

CATHOLIC DIOCESE OF GREEN BAY, INC.
Green Bay, Wisconsin

FINANCIAL STATEMENTS
June 30, 2015 and 2014

TABLE OF CONTENTS

	PAGE
INDEPENDENT AUDITORS' REPORT	1
FINANCIAL STATEMENTS	
Statements of Financial Position	3
Statements of Activities	4
Statements of Cash Flows	6
Notes to Financial Statements	7

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, 2015 and 2014, 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.

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, 2015 and 2014, 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

Oshkosh, Wisconsin
September 15, 2015

CATHOLIC DIOCESE OF GREEN BAY, INC.
STATEMENTS OF FINANCIAL POSITION
June 30, 2015 and 2014

ASSETS

	2015	2014
Cash and interest in cash	\$ 1,243,794	\$ 1,343,641
Accounts receivable, net of allowance for doubtful accounts of \$477,116 and \$443,299, respectively	689,745	606,875
Prepaid expenses	117,467	97,794
Real estate held for sale	284,093	272,974
Investments	5,401,068	4,954,783
Loans to other diocesan entities, net of allowance for doubtful accounts of \$494,177 and \$2,700,000, respectively	185,766	255,997
Interest receivable on loans to other diocesan entities	300,061	783,325
Property and equipment, net	2,101,837	2,072,763
Deferred gift agreements	1,670,441	1,733,956
Cash surrender value of life insurance	189,528	195,594
TOTAL ASSETS	\$ 12,183,800	\$ 12,317,702

LIABILITIES AND NET ASSETS

LIABILITIES

Accounts payable and accrued expenses	\$ 284,679	\$ 353,590
Collections and custodial funds	214,479	222,311
Deferred revenue	227,433	133,482
Deferred gifts payable	1,121,857	1,170,560

Total liabilities	1,848,448	1,879,943
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NET ASSETS

Unrestricted	5,416,906	5,388,980
Temporarily restricted	4,645,707	4,776,040
Permanently restricted	272,739	272,739
Total net assets	10,335,352	10,437,759

TOTAL LIABILITIES AND NET ASSETS	\$ 12,183,800	\$ 12,317,702
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The accompanying notes are an integral part of the financial statements.

CATHOLIC DIOCESE OF GREEN BAY, INC.
STATEMENT OF ACTIVITIES
Year Ended June 30, 2015

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
REVENUES AND SUPPORT				
Bishop's Appeal	\$ 3,423,857	\$ -	\$ -	\$ 3,423,857
Other grants	16,700	-	-	16,700
Diocesan assessment	1,892,470	-	-	1,892,470
Fees for services and sales, net of expenses of \$19,078	1,244,341	-	-	1,244,341
Contributions	915,096	666,719	-	1,581,815
Other	69,829	-	-	69,829
Net assets released from restrictions	902,449	(902,449)	-	-
Total revenues and support	8,464,742	(235,730)	-	8,229,012
EXPENSES				
Salaries and wages	2,134,520	-	-	2,134,520
Compensation of clergy and religious	324,272	-	-	324,272
Personnel benefits	842,272	-	-	842,272
Other personnel related expenses	196,277	-	-	196,277
Purchased services	1,047,734	-	-	1,047,734
Facilities, buildings, and grounds	392,321	-	-	392,321
Office	483,334	-	-	483,334
Grants and direct assistance	2,323,171	-	-	2,323,171
Other	710,694	-	-	710,694
Total expenses	8,454,595	-	-	8,454,595
Revenues and support in excess (deficit) of expenses	10,147	(235,730)	-	(225,583)
OTHER CHANGES IN NET ASSETS				
Investment return	71,025	105,397	-	176,422
Change in value of split interest gift annuity agreements	(53,246)	-	-	(53,246)
Total other changes in net assets	17,779	105,397	-	123,176
CHANGE IN NET ASSETS	27,926	(130,333)	-	(102,407)
NET ASSETS, BEGINNING OF YEAR	5,388,980	4,776,040	272,739	10,437,759
NET ASSETS, END OF YEAR	\$ 5,416,906	\$ 4,645,707	\$ 272,739	\$ 10,335,352

The accompanying notes are an integral part of the financial statements.

