

**ST. FRANCIS XAVIER INVESTMENT CORP.  
GREEN BAY, WISCONSIN**

**FINANCIAL STATEMENTS**

**YEARS ENDED JUNE 30, 2018 AND 2017**

**ST. FRANCIS XAVIER INVESTMENT CORP.  
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## INDEPENDENT AUDITORS' REPORT

Board of Directors  
St. Francis Xavier Investment Corp.  
Green Bay, Wisconsin

We have audited the accompanying financial statements of St. Francis Xavier Investment Corp. (a Wisconsin corporation), which comprise the statements of assets and liabilities and schedules of investments as of June 30, 2018 and 2017, and the related statements of operations and changes in net assets for the years then ended, and the related notes to the financial statements.

### ***Management's Responsibility for the Financial Statements***

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### ***Auditors' Responsibility***

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 from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Board of Directors  
St. Francis Xavier Investment Corp.

***Opinion***

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of St. Francis Xavier Investment Corp. as of June 30, 2018 and 2017, and the results of its operations and changes in its net assets for the years then ended in accordance with accounting principles generally accepted in the United States of America.

*CliftonLarsonAllen LLP*

**CliftonLarsonAllen LLP**

Oshkosh, Wisconsin  
September 14, 2018

**ST. FRANCIS XAVIER INVESTMENT CORP.  
STATEMENTS OF ASSETS AND LIABILITIES  
JUNE 30, 2018 AND 2017**

	2018	2017
<b>ASSETS</b>		
Interest in Pooled Cash	\$ 29,358	\$ 17,566
Investment Securities Held for Investors, at Fair Value:		
Fixed Income Fund	23,875,835	22,204,285
Equity Fund	47,949,440	45,545,950
Money Market Fund	17,140,493	14,494,727
Total Investment Securities	88,965,768	82,244,962
 Total Assets	 \$ 88,995,126	 \$ 82,262,528
<b>LIABILITIES AND NET ASSETS</b>		
<b>LIABILITIES</b>		
Accounts Payable and Accrued Expenses	\$ 600	\$ -
<b>NET ASSETS</b>		
Available for Investors:		
Fixed Income Fund	23,875,835	22,204,285
Equity Fund	47,949,440	45,545,950
Money Market Fund	16,929,670	14,290,828
Total Available for Investors	88,754,945	82,041,063
 Unrestricted Net Assets	 239,581	 221,465
Total Net Assets	88,994,526	82,262,528
 Total Liabilities and Unrestricted Net Assets	 \$ 88,995,126	 \$ 82,262,528

See accompanying Notes to Financial Statements.

**ST. FRANCIS XAVIER INVESTMENT CORP.**  
**SCHEDULE OF INVESTMENTS**  
**JUNE 30, 2018**

	Shares	Cost	Fair Value	Percentage of Fund
<b>FIXED INCOME FUND</b>				
<b>Mutual Funds</b>				
Baird Intermediate Bond Fund	466,634	\$ 5,136,106	\$ 5,020,980	21.03 %
Blackrock Strategic Income	225,371	2,305,406	2,199,625	9.21
Driehaus Active Income Fund	135,451	1,442,122	1,309,809	5.49
Pimco Moderate Duration Fund	805,920	8,188,051	8,043,081	33.68
The Blackrock Global Long/Short	127,854	1,382,520	1,320,727	5.53
<b>Money Market Funds</b>				
Federated US Treasury Cash Reserve Fund Class I	1,097,903	1,097,903	1,097,903	4.60
<b>Bonds</b>				
Utilities	*	232,097	228,337	0.96
Financials	*	1,047,243	1,017,238	4.26
Industrials	*	1,303,777	1,245,760	5.22
Federal Agencies	*	1,388,799	1,336,924	5.60
State and Municipal	*	725,984	707,353	2.96
Foreign Obligations	*	354,339	348,098	1.46
Total Fixed Income Fund		<u>\$ 24,604,347</u>	<u>\$ 23,875,835</u>	<u>100.00 %</u>
<b>EQUITY FUND</b>				
<b>Mutual Funds</b>				
Baird Mid Cap Fund	265,658	\$ 3,441,884	\$ 5,440,673	11.35 %
Vanguard Institutional Index Fund	4,144	1,009,029	1,026,609	2.14
Vanguard Small Cap Index Fund	73,578	4,044,788	5,489,682	11.45
Oakmark International Fund #109	144,365	2,798,051	3,808,356	7.94
Invesco Equally-Weighted S&P 500	39,192	2,068,352	2,409,922	5.03
Schwab Fundamental US Large CO Index	135,632	2,074,393	2,358,647	4.92
WCM Focused International Growth Fund	117,075	1,352,206	1,891,934	3.95
Openheimer International Growth Fund	39,738	1,353,845	1,684,496	3.51
DFA Emerging Markets Core	57,843	1,126,686	1,224,530	2.55
<b>Money Market Funds</b>				
Federated US Treasury Cash Reserve Fund Class I	1,799,958	1,799,958	1,799,958	3.75
<b>Common Stocks</b>				
Alphabet, Inc.	328	59,282	370,374	0.77
Baxter International, Inc.	3,800	144,863	280,592	0.59
Ross Stores, Inc.	3,302	122,329	279,845	0.58
Keysight Technologies, Inc.	4,622	136,506	272,837	0.57
Becton, Dickinson and Company	1,112	163,833	266,391	0.56
Marvell Technology Group Limited	11,600	146,959	248,704	0.52
CBRE Group, Inc.	5,163	151,991	246,482	0.51
Encompass Health Corp.	3,576	84,102	242,167	0.51
Planet Fitness, Inc.	5,463	104,297	240,044	0.50

