

CATHOLIC DIOCESE OF GREEN BAY, INC.
FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2020 AND 2019



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**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, 2020 and 2019, 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, 2020 and 2019, 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, 2020

CATHOLIC DIOCESE OF GREEN BAY, INC.
STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2020 AND 2019

	2020	2019
ASSETS		
Cash and Interest in Cash	\$ 1,716,616	\$ 1,147,110
Accounts Receivable, Net of Allowance for Doubtful Accounts of \$315,707 and \$364,176, Respectively	-	94,877
Bequests Receivable	-	5,600,886
Inventory and Prepaid Expenses	72,526	66,712
Real Estate Held for Sale	335,968	324,180
Investments	13,093,446	7,683,441
Property and Equipment, Net	2,025,222	2,070,845
Deferred Gift Agreements	823,238	785,434
Cash Surrender Value of Life Insurance	166,875	157,516
	\$ 18,233,891	\$ 17,931,001
Total Assets		
LIABILITIES AND NET ASSETS		
LIABILITIES		
Accounts Payable and Accrued Expenses	\$ 612,279	\$ 593,555
Collections and Custodial Funds	190,309	199,870
Deferred Revenue	649,202	292,559
Deferred Gifts Payable	225,830	120,329
Refundable Advance	882,700	-
Total Liabilities	2,560,320	1,206,313
NET ASSETS		
Without Donor Restrictions	4,681,649	5,762,982
With Donor Restrictions	10,991,922	10,961,706
Total Net Assets	15,673,571	16,724,688
Total Liabilities and Net Assets	\$ 18,233,891	\$ 17,931,001

See accompanying Notes to Financial Statements.

CATHOLIC DIOCESE OF GREEN BAY, INC.
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2020

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
REVENUES AND SUPPORT			
Bishop's Appeal	\$ 2,983,173	\$ -	\$ 2,983,173
Other Grants	20,000	-	20,000
Diocesan Assessment	1,858,064	-	1,858,064
Net Fees for Services and Sales	1,232,803	-	1,232,803
Contributions	1,181,842	624,405	1,806,247
Other	106,386	-	106,386
Net Assets Released from Restrictions	<u>583,543</u>	<u>(583,543)</u>	<u>-</u>
Total Revenues and Support	7,965,811	40,862	8,006,673
EXPENSES			
Salaries and Wages	2,296,486	-	2,296,486
Compensation of Clergy and Religious Personnel Benefits	442,055	-	442,055
Other Personnel Related Expenses	953,451	-	953,451
Purchased Services	127,388	-	127,388
Facilities, Buildings, and Grounds	1,379,283	-	1,379,283
Office	394,681	-	394,681
Grants and Direct Assistance	456,080	-	456,080
Other	2,271,209	-	2,271,209
Total Expenses	<u>673,590</u>	<u>-</u>	<u>673,590</u>
	<u>8,994,223</u>	<u>-</u>	<u>8,994,223</u>
REVENUES AND SUPPORT IN EXCESS (DEFICIENT) OF EXPENSES	(1,028,412)	40,862	(987,550)
OTHER CHANGES IN NET ASSETS			
Investment Return	59,360	(10,646)	48,714
Change in Value of Split-Interest Gift Annuity Agreements	<u>(112,281)</u>	<u>-</u>	<u>(112,281)</u>
Total Other Changes in Net Assets	<u>(52,921)</u>	<u>(10,646)</u>	<u>(63,567)</u>
CHANGE IN NET ASSETS	(1,081,333)	30,216	(1,051,117)
Net Assets - Beginning of Year	<u>5,762,982</u>	<u>10,961,706</u>	<u>16,724,688</u>
NET ASSETS - END OF YEAR	<u>\$ 4,681,649</u>	<u>\$ 10,991,922</u>	<u>\$ 15,673,571</u>

See accompanying Notes to Financial Statements.