CATHOLIC DIOCESE OF GREEN BAY, INC.
STATEMENT OF ACTIVITIES
Year Ended June 30, 2014

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
REVENUES AND SUPPORT				
Bishop's Appeal	\$ 3,296,886	\$ -	\$ -	\$ 3,296,886
Other grants	17,269	-	-	17,269
Diocesan assessment	1,800,066	-	-	1,800,066
Fees for services and sales, net of expenses of \$8,788	1,126,919	-	-	1,126,919
Contributions	2,911,564	449,170	-	3,360,734
Other	52,992	-	-	52,992
Net assets released from restrictions	684,381	(684,381)	-	-
Total revenues and support	<u>9,890,077</u>	<u>(235,211)</u>	<u>-</u>	<u>9,654,866</u>
EXPENSES				
Salaries and wages	2,072,695	-	-	2,072,695
Compensation of clergy and religious	286,068	-	-	286,068
Personnel benefits	807,686	-	-	807,686
Other personnel related expenses	186,286	-	-	186,286
Purchased services	1,013,767	-	-	1,013,767
Facilities, buildings, and grounds	385,331	-	-	385,331
Office	440,777	-	-	440,777
Grants and direct assistance	2,311,674	-	-	2,311,674
Other	1,027,443	-	-	1,027,443
Total expenses	<u>8,531,727</u>	<u>-</u>	<u>-</u>	<u>8,531,727</u>
Revenues and support in excess (deficit) of expenses	<u>1,358,350</u>	<u>(235,211)</u>	<u>-</u>	<u>1,123,139</u>
OTHER CHANGES IN NET ASSETS				
Investment return	243,204	595,704	-	838,908
Change in value of split interest gift annuity agreements	(92,278)	-	-	(92,278)
Total other changes in net assets	<u>150,926</u>	<u>595,704</u>	<u>-</u>	<u>746,630</u>
CHANGE IN NET ASSETS	1,509,276	360,493	-	1,869,769
NET ASSETS, BEGINNING OF YEAR	<u>3,879,704</u>	<u>4,415,547</u>	<u>272,739</u>	<u>8,567,990</u>
NET ASSETS, END OF YEAR	<u>\$ 5,388,980</u>	<u>\$ 4,776,040</u>	<u>\$ 272,739</u>	<u>\$ 10,437,759</u>

The accompanying notes are an integral part of the financial statements.

CATHOLIC DIOCESE OF GREEN BAY, INC.
STATEMENTS OF CASH FLOWS
Years Ended June 30, 2015 and 2014

	2015	2014
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash received from contributors	\$ 6,984,671	\$ 6,527,947
Cash received from sales and fees for services	1,274,500	1,419,972
Cash paid to suppliers	(2,715,122)	(1,869,923)
Cash paid to and on behalf of employees	(3,490,544)	(3,322,619)
Cash paid for grants and assistance	(2,323,171)	(2,311,674)
	(269,666)	443,703
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property and equipment	(50,361)	(39,763)
Purchase of real estate held for sale	(11,119)	(11,408)
Cash paid for purchases of investments	(1,041,249)	(543,525)
Proceeds from sale of investments	826,186	602,258
Cash (loaned to) received from to other diocesan entities	568,276	243,710
Cash (loaned to) received from other entities	-	45,000
	291,733	296,272
CASH FLOWS FROM FINANCING ACTIVITIES		
Cash paid to annuitants	(121,914)	(92,200)
NET CHANGE IN CASH AND INTEREST IN CASH	(99,847)	647,775
CASH AND INTEREST IN CASH - BEGINNING OF YEAR	1,343,641	695,866
CASH AND INTEREST IN CASH - END OF YEAR	\$ 1,243,794	\$ 1,343,641
RECONCILIATION OF CHANGE IN NET ASSETS TO		
NET CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ (102,407)	\$ 1,869,769
Adjustments to reconcile change in net assets to net cash flows from operating activities:		
Noncash contribution of real estate	-	(2,000,000)
Depreciation	21,287	12,784
Bad debts	37,553	509,581
Investment return	(176,422)	(838,908)
Change in value of split interest gift annuity agreements	53,246	92,278
Changes in certain assets and liabilities:		
Accounts receivable	(120,423)	152,510
Prepaid expenses	(19,673)	(43,519)
Accounts payable and accrued expenses	(68,911)	92,046
Deferred gifts payable	19,965	506,452
Collections and custodial funds	(7,832)	(31,464)
Deferred revenue	93,951	122,174
	\$ (269,666)	\$ 443,703
NONCASH INVESTING ACTIVITIES		
Interest and dividends reinvested directly back into investment funds	\$ 104,512	\$ 90,300
Contribution of real estate	\$ -	\$ 2,000,000
Write off of principal and accrued interest owed by Green Bay Diocese Cemetery Corporation related to 2011 discontinued operations	\$ 2,205,823	\$ -

