

THE GREEN BAY CATHOLIC COMPASS, INC.
Green Bay, Wisconsin

FINANCIAL STATEMENTS
June 30, 2015 and 2014

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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, 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 The Green Bay Catholic Compass, 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 2, 2015

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

ASSETS

	2015	2014
Interest in cash	\$ 195,745	\$ 139,190
Accounts receivable, net of allowance for doubtful accounts of \$4,000	20,500	30,327
Prepaid expenses	112,865	-
TOTAL ASSETS	\$ 329,110	\$ 169,517

LIABILITIES AND NET ASSETS

LIABILITIES		
Accounts payable	\$ 7,525	\$ 3,451
Accrued expenses	29,540	30,887
Deferred revenue	231,229	62,091
Total liabilities	268,294	96,429
NET ASSETS		
Unrestricted	40,068	50,777
Temporarily restricted	20,748	22,311
Total net assets	60,816	73,088
TOTAL LIABILITIES AND NET ASSETS	\$ 329,110	\$ 169,517

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

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

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
REVENUES AND SUPPORT			
Sales	\$ 606,153	\$ -	\$ 606,153
Cost of sales	<u>(267,631)</u>	<u>-</u>	<u>(267,631)</u>
Gross margin	338,522	-	338,522
Bishop's Appeal grant	134,693	-	134,693
Contributions	2,212	35,535	37,747
Fees for services	5,000	-	5,000
Fundraising, net of expenses of \$11,344	15,879	-	15,879
Other	75	-	75
Net assets released from restrictions	37,098	<u>(37,098)</u>	<u>-</u>
Total revenues and support	<u>533,479</u>	<u>(1,563)</u>	<u>531,916</u>
EXPENSES			
Salaries and wages	282,850	-	282,850
Personnel benefits	83,046	-	83,046
Other personnel costs	7,370	-	7,370
Purchased services	123,886	-	123,886
Facilities, buildings, and grounds	26,196	-	26,196
Office	17,825	-	17,825
Other	3,015	-	3,015
Total expenses	<u>544,188</u>	<u>-</u>	<u>544,188</u>
CHANGE IN NET ASSETS	(10,709)	(1,563)	(12,272)
NET ASSETS, BEGINNING OF YEAR	<u>50,777</u>	<u>22,311</u>	<u>73,088</u>
NET ASSETS, END OF YEAR	<u>\$ 40,068</u>	<u>\$ 20,748</u>	<u>\$ 60,816</u>

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

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

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
REVENUES AND SUPPORT			
Sales	\$ 578,242	\$ -	\$ 578,242
Cost of sales	<u>(267,066)</u>	<u>-</u>	<u>(267,066)</u>
Gross margin	311,176	-	311,176
Bishop's Appeal grant	171,850	-	171,850
Contributions	2,016	36,840	38,856
Fundraising, net of expenses of \$18,717	19,638	-	19,638
Other	2	-	2
Net assets released from restrictions	<u>30,714</u>	<u>(30,714)</u>	<u>-</u>
Total revenues and support	<u>535,396</u>	<u>6,126</u>	<u>541,522</u>
EXPENSES			
Salaries and wages	283,521	-	283,521
Personnel benefits	84,327	-	84,327
Other personnel costs	6,930	-	6,930
Purchased services	147,658	-	147,658
Facilities, buildings, and grounds	26,196	-	26,196
Office	15,673	-	15,673
Other	168	-	168
Total expenses	<u>564,473</u>	<u>-</u>	<u>564,473</u>
CHANGE IN NET ASSETS	(29,077)	6,126	(22,951)
NET ASSETS, BEGINNING OF YEAR	<u>79,854</u>	<u>16,185</u>	<u>96,039</u>
NET ASSETS, END OF YEAR	<u>\$ 50,777</u>	<u>\$ 22,311</u>	<u>\$ 73,088</u>

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

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

	2015	2014
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash received from contributors	\$ 199,663	\$ 249,061
Cash received from subscribers, advertisers, and others	790,193	556,457
Cash paid to suppliers	(558,688)	(475,129)
Cash paid to and on behalf of employees	(374,613)	(372,255)
NET CHANGE IN INTEREST IN CASH	56,555	(41,866)
INTEREST IN CASH - BEGINNING OF YEAR	139,190	181,056
INTEREST IN CASH - END OF YEAR	\$ 195,745	\$ 139,190
RECONCILIATION OF CHANGE IN NET ASSETS TO NET CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ (12,272)	\$ (22,951)
Adjustments to reconcile change in net assets to net cash flows from operating activities:		
Bad debts	2,855	-
Changes in certain assets and liabilities:		
Accounts receivable	6,972	(6,136)
Prepaid expenses	(112,865)	-
Accounts payable	4,074	349
Accrued expenses	(1,347)	2,523
Deferred revenue	169,138	(15,651)
Net cash flows from operating activities	\$ 56,555	\$ (41,866)

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

THE GREEN BAY CATHOLIC COMPASS, INC.
NOTES TO FINANCIAL STATEMENTS
June 30, 2015 and 2014

NOTE 1 - NATURE OF OPERATIONS

The Green Bay Catholic Compass, Inc. (the Compass) is a not-for-profit 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.

Impairment of Long-Lived Assets

The Compass 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.

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.

THE GREEN BAY CATHOLIC COMPASS, INC.
NOTES TO FINANCIAL STATEMENTS
June 30, 2015 and 2014

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

Temporarily Restricted - 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 - 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, 2015 and 2014.

Revenue Recognition

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

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 non-financial 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.

THE GREEN BAY CATHOLIC COMPASS, INC.
NOTES TO FINANCIAL STATEMENTS
June 30, 2015 and 2014

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 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 had no unrelated business income for the years ended June 30, 2015 and 2014. The Compass files tax returns in the U.S. federal jurisdiction and one state. The Compass is no longer subject to U.S. federal or state tax examinations by tax authorities for years before 2012.

Subsequent Events

In preparing these financial statements, the Compass has evaluated events and transactions for potential recognition or disclosure through September 2, 2015, the date the financial statements were available to be issued.

NOTE 3 - 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.

	2015	2014
Program services	\$ 498,024	\$ 521,796
Management and general	46,164	42,677
Total	\$ 544,188	\$ 564,473

NOTE 4 - 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 \$25,199 and \$24,988 for the years ended June 30, 2015 and 2014, respectively.

THE GREEN BAY CATHOLIC COMPASS, INC.
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June 30, 2015 and 2014

NOTE 5 - 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, 2015 and 2014.

NOTE 6 - INTERDIOCESAN TRANSACTIONS

The Compass was a party to various transactions with other diocesan corporations during the years ended June 30, 2015 and 2014. Total revenues and support from other diocesan corporations were \$245,662 and \$269,102 for the years ended June 30, 2015 and 2014, 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, 2015 and 2014. Total expenses paid to other diocesan corporations were \$169,776 and \$194,923 for the years ended June 30, 2015 and 2014, respectively, and relates to administrative and support services.

NOTE 7 - RESTRICTIONS ON NET ASSETS

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

	<u>2015</u>	<u>2014</u>
Subscriptions assistance	\$ 18,192	\$ 18,541
Prison ministry	43	1,500
Compass in the classroom	<u>2,513</u>	<u>2,270</u>
Total	<u>\$ 20,748</u>	<u>\$ 22,311</u>

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