

NEWMAN CENTER OF OSHKOSH, INC.
Green Bay, Wisconsin

FINANCIAL STATEMENTS
June 30, 2015 and 2014

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INDEPENDENT AUDITORS' REPORT

Board of Directors
Newman Center of Oshkosh, Inc.
Green Bay, Wisconsin

We have audited the accompanying financial statements of Newman Center of Oshkosh, 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 Newman Center of Oshkosh, 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 4, 2015

**NEWMAN CENTER OF OSHKOSH, INC.
STATEMENTS OF FINANCIAL POSITION
June 30, 2015 and 2014**

ASSETS

| | 2015 | 2014 |
|-----------------------------|---------------------|---------------------|
| ASSETS | | |
| Interest in cash | \$ 117,997 | \$ 152,831 |
| Investments | 8,275 | 14,200 |
| Accounts receivable | 35,000 | - |
| Prepaid expenses | 1,028 | - |
| Property and equipment, net | 898,342 | 915,344 |
| TOTAL ASSETS | \$ 1,060,642 | \$ 1,082,375 |

LIABILITIES AND NET ASSETS

| | | |
|---|---------------------|---------------------|
| LIABILITIES | | |
| Accounts payable and accrued expenses | \$ 6,332 | \$ 10,623 |
| NET ASSETS | | |
| Unrestricted | 1,028,002 | 1,046,631 |
| Temporarily restricted | 26,308 | 25,121 |
| Total net assets | 1,054,310 | 1,071,752 |
| TOTAL LIABILITIES AND NET ASSETS | \$ 1,060,642 | \$ 1,082,375 |

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

NEWMAN CENTER OF OSHKOSH, INC.
STATEMENT OF ACTIVITIES
Year Ended June 30, 2015

| | Unrestricted | Temporarily Restricted | Total |
|--|--------------|---------------------------|--------------|
| REVENUES AND SUPPORT | | | |
| Bishop's Appeal grant | \$ 211,562 | \$ - | \$ 211,562 |
| Fees for services | 500 | - | 500 |
| Contributions | 4,808 | 9,485 | 14,293 |
| Other | 11,059 | - | 11,059 |
| Net assets released from restrictions | 8,298 | (8,298) | - |
| Total revenues and support | 236,227 | 1,187 | 237,414 |
| EXPENSES | | | |
| Salaries and wages | 103,049 | - | 103,049 |
| Personnel expenses | 47,490 | - | 47,490 |
| Purchased services | 47,355 | - | 47,355 |
| Facilities, buildings, and grounds | 42,744 | - | 42,744 |
| Office | 7,096 | - | 7,096 |
| Other | 7,122 | - | 7,122 |
| Total expenses | 254,856 | - | 254,856 |
| CHANGE IN NET ASSETS | (18,629) | 1,187 | (17,442) |
| NET ASSETS, BEGINNING OF YEAR | 1,046,631 | 25,121 | 1,071,752 |
| NET ASSETS, END OF YEAR | \$ 1,028,002 | \$ 26,308 | \$ 1,054,310 |

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

NEWMAN CENTER OF OSHKOSH, INC.
STATEMENT OF ACTIVITIES
Year Ended June 30, 2014

| | Unrestricted | Temporarily Restricted | Total |
|---|--------------|---------------------------|--------------|
| REVENUES AND SUPPORT | | | |
| Bishop's Appeal grant | \$ 171,021 | \$ - | \$ 171,021 |
| Fees for services | 340 | - | 340 |
| Contributions | 2,347 | 12,990 | 15,337 |
| Other | 7,067 | - | 7,067 |
| Total revenues and support | 180,775 | 12,990 | 193,765 |
| EXPENSES | | | |
| Salaries and wages | 92,724 | - | 92,724 |
| Personnel expenses | 44,505 | - | 44,505 |
| Purchased services | 35,406 | - | 35,406 |
| Facilities, buildings, and grounds | 36,526 | - | 36,526 |
| Office | 4,577 | - | 4,577 |
| Other | 2,886 | - | 2,886 |
| Total expenses | 216,624 | - | 216,624 |
| Revenues and support in excess (deficient) of expenses | (35,849) | 12,990 | (22,859) |
| OTHER CHANGE IN NET ASSETS | | | |
| Investment return | 1 | 1 | 2 |
| CHANGE IN NET ASSETS | (35,848) | 12,991 | (22,857) |
| NET ASSETS, BEGINNING OF YEAR | 1,082,479 | 12,130 | 1,094,609 |
| NET ASSETS, END OF YEAR | \$ 1,046,631 | \$ 25,121 | \$ 1,071,752 |

