



Financial Statements
June 30, 2011 and 2010

Roman Catholic Diocese of Joliet Employees' Retirement Plan

Roman Catholic Diocese of Joliet Employees' Retirement Plan

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Independent Auditor's Report

To His Excellency
The Most Reverend R. Daniel Conlon
Bishop of the Roman Catholic Diocese of Joliet
and the Joliet Diocesan Retirement Allowance Committee
Roman Catholic Diocese of Joliet Employees' Retirement Plan
Joliet, Illinois

We have audited the accompanying statements of net assets available for benefits of the Roman Catholic Diocese of Joliet Employees' Retirement Plan (Plan) as of June 30, 2011 and 2010, and the related statements of changes in net assets available for benefits for the years then ended. These financial statements are the responsibility of the Plan'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 consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Plan's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, 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 status of the Roman Catholic Diocese of Joliet Employees' Retirement Plan as of June 30, 2011 and 2010, and the changes in its financial status for the years then ended in conformity with accounting principles generally accepted in the United States of America.

Eide Bailly LLP

Dubuque, Iowa
October 28, 2011

Roman Catholic Diocese of Joliet Employees' Retirement Plan
 Statements of Net Assets Available for Benefits
 June 30, 2011 and 2010

	2011	2010
Assets		
Cash and cash equivalents	\$ 2,601,780	\$ 1,465,137
Investments, at fair value - Note 3	87,288,399	71,630,169
Receivables		
Employer contributions - Note 4	1,803,000	1,780,185
Accrued interest and dividends	330,000	346,000
Total receivables	2,133,000	2,126,185
Total assets	92,023,179	75,221,491
Liabilities		
Accrued expenses	85,000	56,000
Benefits payable	463,000	402,000
Due to Diocese of Joliet	102,909	51,402
Total liabilities	650,909	509,402
Net Assets Available for Benefits	\$ 91,372,270	\$ 74,712,089

Roman Catholic Diocese of Joliet Employees' Retirement Plan
 Statements of Changes in Net Assets Available for Benefits
 Years Ended June 30, 2011 and 2010

	2011	2010
Additions		
Investment income		
Interest and dividends	\$ 2,684,933	\$ 2,202,975
Net realized gain on investments	2,423,146	5,817,531
Net appreciation (depreciation) in fair value of investments - Note 3	11,342,656	(501,870)
Total investment income	16,450,735	7,518,636
Employer contributions	6,029,328	5,872,534
Total additions	22,480,063	13,391,170
Deductions		
Benefits paid	5,448,396	4,758,369
Investment management and bank fees	371,486	287,060
Administrative expenses	-	34,834
Total deductions	5,819,882	5,080,263
Net Increase	16,660,181	8,310,907
Net Assets Available for Benefits		
Beginning of year	74,712,089	66,401,182
End of year	\$ 91,372,270	\$ 74,712,089

Note 1 - Plan Description

The following brief description of the Roman Catholic Diocese of Joliet (Diocese) Employees' Retirement Plan (Plan) is provided for general information purposes only. Participants should refer to the Plan Document for a more complete description of the Plan's provisions.

General

The Plan is a noncontributory defined benefit plan covering all regular full-time lay employees of the Diocese, who are employed by the participating Parishes and Missions and the participating agencies and offices of the Diocese. The Diocesan Retirement Allowance Committee controls and manages the operation and administration of the Plan.

Contributions

The participating employers' present intention is to make contributions in amounts sufficient to fund the Plan. As a "church plan," the Plan generally is not subject to the provisions of the Employee Retirement Income Security Act of 1974 (ERISA). Section 7.2(b) of the Plan, however, calls for contributions sufficient to satisfy the minimum funding requirements of ERISA, determined as if the Plan was subject to those requirements. An actuary from AON Consulting determined the minimum contributions for 2011 and 2010 should have been \$6,876,982 and \$8,130,565, respectively. Actual contributions for 2011 and 2010 were \$6,029,328 and \$5,872,537, respectively.

Pension Benefits

An employee with at least five years of continuous service or attains age 70 is entitled to annual pension benefits beginning at normal retirement age based on year of birth in conjunction with the normal retirement age as outlined for social security benefits, in an amount equal to the number of years of creditable past service multiplied by 2% (1.75% for earnings prior to 1974; 3% for earnings from 1974-2008) of one's annual rate of past service compensation plus 2% of one's total future service compensation. The Plan permits early retirement up to 10 years prior to the normal retirement date if five years of continuous service have been completed. The normal benefit is joint and survivor for married participants; however, if married, one may elect a single life annuity by informing the Diocesan Retirement Allowance Committee. Employees become vested after five years of continuous service or upon reaching age 70, whichever is earlier. A participant whose service is terminated (other than by death or retirement) after completion of the vesting requirement is entitled to the full amount of their accrued benefit. A participant who terminates employment before fulfilling the vesting requirement shall have no further interest in the Plan.

