

CATHOLIC DIOCESE OF GREEN BAY, INC.

FINANCIAL STATEMENTS

YEARS ENDED JUNE 30, 2019 AND 2018

**CATHOLIC DIOCESE OF GREEN BAY, INC.
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INDEPENDENT AUDITORS' REPORT

Board of Directors
Catholic Diocese of Green Bay, Inc.
Green Bay, Wisconsin

We have audited the accompanying financial statements of Catholic Diocese of Green Bay, Inc. (a Wisconsin corporation), which comprise the statements of financial position as of June 30, 2019 and 2018, and the related statements of activities and cash flows 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
Catholic Diocese of Green Bay, Inc.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Catholic Diocese of Green Bay, Inc. as of June 30, 2019 and 2018, and the changes in its net assets and its cash flows 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 24, 2019

CATHOLIC DIOCESE OF GREEN BAY, INC.
STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2019 AND 2018

	2019	2018
ASSETS		
Cash and Interest in Cash	\$ 1,147,110	\$ 863,432
Accounts Receivable, Net of Allowance for Doubtful Accounts of \$364,176 and \$445,280, Respectively	94,877	23,699
Bequests Receivable	5,600,886	-
Inventory and Prepaid Expenses	66,712	77,906
Real Estate Held for Sale	324,180	312,508
Investments	7,683,441	7,412,044
Property and Equipment, Net	2,070,845	2,057,288
Deferred Gift Agreements	785,434	783,312
Cash Surrender Value of Life Insurance	157,516	154,571
	\$ 17,931,001	\$ 11,684,760
Total Assets		
LIABILITIES AND NET ASSETS		
LIABILITIES		
Accounts Payable and Accrued Expenses	\$ 593,555	\$ 534,101
Collections and Custodial Funds	199,870	204,674
Deferred Revenue	292,559	304,321
Deferred Gifts Payable	120,329	151,241
Total Liabilities	1,206,313	1,194,337
NET ASSETS		
Without Donor Restrictions	5,762,982	5,298,022
With Donor Restrictions	10,961,706	5,192,401
Total Net Assets	16,724,688	10,490,423
Total Liabilities and Net Assets	\$ 17,931,001	\$ 11,684,760

See accompanying Notes to Financial Statements.

**CATHOLIC DIOCESE OF GREEN BAY, INC.
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2019**

	Without Donor Restrictions	With Donor Restrictions	Total
REVENUES AND SUPPORT			
Bishop's Appeal	\$ 3,480,205	\$ -	\$ 3,480,205
Other Grants	16,000	-	16,000
Diocesan Assessment	2,157,602	-	2,157,602
Fees for Services and Sales, Net of Expenses of \$9,657	1,233,015	-	1,233,015
Contributions	1,830,469	6,192,767	8,023,236
Other	150,447	-	150,447
Net Assets Released from Restrictions	668,450	(668,450)	-
Total Revenues and Support	9,536,188	5,524,317	15,060,505
EXPENSES			
Salaries and Wages	2,220,081	-	2,220,081
Compensation of Clergy and Religious Personnel Benefits	409,913	-	409,913
Other Personnel Related Expenses	899,293	-	899,293
Purchased Services	155,564	-	155,564
Facilities, Buildings, and Grounds Office	1,451,741	-	1,451,741
	381,348	-	381,348
	473,162	-	473,162
Grants and Direct Assistance	2,246,487	-	2,246,487
Other	952,973	-	952,973
Total Expenses	9,190,562	-	9,190,562
REVENUES AND SUPPORT IN EXCESS OF EXPENSES	345,626	5,524,317	5,869,943
OTHER CHANGES IN NET ASSETS			
Investment Return	114,216	244,988	359,204
Change in Value of Split Interest Gift Annuity Agreements	5,118	-	5,118
Total Other Changes in Net Assets	119,334	244,988	364,322
CHANGE IN NET ASSETS	464,960	5,769,305	6,234,265
Net Assets - Beginning of Year	5,298,022	5,192,401	10,490,423
NET ASSETS - END OF YEAR	\$ 5,762,982	\$10,961,706	\$16,724,688

See accompanying Notes to Financial Statements.

