

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

**FINANCIAL STATEMENTS**

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

**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, 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 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, 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 12, 2018

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

|   | 2018       | 2017       |
|---|------------|------------|
| <b>ASSETS</b>   |            |            |
| Interest in Cash  | \$ 140,416 | \$ 140,519 |
| Accounts Receivable, Net of Allowance<br>for Doubtful Accounts of \$4,000 | 28,300     | 30,670     |
| Prepaid Expenses  | 257        | 282        |
| Property and Equipment, Net   | 3,305      | -          |
| Total Assets  | \$ 172,278 | \$ 171,471 |
| <b>LIABILITIES AND NET ASSETS</b>   |            |            |
| <b>LIABILITIES</b>  |            |            |
| Accounts Payable  | \$ 9,846   | \$ 13,810  |
| Accrued Expenses  | 28,273     | 23,285     |
| Deferred Revenue  | 62,788     | 68,942     |
| Total Liabilities   | 100,907    | 106,037    |
| <b>NET ASSETS</b>   |            |            |
| Unrestricted  | 36,545     | 30,336     |
| Temporarily Restricted  | 34,826     | 35,098     |
| Total Net Assets  | 71,371     | 65,434     |
| Total Liabilities and Net Assets  | \$ 172,278 | \$ 171,471 |

See accompanying Notes to Financial Statements.

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

|   | Unrestricted | Temporarily<br>Restricted | Total      |
|---|--------------|---------------------------|------------|
| <b>REVENUES AND SUPPORT</b>             |              |                           |            |
| Sales                                   | \$ 616,498   | \$ -                      | \$ 616,498 |
| Cost of Sales                           | (277,961)    | -                         | (277,961)  |
| Gross Margin                            | 338,537      | -                         | 338,537    |
| <br>                                    |              |                           |            |
| 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   | 43,445       | (43,445)                  | -          |
| Total Revenues and Support              | 591,797      | (272)                     | 591,525    |
| <br>                                    |              |                           |            |
| <b>EXPENSES</b>                         |              |                           |            |
| 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    |
| <br>                                    |              |                           |            |
| <b>CHANGE IN NET ASSETS</b>             | 6,209        | (272)                     | 5,937      |
| <br>                                    |              |                           |            |
| Net Assets - Beginning of Year          | 30,336       | 35,098                    | 65,434     |
| <br>                                    |              |                           |            |
| <b>NET ASSETS - END OF YEAR</b>         | \$ 36,545    | \$ 34,826                 | \$ 71,371  |

See accompanying Notes to Financial Statements.

**THE GREEN BAY CATHOLIC COMPASS, INC.**  
**STATEMENT OF ACTIVITIES**  
**YEAR ENDED JUNE 30, 2017**

|  | Unrestricted     | Temporarily<br>Restricted | Total            |
|--|------------------|---------------------------|------------------|
| <b>REVENUES AND SUPPORT</b>              |                  |                           |                  |
| Sales                                    | \$ 575,863       | \$ -                      | \$ 575,863       |
| Cost of Sales                            | (274,320)        | -                         | (274,320)        |
| Gross Margin                             | 301,543          | -                         | 301,543          |
| <br>                                     |                  |                           |                  |
| Bishop's Appeal Grant                    | 278,123          | -                         | 278,123          |
| Contributions                            | 2,000            | 44,381                    | 46,381           |
| Fundraising, Net of Expenses of \$2,891  | 16,238           | -                         | 16,238           |
| Other                                    | 746              | -                         | 746              |
| Net Assets Released From Restrictions    | 28,125           | (28,125)                  | -                |
| Total Revenues and Support               | 626,775          | 16,256                    | 643,031          |
| <br>                                     |                  |                           |                  |
| <b>EXPENSES</b>                          |                  |                           |                  |
| Salaries and Wages                       | 299,956          | -                         | 299,956          |
| Personnel Benefits                       | 104,632          | -                         | 104,632          |
| Other Personnel Costs                    | 5,888            | -                         | 5,888            |
| Purchased Services                       | 132,025          | -                         | 132,025          |
| Facilities, Buildings, and Grounds       | 26,196           | -                         | 26,196           |
| Office                                   | 25,416           | -                         | 25,416           |
| Total Expenses                           | 594,113          | -                         | 594,113          |
| <br>                                     |                  |                           |                  |
| <b>CHANGE IN NET ASSETS (DEFICIT)</b>    | 32,662           | 16,256                    | 48,918           |
| <br>                                     |                  |                           |                  |
| Net Assets (Deficit) - Beginning of Year | (2,326)          | 18,842                    | 16,516           |
| <br>                                     |                  |                           |                  |
| <b>NET ASSETS - END OF YEAR</b>          | <b>\$ 30,336</b> | <b>\$ 35,098</b>          | <b>\$ 65,434</b> |

See accompanying Notes to Financial Statements.