Death Benefit

In the event of a death of a participant, the beneficiary will receive a death benefit of \$5,000. This benefit was eliminated for participants retiring after January 1, 2009.

Other

The employers of the Diocese intend to continue this Plan indefinitely; however, the Diocese reserves the right to change, modify, or terminate the Plan at any time. If the Plan is terminated for any reason, the assets of the Plan will be distributed among the participants and pensioners.

Note 2 - Significant Accounting Policies

Basis of Accounting

The financial statements of the Plan are prepared on the accrual basis of accounting.

Use of Estimates

The preparation of the financial statements in conformity with generally accepted accounting principles in the United States of America requires management to make estimates and assumptions that affect certain reported amounts of assets and liabilities and changes therein, and disclosures of contingent assets and liabilities. Accordingly, actual results may differ from those estimates.

Investment Valuation and Income Recognition

The Plan's investments are reported at fair value. Fair value is 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. See Note 5 for discussion of fair value measurements.

Purchases and sales of securities are recorded on a trade-date basis. Dividends are recorded on the ex-dividend date. Interest income is recorded on the accrual basis. Net realized gain on investments includes the Plan's gains and losses on investments bought and sold during the year. Net appreciation (depreciation) includes the Plan's gains and losses on investments held during the year.

Payment of Benefits

Benefit payments to participants are recorded when paid, however, benefits earned in June but paid in July are accrued at June 30.

Administrative Expenses

The Plan is responsible for paying a majority of the administrative expenses. All other administrative expenses are paid by the Roman Catholic Diocese of Joliet, the Plan Sponsor.

Subsequent Events

The Plan Sponsor has evaluated subsequent events through October 28, 2011, the date which the financial statements were available to be issued.

Note 3 - Investments

The Plan's investments are held by a bank-administered trust fund. The Diocesan Retirement Allowance Committee has established a formal investment policy that includes selecting a professional investment advisor to manage investments including recommending professional money managers, diversifying the investment portfolio between fixed income and equity securities, and making both short-term and long-term investments. As of June 30, 2011 and 2010, the Plan's investment portfolio consisted of:

Roman Catholic Diocese of Joliet Employees' Retirement Plan
Notes to Financial Statements
June 30, 2011 and 2010

	June 30, 2011		June 30, 2010	
	Cost	Fair Value	Cost	Fair Value
Common Stock	\$ 27,530,989	\$ 32,896,309	\$ 25,033,858	\$ 23,490,831
Common Collective Trust	19,498,496	22,572,865	19,150,211	16,880,967
Government Obligations	26,583,810	26,842,703	15,530,914	15,943,336
Corporate Bonds and Notes	4,715,641	4,976,522	14,298,379	15,315,035
Total investments	\$ 78,328,936	\$ 87,288,399	\$ 74,013,362	\$ 71,630,169

The Plan's investments that represent 5% or more of the Plan's net assets available for benefits as of June 30, 2011 and 2010 are as follows:

	2011	2010
CUIT Core Equity Index Fund	\$ 22,572,865	\$ 16,880,967

During the years ended June 30, 2011 and 2010, the Plan's investments (including gains and losses on investments held during the year) appreciated (depreciated) in value as follows:

	2011	2010
Common Stock	\$ 6,908,347	\$ 848,483
Common Collective Trust	5,343,613	(2,269,244)
Government Obligations	(153,529)	221,908
Corporate Bonds and Notes	(755,775)	696,983
	\$ 11,342,656	\$ (501,870)

Note 4 - Employer Contributions Receivable

Contributions due from participating units of the Diocese as of June 30, 2011 and 2010 were \$1,803,000 and \$1,780,185, respectively. No provision for uncollectible amounts has been provided. All amounts are deemed to be collectible.

Note 5 - Fair Value Measurements

Topic ASC 820, *Fair Value Measurements and Disclosures*, establishes a framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy under the authoritative guidance are described below:

Roman Catholic Diocese of Joliet Employees' Retirement Plan

Notes to Financial Statements

June 30, 2011 and 2010

Level 1 - Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Plan has the ability to access.

Level 2 - Inputs to the valuation methodology include:

- Quoted prices for similar assets or liabilities in active markets;
- Quoted prices for identical or similar assets or liabilities in inactive markets;
- Inputs other than quoted prices that are observable for the asset or liability;
- Inputs that are derived principally from or corroborated by observable market data by correlation or other means.

If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.

Level 3 - Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The asset's or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

The following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used at June 30, 2011 and 2010.

Common stock: Valued at the closing price reported on the active market on which the individual securities are traded.

Government obligations and corporate bonds and notes: Valued at fair value by reference to yields currently available on comparable securities issues with similar credit ratings.

