

CATHOLIC DIOCESE OF GREEN BAY, INC.
FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2021 AND 2020



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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, 2021 and 2020, 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, 2021 and 2020, 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 30, 2021

CATHOLIC DIOCESE OF GREEN BAY, INC.
STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2021 AND 2020

	2021	2020
ASSETS		
Cash and Interest in Cash	\$ 2,436,339	\$ 1,716,616
Accounts Receivable, Net of Allowance for Doubtful Accounts of \$196,624 and \$315,707, Respectively	-	-
Inventory and Prepaid Expenses	34,855	72,526
Real Estate Held for Sale	348,014	335,968
Investments	17,510,383	13,093,446
Property and Equipment, Net	1,994,645	2,025,222
Deferred Gift Agreements	1,177,820	823,238
Cash Surrender Value of Life Insurance	162,084	166,875
	\$ 23,664,140	\$ 18,233,891
LIABILITIES AND NET ASSETS		
LIABILITIES		
Accounts Payable and Accrued Expenses	\$ 838,070	\$ 612,279
Collections and Custodial Funds	191,639	190,309
Deferred Revenue	771,428	649,202
Deferred Gifts Payable	330,116	225,830
Refundable Advance	882,825	882,700
Total Liabilities	3,014,078	2,560,320
NET ASSETS		
Without Donor Restrictions	6,980,520	4,681,649
With Donor Restrictions	13,669,542	10,991,922
Total Net Assets	20,650,062	15,673,571
Total Liabilities and Net Assets	\$ 23,664,140	\$ 18,233,891

See accompanying Notes to Financial Statements.

**CATHOLIC DIOCESE OF GREEN BAY, INC.
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2021**

	Without Donor Restrictions	With Donor Restrictions	Total
REVENUES AND SUPPORT			
Bishop's Appeal	\$ 3,193,588	\$ -	\$ 3,193,588
Other Grants	33,630	-	33,630
Diocesan Assessment	1,993,249	-	1,993,249
Net Fees for Services and Sales	913,344	-	913,344
Contributions	1,867,778	811,124	2,678,902
Contributions - Loan Forgiveness	882,700	-	882,700
Other	96,234	-	96,234
Net Assets Released from Restrictions	840,123	(840,123)	-
Total Revenues and Support	9,820,646	(28,999)	9,791,647
EXPENSES			
Salaries and Wages	2,012,473	-	2,012,473
Compensation of Clergy and Religious	463,329	-	463,329
Personnel Benefits	892,141	-	892,141
Other Personnel Related Expenses	78,996	-	78,996
Purchased Services	1,438,454	-	1,438,454
Facilities, Buildings, and Grounds	412,274	-	412,274
Office	417,504	-	417,504
Grants and Direct Assistance	1,851,989	-	1,851,989
Other	275,893	-	275,893
Total Expenses	7,843,053	-	7,843,053
REVENUES AND SUPPORT IN EXCESS (DEFICIENT) OF EXPENSES	1,977,593	(28,999)	1,948,594
OTHER CHANGES IN NET ASSETS			
Investment Return	249,294	2,706,619	2,955,913
Change in Value of Split-Interest Gift			
Annuity Agreements	71,984	-	71,984
Total Other Changes in Net Assets	321,278	2,706,619	3,027,897
CHANGE IN NET ASSETS	2,298,871	2,677,620	4,976,491
Net Assets - Beginning of Year	4,681,649	10,991,922	15,673,571
NET ASSETS - END OF YEAR	\$ 6,980,520	\$ 13,669,542	\$ 20,650,062

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	442,055	-	442,055
Personnel Benefits	953,451	-	953,451
Other Personnel Related Expenses	127,388	-	127,388
Purchased Services	1,379,283	-	1,379,283
Facilities, Buildings, and Grounds	394,681	-	394,681
Office	456,080	-	456,080
Grants and Direct Assistance	2,271,209	-	2,271,209
Other	<u>673,590</u>	<u>-</u>	<u>673,590</u>
Total Expenses	<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.
STATEMENTS OF CASH FLOWS
YEARS ENDED JUNE 30, 2021 AND 2020**

