

**THE GREEN BAY CATHOLIC
COMPASS, INC.**

FINANCIAL STATEMENTS

YEARS ENDED JUNE 30, 2021 AND 2020



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**THE GREEN BAY CATHOLIC COMPASS, INC.
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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, 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 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.

Board of Directors
The Green Bay Catholic Compass, Inc.

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, 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
October 8, 2021

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

	2021	2020
ASSETS		
Interest in Cash	\$ 241,308	\$ 223,819
Accounts Receivable, Net of Allowance for Doubtful Accounts of \$8,000 and \$4,000, Respectively	12,520	26,035
Investments	250,000	-
Property and Equipment, Net	-	1,039
Total Assets	\$ 503,828	\$ 250,893
LIABILITIES AND NET ASSETS		
LIABILITIES		
Accounts Payable	\$ 2,724	\$ 9,356
Accrued Expenses	35,439	32,952
Deferred Revenue	57,854	60,273
Refundable Advance	80,948	80,900
Total Liabilities	176,965	183,481
NET ASSETS		
Without Donor Restrictions	283,329	29,173
With Donor Restrictions	43,534	38,239
Total Net Assets	326,863	67,412
Total Liabilities and Net Assets	\$ 503,828	\$ 250,893

See accompanying Notes to Financial Statements.

THE GREEN BAY CATHOLIC COMPASS, INC.
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2021

	Without Donor Restrictions	With Donor Restrictions	Total
REVENUES AND SUPPORT			
Sales	\$ 610,344	\$ -	\$ 610,344
Cost of Sales	(243,613)	-	(243,613)
Gross Margin	366,731	-	366,731
Bishop's Appeal Grant	365,061	-	365,061
Contributions	2,068	54,647	56,715
Contributions - Loan Forgiveness	80,900	-	80,900
Net Assets Released From Restrictions:			
Subscriptions Assistance	49,352	(49,352)	-
Total Revenues and Support	864,112	5,295	869,407
EXPENSES			
Salaries and Wages	310,673	-	310,673
Personnel Benefits	109,047	-	109,047
Other Personnel Costs	2,161	-	2,161
Purchased Services	144,633	-	144,633
Facilities, Buildings, and Grounds	26,400	-	26,400
Office	17,042	-	17,042
Total Expenses	609,956	-	609,956
CHANGE IN NET ASSETS	254,156	5,295	259,451
Net Assets - Beginning of Year	29,173	38,239	67,412
NET ASSETS - END OF YEAR	<u>\$ 283,329</u>	<u>\$ 43,534</u>	<u>\$ 326,863</u>

See accompanying Notes to Financial Statements.

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

	Without Donor Restrictions	With Donor Restrictions	Total
REVENUES AND SUPPORT			
Sales	\$ 543,303	\$ -	\$ 543,303
Cost of Sales	(262,482)	-	(262,482)
Gross Margin	280,821	-	280,821
Bishop's Appeal Grant	223,814	-	223,814
Contributions	2,965	46,501	49,466
Net Assets Released From Restrictions:			
Subscriptions Assistance	42,100	(42,100)	-
Total Revenues and Support	549,700	4,401	554,101
EXPENSES			
Salaries and Wages	315,828	-	315,828
Personnel Benefits	97,453	-	97,453
Other Personnel Costs	2,475	-	2,475
Purchased Services	114,724	-	114,724
Facilities, Buildings, and Grounds	26,400	-	26,400
Office	21,294	-	21,294
Total Expenses	578,174	-	578,174
CHANGE IN NET ASSETS	(28,474)	4,401	(24,073)
Net Assets - Beginning of Year	57,647	33,838	91,485
NET ASSETS - END OF YEAR	\$ 29,173	\$ 38,239	\$ 67,412

See accompanying Notes to Financial Statements.