**CATHOLIC DIOCESE OF GREEN BAY, INC.
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2018**

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
REVENUES AND SUPPORT			
Bishop's Appeal	\$ 3,225,588	\$ -	\$ 3,225,588
Other Grants	16,000	-	16,000
Diocesan Assessment	2,142,894	-	2,142,894
Fees for Services and Sales, Net of Expenses of \$9,355	1,276,366	-	1,276,366
Contributions	2,015,232	630,871	2,646,103
Other	121,239	-	121,239
Net Assets Released from Restrictions	850,390	(850,390)	-
Total Revenues and Support	<u>9,647,709</u>	<u>(219,519)</u>	<u>9,428,190</u>
EXPENSES			
Salaries and Wages	2,040,164	-	2,040,164
Compensation of Clergy and Religious Personnel Benefits	439,796	-	439,796
Other Personnel Related Expenses	796,714	-	796,714
Purchased Services	147,022	-	147,022
Facilities, Buildings, and Grounds Office	1,248,295	-	1,248,295
	381,009	-	381,009
	502,373	-	502,373
Grants and Direct Assistance	2,689,897	-	2,689,897
Other	1,086,426	-	1,086,426
Total Expenses	<u>9,331,696</u>	<u>-</u>	<u>9,331,696</u>
REVENUES AND SUPPORT IN EXCESS (DEFICIT) OF EXPENSES	316,013	(219,519)	96,494
OTHER CHANGES IN NET ASSETS			
Investment Return	133,721	256,612	390,333
Change in Value of Split Interest Gift Annuity Agreements	(60,277)	-	(60,277)
Total Other Changes in Net Assets	<u>73,444</u>	<u>256,612</u>	<u>330,056</u>
CHANGE IN NET ASSETS	389,457	37,093	426,550
Net Assets - Beginning of Year	<u>4,908,565</u>	<u>5,155,308</u>	<u>10,063,873</u>
NET ASSETS - END OF YEAR	<u>\$ 5,298,022</u>	<u>\$ 5,192,401</u>	<u>\$10,490,423</u>

See accompanying Notes to Financial Statements.

**CATHOLIC DIOCESE OF GREEN BAY, INC.
STATEMENTS OF CASH FLOWS
YEARS ENDED JUNE 30, 2019 AND 2018**

	2019	2018
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash Received from Contributors	\$ 8,226,604	\$ 8,151,824
Cash Received from Sales and Fees for Services	1,159,732	1,472,690
Cash Paid to Suppliers	(3,207,080)	(3,118,022)
Cash Paid to and on Behalf of Employees	(3,645,629)	(3,427,432)
Cash Paid for Grants and Assistance	(2,246,487)	(2,689,897)
Net Cash Flows from Operating Activities	287,140	389,163
 CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of Property and Equipment	(75,953)	-
Purchase of Real Estate Held for Sale	(11,672)	(5,862)
Proceeds from Sale of Property and Equipment	45,313	-
Cash Paid for Purchases of Investments	(199,354)	(1,152,339)
Proceeds from Sale of Investments	282,094	1,217,443
Net Cash Flows from Investing Activities	40,428	59,242
 CASH FLOWS FROM FINANCING ACTIVITY		
Cash Paid to Annuitants	(43,890)	(958,821)
 NET CHANGE IN CASH AND INTEREST IN CASH	283,678	(510,416)
Cash and Interest in Cash - Beginning of Year	863,432	1,373,848
 CASH AND INTEREST IN CASH - END OF YEAR	\$ 1,147,110	\$ 863,432

**CATHOLIC DIOCESE OF GREEN BAY, INC.
STATEMENTS OF CASH FLOWS (CONTINUED)
YEARS ENDED JUNE 30, 2019 AND 2018**

	2019	2018
RECONCILIATION OF CHANGE IN NET ASSETS TO NET CASH FLOWS FROM OPERATING ACTIVITIES		
Change in Net Assets	\$ 6,234,265	\$ 426,550
Adjustments to Reconcile Change in Net Assets to Net Cash Flows from Operating Activities:		
Depreciation	46,651	42,467
Bad Debts	(81,104)	(54,358)
Investment Return	(359,204)	(390,333)
Change in Value of Split Interest Gift Annuity Agreements	(5,118)	60,277
Gain on Sale of Property and Equipment	(29,568)	-
Changes in Certain Assets and Liabilities:		
Accounts Receivable	9,926	260,306
Bequests Receivable	(5,600,886)	-
Inventory and Prepaid Expenses	11,194	(986)
Accounts Payable and Accrued Expenses	59,454	61,312
Deferred Gifts Payable	18,096	2,062
Collections and Custodial Funds	(4,804)	845
Deferred Revenue	(11,762)	(18,979)
Net Cash Flows from Operating Activities	\$ 287,140	\$ 389,163
 NONCASH INVESTING ACTIVITIES		
Interest and Dividends Reinvested Directly Back into Investment Funds	\$ 154,806	\$ 118,453

See accompanying Notes to Financial Statements.