	2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash Received from Contributors	\$ 8,878,428	\$ 13,257,456
Cash Received from Sales and Fees for Services	1,035,570	1,684,909
Cash Paid to Suppliers	(2,078,337)	(2,828,610)
Cash Paid to and on Behalf of Employees	(3,382,451)	(3,824,507)
Cash Paid for Grants and Assistance	(1,851,989)	(2,271,209)
Net Cash Flows from Operating Activities	2,601,221	6,018,039
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of Property and Equipment	(13,904)	(2,857)
Purchase of Real Estate Held for Sale	(12,046)	(11,788)
Proceeds from Sale of Property and Equipment	3,693	-
Cash Paid for Purchase of Investments	(2,544,200)	(5,887,392)
Proceeds from Sale of Investments	733,385	478,938
Net Cash Flows from Investing Activities	(1,833,072)	(5,423,099)
CASH FLOWS FROM FINANCING ACTIVITY		
Cash Paid to Annuitants	(48,426)	(25,434)
NET CHANGE IN CASH AND INTEREST IN CASH	719,723	569,506
Cash and Interest in Cash - Beginning of Year	1,716,616	1,147,110
CASH AND INTEREST IN CASH - END OF YEAR	\$ 2,436,339	\$ 1,716,616

**CATHOLIC DIOCESE OF GREEN BAY, INC.
STATEMENTS OF CASH FLOWS (CONTINUED)
YEARS ENDED JUNE 30, 2021 AND 2020**

	2021	2020
RECONCILIATION OF CHANGE IN NET ASSETS TO NET CASH FLOWS FROM OPERATING ACTIVITIES		
Change in Net Assets	\$ 4,976,491	\$ (1,051,117)
Adjustments to Reconcile Change in Net Assets to Net Cash Flows from Operating Activities:		
Depreciation	40,788	48,480
Bad Debts	(119,083)	(48,469)
Investment Return	(2,955,913)	(48,714)
Change in Value of Split-Interest Gift Annuity Agreements	(71,984)	112,281
Changes in Certain Assets and Liabilities:		
Accounts Receivable	119,083	143,346
Bequests Receivable	-	5,600,886
Inventory and Prepaid Expenses	37,671	(5,814)
Accounts Payable and Accrued Expenses	225,791	18,724
Deferred Gifts Payable	224,696	18,654
Collections and Custodial Funds	1,330	(9,561)
Deferred Revenue	122,226	356,643
Refundable Advance	125	882,700
Net Cash Flows from Operating Activities	\$ 2,601,221	\$ 6,018,039
 NONCASH INVESTING ACTIVITIES		
Interest and Dividends Reinvested Directly Back into Investment Funds	\$ 178,279	\$ 286,872

See accompanying Notes to Financial Statements.

CATHOLIC DIOCESE OF GREEN BAY, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020

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.

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.

Accounts Receivable

The majority of the Diocese's accounts 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 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 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.

CATHOLIC DIOCESE OF GREEN BAY, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020

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 4 - 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, 2021 and 2020. 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, 2021.

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

CATHOLIC DIOCESE OF GREEN BAY, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

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.

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.

Revenue

Fees for services are reflected as support in the year when the services are provided. Unearned fees for services, which totaled \$771,428 and \$649,202 at June 30, 2021 and 2020, respectively, are reflected as deferred revenue on the statements of financial position.

Revenue from fees for services is recognized over time and totaled \$913,344 and \$1,232,803 during the years ended June 30, 2021 and 2020, respectively.

CATHOLIC DIOCESE OF GREEN BAY, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

Refundable Advance

The Diocese received proceeds in the amount of \$882,825 and \$882,700 to fund payroll, rent, utilities, and interest on mortgages and existing debt through the Paycheck Protection Program (the PPP Loans) during the years ended June 30, 2021 and 2020, respectively. The PPP Loans may be forgiven by the U.S. Small Business Administration (SBA) subject to certain performance barriers, as outlined in the loan agreements and the CARES Act.

The Diocese has classified these loans as PPP grants for accounting purposes. The Diocese recognized contributions of \$882,700 related to these agreements during the year ended June 30, 2021, which represents the portion of the PPP Loan funds for which the performance barriers have been met. Management believes the Diocese has satisfied the performance barriers attributable to the \$882,700 of PPP Loan proceeds and, on May 10, 2021, the Diocese received formal notification from the SBA that the full amount of the \$882,700 PPP Loan had been forgiven.