See accompanying Notes to Financial Statements.

**ST. FRANCIS XAVIER INVESTMENT CORP.**  
**SCHEDULE OF INVESTMENTS (CONTINUED)**  
**JUNE 30, 2018**

	Shares	Cost	Fair Value	Percentage of Fund
<b>Common Stocks (Continued)</b>				
Hexcel Corporation	3,586	109,062	238,039	0.50
Mastercard Inc.	1,200	19,733	235,824	0.49
Royal Dutch Shell	3,381	217,103	234,067	0.49
Abbott Laboratories	3,814	169,538	232,616	0.49
Pepsico Inc.	2,103	205,721	228,954	0.48
Philip Morris International, Inc.	2,797	226,391	225,830	0.47
Wex Inc.	1,177	49,055	224,195	0.47
PVH Corporation	1,485	157,313	222,334	0.46
Fortive Corporation	2,871	124,499	221,383	0.46
Mid-America Apartment Communities, Inc.	2,180	205,573	219,461	0.46
Jacobs Engineer Group, Inc.	3,403	145,921	216,056	0.45
JP Morgan Chase & Company	2,050	89,776	213,610	0.45
Costar Group Inc.	514	18,316	212,092	0.44
McKesson Corp.	1,571	244,089	209,571	0.44
Post Holdings, Inc.	2,410	86,604	207,308	0.43
Chubb Ltd.	1,621	209,184	205,899	0.43
Masco Corporation	5,500	153,504	205,810	0.43
Carter Inc.	1,894	137,968	205,290	0.43
American Express Co.	2,085	122,291	204,330	0.43
Euronet Worldwide, Inc.	2,438	99,289	204,231	0.43
Evercore Inc.	1,932	98,350	203,729	0.42
Target Corp.	2,650	194,735	201,718	0.42
Aetna, Inc.	1,092	75,957	200,382	0.42
Comfort System USA, Inc.	4,344	137,400	198,955	0.41
Pros Holdings Inc.	5,396	147,392	197,332	0.41
Entegris Inc.	5,812	78,652	197,027	0.41
<b>Industry Groupings</b>				
Consumer Discretionary	*	1,099,424	1,310,500	2.73
Consumer Staples	*	91,486	125,624	0.26
Energy	*	1,121,174	1,248,164	2.60
Financials	*	1,763,017	2,571,581	5.36
Health Care	*	1,090,483	1,402,254	2.92
Industrials	*	1,789,275	2,209,202	4.61
Information Technology	*	2,316,588	2,705,580	5.64
Materials	*	673,812	762,507	1.59
Utilities	*	207,714	243,230	0.51
Real Estate	*	201,664	222,512	0.46
Total Equity Fund		<u>\$ 36,061,407</u>	<u>\$ 47,949,440</u>	<u>100.00 %</u>
<b>MONEY MARKET FUND</b>				
Federated US Treasury Cash Reserve Fund Class I	17,140,493	<u>\$ 17,140,493</u>	<u>\$ 17,140,493</u>	<u>100.00 %</u>

\* Share data not applicable.