The accompanying notes are an integral part of the financial statements.

CATHOLIC DIOCESE OF GREEN BAY, INC.
NOTES TO FINANCIAL STATEMENTS
June 30, 2015 and 2014

NOTE 1 - NATURE OF OPERATIONS

Catholic Diocese of Green Bay, Inc. (the Diocese) is a not-for-profit 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, 2015 and 2014

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Accounts, Loans, and Notes Receivable

The majority of the Diocese's accounts, loans, and notes 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, loans, and notes 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, loans, and notes 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 non-financial 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 3 - 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.

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.

CATHOLIC DIOCESE OF GREEN BAY, INC.
NOTES TO FINANCIAL STATEMENTS
June 30, 2015 and 2014

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Real Estate Held for Sale

The Diocese has property listed and available for sale as of June 30, 2015 and 2014. 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, 2015.

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.

	Years
Furniture and equipment	3 - 10
Land and land improvements	10 - 20
Vehicles	3

Impairment of Long-Lived Assets

The Diocese reviews long-lived assets, including property and equipment, 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.

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.

CATHOLIC DIOCESE OF GREEN BAY, INC.
NOTES TO FINANCIAL STATEMENTS
June 30, 2015 and 2014

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Expense Allocation

The costs of providing the various programs and other activities have been summarized on a functional basis in Note 6 to the financial statements. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

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 15, 2015, the date the financial statements were available to be issued.

NOTE 3 - INVESTMENTS AND FAIR VALUE MEASUREMENTS

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

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

	Fair Value		Redemption Frequency	Termination Notice Period
	<u>2015</u>	<u>2014</u>		
St. Francis Xavier Corp. fixed income fund	\$ 2,059,717	\$ 2,315,790	Daily	30 days
St. Francis Xavier Corp. equity fund	3,625,818	3,736,565	Daily	30 days
St. Francis Xavier Corp. money market fund	<u>1,385,974</u>	<u>636,384</u>	Daily	30 days
Total funds	<u>\$ 7,071,509</u>	<u>\$ 6,688,739</u>		

CATHOLIC DIOCESE OF GREEN BAY, INC.
NOTES TO FINANCIAL STATEMENTS
June 30, 2015 and 2014

NOTE 3 - INVESTMENTS AND FAIR VALUE MEASUREMENTS (CONTINUED)

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

	<u>2015</u>	<u>2014</u>
Investments	\$ 5,401,068	\$ 4,954,783
Deferred gift agreements	<u>1,670,441</u>	<u>1,733,956</u>
	<u>\$ 7,071,509</u>	<u>\$ 6,688,739</u>

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

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

Intermediate Fixed Income	95%
Cash	<u>5%</u>
Total	<u><u>100%</u></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><u>100%</u></u>