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

NEWMAN CENTER OF OSHKOSH, INC.
STATEMENTS OF CASH FLOWS
Years Ended June 30, 2015 and 2014

| | <u>2015</u> | <u>2014</u> |
|--|---------------------------|--------------------------|
| CASH FLOWS FROM OPERATING ACTIVITIES | | |
| Cash received from contributors | \$ 237,414 | \$ 193,765 |
| Cash paid to suppliers | (126,768) | (66,438) |
| Cash paid to and on behalf of employees | <u>(151,405)</u> | <u>(133,488)</u> |
| Net cash flows from operating activities | <u>(40,759)</u> | <u>(6,161)</u> |
| CASH FLOWS FROM INVESTING ACTIVITY | | |
| Proceeds from sale of investments | <u>5,925</u> | <u>-</u> |
| NET CHANGE IN INTEREST IN CASH | (34,834) | (6,161) |
| INTEREST IN CASH, BEGINNING OF YEAR | <u>152,831</u> | <u>158,992</u> |
| INTEREST IN CASH, END OF YEAR | <u><u>\$ 117,997</u></u> | <u><u>\$ 152,831</u></u> |
| RECONCILIATION OF CHANGE IN NET ASSETS TO NET CASH FLOWS FROM OPERATING ACTIVITIES | | |
| Change in net assets | \$ (17,442) | \$ (22,857) |
| Adjustments to reconcile change in net assets to net cash flows from operating activities: | | |
| Depreciation | 17,002 | 17,124 |
| Investment return | - | (2) |
| Loss on disposal of property and equipment | - | 1,713 |
| Changes in certain assets and liabilities: | | |
| Prepaid expenses | (1,028) | - |
| Accounts receivable | (35,000) | 1,893 |
| Accounts payable and accrued expenses | <u>(4,291)</u> | <u>(4,032)</u> |
| Net cash flows from operating activities | <u><u>\$ (40,759)</u></u> | <u><u>\$ (6,161)</u></u> |
| NONCASH INVESTING AND FINANCING ACTIVITIES | | |
| Interest reinvested directly back into investment funds | \$ - | \$ 2 |

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

NEWMAN CENTER OF OSHKOSH, INC.
NOTES TO FINANCIAL STATEMENTS
June 30, 2015 and 2014

NOTE 1 - NATURE OF OPERATIONS

Newman Center of Oshkosh, Inc. (Newman Center) is a not-for-profit corporation organized under the laws of the state of Wisconsin for the purpose of providing spiritual direction to the community in and around University of Wisconsin - Oshkosh.

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 of the Newman Center are classified and reported as follows:

Unrestricted - Net assets that are not subject to donor-imposed stipulations.

Temporarily Restricted - Net assets that result from contributions whose use by the Newman Center is limited by donor-imposed stipulations that either expire with the passage of time or can be fulfilled and removed by actions of Newman Center pursuant to those stipulations.

Permanently Restricted - Net assets resulting from contributions with donor-imposed stipulations that require Newman Center to hold the gift in perpetuity. Newman Center does not have any permanently restricted net assets as of June 30, 2015 and 2014.

Interest in Cash

Newman Center 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. Newman Center has not experienced any losses in such accounts and believes it is not exposed to any significant credit risk on cash.