See accompanying Notes to Financial Statements.

**ST. FRANCIS XAVIER INVESTMENT CORP.**  
**SCHEDULE OF INVESTMENTS**  
**JUNE 30, 2017**

	Shares	Cost	Fair Value	Percentage of Fund
<b>FIXED INCOME FUND</b>				
<b>Mutual Funds</b>				
Baird Intermediate Bond Fund	455,636	\$ 5,015,851	\$ 5,043,885	22.72 %
Blackrock Strategic Income	217,573	2,227,899	2,156,149	9.71
Driehaus Active Income Fund	129,441	1,383,343	1,298,297	5.85
Pimco Moderate Duration Fund	626,669	6,405,755	6,398,289	28.82
The Blackrock Global Long/Short	126,383	1,367,297	1,301,742	5.86
<b>Money Market Funds</b>				
Federated US Treasury Cash Reserve Fund Class I	1,065,157	1,065,157	1,065,157	4.80
<b>Bonds</b>				
Utilities	*	145,759	149,717	0.67
Financials	*	961,346	957,755	4.31
Industrials	*	1,316,593	1,266,266	5.70
Federal Agencies	*	1,328,948	1,309,795	5.90
State and Municipal	*	900,984	904,701	4.07
Foreign Obligations	*	347,385	352,532	1.59
Total Fixed Income Fund		<u>\$ 22,466,317</u>	<u>\$ 22,204,285</u>	<u>100.00 %</u>
<b>EQUITY FUND</b>				
<b>Mutual Funds</b>				
Baird Mid Cap Fund	253,893	\$ 3,216,478	\$ 4,656,405	10.22 %
Vanguard Institutional Index Fund	11,008	1,982,947	2,430,527	5.34
Vanguard Mid Cap Index Fund	6,528	1,036,233	1,153,135	2.53
Vanguard Small Cap Index Fund	72,517	3,969,772	4,712,858	10.35
Oakmark International Fund #109	140,034	2,676,263	3,692,704	8.11
Invesco Equally-Weighted S&P 500	38,052	2,000,000	2,157,915	4.74
Schwab Fundamental US Large CO Index	131,320	2,000,000	2,093,237	4.60
WCM Focused International Growth Fund	116,525	1,343,703	1,680,293	3.69
Oppenheimer International Growth Fund	39,318	1,335,757	1,579,793	3.47
DFA Emerging Markets Core	56,689	1,101,830	1,164,386	2.56
<b>Money Market Funds</b>				
Federated US Treasury Cash Reserve Fund Class I	1,421,185	1,421,185	1,421,185	3.08
<b>Common Stocks</b>				
Alphabet, Inc.	328	59,282	304,935	0.67
Apple, Inc.	1,974	243,529	284,295	0.62
Schlumberger Limited	3,736	273,160	245,978	0.54
Mohawk Industries, Inc.	979	134,901	236,615	0.52
Baxter International, Inc.	3,800	144,863	230,052	0.51
CBRE Group, Inc.	5,989	183,885	218,000	0.48
Becton, Dickinson and Company	1,112	163,833	216,962	0.48
Hexcel Corporation	4,098	124,633	216,333	0.47
Masco Corporation	5,500	153,504	210,155	0.46

See accompanying Notes to Financial Statements.



