

**ST. FRANCIS XAVIER INVESTMENT CORP.**  
**Green Bay, Wisconsin**

**FINANCIAL STATEMENTS**  
**June 30, 2015 and 2014**

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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, 2015 and 2014, 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 audit 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.

***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, 2015 and 2014, 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*

Oshkosh, Wisconsin  
September 23, 2015

**ST. FRANCIS XAVIER INVESTMENT CORP.  
STATEMENTS OF ASSETS AND LIABILITIES  
June 30, 2015 and 2014**

**ASSETS**

	<b>2015</b>	<b>2014</b>
Interest in pooled cash	\$ 11,992	\$ 5,078
Investment securities held for investors, at fair value:		
Fixed income fund	21,049,334	19,541,028
Equity fund	42,517,185	43,273,488
Money market fund	10,378,347	9,406,210
Total investment securities	73,944,866	72,220,726
<b>TOTAL ASSETS</b>	<b>\$ 73,956,858</b>	<b>\$ 72,225,804</b>

**LIABILITIES AND NET ASSETS**

**LIABILITIES**

Accounts payable and accrued expenses	\$ 900	\$ 1,100
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**NET ASSETS**

Available for investors:		
Fixed income fund	21,049,334	19,541,028
Equity fund	42,517,185	43,273,488
Money market fund	10,210,258	9,166,579
Total available for investors	73,776,777	71,981,095
Unrestricted net assets	179,181	243,609
Total net assets	73,955,958	72,224,704

<b>TOTAL LIABILITIES AND UNRESTRICTED NET ASSETS</b>	<b>\$ 73,956,858</b>	<b>\$ 72,225,804</b>
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The accompanying notes are an integral part of the financial statements.

**ST. FRANCIS XAVIER INVESTMENT CORP.**  
**SCHEDULE OF INVESTMENTS**  
**June 30, 2015**

	Shares	Cost	Fair Value	Percentage of Fund
<b>FIXED INCOME FUND</b>				
<b>Mutual Funds</b>				
Baird Intermediate Bond Fund	433,554	\$ 4,771,183	\$ 4,808,109	22.84%
Blackrock Strategic Income	203,945	2,093,992	2,055,767	9.77%
Driehaus Active Income Fund	120,803	1,297,453	1,251,521	5.95%
Pimco Moderate Duration Fund	557,043	5,795,141	5,770,967	27.42%
The Blackrock Global Long/Short	120,277	1,307,218	1,261,708	5.99%
<b>Money Market Funds</b>				
BMO Prime Money Market Fund	1,512,357	1,512,357	1,512,357	7.18%
<b>Bonds</b>				
Utilities	*	88,207	84,808	0.40%
Financials	*	727,255	731,515	3.48%
Industrials	*	1,561,588	1,525,315	7.25%
Federal Agencies	*	900,006	894,932	4.25%
State & Municipal	*	882,901	899,038	4.27%
Foreign Obligations	*	255,767	253,297	1.20%
Total fixed income fund		<u>\$ 21,193,068</u>	<u>\$ 21,049,334</u>	<u>100.00%</u>
<b>EQUITY FUND</b>				
<b>Mutual Funds</b>				
Baird Mid Cap Fund	253,534	\$ 3,211,037	\$ 4,107,244	9.66%
Vanguard Institutional Index Fund	41,815	7,847,612	7,882,203	18.54%
Vanguard Mid Cap Index Fund	6,296	1,000,000	992,319	2.33%
Vanguard Small Cap Index Fund	69,998	3,826,766	4,073,858	9.58%
American Europacific Growth Fund	63,266	2,149,223	3,186,718	7.50%
Templeton Institutional Funds				
Foreign Equity	145,515	2,915,908	3,084,927	7.26%
DFA Emerging Markets Core	54,257	1,060,177	1,046,618	2.46%
<b>Money Market Funds</b>				
BMO Gov't Money Market Fund	1,725,235	1,725,235	1,725,235	4.06%
<b>Common Stocks</b>				
Electronic Arts, Inc.	3,750	97,071	249,375	0.59%
HCC Insurance Holdings, Inc.	3,034	127,846	233,133	0.55%
Kroger Company	2,973	81,743	215,572	0.51%
Carter, Inc.	2,018	131,170	214,513	0.50%
Ross Stores, Inc.	4,300	140,094	209,023	0.49%
Hexcel Corporation	4,098	124,633	203,835	0.48%
Wabtec Corporation	2,113	109,522	199,129	0.47%
Skyworks Solutions, Inc.	1,850	57,776	192,585	0.45%
PartneRe Ltd.	1,447	119,830	185,940	0.44%
Euronet Worldwide, Inc.	2,991	107,987	184,545	0.43%
Mohawk Industries, Inc.	956	130,502	182,500	0.43%
Post Holdings, Inc.	3,360	133,456	181,204	0.43%
Google, Inc.	328	59,282	177,133	0.42%
Teva Pharmaceutical Industries Limited	2,950	152,971	174,345	0.41%
Texas Capital BancShares, Inc.	2,738	119,196	170,413	0.40%
Dow Chemical Company	3,285	141,960	168,093	0.40%