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

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
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
Net Fees for Services and Sales	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	<u>9,536,188</u>	<u>5,524,317</u>	<u>15,060,505</u>
EXPENSES			
Salaries and Wages	2,220,081	-	2,220,081
Compensation of Clergy and Religious	409,913	-	409,913
Personnel Benefits	899,293	-	899,293
Other Personnel Related Expenses	155,564	-	155,564
Purchased Services	1,451,741	-	1,451,741
Facilities, Buildings, and Grounds	381,348	-	381,348
Office	473,162	-	473,162
Grants and Direct Assistance	2,246,487	-	2,246,487
Other	952,973	-	952,973
Total Expenses	<u>9,190,562</u>	<u>-</u>	<u>9,190,562</u>
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	<u>119,334</u>	<u>244,988</u>	<u>364,322</u>
CHANGE IN NET ASSETS	464,960	5,769,305	6,234,265
Net Assets - Beginning of Year	<u>5,298,022</u>	<u>5,192,401</u>	<u>10,490,423</u>
NET ASSETS - END OF YEAR	<u>\$ 5,762,982</u>	<u>\$ 10,961,706</u>	<u>\$ 16,724,688</u>

See accompanying Notes to Financial Statements.

CATHOLIC DIOCESE OF GREEN BAY, INC.
STATEMENTS OF CASH FLOWS
YEARS ENDED JUNE 30, 2020 AND 2019

	<u>2020</u>	<u>2019</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash Received from Contributors	\$12,374,756	\$ 8,226,604
Cash Received from Sales and Fees for Services	1,684,909	1,159,732
Cash Paid to Suppliers	(2,828,610)	(3,207,080)
Cash Paid to and on Behalf of Employees	(3,824,507)	(3,645,629)
Cash Paid for Grants and Assistance	<u>(2,271,209)</u>	<u>(2,246,487)</u>
Net Cash Flows from Operating Activities	5,135,339	287,140
 CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of Property and Equipment	(2,857)	(75,953)
Purchase of Real Estate Held for Sale	(11,788)	(11,672)
Proceeds from Sale of Property and Equipment	-	45,313
Cash Paid for Purchase of Investments	(5,887,392)	(199,354)
Proceeds from Sale of Investments	<u>478,938</u>	<u>282,094</u>
Net Cash Flows from Investing Activities	(5,423,099)	40,428
 CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from Refundable Advance	882,700	-
Cash Paid to Annuitants	<u>(25,434)</u>	<u>(43,890)</u>
Net Cash Flows from Financing Activities	<u>857,266</u>	<u>(43,890)</u>
 NET CHANGE IN CASH AND INTEREST IN CASH	569,506	283,678
 Cash and Interest in Cash - Beginning of Year	<u>1,147,110</u>	<u>863,432</u>
 CASH AND INTEREST IN CASH - END OF YEAR	<u>\$ 1,716,616</u>	<u>\$ 1,147,110</u>

**CATHOLIC DIOCESE OF GREEN BAY, INC.
STATEMENTS OF CASH FLOWS (CONTINUED)
YEARS ENDED JUNE 30, 2020 AND 2019**

	<u>2020</u>	<u>2019</u>
RECONCILIATION OF CHANGE IN NET ASSETS TO NET CASH FLOWS FROM OPERATING ACTIVITIES		
Change in Net Assets	\$ (1,051,117)	\$ 6,234,265
Adjustments to Reconcile Change in Net Assets to Net Cash Flows from Operating Activities:		
Depreciation	48,480	46,651
Bad Debts	(48,469)	(81,104)
Investment Return	(48,714)	(359,204)
Change in Value of Split-Interest Gift Annuity Agreements	112,281	(5,118)
Gain on Sale of Property and Equipment	-	(29,568)
Changes in Certain Assets and Liabilities:		
Accounts Receivable	143,346	9,926
Bequests Receivable	5,600,886	(5,600,886)
Inventory and Prepaid Expenses	(5,814)	11,194
Accounts Payable and Accrued Expenses	18,724	59,454
Deferred Gifts Payable	18,654	18,096
Collections and Custodial Funds	(9,561)	(4,804)
Deferred Revenue	356,643	(11,762)
Net Cash Flows from Operating Activities	<u>\$ 5,135,339</u>	<u>\$ 287,140</u>
NONCASH INVESTING ACTIVITIES		
Interest and Dividends Reinvested Directly Back into Investment Funds	<u>\$ 286,872</u>	<u>\$ 160,356</u>

See accompanying Notes to Financial Statements.

CATHOLIC DIOCESE OF GREEN BAY, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020 AND 2019

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, 2020 AND 2019

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.

