



Financial Statements
June 30, 2011 and 2010

Priests' Pension and Disability Plan of the Roman Catholic Diocese of Joliet

Priests' Pension and Disability Plan of the Roman Catholic Diocese of Joliet

Table of Contents
June 30, 2011 and 2010

Independent Auditor's Report.....	1
Financial Statements	
Statements of Net Assets Available for Benefits	2
Statements of Changes in Net Assets Available for Benefits	3
Notes to Financial Statements.....	4



Independent Auditor's Report

To His Excellency
The Most Reverend R. Daniel Conlon
Bishop of the Roman Catholic Diocese of Joliet
and the Joliet Clergy Retirement Board
Priests' Pension and Disability Plan of the Roman Catholic Diocese of Joliet
Joliet, Illinois

We have audited the accompanying statements of net assets available for benefits of the Priests' Pension and Disability Plan of the Roman Catholic Diocese of Joliet (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 Priests' Pension and Disability Plan of the Roman Catholic Diocese of Joliet 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

Priests' Pension and Disability Plan of the Roman Catholic Diocese of Joliet
 Statements of Net Assets Available for Benefits
 June 30, 2011 and 2010

	2011	2010
Assets		
Cash and cash equivalents	\$ 886,707	\$ 604,693
Investments, at fair value - Note 3	26,568,985	22,515,945
Pooled investment funds - Note 4	489,493	526,975
Receivables		
Employer contributions - Note 5	2,506	6,956
Donations receivable	236,300	186,300
Accrued interest and dividends	100,000	111,000
Total receivables	338,806	304,256
Total assets	28,283,991	23,951,869
Liabilities		
Accrued expenses	19,000	18,000
Benefits payable	110,000	94,000
Due to Insurance Fund	20,655	15,717
Due to Diocese of Joliet	82,696	57,901
Total liabilities	232,351	185,618
Net Assets Available for Benefits	\$ 28,051,640	\$ 23,766,251

Priests' Pension and Disability Plan of the Roman Catholic Diocese of Joliet
 Statements of Changes in Net Assets Available for Benefits
 Years Ended June 30, 2011 and 2010

	2011	2010
Additions		
Investment income		
Interest and dividends	\$ 809,443	\$ 741,652
Net realized gain on investments	825,138	1,954,930
Net appreciation (depreciation) in fair value of investments - Note 3	3,735,763	(267,699)
Total investment income	5,370,344	2,428,883
Employer contributions	422,405	369,231
Diocesan collection	303,425	239,008
Total additions	6,096,174	3,037,122
Deductions		
Pension and insurance benefits paid	1,663,571	1,575,002
Investment management and bank fees	109,481	93,051
Administrative expenses	37,733	35,010
Total deductions	1,810,785	1,703,063
Net Increase	4,285,389	1,334,059
Net Assets Available for Benefits		
Beginning of year	23,766,251	22,432,192
End of year	\$ 28,051,640	\$ 23,766,251

Note 1 - Plan Description

The following brief description of the Priests' Pension and Disability Plan (Plan) of the Roman Catholic Diocese of Joliet (Diocese) 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 the priests of the Diocese who became participants of such Plan by ordination or incardination.

Contributions

The participating employers' present intention is to make contributions in amounts sufficient to fund the Plan. During the years ended June 30, 2011 and 2010, the amount contributed was \$3,500 and \$3,000 per priest, respectively.

Pension Benefits

A priest is entitled to the maximum benefit that is in effect at the time of his retirement, provided that he has at least 30 years of service coupled with 30 years of contributions. In the event that a priest has less than 30 years of service and contributions due to incardination into the Diocese late in life, he may receive a full benefit if all of the following conditions are met: (1) he was incardinated into the Diocese before age 50, (2) he deferred retirement until age 70, and (3) he is still a member of the Diocese at the time of retirement. In the event that a priest has 30 years or more of service and annual contributions, if such a priest is granted an early retirement (less than age 70 years), he will not receive a full pension. At the time of early retirement for such a priest, his benefits shall be calculated by reducing the full benefit by 5% for each year that his age is less than age 70. In the event that a priest has less than 30 years of service and contributions because he was ordained late in life, he may receive a full benefit if all of the following conditions are met: (1) he was ordained into the Diocese after age 40, (2) he deferred retirement until age 70, and (3) he is still a member of the Diocese at the time of retirement. Benefits are paid only upon actual retirement and only during the life of the member. Benefits will not be paid to a member's estate, beneficiaries, or heirs.