The accompanying notes are an integral part of the financial statements.

**ST. FRANCIS XAVIER INVESTMENT CORP.**  
**SCHEDULE OF INVESTMENTS (CONTINUED)**  
**June 30, 2015**

	Shares	Cost	Fair Value	Percentage of Fund
Electronics for Imaging, Inc.	3,824	144,521	166,382	0.39%
Quanta Services, Inc.	5,503	173,186	158,596	0.37%
Keysight Technologies, Inc.	5,063	152,869	157,915	0.37%
Danaher Corporation	1,843	66,063	157,742	0.37%
Covanta Holding Corporation	7,241	146,109	153,437	0.36%
A. Schulman, Inc.	3,444	90,735	150,572	0.35%
CBS Corporation	2,700	65,409	149,850	0.35%
SEI Investments Company	3,046	91,326	149,345	0.35%
Healthsouth Corporation	3,234	67,633	148,958	0.35%
Beacon Roofing Supply, Inc.	4,468	136,996	148,427	0.35%
Lincoln National Corporation	2,500	111,843	148,050	0.35%
Acxiom Corporation	8,375	116,580	147,233	0.35%
Brunswick Corporation	2,843	72,946	144,595	0.34%
Scorpio Tankers, Inc.	14,139	155,315	142,663	0.34%
On Semiconductor Corporation	12,200	147,399	142,618	0.34%
Schlumberger Limited	1,653	125,776	142,472	0.34%
First Republic Bank	2,251	86,050	141,881	0.33%
Jacobs Engineering Group, Inc.	3,489	159,225	141,723	0.33%
Digitalglobe, Inc.	5,091	137,935	141,479	0.33%
<b>Industry Groupings</b>				
Consumer Discretionary	*	1,343,392	1,593,772	3.75%
Consumer Staples	*	712,648	1,067,220	2.51%
Energy	*	800,661	871,303	2.05%
Financials	*	1,399,987	1,724,658	4.06%
Health Care	*	831,210	1,239,366	2.91%
Industrials	*	1,054,264	1,447,997	3.41%
Information Technology	*	1,520,079	1,875,592	4.41%
Materials	*	392,105	447,977	1.05%
Utilities	*	128,411	174,902	0.40%
Total equity fund		<u>\$ 36,001,670</u>	<u>\$ 42,517,185</u>	<u>100.00%</u>
<b>MONEY MARKET FUND</b>				
BMO Prime Money Market Fund	10,378,347	<u>\$ 10,378,347</u>	<u>\$ 10,378,347</u>	<u>100.00%</u>

\* Share data not applicable.

The accompanying notes are an integral part of the financial statements.