Revenue

Fees for services are reflected as support in the year when the services are provided. Unearned fees for services, which totaled \$649,202 and \$292,559 at June 30, 2020 and 2019, respectively, are reflected as deferred revenue on the statements of financial position.

Revenue from fees for services is recognized over time and totaled \$1,233,389 and \$1,242,672 during the years ended June 30, 2020 and 2019, respectively.

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.

CATHOLIC DIOCESE OF GREEN BAY, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020 AND 2019

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

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, 2020 and 2019. 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, 2020.

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.

CATHOLIC DIOCESE OF GREEN BAY, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020 AND 2019

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Collections and Custodial Funds

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

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.

Refundable Advance

The Diocese received proceeds from the Small Business Administration's Paycheck Protection Program during 2020. Management expects that the substantial portion of the proceeds will be treated as a contribution once certain barriers are completed. Management has determined barriers for the recognition of these funds to be maintenance of FTEs, incurrence of allowable costs as defined under the program, submission and approval of forgiveness application to obtain full or partial forgiveness. Management expects those barriers to be met during the coming year. Because these barriers have not been met as of June 30, 2020, an advance payment of \$882,700 has been recognized in the statements of financial position as a refundable advance.

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, 2020, the date the financial statements were available to be issued.

CATHOLIC DIOCESE OF GREEN BAY, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020 AND 2019

NOTE 3 ACCOUNTING STANDARDS UPDATES

In May 2014, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2014-09, *Revenue from Contracts with Customers (Topic 606)*. Subsequent to May 2014, the FASB issued six ASUs to clarify certain matters related to Topic 606. Topic 606 supersedes the revenue recognition requirements in FASB ASC 605, *Revenue Recognition*, and requires the recognition of revenue when promised goods or services are transferred to customers in amount that reflects the consideration to which an entity expects to be entitled in exchange for those goods or services. The updates address the complexity of revenue recognition and provide sufficient information to enable financial statement users to understand the nature, amount, timing, and uncertainty of revenue and cash flows arising from contracts with customers.

In June 2018, the FASB issued ASU 2018-08, *Not-For-Profit Entities (Topic 958): Clarifying the Scope and Accounting Guidance for Contributions Received and Contributions Made*, to clarify and improve the scope and the accounting guidance for contributions received and contributions made.

The Diocese's financial statements reflect the application of ASC 606 guidance and adoption of ASU 2018-08 beginning in 2019. No cumulative-effect adjustment in net assets was recorded because the adoption of ASUs 2014-09 and 2018-08 did not significantly impact the Diocese's reported historical revenue.

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:

	2020	2019
Cash and Interest in Cash	\$ 1,716,616	\$ 1,147,110
Accounts Receivable	-	94,877
Bequests Receivable	-	5,600,886
Investments	13,093,446	7,683,441
Deferred Gift Agreements	823,238	785,434
Cash Surrender Value of Life Insurance	166,875	157,516
Subtotal	<u>15,800,175</u>	<u>15,469,264</u>
Less:		
Collections and Custodial Funds	(190,309)	(199,870)
Deferred Gifts Payable	(225,830)	(120,329)
Donor Restricted Net Assets	<u>(10,991,922)</u>	<u>(10,961,706)</u>
Total Financial Assets Available for General Expenditure	<u>\$ 4,392,114</u>	<u>\$ 4,187,359</u>

CATHOLIC DIOCESE OF GREEN BAY, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020 AND 2019

NOTE 4 LIQUIDITY AND AVAILABILITY (CONTINUED)

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.

The Diocese also maintains a \$2,000,000 line of credit, which could be drawn upon in the event of an anticipated liquidity need.

NOTE 5 INVESTMENTS AND FAIR VALUE MEASUREMENTS

Investments are held by St. Francis Xavier Investment Corp. (St. Francis Xavier Corp.) and The Catholic Foundation for the Diocese of Green Bay, Inc. (Catholic Foundation), other interdiocesan entities. St. Francis Xavier Corp. has grouped their investments and created a unitized fixed income fund, an equity fund, and a money market fund. The Catholic Foundation has grouped their investments and created a unitized long term fund and a money market fund. The Diocese owns units in the fixed income, equity, long term, and money market funds.