THE GREEN BAY CATHOLIC COMPASS, INC.
STATEMENTS OF CASH FLOWS
YEARS ENDED JUNE 30, 2021 AND 2020

	2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash Received from Contributors	\$ 502,724	\$ 354,180
Cash Received from Subscribers, Advertisers, and Others	621,440	573,428
Cash Paid to Suppliers	(437,281)	(415,190)
Cash Paid to and on Behalf of Employees	(419,394)	(413,261)
Net Cash Flows From Operating Activities	267,489	99,157
 CASH FLOWS FROM INVESTING ACTIVITY		
Cash Paid for Purchases of Investments	(250,000)	-
 NET CHANGE IN INTEREST IN CASH	17,489	99,157
 Interest in Cash - Beginning of Year	223,819	124,662
 INTEREST IN CASH - END OF YEAR	\$ 241,308	\$ 223,819
 RECONCILIATION OF CHANGE IN NET ASSETS TO NET CASH FLOWS FROM OPERATING ACTIVITIES		
Change in Net Assets	\$ 259,451	\$ (24,073)
Adjustments to Reconcile Change in Net Assets to Net Cash Flows From Operating Activities:		
Depreciation	1,039	1,133
Provision for Doubtful Accounts	4,000	-
Changes in Certain Assets and Liabilities:		
Accounts Receivable	9,515	28,963
Prepaid Expenses	-	436
Accounts Payable	(6,632)	8,141
Accrued Expenses	2,487	2,495
Deferred Revenue	(2,419)	1,162
Refundable Advance	48	80,900
 Net Cash Flows From Operating Activities	\$ 267,489	\$ 99,157

See accompanying Notes to Financial Statements.

THE GREEN BAY CATHOLIC COMPASS, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020

NOTE 1 PRINCIPAL ACTIVITY

The Green Bay Catholic Compass, Inc. (the Compass) is a nonprofit 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.

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 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.

THE GREEN BAY CATHOLIC COMPASS, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Property and Equipment

Property and equipment is 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, which is made up entirely of computer equipment, is depreciated using the straight-line method over an estimated useful life of 3 years.

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. To date, there have been no such losses.

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.

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.

THE GREEN BAY CATHOLIC COMPASS, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Revenue Recognition

Advertising and subscription revenues are recognized in the month the periodicals are published. Unearned revenues from advertising and subscriptions, which totaled \$57,854 and \$60,273 at June 30, 2021 and 2020, respectively, are reflected as deferred revenue on the statements of financial position.

Revenue from advertising and subscriptions is recognized over time and totaled \$610,344 and \$543,303 during the years ended June 30, 2021 and 2020, respectively.

Contribution Recognition

Contributions 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 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, 2021 AND 2020

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Refundable Advance

The Compass received proceeds in the amount of \$80,948 and \$80,900 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 Compass has classified these loans as PPP grants for accounting purposes. The Compass recognized contributions of \$80,900 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 Compass has satisfied the performance barriers attributable to the \$80,900 of PPP Loan proceeds and, on May 4, 2021, the Compass received formal notification from the SBA that the full amount of the \$80,900 PPP Loan has 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 Compass' financial position.

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 (IRS) 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 incurred no unrelated business income tax for the years ended June 30, 2021 and 2020.

Subsequent Events

In preparing these financial statements, the Compass has evaluated events and transactions for potential recognition or disclosure through October 8, 2021, the date the financial statements were available to be issued.

THE GREEN BAY CATHOLIC COMPASS, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020

NOTE 3 LIQUIDITY AND AVAILABILITY

The Compass 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
Interest in Cash	\$ 241,308	\$ 223,819
Accounts Receivable	12,520	26,035
Investments	250,000	-
Subtotal	<u>503,828</u>	<u>249,854</u>
Less: Donor Restricted Net Assets	<u>(43,534)</u>	<u>(38,239)</u>
Total Financial Assets Available for General Expenditure	<u>\$ 460,294</u>	<u>\$ 211,615</u>

NOTE 4 INVESTMENTS

Investments are held by St. Francis Xavier Investment Corp. (St. Francis Xavier Corp.), an interdiocesan entity. The Compass' investments consist of \$250,000 and \$-0- interests in St. Francis Xavier Corp.'s Federal U.S. Treasury Cash Reserve Fund at June 30, 2021 and 2020, respectively. The Federal U.S. Treasury Cash Reserve Fund has a daily redemption frequency, a 30-day termination notice period, and is intended to be utilized by intermediate and short-term money.