**ST. FRANCIS XAVIER INVESTMENT CORP.**  
**SCHEDULE OF INVESTMENTS**  
**June 30, 2014**

	<u>Shares</u>	<u>Cost</u>	<u>Fair Value</u>	<u>Percentage of Fund</u>
<b>FIXED INCOME FUND</b>				
<b>Mutual Funds</b>				
Baird Intermediate Bond Fund	423,189	\$ 4,655,635	\$ 4,727,018	24.19%
Blackrock Strategic Income	195,619	2,009,051	2,028,568	10.38%
Driehaus Active Income Fund	116,906	1,256,734	1,254,402	6.42%
Pimco Moderate Duration Fund	430,157	4,488,746	4,615,582	23.62%
The Blackrock Global Long/Short	115,066	1,253,078	1,264,571	6.47%
<b>Money Market Funds</b>				
BMO Prime Money Market Fund	1,116,087	1,116,087	1,116,087	5.71%
<b>Bonds</b>				
US Treasury Note	450,000	484,484	485,268	2.48%
Federal Home Loan Mortgage Corporation	177,798	177,400	179,176	0.92%
Federal National Mortgage Association	125,000	125,000	123,247	0.63%
Adams & Arapahoe Counties Financials	200,000	200,000	208,682	1.07%
Industrials	*	776,539	793,474	4.06%
Federal Agencies	*	1,622,670	1,607,478	8.23%
State & Municipal	*	363,393	372,497	1.91%
Foreign Obligations	*	565,958	583,093	2.98%
Total fixed income fund		<u>\$ 19,276,210</u>	<u>\$ 19,541,028</u>	<u>100.00%</u>
<b>EQUITY FUND</b>				
<b>Mutual Funds</b>				
Baird Mid Cap Fund	281,998	\$ 3,561,630	\$ 4,351,224	10.06%
Wasatch Small Cap Growth Fund	80,167	2,808,987	4,202,373	9.71%
Vanguard 500 Index Fund	30,786	4,286,037	4,598,615	10.63%
American Europacific Growth Fund	62,233	2,100,140	3,158,929	7.30%
Templeton Institutional Funds				
Foreign Equity	137,749	2,758,485	3,245,368	7.50%
DFA Emerging Markets Core	53,299	1,041,116	1,108,624	2.56%
<b>Money Market Funds</b>				
BMO Gov't Money Market Fund	1,502,573	1,502,573	1,502,573	3.47%
<b>Common Stocks</b>				
Dow Chemical Company	7,550	335,317	388,523	0.90%
Quanta Services, Inc.	10,667	314,582	368,865	0.85%
Schlumberger Limited	2,800	223,848	330,260	0.76%
Westinghouse Air Brake Tech Corp	3,858	139,984	318,632	0.74%
CBS Corporation	4,650	118,795	288,951	0.67%
Brunswick Corporation	6,538	165,647	275,446	0.64%
SunTrust Banks, Inc.	6,250	152,491	250,375	0.58%
Danaher Corporation	3,143	112,662	247,448	0.57%
American Express Company	2,600	117,911	246,662	0.57%
3M Company	1,700	135,751	243,508	0.56%

The accompanying notes are an integral part of the financial statements.



**ST. FRANCIS XAVIER INVESTMENT CORP.**  
**SCHEDULE OF INVESTMENTS (CONTINUED)**  
**June 30, 2014**

	Shares	Cost	Fair Value	Percentage of Fund
Electronic Arts, Inc.	6,500	172,697	233,155	0.54%
Lincoln National Corporation	4,400	187,485	226,336	0.52%
Forest Laboratories, Inc.	2,250	73,705	222,750	0.51%
Chevron Corporation	1,700	120,411	221,935	0.51%
Qualcomm Incorporated	2,800	114,074	221,760	0.51%
Eaton Corporation	2,850	147,931	219,963	0.51%
Honeywell International Inc.	2,350	85,996	218,432	0.50%
F5 Networks, Inc.	1,950	214,610	217,308	0.50%
Caterpillar Inc.	1,950	95,772	211,907	0.49%
Oracle Corporation	5,215	137,705	211,364	0.49%
Aetna, Inc.	2,600	91,713	210,808	0.49%
Chesapeake Energy Corporation	6,650	183,378	206,682	0.48%
JPMorgan Chase & Company	3,550	177,261	204,551	0.47%
Gannett Company, Inc.	6,500	175,546	203,515	0.47%
Pioneer Natural Resources Company	876	110,201	201,314	0.47%
General Electric Company	7,600	222,413	199,728	0.46%
Post Holdings, Inc.	3,910	107,536	199,058	0.46%
Cigna Corporation	2,150	62,081	197,735	0.46%
Johnson Controls, Inc.	3,900	88,305	194,727	0.45%
EMC Corporation	7,386	144,512	194,547	0.45%
Google, Inc.	328	59,282	191,772	0.44%
Berkshire Hathaway, Inc.	1	65,219	189,901	0.44%
Hexcel Corporation	4,631	140,844	189,408	0.44%
Google, Inc. Class A	328	59,093	188,692	0.44%
Target Corporation	3,200	161,867	185,440	0.43%
<b>Industry Groupings</b>				
Consumer Discretionary	*	1,490,313	1,519,132	3.51%
Consumer Staples	*	1,201,567	1,805,147	4.17%
Energy	*	933,144	1,356,673	3.14%
Financials	*	1,708,170	2,114,716	4.89%
Health Care	*	1,031,153	1,499,040	3.46%
Industrials	*	1,420,542	1,988,064	4.59%
Information Technology	*	1,136,941	1,811,134	4.19%
Materials	*	368,233	533,069	1.23%
Utilities	*	249,521	357,349	0.82%
Total equity fund		<u>\$ 32,615,177</u>	<u>\$ 43,273,488</u>	<u>100.00%</u>
<b>MONEY MARKET FUND</b>				
BMO Prime Money Market Fund	9,406,210	<u>\$ 9,406,210</u>	<u>\$ 9,406,210</u>	<u>100.00%</u>