**ST. FRANCIS XAVIER INVESTMENT CORP.**  
**SCHEDULE OF INVESTMENTS (CONTINUED)**  
**JUNE 30, 2017**

	Shares	Cost	Fair Value	Percentage of Fund
<b>Common Stocks (Continued)</b>				
Keysight Technologies, Inc.	5,228	157,150	203,526	0.45
Marvell Technology Group Limited	11,600	146,959	191,632	0.42
Emerson Electronic Co.	3,188	194,216	190,069	0.42
Euronet Worldwide, Inc.	2,162	74,383	188,894	0.41
Wynn Resorts Limited	1,400	117,963	187,768	0.41
JP Morgan Chase & Company	2,050	89,776	187,370	0.41
Post Holdings, Inc.	2,410	86,604	187,137	0.41
Jacobs Engineer Group, Inc.	3,403	145,921	185,089	0.41
Planet Fitness, Inc.	7,907	153,138	184,549	0.41
First Republic Bank	1,841	70,377	184,284	0.40
Red Hat, Inc.	1,900	141,267	181,925	0.40
Fortive Corporation	2,871	124,499	181,878	0.40
Agilent Technologies, Inc.	3,062	111,361	181,607	0.40
Skyworks Solutions, Inc.	1,850	57,776	177,508	0.39
Ilex Corporation	1,564	81,338	176,748	0.39
On Semiconductor Corporation	12,200	147,399	171,288	0.38
Ross Stores, Inc.	2,959	96,404	170,823	0.38
CVS Health Corporation	2,114	191,610	170,092	0.37
PVH Corporation	1,485	157,313	170,033	0.37
SEI Investments Corporation	3,143	95,929	169,031	0.37
Lincoln National Corporation	2,500	111,843	168,950	0.37
Aetna, Inc.	1,111	77,973	168,683	0.37
Comfort System USA, Inc.	4,512	142,455	167,395	0.37
Berkshire Hathaway, Inc.	982	148,330	166,321	0.37
Enpro Industries, Inc.	2,313	132,013	165,079	0.36
Bank United, Inc.	4,883	162,046	164,606	0.36
<b>Industry Groupings</b>				
Consumer Discretionary	*	1,427,733	1,487,930	3.27
Consumer Staples	*	560,665	758,457	1.67
Energy	*	827,494	863,311	1.90
Financials	*	1,512,483	2,086,177	4.58
Health Care	*	1,585,177	1,963,912	4.31
Industrials	*	1,209,637	1,432,954	3.15
Information Technology	*	1,974,763	2,523,398	5.54
Materials	*	587,175	718,074	1.58
Utilities	*	108,396	163,689	0.36
Total Equity Fund		<u>\$ 36,575,324</u>	<u>\$ 45,545,950</u>	<u>100.00 %</u>
<b>MONEY MARKET FUND</b>				
Federated US Treasury Cash Reserve Fund Class I	14,494,727	<u>\$ 14,494,727</u>	<u>\$ 14,494,727</u>	<u>100.00 %</u>

\* Share data not applicable.

See accompanying Notes to Financial Statements.

**ST. FRANCIS XAVIER INVESTMENT CORP.  
STATEMENTS OF OPERATIONS  
YEARS ENDED JUNE 30, 2018 AND 2017**

	2018	2017
<b>REVENUES</b>		
Investment Income	\$ 890,536	\$ 660,651
Investment Management Fees	212,053	194,019
Other Revenue	-	3,727
Total Revenues	1,102,589	858,397
<b>EXPENSES</b>		
Investment Management	128,067	120,058
General and Administrative	161,156	149,545
Total Expenses	289,223	269,603
<b>NET INVESTMENT INCOME</b>	813,366	588,794
<b>REALIZED AND UNREALIZED GAIN ON INVESTMENTS</b>		
Net Realized Gain on Investments	1,221,724	555,233
Net Unrealized Gain on Investments	3,185,878	6,668,254
Total Realized and Unrealized Gain on Investments	4,407,602	7,223,487
<b>NET INCREASE IN NET ASSETS FROM OPERATIONS</b>	\$ 5,220,968	\$ 7,812,281

See accompanying Notes to Financial Statements.

**ST. FRANCIS XAVIER INVESTMENT CORP.  
STATEMENTS OF CHANGES IN NET ASSETS  
YEARS ENDED JUNE 30, 2018 AND 2017**

	<u>2018</u>	<u>2017</u>
<b>NET ASSETS - BEGINNING OF YEAR</b>	\$ 82,262,528	\$ 73,735,992
Net Increase in Net Assets from Operations	5,220,968	7,812,281
Add: Subscriptions	7,229,158	4,518,203
Less: Redemptions	<u>(5,718,128)</u>	<u>(3,803,948)</u>
<b>NET ASSETS - END OF YEAR</b>	<u><u>\$ 88,994,526</u></u>	<u><u>\$ 82,262,528</u></u>

*See accompanying Notes to Financial Statements.*

**ST. FRANCIS XAVIER INVESTMENT CORP.  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2018 AND 2017**

**NOTE 1 NATURE OF OPERATIONS**

St. Francis Xavier Investment Corp. (St. Francis Xavier Corp.) is a nonprofit corporation organized under the laws of the state of Wisconsin for the purpose of managing investments for the Catholic entities within the Diocese of Green Bay (Diocese). Investors have signed agreements authorizing St. Francis Xavier Corp. to manage their assets responsibly and in accordance with Catholic values. This agreement can be terminated with 30 days advance written notice.

**NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Net Assets**

Net assets, revenues, gains, and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets of St. Francis Xavier Corp. are classified and reported as follows:

**Unrestricted**

*Net Assets Available for Investors* – Net assets held for investors in the Fixed Income Fund, Equity Fund, and Money Market Fund.

*Other Unrestricted Net Assets* – Net assets that are not subject to donor-imposed stipulations.

**Temporarily Restricted** – Net assets subject to donor-imposed stipulations that either expire with the passage of time or can be fulfilled and removed by actions of St. Francis Xavier Corp. pursuant to those stipulations.

**Permanently Restricted** – Net assets subject to donor-imposed stipulations that require St. Francis Xavier Corp. to hold the gift in perpetuity.

St. Francis Xavier Corp. had only unrestricted net assets as of June 30, 2018 and 2017.

**Interest in Pooled Cash**

St. Francis Xavier Corp. participates in a pooled cash account with an interdiocesan entity. St. Francis Xavier Corp.'s cash balance sweeps daily to the related party pooled cash account. The total of the pooled cash account, at times, may exceed federally insured limits. St. Francis Xavier Corp. has not experienced any losses in such accounts and believes it is not exposed to any significant credit risk on cash and cash equivalents.

**ST. FRANCIS XAVIER INVESTMENT CORP.**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2018 AND 2017**

**NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Investments**

Investments are recorded at fair value. Fair value of investments in mutual or pooled funds is based on their net asset or unit value. The net asset or unit value (NAV) of the shares of each fund was determined as of the close of regular session trading on the New York Stock Exchange (NYSE) (usually 4:00p.m. CST) each day the NYSE was open for regular session trading. Fair value of common stock is based on the value as of the close of regular session trading on the NYSE each day the NYSE was open for regular session trading. Corporate bonds and US Treasury obligations are valued based on an evaluation model. The NAV of each fund or unitized manager account (the Fund) was determined by dividing the value of each Fund's securities and other assets less its liabilities by the outstanding number of investor units.

**Revenue Recognition**

Investment management fees are recognized in the period the management activities are performed and represent fees charged to investors. Investment income is recognized in the period it is earned. Securities transactions are recorded on a trade date basis.

**Investment Management Expense**

Investment management expense includes custodial fees, unitization fees, and the fee to the investment consultant. Individual investment manager fees are deducted prior to computing the unitized net asset value of the unitized manager accounts.

**Functional Expenses**

All of St. Francis Xavier Corp.'s expenses are considered management and general expenses.

**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 revenues and expenses during the reporting period. Actual results could differ from those estimates.

**Tax-Exempt Status**

St. Francis Xavier Corp. has received notification that it qualifies as a tax-exempt organization under Section 501(c)(3) covered by the U.S. Internal Revenue Service group exemption letter of the United States Conference of Catholic Bishops and corresponding provisions of state law and, accordingly, is not subject to federal or state income taxes.

**Subsequent Events**

In preparing these financial statements, St. Francis Xavier Corp. has evaluated events and transactions for potential recognition or disclosure through September 14, 2018, the date the financial statements were available to be issued.

**ST. FRANCIS XAVIER INVESTMENT CORP.**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2018 AND 2017**

**NOTE 3 NEW ACCOUNTING STANDARDS UPDATE**

In August 2016, the Financial Accounting Standards Board issued Accounting Standards Update 2016-14, *Not-For-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities*, which is expected to impact the information presented in financial statements and notes about a nonprofit entity's liquidity, financial performance, and cash flows. The guidance is required to be applied by St. Francis Xavier Corp. for the year ended June 30, 2019; however, early application is permitted. St. Francis Xavier Corp. is currently evaluating the impact this guidance will have on its financial statements.