CATHOLIC DIOCESE OF GREEN BAY, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019 AND 2018

NOTE 1 PRINCIPAL ACTIVITY

Catholic Diocese of Green Bay, Inc. (the Diocese) is a nonprofit corporation organized under the laws of the state of Wisconsin, without capital stock, operating primarily out of the Office of the Chancery under the management of the Bishop of the Diocese. The Diocese also fosters the growth of the Catholic Church in northeastern Wisconsin by providing grants to seminarians studying for the priesthood and support for vocations recruitment. Parishes, high schools, cemeteries and mausoleums, elderly housing, religious orders, lay societies, and religious and other Catholic organizations that operate within the Diocese are excluded from the accompanying financial statements as they do not meet criteria that would require consolidation.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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.

Net Assets

Net assets, revenues, gains, and losses are classified based on the existence or absence of donor or grantor-imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

Net Assets Without Donor Restrictions

Net assets available for use in general operation and not subject to donor (or certain grantor) restrictions.

Net Assets With Donor Restrictions

Net assets subject to donor- (or certain grantor-) imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both.

Interest in Cash

The Diocese participates in a pooled cash account with an interdiocesan entity. This account sweeps daily to a zero balance. The total of the pooled cash account, at times, may exceed federally insured limits. The Diocese has not experienced any losses in such accounts and believes it is not exposed to any significant credit risk on cash.

CATHOLIC DIOCESE OF GREEN BAY, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019 AND 2018

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Accounts and Loans Receivable

The majority of the Diocese's accounts and loans receivable are due from parishes, schools, seminarians, private parties within the Green Bay Diocese region, and government agencies. Credit is extended based on evaluation of financial condition and financial need and collateral is generally not required. Accounts and loans receivable are due within 30 days or according to separately stated terms and are recorded net of allowance for doubtful accounts. The Diocese determines its allowance by considering a number of factors, including the length of time accounts and loans receivable are past due, the Diocese's previous loss history, the debtor's current ability to pay its obligation, and the condition of the general economy.

Contribution and Bequest Revenue Recognition

Contributions and bequests are recognized when cash, securities or other assets, an unconditional promise to give, or notification of a beneficial interest is received. Conditional promises to give are not recognized until the conditions on which they depend have been substantially met.

All donor-restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities as Net Assets Released from Restrictions.

Donated services are recognized as contributions if the services (a) create or enhance nonfinancial assets or (b) require specialized skills, are performed by people with those skills, and would otherwise be purchased by the Diocese. The value of these donated services and time is not recognized in the accompanying financial statements because they do not meet the criteria for recognition.

In connection with its annual budget process, the Diocese is made aware of an estimated grant for its support from The Catholic Foundation for the Diocese of Green Bay, Inc. (the Foundation). Management does not consider this estimated grant as an unconditional promise to pay by the Foundation. The grant is recorded as revenue in the year in which it is actually received.

Investments

Investments are presented in the accompanying financial statements at fair value using methodologies described in Note 5 - Investments and Fair Value Measurements. All investment income and realized and unrealized gains and losses are accounted for on the accompanying statements of activities.

Investment income or losses are included in the accompanying statements of activities as increases or decreases in net assets without donor restrictions unless the income or loss is restricted by donor or law.

CATHOLIC DIOCESE OF GREEN BAY, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019 AND 2018

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Cash Surrender Value of Life Insurance

Donors have contributed multiple life insurance policies on their lives to the Diocese. Contribution revenue has been recorded for the cash surrender value of these policies, plus any future premium payments pledged by the donor.