Investments

Investments are generally recorded at fair value based upon quoted market prices, when available, or estimates of fair value. Investment income or loss and unrealized gains or losses are included in the statements of activities as increases or decreases in unrestricted net assets unless the income or loss is restricted by donor or law.

NEWMAN CENTER OF OSHKOSH, INC.
NOTES TO FINANCIAL STATEMENTS
June 30, 2015 and 2014

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 are depreciated using the straight-line method over their estimated useful lives.

| | <u>Years</u> |
|---------------------------|--------------|
| Land improvements | 20 |
| Building and improvements | 40 |
| Furniture and equipment | 4 - 10 |

Impairment of Long-Lived Assets

Newman Center 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.

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 Newman Center.

In connection with its annual budget process, Newman Center 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.

NEWMAN CENTER OF OSHKOSH, INC.
NOTES TO FINANCIAL STATEMENTS
June 30, 2015 and 2014

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Tax-Exempt Status

Newman Center 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 Newman Center has evaluated events and transactions for potential recognition or disclosure through September 4, 2015, the date the financial statements were available to be issued.

NOTE 3 - PROPERTY AND EQUIPMENT

Property and equipment consisted of the following as of June 30:

| | <u>2015</u> | <u>2014</u> |
|-------------------------------|-------------------|-------------------|
| Land and improvements | \$ 347,524 | \$ 347,524 |
| Buildings and improvements | 650,583 | 650,583 |
| Furniture and equipment | <u>12,673</u> | <u>12,673</u> |
| Total - at cost | 1,010,780 | 1,010,780 |
| Less accumulated depreciation | <u>(112,438)</u> | <u>(95,436)</u> |
| Property and equipment, net | <u>\$ 898,342</u> | <u>\$ 915,344</u> |

Depreciation expense of \$17,002 and \$17,124 was recorded on the statements of activities in office expense and facilities and buildings and grounds for the years ended June 30, 2015 and 2014, respectively.

NEWMAN CENTER OF OSHKOSH, INC.
NOTES TO FINANCIAL STATEMENTS
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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.

| | <u>2015</u> | <u>2014</u> |
|------------------------|-------------------|-------------------|
| Program services | \$ 241,704 | \$ 204,264 |
| Management and general | <u>13,152</u> | <u>12,360</u> |
| Total | <u>\$ 254,856</u> | <u>\$ 216,624</u> |

NOTE 5 - RETIREMENT PLAN

Newman Center 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 for the years ended June 30, 2015 and 2014 was \$9,172 and \$8,441, respectively.

NOTE 6 - INTERDIOCESAN TRANSACTIONS

Newman Center 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, in the form of grants, was \$218,952 and \$184,011 for the years ended June 30, 2015 and 2014, respectively. The revenues from other diocesan corporations constitute a substantial portion of Newman Center's total revenues for the years ending June 30, 2015 and 2014. Total expenses paid to other diocesan corporations were \$49,594 and \$48,802 for the years ended June 30, 2015 and 2014, respectively, and related to administrative and support services.

NEWMAN CENTER OF OSHKOSH, INC.
NOTES TO FINANCIAL STATEMENTS
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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> |
|---|------------------|------------------|
| Building fund | \$ 7,281 | \$ 8,207 |
| Appliance purchase fund | 27 | 1,000 |
| Housing Fund | 568 | - |
| Music equipment, Fall retreat, misc. fund | 3,204 | - |
| Welcome week fund | 3,791 | 2,000 |
| Christ life program fund | 7,513 | 9,990 |
| Liturgical purposes | <u>3,924</u> | <u>3,924</u> |
| Total | <u>\$ 26,308</u> | <u>\$ 25,121</u> |

NOTE 8 - OPERATING LEASES

Newman Center leases parking lot spaces. The lease renews automatically on July 1 of each year unless notice of intent not to renew is provided. No such notice was provided. Newman Center also leases real estate that is used for student housing.

Rent expense on the operating leases was \$8,700 and \$1,500 for the years ended June 30, 2015 and 2014, respectively. Future commitments under the leases are \$15,900 for the year ended June 30, 2016.

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