Common collective trust: Valued at fair value based on the net asset value of the underlying assets held in the trust.

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Notes to Financial Statements

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The following table sets forth by level, within the fair value hierarchy, the Plan's assets at fair value as of June 30, 2011 and 2010:

	2011			Total
	(Level 1)	(Level 2)	(Level 3)	
Government Obligations				
Maturing in less than 1 year	\$ 1,080,702	\$ -	\$ -	\$ 1,080,702
Maturing in 2-10 years	24,319,367	-	-	24,319,367
Maturing in 10 years or more	1,442,634	-	-	1,442,634
Total government obligations	<u>26,842,703</u>	<u>-</u>	<u>-</u>	<u>26,842,703</u>
Corporate Bonds and Notes				
Maturing in less than 1 year	776,646	-	-	776,646
Maturing in 2-10 years	4,199,876	-	-	4,199,876
Total corporate bonds and notes	<u>4,976,522</u>	<u>-</u>	<u>-</u>	<u>4,976,522</u>
Common Stock				
Basic industries	4,878,193	-	-	4,878,193
Materials	189,034	-	-	189,034
Capital goods	4,214,857	-	-	4,214,857
Industrial	251,412	-	-	251,412
Consumer staples	1,813,814	-	-	1,813,814
Consumer cyclical	1,092,393	-	-	1,092,393
Consumer discretionary	425,714	-	-	425,714
Energy	1,644,767	-	-	1,644,767
Financial	3,799,568	-	-	3,799,568
Healthcare	2,000,323	-	-	2,000,323
Utilities	742,980	-	-	742,980
Technology	2,440,730	-	-	2,440,730
Transportation	383,195	-	-	383,195
Telecommunication services	208,622	-	-	208,622
Foreign stock	8,810,707	-	-	8,810,707
Total common stock	<u>32,896,309</u>	<u>-</u>	<u>-</u>	<u>32,896,309</u>
Common Collective Trust				
CUIT Core Equity Index Fund	-	22,572,865	-	22,572,865
Total assets at fair value	<u>\$ 64,715,534</u>	<u>\$ 22,572,865</u>	<u>\$ -</u>	<u>\$ 87,288,399</u>

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June 30, 2010	2010			Total
	(Level 1)	(Level 2)	(Level 3)	
Government Obligations				
Maturing in less than 1 year	\$ 151,125	\$ -	\$ -	\$ 151,125
Maturing in 2-10 years	15,792,211	-	-	15,792,211
Total government obligations	15,943,336	-	-	15,943,336
Corporate Bonds and Notes				
Maturing in less than 1 year	527,708	-	-	527,708
Maturing in 2-10 years	14,583,312	-	-	14,583,312
Maturing in 10 years or more	204,015	-	-	204,015
Total corporate bonds and notes	15,315,035	-	-	15,315,035
Common Stock				
Basic industries	2,912,747	-	-	2,912,747
Materials	186,439	-	-	186,439
Capital goods	2,549,683	-	-	2,549,683
Industrial	174,044	-	-	174,044
Consumer staples	911,075	-	-	911,075
Consumer cyclical	871,350	-	-	871,350
Consumer discretionary	519,650	-	-	519,650
Energy	1,174,777	-	-	1,174,777
Financial	3,082,048	-	-	3,082,048
Healthcare	1,459,636	-	-	1,459,636
Utilities	509,870	-	-	509,870
Technology	2,017,392	-	-	2,017,392
Information technology	82,679	-	-	82,679
Transportation	298,986	-	-	298,986
Foreign stock	6,740,455	-	-	6,740,455
Total common stock	23,490,831	-	-	23,490,831
Common Collective Trust				
CUIT Core Equity Index Fund	-	16,880,967	-	16,880,967
Total assets at fair value	\$ 54,749,202	\$ 16,880,967	\$ -	\$ 71,630,169

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Financial Accounting Standards Board Update 2009-12, *Fair Value Measurements and Disclosures* (Topic 820): Investments in Certain Entities that Calculate Net Asset Value Per Share (or its Equivalent) requires disclosures of certain attributes in entities that calculate a net asset value per share (or its equivalent) and do not have a readily determinable fair value. The following table sets forth the disclosure of the attributes at June 30, 2011 and 2010:

		2011			
		Fair Value	Unfunded Commitments	Redemption Frequency	Redemption Notice Period
Common Collective Trust					
CUIT Core Equity Index Fund	\$	22,572,865	\$ -	Daily	Daily
		2010			
		Fair Value	Unfunded Commitments	Redemption Frequency	Redemption Notice Period
Common Collective Trust					
CUIT Core Equity Index Fund	\$	16,880,967	\$ -	Daily	Daily

The CUIT Core Equity Index Fund's objective is to seek long-term capital appreciation. To achieve this, the Fund invests in the common stocks of companies that make up the S&P 500 Index, with the exception of those excluded due to the Christian Brothers Insurance Services, Inc. principles of Socially Responsible Investing.

