

**THE GREEN BAY CATHOLIC
COMPASS, INC.**

FINANCIAL STATEMENTS

YEARS ENDED JUNE 30, 2019 AND 2018

**THE GREEN BAY CATHOLIC COMPASS, INC.
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INDEPENDENT AUDITORS' REPORT

Board of Directors
The Green Bay Catholic Compass, Inc.
Green Bay, Wisconsin

We have audited the accompanying financial statements of The Green Bay Catholic Compass, 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 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.

Board of Directors
The Green Bay Catholic Compass, Inc.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of The Green Bay Catholic Compass, 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 19, 2019

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

	2019	2018
ASSETS		
Interest in Cash	\$ 124,662	\$ 140,416
Accounts Receivable, Net of Allowance for Doubtful Accounts of \$4,000	54,998	28,300
Prepaid Expenses	436	257
Property and Equipment, Net	2,172	3,305
Total Assets	\$ 182,268	\$ 172,278
LIABILITIES AND NET ASSETS		
LIABILITIES		
Accounts Payable	\$ 1,215	\$ 9,846
Accrued Expenses	30,457	28,273
Deferred Revenue	59,111	62,788
Total Liabilities	90,783	100,907
NET ASSETS		
Without Donor Restrictions	57,647	36,545
With Donor Restrictions	33,838	34,826
Total Net Assets	91,485	71,371
Total Liabilities and Net Assets	\$ 182,268	\$ 172,278

See accompanying Notes to Financial Statements.

THE GREEN BAY CATHOLIC COMPASS, INC.
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2019

	Without Donor Restrictions	With Donor Restrictions	Total
REVENUES AND SUPPORT			
Sales	\$ 619,635	\$ -	\$ 619,635
Cost of Sales	(294,633)	-	(294,633)
Gross Margin	325,002	-	325,002
Bishop's Appeal Grant	232,018	-	232,018
Contributions	2,380	44,471	46,851
Fundraising, Net of Expenses of \$2,513	22,862	-	22,862
Other	822	-	822
Net Assets Released From Restrictions:			
Subscriptions Assistance	45,459	(45,459)	-
Total Revenues and Support	628,543	(988)	627,555
EXPENSES			
Salaries and Wages	321,352	-	321,352
Personnel Benefits	99,582	-	99,582
Other Personnel Costs	4,498	-	4,498
Purchased Services	128,785	-	128,785
Facilities, Buildings, and Grounds	26,196	-	26,196
Office	27,028	-	27,028
Total Expenses	607,441	-	607,441
CHANGE IN NET ASSETS	21,102	(988)	20,114
Net Assets - Beginning of Year	36,545	34,826	71,371
NET ASSETS - END OF YEAR	<u>\$ 57,647</u>	<u>\$ 33,838</u>	<u>\$ 91,485</u>

See accompanying Notes to Financial Statements.

THE GREEN BAY CATHOLIC COMPASS, INC.
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2018

	Without Donor Restrictions	With Donor Restrictions	Total
REVENUES AND SUPPORT			
Sales	\$ 616,498	\$ -	\$ 616,498
Cost of Sales	(277,961)	-	(277,961)
Gross Margin	338,537	-	338,537
 Bishop's Appeal Grant	 185,377	 -	 185,377
Contributions	2,006	43,173	45,179
Fundraising, Net of Expenses of \$4,532	21,472	-	21,472
Other	960	-	960
Net Assets Released From Restrictions:			
Subscriptions Assistance	43,445	(43,445)	-
Total Revenues and Support	591,797	(272)	591,525
 EXPENSES			
Salaries and Wages	292,722	-	292,722
Personnel Benefits	89,312	-	89,312
Other Personnel Costs	6,380	-	6,380
Purchased Services	149,807	-	149,807
Facilities, Buildings, and Grounds	26,196	-	26,196
Office	21,171	-	21,171
Total Expenses	585,588	-	585,588
 CHANGE IN NET ASSETS	 6,209	 (272)	 5,937
 Net Assets - Beginning of Year	 30,336	 35,098	 65,434
 NET ASSETS - END OF YEAR	 \$ 36,545	 \$ 34,826	 \$ 71,371

See accompanying Notes to Financial Statements.