Priests who have reached the age of 70, who continue to have a Diocesan assignment will be entitled to receive the regular monthly pension benefit paid to retired priests in addition to the regular salary. The parish will continue to provide all other benefits.

Disability Benefits

All Diocesan priests are covered by a Diocesan Disability Plan which provides benefits for priests who are totally disabled. The Priests' Pension and Disability Plan of the Roman Catholic Diocese of Joliet provides benefits for temporary and partial disability. A priest temporarily disabled will receive a monthly benefit equivalent to the maximum disability benefit. In the event of partial disability, coupled with a permanent nature, the Retirement Board of the Diocese determines the extent of the benefit, not to exceed the maximum benefit.

Long-Term Care/Assisted Living Benefits

The Plan also provides long-term care and assisted-living benefits for all priests. The insurance provides \$150 per day for priests living in a licensed nursing facility and \$75 per day for assisted living expenses.

Other Benefits

The Plan pays the automobile insurance for retired priests equal to that paid for active priests. The Plan also pays the supplemental health insurance premium for retirees.

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 accounting records of the Plan are maintained on the accrual basis.

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 6 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.

Diocesan Collection and Donations Receivable

The Diocese of Joliet has requested its member parishes to take up a special collection for the Plan over Fathers' Day weekend for at least five years beginning in June 2010. The parishes are to remit the collection before June 30 of each fiscal year, or to report what has been collected so that the revenue and a receivable can be recorded at June 30.

Investment in Priests' Long-Term Care Fund

The Diocese accounts for its participation interest in the Priests' Long Term Care Fund under the equity method. The Diocese shares in the operating and investment income and expenses of these investments based on their contributions into the fund.

Priests' Pension and Disability Plan of the Roman Catholic Diocese of Joliet

Notes to Financial Statements

June 30, 2011 and 2010

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 Joliet Clergy Retirement Board has established a formal investment policy that includes selecting a professional investment advisor to manage investments, 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:

	June 30, 2011		June 30, 2010	
	Cost	Fair Value	Cost	Fair Value
Common Stock	\$ 9,061,225	\$ 10,797,607	\$ 8,265,265	\$ 7,628,738
Common Collective Trust	6,157,420	7,128,273	6,047,435	5,330,832
Government Obligations	6,953,482	7,013,597	4,119,449	4,234,765
Corporate Bonds and Notes	1,537,576	1,629,508	4,960,277	5,321,610
	<u>\$ 23,709,703</u>	<u>\$ 26,568,985</u>	<u>\$ 23,392,426</u>	<u>\$ 22,515,945</u>

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	\$ 7,128,273	\$ 5,330,832

Priests' Pension and Disability Plan of the Roman Catholic Diocese of Joliet

Notes to Financial Statements

June 30, 2011 and 2010

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	\$ 2,372,909	\$ 199,618
Common Collective Trust	1,687,456	(716,603)
Government Obligations	(55,201)	(2,417)
Corporate Bonds and Notes	(269,401)	251,703
	<u>\$ 3,735,763</u>	<u>\$ (267,699)</u>

Note 4 - Priests' Long Term Care Fund

The Plan, along with four other dioceses, participates in a long-term care program for priests. The Plan's equity in the Priests' Long Term Care Fund, which is administered by Catholic Mutual Insurance, was \$489,493 and \$526,975 at June 30, 2011 and 2010, respectively. The Plan's contribution to the fund was \$73,688 and \$350,025 for the years ended June 30, 2011 and 2010, respectively.

Note 5 - Employer Contributions Receivable

Contributions due from participating units of the Diocese as of June 30, 2011 and 2010 were \$2,506 and \$6,956, respectively. No provision for uncollectible amounts has been provided. All amounts are deemed to be collectible.

