

CATHOLIC DIOCESE OF GREEN BAY, INC.

FINANCIAL STATEMENTS

YEARS ENDED JUNE 30, 2018 AND 2017

**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, 2018 and 2017, 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, 2018 and 2017, 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 27, 2018

**CATHOLIC DIOCESE OF GREEN BAY, INC.
STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2018 AND 2017**

	2018	2017
ASSETS		
Cash and Interest in Cash	\$ 863,432	\$ 1,373,848
Accounts Receivable, Net of Allowance for Doubtful Accounts of \$445,280 and \$499,638, Respectively	23,699	229,647
Inventory and Prepaid Expenses	77,906	76,920
Real Estate Held for Sale	312,508	306,646
Investments	7,412,044	6,171,018
Property and Equipment, Net	2,057,288	2,099,755
Deferred Gift Agreements	783,312	1,644,746
Cash Surrender Value of Life Insurance	154,571	208,934
	\$ 11,684,760	\$ 12,111,514
LIABILITIES AND NET ASSETS		
LIABILITIES		
Accounts Payable and Accrued Expenses	\$ 534,101	\$ 472,789
Collections and Custodial Funds	204,674	203,829
Deferred Revenue	304,321	323,300
Deferred Gifts Payable	151,241	1,047,723
Total Liabilities	1,194,337	2,047,641
NET ASSETS		
Unrestricted	5,298,022	4,908,565
Temporarily Restricted	4,919,662	4,882,569
Permanently Restricted	272,739	272,739
Total Net Assets	10,490,423	10,063,873
Total Liabilities and Net Assets	\$ 11,684,760	\$ 12,111,514

See accompanying Notes to Financial Statements.

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

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
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>-</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	1,248,295	-	-	1,248,295
Office	381,009	-	-	381,009
Grants and Direct Assistance	502,373	-	-	502,373
Other	2,689,897	-	-	2,689,897
	1,086,426	-	-	1,086,426
Total Expenses	<u>9,331,696</u>	<u>-</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>-</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>4,882,569</u>	<u>272,739</u>	<u>10,063,873</u>
NET ASSETS - END OF YEAR	<u>\$ 5,298,022</u>	<u>\$ 4,919,662</u>	<u>\$ 272,739</u>	<u>\$ 10,490,423</u>

See accompanying Notes to Financial Statements.

CATHOLIC DIOCESE OF GREEN BAY, INC.
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2017

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
REVENUES AND SUPPORT				
Bishop's Appeal	\$ 3,471,440	\$ -	\$ -	\$ 3,471,440
Other Grants	16,000	-	-	16,000
Diocesan Assessment	2,027,889	-	-	2,027,889
Fees for Services and Sales, Net				
Expenses of \$4,398	1,196,887	-	-	1,196,887
Contributions	1,164,471	669,500	-	1,833,971
Other	264,308	-	-	264,308
Net Assets Released from				
Restrictions	739,049	(739,049)	-	-
Total Revenues and Support	8,880,044	(69,549)	-	8,810,495
EXPENSES				
Salaries and Wages	2,017,794	-	-	2,017,794
Compensation of Clergy and Religious	490,725	-	-	490,725
Personnel Benefits	856,368	-	-	856,368
Other Personnel Related Expenses	142,200	-	-	142,200
Purchased Services	1,280,393	-	-	1,280,393
Facilities, Buildings, and Grounds	384,633	-	-	384,633
Office	487,024	-	-	487,024
Grants and Direct Assistance	2,491,908	-	-	2,491,908
Other	799,498	-	-	799,498
Total Expenses	8,950,543	-	-	8,950,543
REVENUES AND SUPPORT IN				
EXCESS (DEFICIT) OF EXPENSES	(70,499)	(69,549)	-	(140,048)
OTHER CHANGES IN NET ASSETS				
Investment Return	178,963	493,611	-	672,574
Change in Value of Split Interest Gift				
Annuity Agreements	(67,444)	-	-	(67,444)
Total Other Changes in Net Assets	111,519	493,611	-	605,130
CHANGE IN NET ASSETS				
	41,020	424,062	-	465,082
Net Assets - Beginning of Year	4,867,545	4,458,507	272,739	9,598,791
NET ASSETS - END OF YEAR	<u>\$ 4,908,565</u>	<u>\$ 4,882,569</u>	<u>\$ 272,739</u>	<u>\$ 10,063,873</u>

See accompanying Notes to Financial Statements.

