DSA Campaign released from restriction	4,550,482	3,928,353
Total revenue and other support	8,208,711	7,395,242
Expenses:		
Catholic Charities department	1,302,230	1,457,545
Education and Catechesis department	1,367,393	814,494
Formation department	853,014	959,152
Communications	448,063	458,993
Finance and administrative services department	1,339,180	1,387,915
Chancery services	1,018,097	965,832
Pastoral planning	138,564	131,170
Grants, assessments, and other ministries	1,715,561	1,537,646
Total expenses	8,182,102	7,712,747

Diocese of Lansing

Central Services Fund

Statement of Activities and Changes in Net Assets (Continued)

	Year Ended June 30	
	2006	2005
Increase (Decrease) in Unrestricted Net Assets - Before other changes	\$ 26,609	\$ (317,505)
Other Changes in Unrestricted Net Assets - Transfer between funds	<u>54,800</u>	<u>(13,000)</u>
Increase (Decrease) in Unrestricted Net Assets	81,409	(330,505)
Changes in Temporarily Restricted Net Assets		
Diocesan Services Appeal contributions	4,075,813	4,550,482
DSA campaign release from restriction	<u>(4,550,482)</u>	<u>(3,928,353)</u>
Increase (Decrease) in Temporarily Restricted Net Assets	<u>(474,669)</u>	<u>622,129</u>
Increase (Decrease) in Net Assets	(393,260)	291,624
Net Assets - Beginning of year	<u>5,293,007</u>	<u>5,001,383</u>
Net Assets - End of year	<u>\$ 4,899,747</u>	<u>\$ 5,293,007</u>

Diocese of Lansing

Cemetery Fund Balance Sheet

	June 30	
	2006	2005
Assets		
Cash and cash equivalents	\$ 2,070	\$ 2,000
Invested in diocesan savings program	3,463,488	3,505,699
Accounts receivable	453,597	557,575
Cemetery inventory	32,883	32,946
Unrecovered cost of crypts and niches	1,950,063	2,028,374
Undeveloped burial ground	553,771	553,771
Prepaid expenses	4,899	5,768
Investments	128,110	38,445
Accrued interest receivable	56,623	67,894
Equipment and real estate:		
Equipment	327,151	312,752
Real estate:		
Land and buildings	1,272,649	1,254,609
Accumulated depreciation	(677,580)	(596,392)
Net equipment and real estate	922,220	970,969
Total assets	<u>\$ 7,567,724</u>	<u>\$ 7,763,441</u>
Liabilities and Net Assets		
Liabilities		
Accounts payable and accrued liabilities	\$ 537,177	\$ 438,517
Cemetery trust funds	1,186,427	1,124,246
Note payable	2,149,115	2,149,115
Total liabilities	3,872,719	3,711,878
Net Assets		
Unrestricted - Designated	3,688,154	4,044,252
Temporarily restricted	6,851	7,311
Total net assets	<u>3,695,005</u>	<u>4,051,563</u>
	<u>\$ 7,567,724</u>	<u>\$ 7,763,441</u>

Diocese of Lansing

Cemetery Fund Statement of Activities and Changes in Net Assets

	Year Ended June 30	
	2006	2005
Changes in Unrestricted Net Assets		
Revenue:		
General receipts	\$ 326,878	\$ 381,670
Products and services	<u>870,597</u>	<u>890,778</u>
Total revenue	1,197,475	1,272,448
Expenses:		
Product costs	251,706	210,007
Operational costs	<u>1,301,867</u>	<u>1,346,389</u>
Total expenses	<u>1,553,573</u>	<u>1,556,396</u>
Decrease in Unrestricted Net Assets	(356,098)	(283,948)
Changes in Temporarily Restricted Net Assets - Cemetery memorial and restorations	<u>(460)</u>	<u>(3,800)</u>
Decrease in Net Assets	(356,558)	(287,748)
Net Assets - Beginning of year	<u>4,051,563</u>	<u>4,339,311</u>
Net Assets - End of year	<u>\$ 3,695,005</u>	<u>\$ 4,051,563</u>