The SBA may review funding eligibility and usage of funds for compliance with program requirements based on dollar thresholds and other factors. The amount of liability, if any, from potential noncompliance cannot be determined with certainty; however, management is of the opinion that any review will not have a material adverse impact on the Diocese's financial position.

CATHOLIC DIOCESE OF GREEN BAY, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 30, 2021, the date the financial statements were available to be issued.

NOTE 3 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:

	2021	2020
Cash and Interest in Cash	\$ 2,436,339	\$ 1,716,616
Investments	17,510,383	13,093,446
Deferred Gift Agreements	1,177,820	823,238
Cash Surrender Value of Life Insurance	162,084	166,875
Subtotal	<u>21,286,626</u>	<u>15,800,175</u>
Less:		
Collections and Custodial Funds	(191,639)	(190,309)
Deferred Gifts Payable	(330,116)	(225,830)
Donor Restricted Net Assets	<u>(13,669,542)</u>	<u>(10,991,922)</u>
Total Financial Assets Available for General Expenditure	<u>\$ 7,095,329</u>	<u>\$ 4,392,114</u>

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.

CATHOLIC DIOCESE OF GREEN BAY, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020

NOTE 4 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
	2021	2020		
St. Francis Xavier Corp. Fixed Income Fund	\$ 2,162,869	\$ 1,651,676	Daily	30 Days
St. Francis Xavier Corp. Equity Fund	4,263,917	3,336,261	Daily	30 Days
St. Francis Xavier Corp. Money Market Fund	5,213,558	3,196,897	Daily	30 Days
Catholic Foundation Long Term Fund	6,693,077	5,377,084	Daily	30 Days
Catholic Foundation Money Market Fund	354,782	354,766	Daily	30 Days
Total Funds	<u>\$ 18,688,203</u>	<u>\$ 13,916,684</u>		

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

	2021	2020
Investments	\$ 17,510,383	\$ 13,093,446
Deferred Gift Agreements	1,177,820	823,238
Total	<u>\$ 18,688,203</u>	<u>\$ 13,916,684</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	5
Total	<u>100 %</u>

CATHOLIC DIOCESE OF GREEN BAY, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020

NOTE 4 INVESTMENTS AND FAIR VALUE MEASUREMENTS (CONTINUED)

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	3
Total	100 %

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	3
Total	100 %

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.

CATHOLIC DIOCESE OF GREEN BAY, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020

NOTE 4 INVESTMENTS AND FAIR VALUE MEASUREMENTS (CONTINUED)

The tables below present the balances of assets and liabilities measured at fair value on a recurring basis:

	June 30, 2021			
	Level 1	Level 2	Level 3	Total
Assets:				
St. Francis Xavier Corp. Fixed Income Fund	\$ -	\$ 2,162,869	\$ -	\$ 2,162,869
St. Francis Xavier Corp. Equity Fund	-	4,263,917	-	4,263,917
St. Francis Xavier Corp. Money Market Fund	-	5,213,558	-	5,213,558
Catholic Foundation Long Term Fund	-	6,693,077	-	6,693,077
Catholic Foundation Money Market Fund	-	354,782	-	354,782
Assets Presented at Fair Value	<u>\$ -</u>	<u>\$ 18,688,203</u>	<u>\$ -</u>	<u>\$ 18,688,203</u>
Liabilities:				
Deferred Gifts Payable	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 330,116</u>	<u>\$ 330,116</u>
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	-	3,196,897	-	3,196,897
Catholic Foundation Long Term Fund	-	5,377,084	-	5,377,084
Catholic Foundation Money Market Fund	-	354,766	-	354,766
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>

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.

CATHOLIC DIOCESE OF GREEN BAY, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020

NOTE 4 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>2021</u>	<u>2020</u>
Interest and Dividends	\$ 178,279	\$ 286,872
Realized and Unrealized Gains (Losses) on Investments	<u>2,777,634</u>	<u>(238,158)</u>
Total	<u>\$ 2,955,913</u>	<u>\$ 48,714</u>

NOTE 5 PROPERTY AND EQUIPMENT

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

	<u>2021</u>	<u>2020</u>
Furniture and Equipment	\$ 79,814	\$ 65,910
Land and Improvements	1,735,115	1,735,115
Buildings	321,200	321,200
Vehicles	<u>74,242</u>	<u>100,831</u>
Total - at Cost	2,210,371	2,223,056
Less: Accumulated Depreciation	<u>(215,726)</u>	<u>(197,834)</u>
Property and Equipment, Net	<u>\$ 1,994,645</u>	<u>\$ 2,025,222</u>

NOTE 6 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% with a floor of 2.25% (effectively 2.25% at June 30, 2021). The line of credit is unsecured and expires December 31, 2022.