The accompanying notes are an integral part of the financial statements.

**ST. FRANCIS XAVIER INVESTMENT CORP.**  
**STATEMENTS OF OPERATIONS**  
**Years Ended June 30, 2015 and 2014**

	<b>2015</b>	<b>2014</b>
<b>REVENUES</b>		
Investment income	\$ 705,454	\$ 450,628
Investment management fees	188,437	182,769
Broker commission recapture	2,511	2,033
Total revenues	896,402	635,430
<b>EXPENSES</b>		
Investment management	117,719	100,869
General and administrative	227,648	124,711
Total expenses	345,367	225,580
<b>NET INVESTMENT INCOME</b>	551,035	409,850
<b>REALIZED AND UNREALIZED GAIN ON INVESTMENTS</b>		
Net realized gain on investments	5,287,405	3,014,349
Net unrealized gain (loss) on investments	(4,085,813)	5,192,371
Total realized and unrealized gain on investments	1,201,592	8,206,720
<b>NET INCREASE IN NET ASSETS FROM OPERATIONS</b>	\$ 1,752,627	\$ 8,616,570

The accompanying notes are an integral part of the financial statements.

**ST. FRANCIS XAVIER INVESTMENT CORP.  
STATEMENTS OF CHANGES IN NET ASSETS  
Years Ended June 30, 2015 and 2014**

	<u>2015</u>	<u>2014</u>
<b>NET ASSETS AT BEGINNING OF YEAR</b>	\$ 72,224,704	\$ 66,428,217
Net increase in net assets from operations	1,752,627	8,616,570
Add: Subscriptions	5,352,570	3,195,457
Less: Redemptions	<u>(5,373,943)</u>	<u>(6,015,540)</u>
<b>NET ASSETS AT END OF YEAR</b>	<u><u>\$ 73,955,958</u></u>	<u><u>\$ 72,224,704</u></u>

The accompanying notes are an integral part of the financial statements.

**ST. FRANCIS XAVIER INVESTMENT CORP.**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2015 and 2014**

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**NOTE 1 - NATURE OF OPERATIONS**

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St. Francis Xavier Investment Corp. (St. Francis Xavier Corp.) is a not-for-profit 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.

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**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

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*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, 2015 and 2014.

*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, 2015 and 2014**

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

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*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.

*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 23, 2015, the date the financial statements were available to be issued.

**ST. FRANCIS XAVIER INVESTMENT CORP.**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2015 and 2014**

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

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*Reclassifications*

Realized and unrealized gains on investments, as presented on the 2014 statement of operations, have been reclassified to conform to the current year's presentation.

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**NOTE 3 - FAIR VALUE OF FINANCIAL INSTRUMENTS**

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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. Based on the observability of the inputs used in the valuation methods St. Francis Xavier Corp. is required to provide the following information according to the fair value hierarchy. 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, 2015 and 2014**

**NOTE 3 - FAIR VALUE OF FINANCIAL INSTRUMENTS (CONTINUED)**

The table below presents the balances of assets measured at fair value on a recurring basis.