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

|   | 2018       | 2017       |
|---|------------|------------|
| <b>CASH FLOWS FROM OPERATING ACTIVITIES</b>   |            |            |
| Cash Received from Contributors   | \$ 256,560 | \$ 343,633 |
| Cash Received from Subscribers,<br>Advertisers, and Others  | 613,674    | 572,530    |
| Cash Paid to Suppliers  | (483,512)  | (452,468)  |
| Cash Paid to and on Behalf of Employees   | (383,426)  | (410,308)  |
| Net Cash Flows from Operating Activities  | 3,296      | 53,387     |
| <br><b>CASH FLOWS FROM INVESTING ACTIVITY</b>   |            |            |
| Purchase of property and equipment  | (3,399)    | -          |
| <br><b>NET CHANGE IN INTEREST IN CASH</b>   | (103)      | 53,387     |
| <br>Interest in Cash - Beginning of Year  | 140,519    | 87,132     |
| <br><b>INTEREST IN CASH - END OF YEAR</b>   | \$ 140,416 | \$ 140,519 |
| <br><b>RECONCILIATION OF CHANGE IN NET ASSETS TO<br/>NET CASH FLOWS FROM OPERATING ACTIVITIES</b> |            |            |
| Change in Net Assets  | \$ 5,937   | \$ 48,918  |
| Adjustments to Reconcile Change in Net Assets to Net<br>Cash Flows From Operating Activities:     |            |            |
| Depreciation  | 94         | -          |
| Changes in Certain Assets and Liabilities:  |            |            |
| Accounts Receivable   | 2,370      | (7,545)    |
| Prepaid Expenses  | 25         | (25)       |
| Accounts Payable  | (3,964)    | 8,405      |
| Accrued Expenses  | 4,988      | 168        |
| Deferred Revenue  | (6,154)    | 3,466      |
| <br>Net Cash Flows From Operating Activities  | \$ 3,296   | \$ 53,387  |

See accompanying Notes to Financial Statements.



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

**NOTE 1 NATURE OF OPERATIONS**

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, 2018 AND 2017**

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

**Unrestricted**

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

**Temporarily Restricted**

The temporarily restricted net assets include net assets that result from contributions whose use by the Compass is limited by donor-imposed stipulations that either expire with the passage of time or can be fulfilled and removed by actions of the Compass pursuant to those stipulations.

**Permanently Restricted**

The permanently restricted net assets include net assets resulting from contributions with donor-imposed stipulations that require the Compass to hold the gift in perpetuity. There were no permanently restricted net assets at June 30, 2018 and 2017.

**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, 2018 AND 2017**

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

**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 donor restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets 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, 2018 and 2017.

**Subsequent Events**

In preparing these financial statements, the Compass has evaluated events and transactions for potential recognition or disclosure through September 12, 2018, the date the financial statements were available to be issued.

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

**NOTE 3 NEW ACCOUNTING STANDARDS UPDATE**

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

**NOTE 4 FUNCTIONAL EXPENSES**

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

|                        | 2018       | 2017       |
|------------------------|------------|------------|
| Program Services       | \$ 542,114 | \$ 548,150 |
| Management and General | 43,474     | 45,963     |
| Total                  | \$ 585,588 | \$ 594,113 |

**NOTE 5 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 \$25,550 and \$26,508 for the years ended June 30, 2018 and 2017, respectively.

**NOTE 6 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, 2018 and 2017.

**NOTE 7 INTERDIOCESAN TRANSACTIONS**

The Compass was a party to various transactions with other diocesan corporations during the years ended June 30, 2018 and 2017. Total revenues and support from other diocesan corporations were \$330,650 and \$422,319 for the years ended June 30, 2018 and 2017, 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, 2018 and 2017. Total expenses paid to other diocesan corporations were \$187,654 and \$206,116 for the years ended June 30, 2018 and 2017, respectively, and relates to administrative and support services.

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

**NOTE 8 RESTRICTIONS ON NET ASSETS**

Temporarily restricted net assets were available for the following purposes as of June 30:

|                          | <u>2018</u>      | <u>2017</u>      |
|--------------------------|------------------|------------------|
| Subscriptions Assistance | \$ 34,783        | \$ 31,477        |
| Prison Ministry          | 43               | 43               |
| Pilgrimage               | -                | 70               |
| Compass in the Classroom | -                | 3,508            |
| Total                    | <u>\$ 34,826</u> | <u>\$ 35,098</u> |