Note 6 - 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:

- 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.

Priests' Pension and Disability Plan of the Roman Catholic Diocese of Joliet

Notes to Financial Statements

June 30, 2011 and 2010

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.

Priests' Pension and Disability Plan of the Roman Catholic Diocese of Joliet

Notes to Financial Statements

June 30, 2011 and 2010

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	\$ 201,094	\$ -	\$ -	\$ 201,094
Maturing in 2-10 years	6,379,961	-	-	6,379,961
Maturing in 10 years or more	432,542	-	-	432,542
Total government obligations	7,013,597	-	-	7,013,597
Corporate Bonds and Notes				
Maturing in less than 1 year	276,221	-	-	276,221
Maturing in 2-10 years	1,353,287	-	-	1,353,287
Total corporate bonds and notes	1,629,508	-	-	1,629,508
Common Stock				
Basic industries	1,588,689	-	-	1,588,689
Materials	62,456	-	-	62,456
Capital goods	1,375,279	-	-	1,375,279
Industrial	82,444	-	-	82,444
Consumer staples	588,903	-	-	588,903
Consumer cyclical	361,994	-	-	361,994
Consumer discretionary	138,112	-	-	138,112
Energy	533,981	-	-	533,981
Financial	1,242,999	-	-	1,242,999
Healthcare	654,421	-	-	654,421
Utilities	246,606	-	-	246,606
Technology	799,472	-	-	799,472
Transportation	124,570	-	-	124,570
Telecommunication services	68,774	-	-	68,774
Foreign stock	2,928,907	-	-	2,928,907
Total common stock	10,797,607	-	-	10,797,607
Common Collective Trust				
CUIT Core Equity Index Fund	-	7,128,273	-	7,128,273
Total assets at fair value	\$ 19,440,712	\$ 7,128,273	\$ -	\$ 26,568,985

Priests' Pension and Disability Plan of the Roman Catholic Diocese of Joliet

Notes to Financial Statements

June 30, 2011 and 2010

	2010			Total
	(Level 1)	(Level 2)	(Level 3)	
Government Obligations				
Maturing in 2-10 years	\$ 4,234,765	\$ -	\$ -	\$ 4,234,765
Corporate Bonds and Notes				
Maturing in less than 1 year	215,249	-	-	215,249
Maturing in 2-10 years	5,032,140	-	-	5,032,140
Maturing in 10 years or more	74,221	-	-	74,221
Total corporate bonds and notes	5,321,610	-	-	5,321,610
Common Stock				
Basic industries	943,448	-	-	943,448
Materials	61,776	-	-	61,776
Capital goods	832,942	-	-	832,942
Industrial	56,632	-	-	56,632
Consumer staples	295,408	-	-	295,408
Consumer cyclical	288,912	-	-	288,912
Consumer discretionary	168,420	-	-	168,420
Energy	381,314	-	-	381,314
Financial	999,111	-	-	999,111
Healthcare	476,858	-	-	476,858
Utilities	168,999	-	-	168,999
Technology	661,134	-	-	661,134
Information technology	27,485	-	-	27,485
Transportation	96,234	-	-	96,234
Foreign stock	2,170,065	-	-	2,170,065
Total common stock	7,628,738	-	-	7,628,738
Common Collective Trust				
CUIT Core Equity Index Fund	-	5,330,832	-	5,330,832
Total assets at fair value	\$ 17,185,113	\$ 5,330,832	\$ -	\$ 22,515,945

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:

Priests' Pension and Disability Plan of the Roman Catholic Diocese of Joliet

Notes to Financial Statements

June 30, 2011 and 2010

	2011			
	<u>Fair Value</u>	<u>Unfunded Commitments</u>	<u>Redemption Frequency</u>	<u>Redemption Notice Period</u>
Common Collective Trust				
CUIT Core Equity Index Fund	\$ 7,128,273	\$ -	Daily	Daily
	2010			
	<u>Fair Value</u>	<u>Unfunded Commitments</u>	<u>Redemption Frequency</u>	<u>Redemption Notice Period</u>
Common Collective Trust				
CUIT Core Equity Index Fund	\$ 5,330,832	\$ -	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 7 - 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 8 - Actuarial Present Value of Accumulated Plan Benefits

