

## FREQUENTLY ASKED QUESTIONS ABOUT THE ST. AMBROSE FINANCIAL SERVICES, INC. AUDIT

The following questions and answers regarding the financial statements have been compiled by the President of St. Ambrose Financial Services, Inc. to assist the reader and provide additional accountability to Catholics in the Diocese of La Crosse.

Q: Why was St. Ambrose Financial Services, Inc. formed and what purpose does it serve in the Diocese of La Crosse?

A: Many years ago the Diocese of La Crosse established a Deposit and Loan Fund to provide a depository for surplus funds from all parishes and institutions of the Diocese. The purpose of the Deposit and Loan Fund was to provide a pool of funds for loan to the parishes and institutions of the Diocese at an interest rate generally lower than can be obtained in the commercial market. In this manner all the people of the Diocese shared equitably the financial rewards and responsibilities of the Diocese. The Deposit and Loan Fund also administered the cooperative insurance programs for the Diocese of La Crosse for all parishes and institutions.

To better coordinate the provision of administrative and financial services' support to the other organizations of the Diocese of La Crosse, St. Ambrose Financial Services, Inc. was formed as a separate legal corporation with its own Board of Directors as part of the corporate restructuring of the Diocese of La Crosse. This Corporation was formed by law on December 31, 2010. The net assets of the Deposit and Loan Fund amounting to \$14,022,164, and the net assets of the Finance Office of the Diocesan Administration Offices' Current Fund amounting to \$1,502,897 were transferred to the St. Ambrose Financial Services, Inc. as of March 31, 2011.

Service agreements were drawn up and executed between St. Ambrose Financial Services, Inc. and the Diocesan Administrative Offices, the parishes, and the Unified Catholic School Systems of the Diocese of La Crosse for St. Ambrose Financial Services, Inc. to perform financial and insurance administrative services.

A revolving loan was also established between St. Ambrose Financial Services, Inc. and the Diocese of La Crosse Administrative Offices.

Q: Are these accounts audited?

A: The corporate by-laws require that the accounts of the Organization be audited at least annually by a certified public accountant. St. Ambrose Financial Services, Inc. will undergo an annual audit by an independent public accounting firm. Hawkins, Ash, Baptie & Company, LLP of La Crosse is currently the auditing firm.

Q: Why are the financial statements presented this way?

A: The format for these financial statements is standard for not-for-profit organizations, including those that accept deposits and make loans.

Q: What does the Statement of Financial Position tell me?

A: The Statement of Financial Position shows what St. Ambrose Financial Services, Inc. "owns" (assets) and what St. Ambrose Financial Services, Inc. "owes" (liabilities) at a specific point in time-in this case, as of June 30, 2011.

Q: Why is the statement of Financial Position only showing three months?

A: The Organization was formed as a separate corporation on December 31, 2010. The assets, liabilities and the net assets of the Deposit and Loan Fund of the Diocese of La Crosse Administrative Offices were transferred on March 31, 2011. The Statement of Financial Position shows the result of this transfer and the net activity for the remaining three months of the fiscal year.

Q: What is the fiscal year of St. Ambrose Financial Services, Inc.?

A: Per the by-laws of the Organization, the fiscal year begins on the first day of July and ends on the 30<sup>th</sup> day of June.

Q: What does the Statement of Activities tell me?

A: This statement outlines revenue and expenses related to the 3-month period from April 1, 2011, to June 30, 2011-that is, where revenues come from and how they are utilized for the work of the Church in our Diocese during that period of time. The revenues and expenses related to the 9-month period from July 1, 2010, to March 31, 2011, are included as part of the Diocese of La Crosse Administrative Offices audit.

Q: What are unrestricted net assets?

A: Unrestricted net assets are the end result of St. Ambrose Financial Services, Inc. liquidating all of its unrestricted assets and paying all of its liabilities. This is not cash in the bank. The majority of the net assets represent accumulated investment earnings which have been loaned out to the parishes, schools and the administrative offices of the Diocese of the La Crosse.

Q: What does the Statement of Cash Flows tell me?

A: This statement shows the sources and uses of cash throughout the fiscal year. It is often referred to as the Statement of Changes in Financial Position.

Q: How does the St. Ambrose Financial Services, Inc. receive funding?

A: Revenue is generated mainly through investment income; interest charged on past-due accounts receivable; loans to parishes, schools and other diocesan entities; and service fees.

Q: How can I learn more about the finances of St. Ambrose Financial Services, Inc.?

A: Please direct any questions you may have regarding the financial report in writing to the President of St. Ambrose Financial Services, Inc. at P.O. Box 4004, La Crosse, WI 54602-4004; or fax your questions to 608-787-8068. Please include your full name and mailing address in all requests.

If you would like a copy of the audited financial statements for the fiscal year ended June 30, 2011, visit [www.stambrosefinancial.com](http://www.stambrosefinancial.com) or request a copy by contacting St. Ambrose Financial Services, Inc. directly.