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

	2019	2018
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash Received from Contributors	\$ 304,244	\$ 256,560
Cash Received from Subscribers, Advertisers, and Others	590,082	613,674
Cash Paid to Suppliers	(486,832)	(483,512)
Cash Paid to and on Behalf of Employees	(423,248)	(383,426)
Net Cash Flows from Operating Activities	(15,754)	3,296
 CASH FLOWS FROM INVESTING ACTIVITY		
Purchase of Property and Equipment	-	(3,399)
 NET CHANGE IN INTEREST IN CASH	(15,754)	(103)
 Interest in Cash - Beginning of Year	140,416	140,519
 INTEREST IN CASH - END OF YEAR	\$ 124,662	\$ 140,416
 RECONCILIATION OF CHANGE IN NET ASSETS TO NET CASH FLOWS FROM OPERATING ACTIVITIES		
Change in Net Assets	\$ 20,114	\$ 5,937
Adjustments to Reconcile Change in Net Assets to Net Cash Flows From Operating Activities:		
Depreciation	1,133	94
Changes in Certain Assets and Liabilities:		
Accounts Receivable	(26,698)	2,370
Prepaid Expenses	(179)	25
Accounts Payable	(8,631)	(3,964)
Accrued Expenses	2,184	4,988
Deferred Revenue	(3,677)	(6,154)
 Net Cash Flows From Operating Activities	\$ (15,754)	\$ 3,296

See accompanying Notes to Financial Statements.

THE GREEN BAY CATHOLIC COMPASS, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019 AND 2018

NOTE 1 PRINCIPAL ACTIVITY

The Green Bay Catholic Compass, Inc. (the Compass) is a nonprofit corporation organized under the laws of the state of Wisconsin for the publication of a newspaper for the purpose of advancing the interest of the Roman Catholic Church in the Diocese of Green Bay.

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.

Interest in Cash

The Compass 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 Compass has not experienced any losses in such accounts and believes it is not exposed to any significant credit risk on cash.

Accounts Receivable

The majority of Compass accounts receivable is due from private parties within the Diocese region. Accounts receivable are due within 30 days or according to separately stated terms and are stated as amounts due, net of allowance for doubtful accounts. The Compass provides an allowance for doubtful accounts equal to the estimated uncollectible amounts. The estimate is based on historical collection experience and a review of the current status of accounts receivable.

Property and Equipment

Property and equipment is 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, which is made up entirely of computer equipment, is depreciated using the straight-line method over an estimated useful life of 3 years.

THE GREEN BAY CATHOLIC COMPASS, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019 AND 2018

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Impairment of Long-Lived Assets

The Compass 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.

Deferred Revenue

Revenues and deposits applying to services to be rendered in future periods are recorded as deferred revenue when received and reflected as revenue in the year when the revenues are earned or services are provided.

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.

Revenue Recognition

Advertising revenues and subscription revenues are recognized in the month the periodicals are published.

THE GREEN BAY CATHOLIC COMPASS, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019 AND 2018

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Contribution Recognition

Contributions 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 Compass.

In connection with its annual budget process, the Compass 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.

Shipping and Handling Costs

Shipping and handling costs charged to customers have been included in sales. Shipping and handling costs incurred by the Compass have been included in cost of sales.

Tax-Exempt Status

The Compass has received notification that it qualifies as a tax-exempt organization under Section 501(c)(3) covered by the U.S. Internal Revenue Service (IRS) 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.

The Compass incurred no unrelated business income tax for the years ended June 30, 2019 and 2018.

Subsequent Events

In preparing these financial statements, the Compass has evaluated events and transactions for potential recognition or disclosure through September 19, 2019, the date the financial statements were available to be issued.

THE GREEN BAY CATHOLIC COMPASS, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019 AND 2018

NOTE 3 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*. The Compass 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.