**NOTE 4 FAIR VALUE OF FINANCIAL INSTRUMENTS**

As defined by current authoritative language, fair value is the price that would be received to sell an asset or paid transfer a liability in an orderly transaction between market participants at the measurement date. In determining fair value, St. Francis Xavier Corp. uses various valuation methods including the market, income, and cost approaches. The assumptions used in the application of these valuation methods are developed from the perspective of market participants pricing the asset or liability. Inputs used in the valuation methods can be either readily observable, market corroborated, or generally unobservable inputs. Whenever possible, St. Francis Xavier Corp. attempts to utilize valuation methods that maximize the use of observable inputs and minimizes the use of unobservable inputs.

The fair value hierarchy ranks the quality and reliability of the information used to determine fair values. Assets measured, reported, and/or disclosed at fair value will be classified and disclosed in one of the following three categories:

*Level 1* – Quoted market prices in active markets for identical assets or liabilities.

*Level 2* – Observable market based inputs or unobservable inputs that are corroborated by market data.

*Level 3* – Unobservable inputs that are not corroborated by market data.

**ST. FRANCIS XAVIER INVESTMENT CORP.**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2018 AND 2017**

**NOTE 4 FAIR VALUE OF FINANCIAL INSTRUMENTS (CONTINUED)**

The tables below present the balances of assets measured at fair value on a recurring basis.

	June 30, 2018			
	Level 1	Level 2	Level 3	Total
Investment Securities:				
Fixed Income Fund:				
Mutual Funds	\$ 17,894,222	\$ -	\$ -	\$ 17,894,222
Money Market Funds	-	1,097,903	-	1,097,903
Bonds	-	4,883,710	-	4,883,710
Equity Fund:				
Mutual Funds	25,334,849	-	-	25,334,849
Money Market Funds	-	1,799,958	-	1,799,958
Common Stocks	20,814,633	-	-	20,814,633
Money Market Fund	-	17,140,493	-	17,140,493
<b>Total Investments</b>	<b>\$ 64,043,704</b>	<b>\$ 24,922,064</b>	<b>\$ -</b>	<b>\$ 88,965,768</b>

	June 30, 2017			
	Level 1	Level 2	Level 3	Total
Investment Securities:				
Fixed Income Fund:				
Mutual Funds	\$ 16,198,362	\$ -	\$ -	\$ 16,198,362
Money Market Funds	-	1,065,157	-	1,065,157
Bonds	-	4,940,766	-	4,940,766
Equity Fund:				
Mutual Funds	25,321,253	-	-	25,321,253
Money Market Funds	-	1,421,185	-	1,421,185
Common Stocks	18,803,512	-	-	18,803,512
Money Market Fund	-	14,494,727	-	14,494,727
<b>Total Investments</b>	<b>\$ 60,323,127</b>	<b>\$ 21,921,835</b>	<b>\$ -</b>	<b>\$ 82,244,962</b>

The following methods and assumptions were used to estimate the fair value for each investment measured at fair value:

The fixed income and equity funds consist of mutual funds, common stocks, bonds, and money market funds. The mutual funds and common stocks are measured at fair value using quoted market prices. They are classified as Level 1 as they are traded in an active market for which closing prices are readily available. The bonds and debentures are classified as Level 2 as they are valued on a valuation model. The money market funds are valued at amortized cost which approximates fair value. As such, they are classified as Level 2 investments.

**ST. FRANCIS XAVIER INVESTMENT CORP.  
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**NOTE 5 INVESTMENTS**

Investors may elect to invest in any of the three funds maintained by St. Francis Xavier Corp. All financial assets are held by St. Francis Xavier Corp. in custody accounts by BMO Harris Bank, N.A. The Equity and Fixed Income Funds are actively managed by third-party investment managers or within index funds as indicated in the schedules of investments.

The average annual return is calculated for the investor balances taken as a whole. An individual investor's return and ratios may vary based on participation in different funds and timing of investment transactions.

Total return is measured by comparing the ending value of the investors' accounts to the beginning value of such investors' accounts adjusted for cash flows related primarily to subscriptions or redemptions during the period. Returns are linked based on the timing of cash flows during the period. An individual investors' return may vary from these returns based on their timing of transactions and the investment options chosen.

The net investment income and the expense ratios for individual investors may vary from these ratios based on the timing of transactions.

**Fixed Income Fund**

The fixed income fund is intended to be utilized by intermediate and long-term money. The target allocation of the fixed income fund is:

Intermediate Fixed Income	95 %
Cash	5
Total	100 %

Whenever the actual allocation varies from the target allocation by more than 5%, the fund is rebalanced.