Diocese of Lansing

Plant Fund Balance Sheet

	June 30	
	2006	2005
Assets		
Invested in savings and loan program	\$ 583	\$ 2,109
Equipment and real estate:		
Equipment	943,503	944,318
Real estate:		
Land and buildings	15,666,724	15,551,308
Future sites	1,150,835	1,150,835
Accumulated depreciation	<u>(4,247,216)</u>	<u>(3,872,689)</u>
Net equipment and real estate	<u>13,513,846</u>	<u>13,773,772</u>
Total assets	<u>\$ 13,514,429</u>	<u>\$ 13,775,881</u>
Liabilities and Net Assets		
Liabilities - Note payable	\$ 2,852,171	\$ 3,428,125
Net Assets - Unrestricted - Designated	<u>10,662,258</u>	<u>10,347,756</u>
Total liabilities and net assets	<u>\$ 13,514,429</u>	<u>\$ 13,775,881</u>

Diocese of Lansing

Plant Fund

Statement of Activities and Changes in Net Assets

	Year Ended June 30	
	2006	2005
Revenue		
Bequests and donations	\$ -	\$ 197,000
Rental and other income	906	2,400
Loss on dispositions	(329)	(11,909)
	<u>577</u>	<u>187,491</u>
Total revenue	577	187,491
Expenses		
Depreciation	397,672	428,199
Repairs and maintenance	58,309	74,031
Interest expense	171,406	178,717
Data processing	69,908	53,117
Equipment	27,377	37,340
Miscellaneous	13,763	14,176
	<u>738,435</u>	<u>785,580</u>
Total expenses	738,435	785,580
Decrease in Net Assets - Before other changes	(737,858)	(598,089)
Other Changes in Net Assets - Transfer between funds	<u>1,052,360</u>	<u>857,866</u>
Increase in Net Assets	314,502	259,777
Net Assets - Beginning of year	<u>10,347,756</u>	<u>10,087,979</u>
Net Assets - End of year	<u>\$ 10,662,258</u>	<u>\$ 10,347,756</u>

Diocese of Lansing

Savings and Loan Program Fund Balance Sheet

	June 30	
	2006	2005
Assets		
Cash and cash equivalents	\$ 4,687,810	\$ 4,108,166
Investments	20,752,846	22,345,040
Accrued interest receivable	1,796,273	1,240,981
Loans:		
Parishes, schools, and others	55,860,220	50,921,384
Allowance for doubtful loans	<u>(58,391)</u>	<u>(58,391)</u>
Net loans	<u>55,801,829</u>	<u>50,862,993</u>
Total assets	<u>\$ 83,038,758</u>	<u>\$ 78,557,180</u>
Liabilities and Net Assets		
Liabilities		
Accounts payable and accrued liabilities	\$ 135,751	\$ 135,962
Deposits:		
Parishes, schools, and others	71,770,998	65,644,192
Other diocesan funds included in these financial statements	4,552,454	7,201,563
Gain due to depositors	<u>347,911</u>	<u>-</u>
Total deposits	<u>76,671,363</u>	<u>72,845,755</u>
Total liabilities	76,807,114	72,981,717
Net Assets - Unrestricted - Designated	<u>6,231,644</u>	<u>5,575,463</u>
Total liabilities and net assets	<u>\$ 83,038,758</u>	<u>\$ 78,557,180</u>

Diocese of Lansing

Savings and Loan Program Fund Statement of Activities and Changes in Net Assets

	Year Ended June 30	
	2006	2005
Revenue		
Interest	\$ 3,274,683	\$ 3,034,783
Dividends	358,852	368,142
Net realized and unrealized gain on investments	265,882	894,766
Total revenue	3,899,417	4,297,691
Expenses		
Distributions to depositors	3,064,365	2,606,463
Administrative expenses	178,871	189,803
Total expenses	3,243,236	2,796,266
Increase in Net Assets	656,181	1,501,425
Net Assets - Beginning of year	5,575,463	4,074,038
Net Assets - End of year	\$ 6,231,644	\$ 5,575,463