	June 30, 2015			Total
	Level 1	Level 2	Level 3	
Investment securities				
Fixed income fund:				
Mutual funds	\$ 15,148,072	\$ -	\$ -	\$ 15,148,072
Money market funds	-	1,512,357	-	1,512,357
Bonds	-	4,388,905	-	4,388,905
Equity fund:				
Mutual funds	24,373,887	-	-	24,373,887
Money market funds	-	1,725,235	-	1,725,235
Common stocks	16,418,063	-	-	16,418,063
Money market fund	-	10,378,347	-	10,378,347
<b>Total investments</b>	<b>\$ 55,940,022</b>	<b>\$ 18,004,844</b>	<b>\$ -</b>	<b>\$ 73,944,866</b>
	June 30, 2014			
	Level 1	Level 2	Level 3	Total
Investment securities				
Fixed income fund:				
Mutual funds	\$ 13,890,141	\$ -	\$ -	\$ 13,890,141
Money market funds	-	1,116,087	-	1,116,087
Bonds	-	4,534,800	-	4,534,800
Equity fund:				
Mutual funds	20,665,133	-	-	20,665,133
Money market funds	-	1,502,573	-	1,502,573
Common stocks	21,105,782	-	-	21,105,782
Money market fund	-	9,406,210	-	9,406,210
<b>Total investments</b>	<b>\$ 55,661,056</b>	<b>\$ 16,559,670</b>	<b>\$ -</b>	<b>\$ 72,220,726</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.**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2015 and 2014**

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**NOTE 4 - INVESTMENTS**

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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	<u>5</u>
	<u>100 %</u>

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

As of June 30, 2015 and 2014, there were 309,091.404 and 289,124.215 units outstanding in the fixed income fund with a net asset value per unit of \$68.101 and \$67.587, 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:

	<u>One Year</u>	<u>Three Year</u>	<u>Five Year</u>
2015	0.7 %	1.5 %	2.6 %
2014	2.9 %	3.0 %	3.9 %



**ST. FRANCIS XAVIER INVESTMENT CORP.**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2015 and 2014**

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**NOTE 4 - INVESTMENTS (CONTINUED)**

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The weighted expense ratio for the fixed income funds was 0.87% and 0.90% for the years ended June 30, 2015 and 2014, respectively.

*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	<u>3</u>
	<u>100 %</u>

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

As of June 30, 2015 and 2014, there were 356,972,584 and 377,595,292 units outstanding in the equity fund with a net asset value per unit of \$119.105 and \$114.603, 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:

	<u>One Year</u>	<u>Three Year</u>	<u>Five Year</u>
2015	4.0 %	15.2 %	14.4 %
2014	21.5 %	12.2 %	17.1 %

The weighted expense ratio for the equity fund was 0.94% and 1.09% for the years ended June 30, 2015 and 2014, respectively.

*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 BMO Prime Money Market Fund.

As of June 30, 2015 and 2014, there were 10,378,347 and 9,406,210 units outstanding in the money market fund with a net asset value per unit of \$1.

**ST. FRANCIS XAVIER INVESTMENT CORP.**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2015 and 2014**

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**NOTE 4 - INVESTMENTS (CONTINUED)**

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

	<u>One Year</u>	<u>Three Year</u>	<u>Five Year</u>
2015	0.01 %	0.04 %	0.11 %
2014	0.01 %	0.10 %	0.15 %

The weighted expense ratio for the money market fund was 0.20% and 0.20% for the years ended June 30, 2015 and 2014, respectively.

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.

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**NOTE 5 - INTERDIOCESAN TRANSACTIONS**

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St. Francis Xavier Corp. received various revenues from and incurred various charges to other diocesan entities during the years ended June 30, 2015 and 2014, respectively. All activity is settled between the entities, therefore there are no accounts receivable or accounts payable between the entities as of June 30, 2015 and 2014.

Total revenues from other diocesan corporations were \$100,954 and \$105,022 for the years ended June 30, 2015 and 2014, 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, 2015 and 2014, respectively.

Total expenses paid to other diocesan corporations were \$222,998 and \$119,778 for the years ended June 30, 2015 and 2014, respectively, the majority of which relates to administrative and support services provided by St. Therese of the Little Flower, Inc.

This information is an integral part of the accompanying financial statements.