As defined by current authoritative guidance, fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. In determining fair value, the Diocese uses various valuation methods including the market, income, and cost approaches. The assumptions used in the application of these valuation methods are developed from the perspective of market participants pricing the asset or liability. Inputs used in the valuation methods can be either readily observable, market corroborated, or generally unobservable inputs. Whenever possible the Diocese attempts to utilize valuation methods that maximize the use of observable inputs and minimize the use of unobservable inputs. Based on the observability of the inputs used in the valuation methods the Diocese is required to provide the following information according to the fair value hierarchy. 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:

CATHOLIC DIOCESE OF GREEN BAY, INC.
NOTES TO FINANCIAL STATEMENTS
June 30, 2015 and 2014

NOTE 3 - INVESTMENTS AND FAIR VALUE MEASUREMENTS (CONTINUED)

- 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 table presents the balances of assets measured at fair value on a recurring basis:

	June 30, 2015			
	Total	Level 1	Level 2	Level 3
St. Francis Xavier Corp. fixed income fund	\$2,059,717	\$ -	\$2,059,717	\$ -
St. Francis Xavier Corp. equity fund	3,625,818	-	3,625,818	-
St. Francis Xavier Corp. money market fund	<u>1,385,974</u>	<u>-</u>	<u>1,385,974</u>	<u>-</u>
Total investments	<u>\$ 7,071,509</u>	<u>\$ -</u>	<u>\$ 7,071,509</u>	<u>\$ -</u>
	June 30, 2014			
	Total	Level 1	Level 2	Level 3
St. Francis Xavier Corp. fixed income fund	\$2,315,790	\$ -	\$2,315,790	\$ -
St. Francis Xavier Corp. equity fund	3,736,565	-	3,736,565	-
St. Francis Xavier Corp. money market fund	<u>636,384</u>	<u>-</u>	<u>636,384</u>	<u>-</u>
Total investments	<u>\$ 6,688,739</u>	<u>\$ -</u>	<u>\$ 6,688,739</u>	<u>\$ -</u>

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.

CATHOLIC DIOCESE OF GREEN BAY, INC.
NOTES TO FINANCIAL STATEMENTS
June 30, 2015 and 2014

NOTE 3 - INVESTMENTS AND FAIR VALUE MEASUREMENTS (CONTINUED)

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

	<u>2015</u>	<u>2014</u>
Interest and dividends	\$ 131,061	\$ 193,306
Realized and unrealized gains on investments	<u>45,361</u>	<u>645,602</u>
Total	<u>\$ 176,422</u>	<u>\$ 838,908</u>

Fees charged on investments have been netted against the investment return. Total fees for the years ended June 30, 2015 and 2014 were \$37,225 and \$38,663, respectively.

NOTE 4 - PROPERTY AND EQUIPMENT

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

	<u>2015</u>	<u>2014</u>
Furniture and equipment	\$ 54,014	\$ 45,021
Land and land improvements	1,735,115	1,735,115
Buildings	321,200	321,200
Vehicles	<u>67,980</u>	<u>58,035</u>
Total - at cost	2,178,309	2,159,371
Less accumulated depreciation	<u>(76,472)</u>	<u>(86,608)</u>
Property and equipment, net	<u>\$ 2,101,837</u>	<u>\$ 2,072,763</u>

Depreciation expense was recorded on the accompanying statement of activities in the following classifications for the years ended June 30:

	<u>2015</u>	<u>2014</u>
Facilities, buildings, and grounds	\$ 11,805	\$ 10,467
Other	4,597	-
Office	<u>4,885</u>	<u>2,317</u>
Total depreciation expense	<u>\$ 21,287</u>	<u>\$ 12,784</u>

CATHOLIC DIOCESE OF GREEN BAY, INC.
NOTES TO FINANCIAL STATEMENTS
June 30, 2015 and 2014

NOTE 5 - 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.

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, 2015 and 2014, the Diocese received contributions of approximately \$-0- and \$515,000, 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 \$928,296 and \$966,776 and payables to the donors of \$506,460 and \$528,909 at June 30, 2015 and 2014, 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 \$417,953 and \$414,715 at June 30, 2015 and 2014, respectively.