Real Estate Held for Sale

The Diocese has property listed and available for sale as of June 30, 2019 and 2018. Real estate held for sale is carried at cost unless impaired. When deemed impaired, the asset is reviewed and the real estate held for sale is adjusted to fair value. Fair value is determined by a comparison with other comparable assets. Real estate held for sale was carried at cost at June 30, 2019.

Property and Equipment

Property and equipment are stated at cost, if purchased, or fair market value at date of the gift, if donated. All acquisitions of property in excess of \$5,000 and equipment in excess of \$1,000 and all expenditures for improvements and betterments that materially prolong the useful lives of assets are capitalized. Maintenance, repairs, and minor improvements are expensed as incurred. When assets are retired or otherwise disposed of, their costs and related accumulated depreciation are removed from the accounts and resulting gains or losses are included in income.

Property and equipment is depreciated using the straight-line method over its estimated useful life.

Furniture and Equipment	3 to 10 Years
Land and Land Improvements	10 to 20 Years
Vehicles	3 Years

Impairment of Long-Lived Assets

The Diocese reviews long-lived assets, including property and equipment and intangible assets, for impairment whenever events or changes in business circumstances indicate that the carrying amount of an asset may not be fully recoverable. An impairment loss would be recognized when the estimated future cash flows from the use of the asset are less than the carrying amount of that asset. To date, there have been no such losses.

Collections and Custodial Funds

Collections and custodial funds represent cash collected on behalf of parishes, Catholic organizations, and programs.

CATHOLIC DIOCESE OF GREEN BAY, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019 AND 2018

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Deferred Revenue

Program service fees applying to services to be rendered in future periods are recorded as deferred revenue when received and reflected as support in the year when the program services fees are earned.

Tax-Exempt Status

The Diocese 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, the Diocese has evaluated events and transactions for potential recognition or disclosure through September 24, 2019, the date the financial statements were available to be issued.

NOTE 3 ACCOUNTING STANDARDS UPDATES

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*. The Diocese adopted this standard on July 1, 2018. Accordingly, the required presentation and disclosure changes have been retrospectively applied to the prior period presented as if the policy had been used in that year.

In June 2018, the FASB issued ASU 2018-08 to clarify and improve the scope and the accounting guidance for contributions received and contributions made. The guidance is required to be applied by the Diocese for the year ending June 30, 2020. The Diocese is currently evaluating the impact this guidance will have on its financial statements.

CATHOLIC DIOCESE OF GREEN BAY, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019 AND 2018

NOTE 4 LIQUIDITY AND AVAILABILITY

The Diocese regularly monitors liquidity required to meet its operating needs, liabilities, and other obligations as they become due. Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the statement of financial position date, comprise the following at June 30:

	<u>2019</u>	<u>2018</u>
Cash and Interest in Cash	\$ 1,147,110	\$ 863,432
Accounts Receivable	94,877	23,699
Bequests Receivable	5,600,886	-
Investments	7,683,441	7,412,044
Deferred Gift Agreements	785,434	783,312
Cash Surrender Value of Life Insurance	157,516	154,571
Subtotal	<u>15,469,264</u>	<u>9,237,058</u>
Less:		
Collections and Custodial Funds	(199,870)	(204,674)
Deferred Gifts Payable	(120,329)	(151,241)
Donor Restricted Net Assets	<u>(10,961,706)</u>	<u>(5,192,401)</u>
Total Financial Assets Available for General Expenditure	<u>\$ 4,187,359</u>	<u>\$ 3,688,742</u>

Our endowment funds consist of donor-restricted endowments set up to support Seminarians and Vocations. These funds are set up so the initial contributions remain in perpetuity with only income to be spent on the related purpose. Donor-restricted endowment funds are not available for general expenditure.

NOTE 5 INVESTMENTS AND FAIR VALUE MEASUREMENTS

Investments are held by St. Francis Xavier Investment Corp. (St. Francis Xavier Corp.), an interdiocesan entity. St. Francis Xavier Corp. has grouped their investments and created a unitized fixed income fund, an equity fund, and a money market fund. The Diocese owns units in the fixed income, equity, and money market funds.