Diocese of Lansing

Trust and Endowment Fund Balance Sheet

	June 30	
	2006	2005
Assets		
Invested in savings and loan program	\$ 44,191	\$ 1,240,387
Investments	<u>16,769,614</u>	<u>14,921,229</u>
Total assets	<u>\$ 16,813,805</u>	<u>\$ 16,161,616</u>
Liabilities and Net Assets		
Liabilities		
Accounts payable	\$ 8,139	\$ 7,997
Gain due to depositors	184,271	198,841
Deposits:		
Parishes, schools, and others	12,522,753	11,699,526
Other diocesan funds included in these financial statements	<u>4,098,296</u>	<u>4,254,909</u>
Total deposits	<u>16,621,049</u>	<u>15,954,435</u>
Total liabilities	16,813,459	16,161,273
Net Assets - Unrestricted - Designated	<u>346</u>	<u>343</u>
Total liabilities and net assets	<u>\$ 16,813,805</u>	<u>\$ 16,161,616</u>

Diocese of Lansing

Trust and Endowment Fund Statement of Activities and Changes in Net Assets

	Year Ended June 30	
	2006	2005
Revenue		
Interest	\$ 294,317	\$ 256,890
Dividends	357,782	297,243
Net realized and unrealized gain on investments	490,219	584,819
Total revenue	1,142,318	1,138,952
Expenses		
Distributions to depositors	1,088,601	1,088,933
Administrative expenses	53,714	50,018
Total expenses	1,142,315	1,138,951
Increase in Net Assets	3	1
Net Assets - Beginning of year	343	342
Net Assets - End of year	<u>\$ 346</u>	<u>\$ 343</u>

Diocese of Lansing

Protected Loss Program Fund Balance Sheet

	June 30	
	2006	2005
Assets		
Invested in savings and loan program	\$ 509,135	\$ 833,548
Accounts receivable	460,125	367,668
Prepaid expense	<u>3,115</u>	<u>34,211</u>
Total assets	<u>\$ 972,375</u>	<u>\$ 1,235,427</u>
Liabilities and Net Assets		
Liabilities - Accounts payable	\$ 2,944	\$ 2,020
Net Assets - Unrestricted - Designated	<u>969,431</u>	<u>1,233,407</u>
Total liabilities and net assets	<u>\$ 972,375</u>	<u>\$ 1,235,427</u>

Diocese of Lansing

Protected Loss Program Fund Statement of Activities and Changes in Net Assets

	Year Ended June 30	
	2006	2005
Revenue		
Interest	\$ 26,933	\$ 32,737
Participant premiums	<u>2,351,022</u>	<u>2,204,566</u>
Total revenue	2,377,955	2,237,303
Expenses		
Premiums paid to MCC	1,329,711	1,229,325
Reinsurance premiums paid	688,828	652,224
Insurance service fees and other	<u>529,392</u>	<u>450,426</u>
Total expenses	<u>2,547,931</u>	<u>2,331,975</u>
Decrease in Net Assets - Before other changes	(169,976)	(94,672)
Other Changes in Net Assets - Transfer between funds	<u>(94,000)</u>	<u>(91,094)</u>
Decrease in Net Assets	(263,976)	(185,766)
Net Assets - Beginning of year	<u>1,233,407</u>	<u>1,419,173</u>
Net Assets - End of year	<u>\$ 969,431</u>	<u>\$ 1,233,407</u>

Diocese of Lansing

Self-supporting Activities Fund Balance Sheet

	June 30	
	2006	2005
Assets		
Invested in savings and loan program	\$ 466,375	\$ 394,105
Prepaid expenses	<u>-</u>	<u>600</u>
Total assets	<u>\$ 466,375</u>	<u>\$ 394,705</u>
Liabilities and Net Assets		
Liabilities		
Accounts payable and accrued liabilities	\$ 1,994	\$ 1,775
Unremitted collections	<u>189,186</u>	<u>108,368</u>
Total liabilities	191,180	110,143
Net Assets - Unrestricted - Designated	<u>275,195</u>	<u>284,562</u>
Total liabilities and net assets	<u>\$ 466,375</u>	<u>\$ 394,705</u>

Diocese of Lansing

Self-Supporting Activities Fund Statement of Activities and Changes in Net Assets