Note 6 - Income Tax Status

The Plan is exempt from taxation pursuant to Section 501(a) as an organization described in Section 501(c)(3) of the Internal Revenue Code. Therefore, no provision for income taxes has been made in the financial statements. As a "church plan," it is generally not subject to the provisions of the Employee Retirement Income Security Act of 1974 (ERISA).

Note 7 - Actuarial Present Value of Accumulated Plan Benefits

Accumulated plan benefits are those future periodic payments, including lump-sum distributions, which are attributable under the Plan's provisions to services rendered by the employees to the valuation date. Accumulated plan benefits include benefits expected to be paid to (1) retired or terminated employees or their beneficiaries, (2) beneficiaries of employees who have died, and (3) present employees or their beneficiaries. Benefits for retired or terminated employees or their beneficiaries are based on employees' compensation during their service. The accumulated plan benefits for active employees are based on their average compensation. Benefits payable under all circumstances (retirement, death, disability and termination of employment) are included to the extent they are deemed attributable to employee service rendered to the valuation date.

The actuarial present value of accumulated plan benefits is determined by an actuary from AON Consulting and is the amount which results from applying actuarial assumptions to adjust the accumulated plan benefits to reflect both the time value of money (through discounts for interest) and the probability of payment (by means of decrements for death, disability, withdrawal, or retirement) between the valuation date and the expected date of payment.

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The accumulated plan benefit information as of July 1, 2011 and 2010, is as follows:

	2011	2010
(In Thousands)		
Actuarial Present Value of Vested Accumulated Plan Benefits		
Active	\$ 55,781	\$ 56,413
Terminated with vested rights	14,909	12,124
Pensioners	49,151	43,347
Total	\$ 119,841	\$ 111,884
Actuarial Present Value of Nonvested Accumulated Plan Benefits (Active Participants)	2,034	2,525
Actuarial Present Value of All Accumulated Plan Benefits	\$ 121,875	\$ 114,409
Net Assets Available for Benefits (Market Value Basis)	\$ 91,372	\$ 74,712
Net Assets Available for Benefits Less Than Accumulated Plan Benefits		
For vested benefits	\$ (28,469)	\$ (37,172)
For all benefits	\$ (30,503)	\$ (39,697)
Funded Ratio	75%	65%

The figures shown are based on the significant actuarial assumptions shown below, which are based on the presumption that the Plan will continue. If the Plan were to terminate, different actuarial assumptions and other factors might be applicable in determining the actuarial present value of plan benefits.

Significant assumptions underlying the actuarial computations are:

- Investment return: 8% per annum, compounded annually, was used at July 1, 2011 and 2010.
- Future salary increases: 3.5% per annum, compounded annually, was used at July 1, 2011 and 2010.
- Mortality: According to the RP 2000 Combined Mortality Table projected to 2011 for males and females; previously the mortality assumption used the 2000 Combined Mortality Table projected to 2010 for males and females. The change was made to better reflect future plan experience and is accounted for in the above calculation.
- Termination from all causes prior to retirement: For 2011 and 2010, according to the Crocker T-6 Withdrawal Table of The Actuary's Pension Handbook, less GAM-51 mortality rates.

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- Provision for expenses: The normal cost includes an estimated amount based on the average annual administrative expenses paid during the preceding three-year period to cover administrative expenses which are paid from the trust fund, rounded to the nearest \$1,000.
- Retirement: Each participant was assumed to retire at normal retirement date or, for those already past normal retirement date, at the valuation date.
- Ages of spouses: All wives are assumed to be four years younger than their husbands.
- Incidence of marriage: It is assumed that 85% of the active employees who have met the eligibility requirement for surviving spouse benefit coverage are married.

The following reconciles the actuarial present value of accumulated plan benefits between the periods ended July 1:

	2011	2010
(In Thousands)		
Value, Beginning of the Period	\$ 114,409	\$ 106,371
Increase for Interest Due to the Decrease in the Discount Period	8,935	8,319
Benefit Payments	(5,448)	(4,758)
Net Benefits Accumulated	3,817	4,311
Plan Amendment *	(15)	-
Change in Actuarial Assumptions	177	166
Value, End of the Period	\$ 121,875	\$ 114,409

* The plan was amended during the year ended June 30, 2011:

- The retirement income to a surviving spouse has been amended to commence no earlier than the date upon which the participant would have attained early retirement age. Previously, payments could commence on the first day of the month immediately following the participant's death.

There were no plan amendments for the year ended June 30, 2010.

Note 8 - Risks and Uncertainties

The Plan 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 changes could materially affect participants' account balances and the amounts reported in the statement of net assets available for benefits.