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

	Fair Value		Redemption Frequency	Termination Notice Period
	2020	2019		
St. Francis Xavier Corp. Fixed Income Fund	\$ 1,651,676	\$ 1,666,604	Daily	30 Days
St. Francis Xavier Corp. Equity Fund	3,336,261	3,406,547	Daily	30 Days
St. Francis Xavier Corp. Money Market Fund	3,496,897	3,179,718	Daily	30 Days
Catholic Foundation Long Term Fund	5,377,084	216,006	Daily	30 Days
Catholic Foundation Money Market Fund	54,766	-	Daily	30 Days
Total Funds	<u>\$ 13,916,684</u>	<u>\$ 8,468,875</u>		

CATHOLIC DIOCESE OF GREEN BAY, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020 AND 2019

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>2020</u>	<u>2019</u>
Investments	\$ 13,093,446	\$ 7,683,441
Deferred Gift Agreements	823,238	785,434
Total	<u>\$ 13,916,684</u>	<u>\$ 8,468,875</u>

The money market funds are 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>

The long term fund is intended to be utilized by long-term money. The target allocation of the long term fund is:

Small-Cap Domestic Stocks	10 %
Mid-Cap Domestic Stocks	10
Large-Cap Domestic Stocks	20
International Stocks	20
Alternative Investments	7
Intermediate Fixed Income	30
Cash and Cash Equivalents	<u>3</u>
Total	<u>100 %</u>

CATHOLIC DIOCESE OF GREEN BAY, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020 AND 2019

NOTE 5 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 and liabilities measured at fair value on a recurring basis:

	June 30, 2020			
	Level 1	Level 2	Level 3	Total
Assets:				
St. Francis Xavier Corp. Fixed Income Fund	\$ -	\$ 1,651,676	\$ -	\$ 1,651,676
St. Francis Xavier Corp. Equity Fund	-	3,336,261	-	3,336,261
St. Francis Xavier Corp. Money Market Fund	-	3,496,897	-	3,496,897
Catholic Foundation Long Term Fund	-	5,377,084	-	5,377,084
Catholic Foundation Money Market Fund	-	54,766	-	54,766
Assets Presented at Fair Value	<u>\$ -</u>	<u>\$ 13,916,684</u>	<u>\$ -</u>	<u>\$ 13,916,684</u>
Liabilities:				
Deferred Gifts Payable	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 225,830</u>	<u>\$ 225,830</u>

CATHOLIC DIOCESE OF GREEN BAY, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020 AND 2019

NOTE 5 INVESTMENTS AND FAIR VALUE MEASUREMENTS (CONTINUED)

	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	-	3,179,718	-	3,179,718
Catholic Foundation Long Term Fund	-	216,006	-	216,006
Assets Presented at Fair Value	\$ -	\$ 8,468,875	\$ -	\$ 8,468,875
Liabilities:				
Deferred Gifts Payable	\$ -	\$ -	\$ 120,329	\$ 120,329

The fair value of the investment in the fixed income fund, the equity fund, the long term 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:

	2020	2019
Interest and Dividends	\$ 286,872	\$ 160,356
Realized and Unrealized Gains (Losses) on Investments	(238,158)	198,848
Total	\$ 48,714	\$ 359,204

NOTE 6 PROPERTY AND EQUIPMENT

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

	2020	2019
Furniture and Equipment	\$ 65,910	\$ 63,053
Land and Improvements	1,735,115	1,735,115
Buildings	321,200	321,200
Vehicles	100,831	100,831
Total - at Cost	2,223,056	2,220,199
Less: Accumulated Depreciation	(197,834)	(149,354)
Property and Equipment, Net	\$ 2,025,222	\$ 2,070,845

CATHOLIC DIOCESE OF GREEN BAY, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020 AND 2019

NOTE 7 LINE-OF-CREDIT

The Diocese has a line of credit financing agreement with a bank in the amount of \$2,000,000 with interest payable at the monthly LIBOR rate plus 1.75% (effectively 1.91% at June 30, 2020). The line of credit is unsecured and expires April 9, 2021.

There were no amounts drawn on the line of credit and no interest expense during the years ended June 30, 2020 and 2019.

NOTE 8 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.