	Year Ended June 30	
	2006	2005
Revenue		
Catholic charities activities	\$ 30,780	\$ 72,511
Common conference	-	100,057
Mission office	56,613	46,337
Flint Region Hospital Ministries	108,218	107,138
Rental and other income	40,500	43,107
	<u>236,111</u>	<u>369,150</u>
Expenses		
Catholic charities	59,938	56,998
Formation	-	439
Senior Priest Center	46,356	34,127
Common conference	-	105,267
Mission office	52,672	36,268
Flint Region Hospital Ministries	86,512	87,563
	<u>245,478</u>	<u>320,662</u>
(Decrease) Increase in Net Assets	(9,367)	48,488
Net Assets - Beginning of year	<u>284,562</u>	<u>236,074</u>
Net Assets - End of year	<u><u>\$ 275,195</u></u>	<u><u>\$ 284,562</u></u>

Diocese of Lansing

Designated Gift Fund Balance Sheet

	June 30	
	2006	2005
Assets		
Invested in savings and loan program	\$ 3,139,436	\$ 3,716,961
Invested in trust and endowment	363,405	339,528
Accrued interest receivable	5,308	5,887
	<u> </u>	<u> </u>
Total assets	<u>\$ 3,508,149</u>	<u>\$ 4,062,376</u>
Liabilities and Net Assets		
Liabilities		
Accounts payable	\$ -	\$ 100,000
Amounts due beneficiaries	126,973	130,178
Funds held for others	39,105	38,901
	<u> </u>	<u> </u>
Total liabilities	166,078	269,079
Net Assets		
Unrestricted - Designated	2,054,748	2,572,163
Temporarily restricted	1,287,323	1,221,134
	<u> </u>	<u> </u>
Total net assets	<u>3,342,071</u>	<u>3,793,297</u>
	<u> </u>	<u> </u>
Total liabilities and net assets	<u>\$ 3,508,149</u>	<u>\$ 4,062,376</u>

Diocese of Lansing

Designated Gift Fund Statement of Activities and Changes in Net Assets

	Year Ended June 30	
	2006	2005
Changes in Unrestricted Net Assets		
Revenue:		
Interest	\$ 104,964	\$ 110,572
Bequests and donations	834,207	719,289
Education	140	225
Total revenue	939,311	830,086
Net assets released from restrictions - Satisfaction of restriction	13,030	98,232
Total revenue and net assets released from restriction	952,341	928,318
Expenses:		
Grants	445,245	1,146,704
Administrative expenses	11,351	22,123
Total expenses	456,596	1,168,827
Increase (Decrease) in Unrestricted Net Assets - Before other changes	495,745	(240,509)
Other Changes in Unrestricted Net Assets - Transfer between funds	(1,013,160)	(1,154,772)
Decrease in Unrestricted Net Assets	(517,415)	(1,395,281)
Changes in Temporarily Restricted Net Assets		
Bequests and donations	28,490	244,565
Investment income	50,729	49,828
Net assets released from restrictions	(13,030)	(98,232)
Increase in Temporarily Restricted Net Assets	66,189	196,161
Decrease in Net Assets	(451,226)	(1,199,120)
Net Assets - Beginning of year	3,793,297	4,992,417
Net Assets - End of year	\$ 3,342,071	\$ 3,793,297

Diocese of Lansing

Custodial Fund Statement of Receipts, Disbursements, and Unremitted Collections

	Year Ended June 30	
	2006	2005
Receipts		
Peter's Pence	\$ 129,871	\$ 129,569
Catholic Charities USA Disasters	-	29,270
Catholic Charities USA Disasters - Katrina	961,064	-
Campaign for Human Development	111,881	102,173
Retired Religious	198,395	183,943
Worldwide Evangelization	102,933	100,569
American Evangelization	145,006	169,485
Bishop Overseas Appeal	156,697	122,514
Rice Bowl	36,542	46,398
Tsunami relief	45,210	568,826
Pastoral Needs Collection	85,286	-
Miscellaneous	6,799	13,000
	<u>1,979,684</u>	<u>1,465,747</u>
Total receipts	1,979,684	1,465,747
Disbursements - Remittance of collections	<u>2,006,502</u>	<u>1,455,637</u>
Excess of Receipts Over (Under) Disbursements	(26,818)	10,110
Unremitted Collections - Beginning of year	<u>107,771</u>	<u>97,661</u>
Unremitted Collections - End of year	<u><u>\$ 80,953</u></u>	<u><u>\$ 107,771</u></u>