**CATHOLIC DIOCESE OF GREEN BAY, INC.
STATEMENTS OF CASH FLOWS
YEARS ENDED JUNE 30, 2018 AND 2017**

	<u>2018</u>	<u>2017</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash Received from Contributors	\$ 8,151,824	\$ 7,613,608
Cash Received from Sales and Fees for Services	1,472,690	1,099,773
Cash Paid to Suppliers	(3,118,022)	(2,723,494)
Cash Paid to and on Behalf of Employees	(3,427,432)	(3,471,325)
Cash Paid for Grants and Assistance	<u>(2,689,897)</u>	<u>(2,491,908)</u>
Net Cash Flows from Operating Activities	389,163	26,654
 CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of Property and Equipment	-	(33,867)
Purchase of Real Estate Held for Sale	(5,862)	(11,450)
Cash Paid for Purchases of Investments	(1,152,339)	(39,533)
Proceeds from Sale of Investments	<u>1,217,443</u>	<u>378,206</u>
Net Cash Flows from Investing Activities	59,242	293,356
 CASH FLOWS FROM FINANCING ACTIVITIES		
Cash Paid to Annuitants	<u>(958,821)</u>	<u>(88,448)</u>
 NET CHANGE IN CASH AND INTEREST IN CASH	(510,416)	231,562
 Cash and Interest in Cash - Beginning of Year	<u>1,373,848</u>	<u>1,142,286</u>
 CASH AND INTEREST IN CASH - END OF YEAR	<u><u>\$ 863,432</u></u>	<u><u>\$ 1,373,848</u></u>

**CATHOLIC DIOCESE OF GREEN BAY, INC.
STATEMENTS OF CASH FLOWS (CONTINUED)
YEARS ENDED JUNE 30, 2018 AND 2017**

	2018	2017
RECONCILIATION OF CHANGE IN NET ASSETS TO NET CASH FLOWS FROM OPERATING ACTIVITIES		
Change in Net Assets	\$ 426,550	\$ 465,082
Adjustments to Reconcile Change in Net Assets to Net Cash Flows from Operating Activities:		
Depreciation	42,467	37,705
Bad Debts	(54,358)	(163,586)
Investment Return	(390,333)	(672,574)
Change in Value of Split Interest Gift Annuity Agreements	60,277	67,444
Changes in Certain Assets and Liabilities:		
Accounts Receivable	260,306	41,743
Inventory and Prepaid Expenses	(986)	15,533
Accounts Payable and Accrued Expenses	61,312	167,714
Deferred Gifts Payable	2,062	48,031
Collections and Custodial Funds	845	(769)
Deferred Revenue	(18,979)	20,331
Net Cash Flows from Operating Activities	\$ 389,163	\$ 26,654
NONCASH INVESTING ACTIVITIES		
Interest and Dividends Reinvested Directly Back into Investment Funds	\$ 118,453	\$ 91,870

See accompanying Notes to Financial Statements.

CATHOLIC DIOCESE OF GREEN BAY, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018 AND 2017

NOTE 1 NATURE OF OPERATIONS

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 into one of three classes of net assets based on the existence or absence of donor-imposed restrictions. Accordingly, net assets are classified and reported as follows:

Unrestricted – Unrestricted net assets include all net assets that are not subject to donor-imposed stipulations.

Temporarily Restricted – Temporarily restricted net assets include net assets subject to donor-imposed stipulations that either expire by passage of time or can be fulfilled and removed by actions of the Diocese pursuant to those stipulations.

Permanently Restricted – Permanently restricted net assets include net assets subject to donor-imposed stipulations that they be maintained permanently by the Diocese. Permanently restricted net assets consist of endowment funds, held in perpetuity, the income from which is available for support of seminarians and vocations.

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, 2018 AND 2017

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 Recognition

Contributions are recognized as revenue when they are received or unconditionally pledged. Contributions that are unrestricted by the donor are reported as increases in unrestricted net assets. All other donor-restricted contributions are reported as increases in temporarily or permanently restricted net assets, depending on the nature of the restrictions. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the accompanying 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 4 - 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 unrestricted net assets unless the income or loss is restricted by donor or law.

CATHOLIC DIOCESE OF GREEN BAY, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018 AND 2017

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, 2018 and 2017. 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, 2018.

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, 2018 AND 2017

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 27, 2018, the date the financial statements were available to be issued.

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 the Diocese for the year ended June 30, 2019; however, early application is permitted. The Diocese is currently evaluating the impact this guidance will have on its financial statements.

NOTE 4 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.

CATHOLIC DIOCESE OF GREEN BAY, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018 AND 2017

NOTE 4 INVESTMENTS AND FAIR VALUE MEASUREMENTS (CONTINUED)

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

	Fair Value		Redemption Frequency	Termination Notice Period
	2018	2017		
St. Francis Xavier Corp. Fixed Income Fund	\$ 1,664,954	\$ 2,066,618	Daily	30 Days
St. Francis Xavier Corp. Equity Fund	3,303,475	3,755,108	Daily	30 Days
St. Francis Xavier Corp. Money Market Fund	3,226,927	1,994,038	Daily	30 Days
Total Funds	<u>\$ 8,195,356</u>	<u>\$ 7,815,764</u>		

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

	2018	2017
Investments	\$ 7,412,044	\$ 6,171,018
Deferred Gift Agreements	783,312	1,644,746
Total	<u>\$ 8,195,356</u>	<u>\$ 7,815,764</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	5
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	3
Total	<u>100 %</u>

**CATHOLIC DIOCESE OF GREEN BAY, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018 AND 2017**

NOTE 4 INVESTMENTS AND FAIR VALUE MEASUREMENTS (CONTINUED)

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.