NOTE 4 LIQUIDITY AND AVAILABILITY

The Compass 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:

	2019	2018
Interest in Cash	\$ 124,662	\$ 140,416
Accounts Receivable	54,998	28,300
Subtotal	179,660	168,716
Less: Donor Restricted Net Assets	(33,838)	(34,826)
Total Financial Assets Available for General Expenditure	\$ 145,822	\$ 133,890

NOTE 5 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.

THE GREEN BAY CATHOLIC COMPASS, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019 AND 2018

NOTE 5 FUNCTIONAL CLASSIFICATION OF EXPENSES (CONTINUED)

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

	2019			
	Program	Management	Fundraising	Total
	Services	and General		
Salaries and Wages	\$ 313,261	\$ 8,091	\$ -	\$ 321,352
Personnel Benefits	97,431	2,151	-	99,582
Other Personnel Costs	4,498	-	-	4,498
Purchased Services	140,907	33,132	-	174,039
Rent	26,196	-	-	26,196
Office	276,407	-	-	276,407
Fundraising Expenses	-	-	2,513	2,513
Total Expenses by Function	858,700	43,374	2,513	904,587
Less: Expenses Included with Revenues on the Statements of Activities:				
Cost of Sales	(294,633)	-	-	(294,633)
Fundraising Expenses	-	-	(2,513)	(2,513)
Total Expenses Included in the Expenses Section on the Statements of Activities	\$ 564,067	\$ 43,374	\$ -	\$ 607,441

	2018			
	Program	Management	Fundraising	Total
	Services	and General		
Salaries and Wages	\$ 283,913	\$ 8,809	\$ -	\$ 292,722
Personnel Benefits	87,407	1,905	-	89,312
Other Personnel Costs	6,380	-	-	6,380
Purchased Services	165,416	32,760	-	198,176
Rent	26,196	-	-	26,196
Office	250,763	-	-	250,763
Fundraising Expenses	-	-	4,532	4,532
Total Expenses by Function	820,075	43,474	4,532	868,081
Less: Expenses Included with Revenues on the Statements of Activities:				
Cost of Sales	(277,961)	-	-	(277,961)
Fundraising Expenses	-	-	(4,532)	(4,532)
Total Expenses Included in the Expenses Section on the Statements of Activities	\$ 542,114	\$ 43,474	\$ -	\$ 585,588

THE GREEN BAY CATHOLIC COMPASS, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019 AND 2018

NOTE 6 RETIREMENT PLAN

The Compass participates in the Catholic Diocese of Green Bay Employees' Retirement Plan. The defined contribution retirement plan covers most lay employees. The vesting period of the plan is six months. Contributions are 9% of an employee's wages and are made each pay period. Retirement plan expense was \$28,222 and \$25,550 for the years ended June 30, 2019 and 2018, respectively.

NOTE 7 LEASES

The Compass leases certain office space and equipment under operating lease agreements with another diocesan entity on a month-to-month basis. Total rent expense was \$26,196 for each of the years ended June 30, 2019 and 2018.

NOTE 8 INTERDIOCESAN TRANSACTIONS

The Compass was a party to various transactions with other diocesan corporations during the years ended June 30, 2019 and 2018. Total revenues and support from other diocesan corporations were \$402,494 and \$330,650 for the years ended June 30, 2019 and 2018, respectively, and relate to donations, advertising, and subscriptions. The revenues from other diocesan corporations constitute a substantial portion of the Compass' total revenues for the years ended June 30, 2019 and 2018. Total expenses paid to other diocesan corporations were \$197,222 and \$187,654 for the years ended June 30, 2019 and 2018, respectively, and relates to administrative and support services.

NOTE 9 NET ASSETS WITH DONOR RESTRICTIONS

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

	2019	2018
Subject to Expenditure for Specified Purpose:		
Subscriptions Assistance	\$ 30,940	\$ 34,783
Compass in the Classroom	2,855	-
Prison Ministry	43	43
Total Net Assets with Donor Restrictions	\$ 33,838	\$ 34,826