Investments are carried at fair value and consisted of the following at June 30:

	<u>Fair Value</u>		<u>Redemption Frequency</u>	<u>Termination Notice Period</u>
	<u>2019</u>	<u>2018</u>		
St. Francis Xavier Corp. Fixed Income Fund	\$ 1,666,604	\$ 1,664,954	Daily	30 Days
St. Francis Xavier Corp. Equity Fund	3,406,547	3,303,475	Daily	30 Days
St. Francis Xavier Corp. Money Market Fund	3,395,724	3,226,927	Daily	30 Days
Total Funds	<u>\$ 8,468,875</u>	<u>\$ 8,195,356</u>		

CATHOLIC DIOCESE OF GREEN BAY, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019 AND 2018

NOTE 5 INVESTMENTS AND FAIR VALUE MEASUREMENTS (CONTINUED)

The funds are included in the accompanying statements of financial position as follows at June 30:

	<u>2019</u>	<u>2018</u>
Investments	\$ 7,683,441	\$ 7,412,044
Deferred Gift Agreements	785,434	783,312
Total	<u>\$ 8,468,875</u>	<u>\$ 8,195,356</u>

The money market fund is intended to be utilized by intermediate and short-term money.

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>
Total	<u>100 %</u>

The equity fund is intended to be utilized by long-term money. The participant is not 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 Cash Equivalents	<u>3</u>
Total	<u>100 %</u>

As defined by current authoritative guidance, 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. In determining fair value, the Diocese 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 the Diocese attempts to utilize valuation methods that maximize the use of observable inputs and minimizes the use of unobservable inputs.

CATHOLIC DIOCESE OF GREEN BAY, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019 AND 2018

NOTE 5 INVESTMENTS AND FAIR VALUE MEASUREMENTS (CONTINUED)

The fair value hierarchy ranks the quality and reliability of the information used to determine the fair values. Assets and liabilities 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.

The tables present the balances of assets and liabilities measured at fair value on a recurring basis:

	June 30, 2019			
	Level 1	Level 2	Level 3	Total
Assets:				
St. Francis Xavier Corp. Fixed Income Fund	\$ -	\$ 1,666,604	\$ -	\$ 1,666,604
St. Francis Xavier Corp. Equity Fund	-	3,406,547	-	3,406,547
St. Francis Xavier Corp. Money Market Fund	-	3,395,724	-	3,395,724
Assets Presented at Fair Value	<u>\$ -</u>	<u>\$ 8,468,875</u>	<u>\$ -</u>	<u>\$ 8,468,875</u>
Liabilities:				
Deferred Gifts Payable	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 120,329</u>	<u>\$ 120,329</u>
	June 30, 2018			
	Level 1	Level 2	Level 3	Total
Assets:				
St. Francis Xavier Corp. Fixed Income Fund	\$ -	\$ 1,664,954	\$ -	\$ 1,664,954
St. Francis Xavier Corp. Equity Fund	-	3,303,475	-	3,303,475
St. Francis Xavier Corp. Money Market Fund	-	3,226,927	-	3,226,927
Assets Presented at Fair Value	<u>\$ -</u>	<u>\$ 8,195,356</u>	<u>\$ -</u>	<u>\$ 8,195,356</u>
Liabilities:				
Deferred Gifts Payable	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 151,241</u>	<u>\$ 151,241</u>

CATHOLIC DIOCESE OF GREEN BAY, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019 AND 2018

NOTE 5 INVESTMENTS AND FAIR VALUE MEASUREMENTS (CONTINUED)

The fair value of the investment in the fixed income fund, the equity fund, and the money market fund has been estimated using the net asset value per share of the fund as determined by the fund administrator. The funds are valued on a daily basis. The fair value of the deferred gifts payable has been estimated using the actuarial present value of future distributions back to the donor.

Investment return in the accompanying statements of activities for the years ended June 30 consisted of the following:

	2019	2018
Interest and Dividends	\$ 160,356	\$ 69,699
Realized and Unrealized Gains on Investments	198,848	320,634
Total	<u>\$ 359,204</u>	<u>\$ 390,333</u>

NOTE 6 PROPERTY AND EQUIPMENT

The major categories of property and equipment at June 30 are summarized as follows:

	2019	2018
Furniture and Equipment	\$ 63,053	\$ 64,183
Land and Improvements	1,735,115	1,735,115
Buildings	321,200	321,200
Vehicles	100,831	101,316
Total - at Cost	<u>2,220,199</u>	<u>2,221,814</u>
Less: Accumulated Depreciation	<u>(149,354)</u>	<u>(164,526)</u>
Property and Equipment, Net	<u>\$ 2,070,845</u>	<u>\$ 2,057,288</u>

NOTE 7 DEFERRED GIFT AGREEMENTS

The Diocese has arrangements with donors classified as charitable gift annuities. In general, under these arrangements, the Diocese receives a gift from a donor in which it has a remainder interest and agrees to pay the donor stipulated amounts over the life of the donor. The arrangement may cover one or more lives. The Diocese invests and administers the related assets and makes distributions to the beneficiaries as required. When the agreement reaches the end of its term, remaining assets are retained by the Diocese as net assets either with or without donor restrictions, or in some instances, distributed to third-party beneficiaries.