NOTE 6 - 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:

	<u>2015</u>	<u>2014</u>
Program services	\$ 7,850,629	\$ 7,954,025
Supporting service:		
Management and general	<u>603,966</u>	<u>577,702</u>
Total	<u>\$ 8,454,595</u>	<u>\$ 8,531,727</u>

CATHOLIC DIOCESE OF GREEN BAY, INC.
NOTES TO FINANCIAL STATEMENTS
June 30, 2015 and 2014

NOTE 7 - 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>2015</u>	<u>2014</u>
Revenues:		
Bishop's appeal grant	\$ 3,145,293	\$ 2,961,920
Donation	460,712	213,898
Interest on lines of credit to other diocesan entities	28,083	91,658
Administrative service fees	<u>53,907</u>	<u>59,065</u>
	<u>\$ 3,687,995</u>	<u>\$ 3,326,541</u>
Expenses:		
Occupancy expenses	\$ 475,893	\$ 477,236
Insurance expenses	649,784	649,394
Donations	103,886	127,069
Administrative service fees	655,978	618,022
Investment management fees	37,225	38,663
Other	<u>22,231</u>	<u>15,069</u>
	<u>\$ 1,944,997</u>	<u>\$ 1,925,453</u>

The Diocese also holds annuities for the benefit of The Catholic Foundation for the Diocese of Green Bay, Inc. As of June 30, 2015 and 2014, the balance was \$421,541 and \$437,173, respectively. The balances are included in the accompanying statements of financial position as investments and accounts payable and accrued expenses.

CATHOLIC DIOCESE OF GREEN BAY, INC.
NOTES TO FINANCIAL STATEMENTS
June 30, 2015 and 2014

NOTE 7 - INTERDIOCESAN TRANSACTIONS (CONTINUED)

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. At June 30, 2015 and 2014, interest receivable was \$300,061 and \$783,325, respectively. For the years ended June 30, 2015 and 2014, interest revenue was \$28,083 and \$91,658, respectively. The following summarizes the amounts due from other diocesan entities at June 30:

	<u>Maximum Available</u>	<u>2015</u>	<u>2014</u>
Green Bay Diocese Cemetery Corporation	\$ 500,000	-	\$ 1,842,700
Camp Tekakwitha Retreat and Conference Center, Inc.	1,200,000	679,943	688,701
Holy Name Retreat House Inc.	<u>750,000</u>	<u>-</u>	<u>424,596</u>
Total	<u>\$ 2,450,000</u>	679,943	2,955,997
Less: Allowance for doubtful accounts		<u>(494,177)</u>	<u>(2,700,000)</u>
Loans to other diocesan entities, net		<u>\$ 185,766</u>	<u>\$ 255,997</u>

During the year ended June 30, 2015, the outstanding principal and accrued interest owed by Green Bay Diocese Cemetery Corporation, which totaled \$2,205,823, was recognized as a loss related to 2011 discontinued operations. The maximum amount available under the line-of-credit was reduced from \$3,000,000 to \$500,000.

NOTE 8 - 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 \$380,516 and \$374,864 for the years ended June 30, 2015 and 2014, respectively. All leases are accounted for as operating leases.

Future minimum lease payments required over the next year are approximately \$5,000.

NOTE 9 - 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 ending June 30, 2015 and 2014. 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 \$206,336 and \$200,239 for the years ended June 30, 2015 and 2014, respectively.

CATHOLIC DIOCESE OF GREEN BAY, INC.
NOTES TO FINANCIAL STATEMENTS
June 30, 2015 and 2014

NOTE 10 - RESTRICTIONS ON NET ASSETS

Temporarily restricted net assets for the years ended June 30, 2015 and 2014 are available for the following purposes or periods:

	<u>2015</u>	<u>2014</u>
Future periods	\$ 189,528	\$ 195,594
Education at Catholic University, Washington, D.C.	907,865	1,087,361
Assistance to the Poor	1,620,906	1,657,780
Various programs	<u>1,927,408</u>	<u>1,835,305</u>
Total temporarily restricted net assets	<u>\$ 4,645,707</u>	<u>\$ 4,776,040</u>

This information is an integral part of the accompanying financial statements.