As of June 30, 2018 and 2017, there were 340,130.772 and 314,957.241 units outstanding in the fixed income fund with a net asset value per unit of \$70.196 and \$70.499, respectively.

The per-unit detail of investment return, realized and unrealized gains and losses and expenses was not readily available.

Following is the average annual return of the fixed income fund for the indicated time periods ended June 30:

	One Year	Three Years	Five Years
2018	(0.4)%	1.0 %	1.3 %
2017	1.4 %	1.4 %	1.6 %

The weighted expense ratio for the fixed income funds was 0.87% and 0.89% for the years ended June 30, 2018 and 2017, respectively.



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**NOTE 5 INVESTMENTS (CONTINUED)**

**Equity Fund**

The equity fund is intended to be utilized by long-term money. No investor is allowed to invest more than 70% of their funds in the equity fund. The target allocation of the equity fund is:

Small-Cap Domestic Stocks	20 %
Mid-Cap Domestic Stocks	20
Large-Cap Domestic Stocks	40
International Stocks	17
Cash and Equivalents	3
Total	100 %

Whenever the actual allocation varies from the target allocation by more than 5%, the fund is rebalanced.

As of June 30, 2018 and 2017, there were 319,118.937 and 337,726.851 units outstanding in the equity fund with a net asset value per unit of \$150.255 and \$134.860, respectively.

The per-unit detail of investment return, realized and unrealized gains and losses and expenses was not readily available.

Following is the average annual return of the equity fund for the indicated time periods ended June 30:

	One Year	Three Years	Five Years
2018	11.5 %	8.1 %	9.8 %
2017	18.7 %	5.6 %	11.6 %

The weighted expense ratio for the equity fund was 1.01% and 1.00% for the years ended June 30, 2018 and 2017, respectively.

**ST. FRANCIS XAVIER INVESTMENT CORP.  
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**NOTE 5 INVESTMENTS (CONTINUED)**

**Money Market Fund**

The money market fund is intended to be utilized by intermediate and short-term money. The entire balance is invested in the Federated US Treasury Cash Reserve Fund Class I at June 30, 2018 and the BMO Prime Money Market Fund at June 30, 2017.

As of June 30, 2018 and 2017, there were 17,140,493 and 14,494,727 units outstanding in the money market fund, respectively, with a net asset value per unit of \$1.

Following is the average annual return for the indicated time periods ended June 30:

	<u>One Year</u>	<u>Three Years</u>	<u>Five Years</u>
2018	1.15 %	0.53 %	0.32 %
2017	0.35 %	0.14 %	0.09 %

The weighted expense ratio for the money market fund was 0.18% for each of the years ended June 30, 2018 and 2017.

St. Francis Xavier Corp. considers money market funds to be investments. Additional investments consist of stocks, bonds, and other investment securities. Investment securities are exposed to various risks such as interest rate, market, and credit. Due to the level of risk associated with certain investment securities and the level of uncertainty related to changes in the value of investment securities, it is at least reasonably possible that changes in risks in the near term would materially affect the amounts reported in the financial statements.

**NOTE 6 INTERDIOCESAN TRANSACTIONS**

St. Francis Xavier Corp. received various revenues from and incurred various charges to other diocesan entities during the years ended June 30, 2018 and 2017. All activity is settled between the entities; therefore, there are no accounts receivable or accounts payable between the entities as of June 30, 2018 and 2017.

Total revenues from other diocesan corporations were \$104,836 and \$103,243 for the years ended June 30, 2018 and 2017, respectively, and related primarily to fees charged for investment management services. These amounts include each entity's proportionate share of the fee retained by St. Francis Xavier Corp., and the fees paid to the individual investment managers, custodial fees, and unitization fees. The portion of these fees remitted directly to the individual investment managers is shown net on the statements of operations. The revenue from interdiocesan transaction constitutes a substantial portion of the St. Francis Xavier Corp.'s investment management fees for the years ended June 30, 2018 and 2017, respectively.

Total expenses paid to other diocesan corporations were \$154,267 and \$143,595 for the years ended June 30, 2018 and 2017, respectively, the majority of which relates to administrative and support services provided by St. Therese of the Little Flower, Inc.