When a gift is received under one of these arrangements, it is split into the amount representing the actuarial present value of future distributions back to the donor and the remaining gift value to be retained for the benefit of the Diocese or third-party beneficiaries. The actuarial liability is adjusted annually using actuarial tables appropriate for the type of arrangement, number of lives covered, and the age of the donor.

CATHOLIC DIOCESE OF GREEN BAY, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019 AND 2018

NOTE 7 DEFERRED GIFT AGREEMENTS (CONTINUED)

During the years ended June 30, 2019 and 2018, the Diocese received contributions of \$-0- and \$5,000, respectively, relating to deferred gift arrangements.

The Diocese serves as trustee of The Catholic Foundation for the Diocese of Green Bay, Inc. for agreements with assets of \$9,719 and \$10,156 and payables to the donors of \$7,054 and \$7,384 at June 30, 2019 and 2018, respectively. This asset and liability are included in the respective deferred gift account balances.

As of April 18, 2014, Wisconsin, through the Office of the Commissioner of Insurance, no longer regulates qualified charitable gift annuities. The Diocese has elected to continue to maintain an actuarially determined reserve as was done prior to April 18, 2014. The reserve was \$498,814 and \$452,982 at June 30, 2019 and 2018, respectively.

NOTE 8 FUNCTIONAL CLASSIFICATION OF EXPENSES

The financial statements report certain categories of expenses that are attributed to more than one program or supporting function. Therefore, expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include facilities, buildings, and grounds, which is allocated on a square footage basis, while the remaining natural expense categories are allocated on the basis of estimates of time and effort.

Expenses by function for the years ended June 30 are as follows:

	2019		
	Program Services	Management and General	Total
Salaries and Wages	\$ 2,085,172	\$ 134,909	\$ 2,220,081
Compensation of Clergy and Religious	270,765	139,148	409,913
Personnel Benefits	809,858	89,435	899,293
Other Personnel Related Expenses	155,564	-	155,564
Purchased Services	1,198,025	253,716	1,451,741
Rent	365,544	-	365,544
Other Facilities, Buildings, and Grounds	15,804	-	15,804
Office	473,162	-	473,162
Grants and Direct Assistance	2,246,487	-	2,246,487
Other	952,973	-	952,973
Expenses of Services and Sales	9,657	-	9,657
Total Expenses by Function	<u>8,583,011</u>	<u>617,208</u>	<u>9,200,219</u>
Less: Expenses Included with Revenues on the Statements of Activities:			
Expenses of Services and Sales	<u>(9,657)</u>	<u>-</u>	<u>(9,657)</u>
Total Expenses Included in the Expenses Section on the Statements of Activities	<u>\$ 8,573,354</u>	<u>\$ 617,208</u>	<u>\$ 9,190,562</u>

**CATHOLIC DIOCESE OF GREEN BAY, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019 AND 2018**

NOTE 8 FUNCTIONAL CLASSIFICATION OF EXPENSES (CONTINUED)

	2018		
	Program Services	Management and General	Total
Salaries and Wages	\$ 1,962,941	\$ 77,223	\$ 2,040,164
Compensation of Clergy and Religious Personnel Benefits	307,730	132,066	439,796
Other Personnel Related Expenses	724,933	71,781	796,714
Purchased Services	147,022	-	147,022
Rent	1,011,139	237,156	1,248,295
Other Facilities, Buildings, and Grounds Office	369,204	-	369,204
Grants and Direct Assistance	11,805	-	11,805
Other	502,373	-	502,373
Expenses of Services and Sales	2,689,897	-	2,689,897
Total Expenses by Function	1,086,426	-	1,086,426
Less: Expenses Included with Revenues on the Statements of Activities:			
Expenses of Services and Sales	9,355	-	9,355
Total Expenses Included in the Expenses Section on the Statements of Activities	8,822,825	518,226	9,341,051
	(9,355)	-	(9,355)
	<u>\$ 8,813,470</u>	<u>\$ 518,226</u>	<u>\$ 9,331,696</u>