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 Compass 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 Compass attempts to utilize valuation methods that maximize the use of observable inputs and minimize the use of unobservable inputs.

The fair value hierarchy ranks the quality and reliability of the information used to determine the fair values. Assets and liabilities measured, reported, and/or disclosed at fair value will be classified and disclosed in one of the following three categories:

Level 1 – Quoted market prices in active markets for identical assets or liabilities.

Level 2 – Observable market based inputs or unobservable inputs that are corroborated by market data.

Level 3 – Unobservable inputs that are not corroborated by market data.

THE GREEN BAY CATHOLIC COMPASS, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020

NOTE 4 INVESTMENTS (CONTINUED)

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

	June 30, 2021			
	Level 1	Level 2	Level 3	Total
St. Francis Xavier Corp. Federal U.S. Treasury Cash Reserve Fund	\$ -	\$ 250,000	\$ -	\$ 250,000

The fair value of the investments in the Federal U.S. Treasury Cash Reserve Fund has been estimated using the net asset value per share of the fund as determined by the fund administrator. The fund is valued on a daily basis.

NOTE 5 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			
	Program Services	Management and General	Fundraising	Total
Salaries and Wages	\$ 301,447	\$ 9,226	\$ -	\$ 310,673
Personnel Benefits	105,383	3,664	-	109,047
Other Personnel Costs	2,161	-	-	2,161
Purchased Services	142,881	28,464	-	171,345
Rent	26,400	-	-	26,400
Office	233,943	-	-	233,943
Total Expenses by Function	812,215	41,354	-	853,569
Less: Expenses Included with Revenues on the Statements of Activities:				
Cost of Sales	(243,613)	-	-	(243,613)
Total Expenses Included in the Expenses Section on the Statements of Activities	<u>\$ 568,602</u>	<u>\$ 41,354</u>	<u>\$ -</u>	<u>\$ 609,956</u>

THE GREEN BAY CATHOLIC COMPASS, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020

NOTE 5 FUNCTIONAL CLASSIFICATION OF EXPENSES (CONTINUED)

	2020			
	Program Services	Management and General	Fundraising	Total
Salaries and Wages	\$ 306,497	\$ 9,331	\$ -	\$ 315,828
Personnel Benefits	94,136	3,317	-	97,453
Other Personnel Costs	2,475	-	-	2,475
Purchased Services	125,793	26,499	-	152,292
Rent	26,400	-	-	26,400
Office	246,208	-	-	246,208
Total Expenses by Function	801,509	39,147	-	840,656
Less: Expenses Included with Revenues on the Statements of Activities:				
Cost of Sales	(262,482)	-	-	(262,482)
Total Expenses Included in the Expenses Section on the Statements of Activities	\$ 539,027	\$ 39,147	\$ -	\$ 578,174

NOTE 6 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 \$28,065 and \$28,301 for the years ended June 30, 2021 and 2020, respectively.

NOTE 7 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 \$26,400 for the years ended June 30, 2021 and 2020.

THE GREEN BAY CATHOLIC COMPASS, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020

NOTE 8 INTERDIOCESAN TRANSACTIONS

The Compass was a party to various transactions with other diocesan corporations during the years ended June 30, 2021 and 2020. Total revenues and support from other diocesan corporations were \$517,182 and \$370,891 for the years ended June 30, 2021 and 2020, 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, 2021 and 2020. Total expenses paid to other diocesan corporations were \$195,079 and \$177,082 for the years ended June 30, 2021 and 2020, respectively, and relates to administrative and support services.

NOTE 9 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:		
Subscriptions Assistance	\$ 37,937	\$ 34,917
Compass in the Classroom	62	579
Homeless Shelter	838	1,783
Prison Ministry	4,697	960
Total Net Assets With Donor Restrictions	<u>\$ 43,534</u>	<u>\$ 38,239</u>