During the years ended June 30, 2020 and 2019, the Diocese received contributions of \$50,000 and \$-0-, 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 \$8,830 and \$9,719 and payables to the donors of \$6,979 and \$7,054 at June 30, 2020 and 2019, 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 \$506,704 and \$498,814 at June 30, 2020 and 2019, respectively.

CATHOLIC DIOCESE OF GREEN BAY, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020 AND 2019

NOTE 9 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:

	2020		Total
	Program Services	Management and General	
Salaries and Wages	\$ 2,105,489	\$ 190,997	\$ 2,296,486
Compensation of Clergy and Religious	289,212	152,843	442,055
Personnel Benefits	841,943	111,508	953,451
Other Personnel Related Expenses	127,388	-	127,388
Purchased Services	1,144,482	234,801	1,379,283
Rent	354,480	-	354,480
Other Facilities, Buildings, and Grounds	40,201	-	40,201
Office	456,080	-	456,080
Grants and Direct Assistance	2,271,209	-	2,271,209
Other	673,590	-	673,590
Expenses of Services and Sales	586	-	586
Total Expenses by Function	<u>8,304,660</u>	<u>690,149</u>	<u>8,994,809</u>
Less: Expenses Included with Revenues on the Statements of Activities:			
Expenses of Services and Sales	(586)	-	(586)
Total Expenses Included in the Expenses Section on the Statements of Activities	<u>\$ 8,304,074</u>	<u>\$ 690,149</u>	<u>\$ 8,994,223</u>

**CATHOLIC DIOCESE OF GREEN BAY, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020 AND 2019**

NOTE 9 FUNCTIONAL CLASSIFICATION OF EXPENSES (CONTINUED)

	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>

NOTE 10 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>2020</u>	<u>2019</u>
Revenues:		
Bishop's Appeal Grant	\$ 2,828,646	\$ 3,365,849
Donation	1,261,636	1,276,616
Administrative Service Fees	-	553
Total Revenues	<u>\$ 4,090,282</u>	<u>\$ 4,643,018</u>
Expenses:		
Occupancy Expenses	\$ 428,011	\$ 448,577
Insurance Expenses	736,456	652,890
Donations	201,307	583,157
Administrative Service Fees	849,724	818,154
Investment Management Fees	31,637	31,853
Other	24,779	33,070
Total Expenses	<u>\$ 2,271,914</u>	<u>\$ 2,567,701</u>

CATHOLIC DIOCESE OF GREEN BAY, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020 AND 2019

NOTE 10 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, 2020 and 2019, the balance was \$3,205 and \$4,753, respectively. The balances are included in the accompanying statements of financial position as investments and accounts payable and accrued expenses.

NOTE 11 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 \$354,480 and \$365,544 for the years ended June 30, 2020 and 2019, respectively. All leases are accounted for as operating leases.

NOTE 12 RISKS AND UNCERTAINTIES

On March 11, 2020, the World Health Organization declared the spread of Coronavirus Disease (COVID-19) a worldwide pandemic. The COVID-19 pandemic is having significant effects on global markets, supply chains, businesses, and communities. Specific to the Diocese, COVID-19 may impact various parts of its 2021 operations and financial results, including fees for services and sales and contributions. Management believes the Diocese is taking appropriate actions to mitigate the negative impact. However, the full impact of COVID-19 is unknown and cannot be reasonably estimated as these events are still developing.

NOTE 13 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, 2020 and 2019. 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 \$240,089 and \$227,053 for the years ended June 30, 2020 and 2019, respectively.

**CATHOLIC DIOCESE OF GREEN BAY, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020 AND 2019**

NOTE 14 NET ASSETS WITH DONOR RESTRICTIONS

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

	<u>2020</u>	<u>2019</u>
Subject to Expenditure for Specified Purpose:		
Education at Catholic University, Washington, D.C.	\$ 1,143,840	\$ 1,140,795
Assistance to the Poor	1,609,289	1,677,701
Seminarians and Vocations	5,958,534	5,841,243
Various Programs	1,840,645	1,871,712
Subject to the Passage of Time:		
Cash Surrender Value of Life Insurance	166,875	157,516
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>\$ 10,991,922</u>	<u>\$ 10,961,706</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>2020</u>	<u>2019</u>
Satisfaction of Purpose Restrictions:		
Programs and Initiatives	<u>\$ 583,543</u>	<u>\$ 668,450</u>