NOTE 9 INTERDIOCESAN TRANSACTIONS

The Diocese was a party to various transactions with other diocesan corporations during the years ended June 30 as noted below:

<u>Nature of Transaction</u>	<u>2019</u>	<u>2018</u>
Revenues:		
Bishop's Appeal Grant	\$ 3,365,849	\$ 3,069,675
Donation	1,276,616	1,613,696
Administrative Service Fees	553	24,313
Total Revenues	<u>\$ 4,643,018</u>	<u>\$ 4,707,684</u>
Expenses:		
Occupancy Expenses	\$ 448,577	\$ 471,166
Insurance Expenses	652,890	609,391
Donations	583,157	1,427,832
Administrative Service Fees	818,154	736,104
Investment Management Fees	31,853	36,518
Other	33,070	22,338
Total Expenses	<u>\$ 2,567,701</u>	<u>\$ 3,303,349</u>

CATHOLIC DIOCESE OF GREEN BAY, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019 AND 2018

NOTE 9 INTERDIOCESAN TRANSACTIONS (CONTINUED)

The Diocese also holds annuities for the benefit of The Catholic Foundation for the Diocese of Green Bay, Inc. As of June 30, 2019 and 2018, the balance was \$4,753 and \$5,471, respectively. The balances are included in the accompanying statements of financial position as investments and accounts payable and accrued expenses.

The Diocese has signed line of credit agreements with a number of other diocesan entities. The agreements call for an interest rate of 3%, which is calculated on a monthly average balance. The interest and principal is due on demand. The following summarizes the amounts due from other diocesan entities at June 30:

	Maximum Available	2019	2018
Green Bay Diocese Cemetery Corporation	\$ 250,000	\$ -	\$ -
Camp Tekakwitha Retreat and Conference Center, Inc.	500,000	-	-
Total	\$ 750,000	-	-
Less: Allowance for Doubtful Accounts		-	-
Loans to Other Diocesan Entities, Net		\$ -	\$ -

NOTE 10 LEASES

The Diocese leases its office space at various locations from other diocesan entities on a month-to-month basis. In addition, one lease is held with a third party that is renewed on a yearly basis. Rent expense charged to operations for all operating leases was \$365,544 and \$369,204 for the years ended June 30, 2019 and 2018, respectively. All leases are accounted for as operating leases.

NOTE 11 RETIREMENT PLAN

The Diocese participates in the Catholic Diocese of Green Bay Employees' Retirement Plan. The defined contribution retirement plan covers most lay employees for both years ended June 30, 2019 and 2018. The vesting period of the plan is six months. Contributions are 9% of lay employee wages and 15% of clergy salary. Contributions are made each pay period. Retirement plan expense was \$227,053 and \$205,191 for the years ended June 30, 2019 and 2018, respectively.

**CATHOLIC DIOCESE OF GREEN BAY, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019 AND 2018**

NOTE 12 NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions are restricted for the following purposes as of June 30:

	<u>2019</u>	<u>2018</u>
Subject to Expenditure for Specified Purpose:		
Education at Catholic University, Washington, D.C.	\$ 1,140,795	\$ 1,077,001
Assistance to the Poor	1,677,701	1,664,781
Seminarians and Vocations	5,841,243	382,854
Various Programs	1,871,712	1,640,455
Subject to the Passage of Time:		
Cash Surrender Value of Life Insurance	157,516	154,571
Endowments:		
Subject to Endowment Spending Policy and Appropriation - Investment in Perpetuity Seminarians and Vocations	<u>272,739</u>	<u>272,739</u>
Total Net Assets with Donor Restrictions	<u>\$ 10,961,706</u>	<u>\$ 5,192,401</u>

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purpose or occurrence of the passage of time or other events specified by the donors as follows for the years ended June 30:

	<u>2019</u>	<u>2018</u>
Satisfaction of Purpose Restrictions:		
Programs and Initiatives	<u>\$ 668,450</u>	<u>\$ 850,390</u>