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 measured at fair value on a recurring basis:

	June 30, 2018			
	Level 1	Level 2	Level 3	Total
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
Total Funds	<u>\$ -</u>	<u>\$ 8,195,356</u>	<u>\$ -</u>	<u>\$ 8,195,356</u>

	June 30, 2017			
	Level 1	Level 2	Level 3	Total
St. Francis Xavier Corp. Fixed Income Fund	\$ -	\$ 2,066,618	\$ -	\$ 2,066,618
St. Francis Xavier Corp. Equity Fund	-	3,755,108	-	3,755,108
St. Francis Xavier Corp. Money Market Fund	-	1,994,038	-	1,994,038
Total Funds	<u>\$ -</u>	<u>\$ 7,815,764</u>	<u>\$ -</u>	<u>\$ 7,815,764</u>

CATHOLIC DIOCESE OF GREEN BAY, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018 AND 2017

NOTE 4 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.

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

	2018	2017
Interest and Dividends	\$ 69,699	\$ 114,593
Realized and Unrealized Gains on Investments	320,634	557,981
Total	\$ 390,333	\$ 672,574

Fees charged on investments have been netted against the investment return. Total fees for the years ended June 30, 2018 and 2017 were \$36,518 and \$36,991, respectively.

NOTE 5 PROPERTY AND EQUIPMENT

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

	2018	2017
Furniture and Equipment	\$ 64,183	\$ 64,183
Land and Improvements	1,735,115	1,735,115
Buildings	321,200	321,200
Vehicles	101,316	101,316
Total - at Cost	2,221,814	2,221,814
Less: Accumulated Depreciation	(164,526)	(122,059)
Property and Equipment, Net	\$ 2,057,288	\$ 2,099,755

NOTE 6 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 unrestricted, temporarily restricted or permanently restricted net assets, or in some instances, distributed to third-party beneficiaries.

**CATHOLIC DIOCESE OF GREEN BAY, INC.
 NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2018 AND 2017**

NOTE 6 DEFERRED GIFT AGREEMENTS (CONTINUED)

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.

During the years ended June 30, 2018 and 2017, the Diocese received contributions of \$5,000 and \$80,000, 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 \$10,156 and \$878,536 and payables to the donors of \$7,384 and \$462,373 at June 30, 2018 and 2017, 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 \$452,982 and \$453,631 at June 30, 2018 and 2017, respectively.

NOTE 7 FUNCTIONAL CLASSIFICATION OF EXPENSES

The costs of providing program and other activities have been summarized on a functional basis. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

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

	2018	2017
Program Services	\$ 8,813,470	\$ 8,387,979
Supporting Services:		
Management and General	518,226	562,564
Total	\$ 9,331,696	\$ 8,950,543

CATHOLIC DIOCESE OF GREEN BAY, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018 AND 2017

NOTE 8 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>2018</u>	<u>2017</u>
Revenues:		
Bishop's Appeal Grant	\$ 3,069,675	\$ 3,292,170
Donation	1,613,696	861,509
Administrative Service Fees	24,313	59,449
Total Revenues	<u>\$ 4,707,684</u>	<u>\$ 4,213,128</u>
Expenses:		
Occupancy Expenses	\$ 471,166	\$ 478,059
Insurance Expenses	609,391	702,558
Donations	1,427,832	131,056
Administrative Service Fees	736,104	732,466
Investment Management Fees	36,518	36,991
Other	22,338	16,573
Total Expenses	<u>\$ 3,303,349</u>	<u>\$ 2,097,703</u>

The Diocese also holds annuities for the benefit of The Catholic Foundation for the Diocese of Green Bay, Inc. As of June 30, 2018 and 2017, the balance was \$5,471 and \$416,366, 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:

	<u>Maximum Available</u>	<u>2018</u>	<u>2017</u>
Green Bay Diocese Cemetery Corporation	\$ 250,000	\$ -	\$ -
Camp Tekakwitha Retreat and Conference Center, Inc.	500,000	-	-
Total	<u>\$ 750,000</u>	-	-
Less: Allowance for Doubtful Accounts		-	-
Loans to Other Diocesan Entities, Net		<u>\$ -</u>	<u>\$ -</u>

**CATHOLIC DIOCESE OF GREEN BAY, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018 AND 2017**

NOTE 9 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 \$369,204 and \$372,828 for the years ended June 30, 2018 and 2017, respectively. All leases are accounted for as operating leases.

NOTE 10 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, 2018 and 2017. 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 \$205,191 and \$205,186 for the years ended June 30, 2018 and 2017, respectively.

NOTE 11 RESTRICTIONS ON NET ASSETS

Temporarily restricted net assets for the years ended June 30, 2018 and 2017 are available for the following purposes or periods:

	<u>2018</u>	<u>2017</u>
Future Periods	\$ 154,571	\$ 208,934
Education at Catholic University, Washington, D.C.	1,077,001	998,537
Assistance to the Poor	1,664,781	1,617,629
Various Programs	<u>2,023,309</u>	<u>2,057,469</u>
Total Temporarily Restricted Net Assets	<u>\$ 4,919,662</u>	<u>\$ 4,882,569</u>