There were no amounts drawn on the line of credit and no interest expense incurred during the years ended June 30, 2021 and 2020.

CATHOLIC DIOCESE OF GREEN BAY, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020

NOTE 7 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, 2021 and 2020, the Diocese received contributions of \$217,500 and \$50,000, 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 \$9,657 and \$8,830 and payables to the donors of \$6,636 and \$6,979 at June 30, 2021 and 2020, 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 \$608,960 and \$506,704 at June 30, 2021 and 2020, respectively.

CATHOLIC DIOCESE OF GREEN BAY, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020

NOTE 8 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:

	2021		Total
	Program Services	Management and General	
Salaries and Wages	\$ 1,837,030	\$ 175,443	\$ 2,012,473
Compensation of Clergy and Religious	332,547	130,782	463,329
Personnel Benefits	782,954	109,187	892,141
Other Personnel Related Expenses	78,996	-	78,996
Purchased Services	1,185,974	252,480	1,438,454
Facilities, Buildings, and Grounds	412,274	-	412,274
Office	417,504	-	417,504
Grants and Direct Assistance	1,851,989	-	1,851,989
Other	275,893	-	275,893
Total Expenses Included in the Expenses Section on the Statements of Activities	<u>\$ 7,175,161</u>	<u>\$ 667,892</u>	<u>\$ 7,843,053</u>

**CATHOLIC DIOCESE OF GREEN BAY, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020**

NOTE 8 FUNCTIONAL CLASSIFICATION OF EXPENSES (CONTINUED)

	2020		
	Program Services	Management and General	Total
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
Facilities, Buildings, and Grounds	394,681	-	394,681
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	8,304,660	690,149	8,994,809
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	\$ 8,304,074	\$ 690,149	\$ 8,994,223

NOTE 9 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>2021</u>	<u>2020</u>
Revenues:		
Bishop's Appeal Grant	\$ 3,185,953	\$ 2,828,646
Donation	1,830,077	1,261,636
Total Revenues	\$ 5,016,030	\$ 4,090,282
Expenses:		
Occupancy Expenses	\$ 390,944	\$ 428,011
Insurance Expenses	712,911	736,456
Donations	85,790	201,307
Administrative Service Fees	845,858	849,724
Investment Management Fees	31,807	31,637
Other	23,379	24,779
Total Expenses	\$ 2,090,689	\$ 2,271,914

CATHOLIC DIOCESE OF GREEN BAY, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020

NOTE 9 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, 2021 and 2020, the balance was \$4,693 and \$3,205, respectively. The balances are included in the accompanying statements of financial position as investments and accounts payable and accrued expenses.

NOTE 10 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 \$345,504 and \$354,480 for the years ended June 30, 2021 and 2020, respectively. All leases are accounted for as operating leases.

NOTE 11 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, 2021 and 2020. 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 \$217,122 and \$240,089 for the years ended June 30, 2021 and 2020, respectively.

**CATHOLIC DIOCESE OF GREEN BAY, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020**

NOTE 12 NET ASSETS WITH DONOR RESTRICTIONS

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

	<u>2021</u>	<u>2020</u>
Subject to Expenditure for Specified Purpose:		
Education at Catholic University, Washington, D.C.	\$ 1,495,792	\$ 1,143,840
Assistance to the Poor	1,997,534	1,609,289
Seminarians and Vocations	7,391,962	5,958,534
Various Programs	2,349,431	1,840,645
Subject to the Passage of Time:		
Cash Surrender Value of Life Insurance	162,084	166,875
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>\$ 13,669,542</u>	<u>\$ 10,991,922</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>2021</u>	<u>2020</u>
Satisfaction of Purpose Restrictions:		
Programs and Initiatives	<u>\$ 840,123</u>	<u>\$ 583,543</u>