Accumulated plan benefits are those future periodic payments that are attributable under the Plan's provisions to services rendered by the priests to the valuation date. Accumulated plan benefits include benefits expected to be paid to (1) retired or terminated priests and (2) present priests. Benefits for retired or terminated priests at June 30, 2011 and 2010, are \$1,525 and \$1,500, respectively, per month for life with 30 or more years of credited service at the age of 70, with prorated provisions for members retiring with less than 30 years, and certain provisions for early retirement. This benefit is reviewed annually by the Clergy Retirement Board to determine if there will be an increase.

The Plan also contains benefits for an annual retreat, health insurance, long-term care/assisted living insurance and auto insurance. Benefits payable are included to the extent they are deemed attributable to priest service rendered to the valuation date. Vesting occurs after twenty years of credited service.

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 such as for death, disability, withdrawal, or retirement) between the valuation date and the expected date of payment.

Priests' Pension and Disability Plan of the Roman Catholic Diocese of Joliet

Notes to Financial Statements

June 30, 2011 and 2010

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

	2011	2010
(In Thousands)		
Actuarial Present Value of Accumulated Plan Benefits		
Vested benefits for		
Retired and disabled priests	\$ 12,555	\$ 11,647
Terminated vested priests	1,886	1,815
Fully vested active priests	9,652	11,906
Total vested	24,093	25,368
Nonvested benefits	4,629	4,630
Total present value of accumulated plan benefits	\$ 28,722	\$ 29,998
Net Assets Available for Benefits (Market Value Basis)	\$ 28,052	\$ 23,766
Unfunded Present Value of Accumulated Plan Benefits	\$ 670	\$ 6,232
Unfunded Present Value of Vested Accumulated Benefits	\$ -	\$ 1,602
Funded Ratio	98%	79%

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.

- Mortality of nondisabled members: According to the RP 2000 Mortality Table projected to 2011 for males; previously the mortality assumption used the 2000 Combined Mortality Table projected to 2010 for males. The change was made to better reflect future plan experience and is accounted for in the above calculation.
- Loading for disability: The normal cost for active priests was loaded by 3% to cover disability allowances expected to be paid from the trust.
- Net investment return: 8% per annum, compounded annually, net of investment expenses.
- Loading for expenses: Average annual administrative expenses paid during the preceding three-year period, rounded to the nearest \$1,000.
- Valuation of assets: Market value.

Retirement age: All active members were assumed to retire at age 70 or immediately if over age 70 as of the valuation date.

Priests' Pension and Disability Plan of the Roman Catholic Diocese of Joliet

Notes to Financial Statements

June 30, 2011 and 2010

- Entry age: Age at date of ordination.
- Health insurance premium is \$4,800 per year per retired priest in 2011 and 2010.
- Auto insurance premium is \$1,000 per year per retired priest in 2011 and 2010.
- Long term care benefit is \$150 per day per retired priest in 2011 and 2010.
- Assisted living benefit is \$75 per day per retired priest in 2011 and 2010.

The following table reconciles the actuarial present value of accumulated plan benefits between July 1, 2011 and 2010 (in \$000's):

	2011	2010
Actuarial Present Value of Accumulated Plan Benefits, Beginning of Period	\$ 29,998	\$ 29,212
Changes Between Valuation Dates Due to		
Increase for interest due to the decrease in the discount period	2,338	2,280
Benefit payments	(1,552)	(1,422)
Net benefits accumulated	(2,247)	(200)
Plan amendment*	65	-
Change in actuarial assumptions	120	128
Total increase (decrease)	(1,276)	786
Actuarial Present Value of Accumulated Plan Benefits, End of Period	\$ 28,722	\$ 29,998

* The plan amendment for the year ended June 30, 2011, is as follows:

- The monthly pension amount for retired priests increased from \$1,500 to \$1,525.

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

Note 9 - Risks and Uncertainties

The Plan invests in various investment securities which are exposed to 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 the amounts reported on the statement of net assets available for benefits.