

**THE CATHOLIC FOUNDATION FOR THE  
DIOCESE OF GREEN BAY, INC.**

**FINANCIAL STATEMENTS**

**YEARS ENDED JUNE 30, 2019 AND 2018**

**THE CATHOLIC FOUNDATION FOR THE DIOCESE OF GREEN BAY, INC.  
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## INDEPENDENT AUDITORS' REPORT

Board of Directors  
The Catholic Foundation for the Diocese of Green Bay, Inc.  
Green Bay, Wisconsin

We have audited the accompanying financial statements of The Catholic Foundation for the Diocese of Green Bay, Inc. (a Wisconsin corporation), which comprise the statements of financial position as of June 30, 2019 and 2018, 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  
The Catholic Foundation for the 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 The Catholic Foundation for the Diocese of Green Bay, Inc. as of June 30, 2019 and 2018, 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 1, 2019

**THE CATHOLIC FOUNDATION FOR THE DIOCESE OF GREEN BAY, INC.**  
**STATEMENTS OF FINANCIAL POSITION**  
**JUNE 30, 2019 AND 2018**

	2019	2018
<b>ASSETS</b>		
Cash and Cash Equivalents	\$ 1,268,687	\$ 990,226
Bequest Receivable	1,275,033	5,774,517
Contributions Receivable, Net of Allowance for Doubtful Accounts of \$85,000 and \$78,000, Respectively	5,544,562	3,718,775
Investments	94,973,391	89,309,398
Prepaid Expenses	5,499	2,118
Cash Surrender Value of Life Insurance	746,181	647,989
Beneficial Interest in Assets Held by Others	93,384	97,440
Property and Equipment	5,866	-
	<b>\$ 103,912,603</b>	<b>\$ 100,540,463</b>
<b>LIABILITIES AND NET ASSETS</b>		
<b>LIABILITIES</b>		
Accounts Payable and Accrued Expenses	\$ 177,840	\$ 128,076
Funds Held for Others	29,384,615	27,004,855
Funds Held for Others - Shrine	747,742	2,165,062
Pledges Payable	2,290,886	3,294,625
Total Liabilities	32,601,083	32,592,618
<b>NET ASSETS</b>		
Without Donor Restrictions	20,307,448	21,195,679
With Donor Restrictions	51,004,072	46,752,166
Total Net Assets	71,311,520	67,947,845
Total Liabilities and Net Assets	<b>\$ 103,912,603</b>	<b>\$ 100,540,463</b>

See accompanying Notes to Financial Statements.

**THE CATHOLIC FOUNDATION FOR THE DIOCESE OF GREEN BAY, INC.**  
**STATEMENT OF ACTIVITIES**  
**YEAR ENDED JUNE 30, 2019**

	Without Donor Restrictions	With Donor Restrictions	Total
<b>REVENUES AND SUPPORT</b>			
Contributions	\$ 2,123,045	\$11,176,331	\$13,299,376
Management Fees	876,555	-	876,555
Net Assets Released from Restrictions	8,228,961	(8,228,961)	-
Total Revenues and Support	11,228,561	2,947,370	14,175,931
<b>EXPENSES</b>			
Salaries and Wages	846,333	-	846,333
Personnel Benefits	371,935	-	371,935
Purchased Services	1,909,820	-	1,909,820
Occupancy	64,200	-	64,200
Office	332,495	-	332,495
Grants	9,379,404	-	9,379,404
Total Expenses	12,904,187	-	12,904,187
<b>REVENUES AND SUPPORT IN EXCESS (DEFICIENT) OF EXPENSES</b>	(1,675,626)	2,947,370	1,271,744
<b>OTHER CHANGES IN NET ASSETS</b>			
Investment Return:			
Interest and Dividends	421,587	627,559	1,049,146
Realized Gains	136,446	362,206	498,652
Unrealized Gains	229,362	220,635	449,997
Change in Beneficial Interest in Assets Held by Others	-	(4,056)	(4,056)
Change in Cash Surrender Value of Life Insurance	-	98,192	98,192
Total Other Changes in Net Assets	787,395	1,304,536	2,091,931
<b>CHANGE IN NET ASSETS</b>	(888,231)	4,251,906	3,363,675
Net Assets - Beginning of Year	21,195,679	46,752,166	67,947,845
<b>NET ASSETS - END OF YEAR</b>	\$20,307,448	\$51,004,072	\$71,311,520

See accompanying Notes to Financial Statements.

**THE CATHOLIC FOUNDATION FOR THE DIOCESE OF GREEN BAY, INC.**  
**STATEMENT OF ACTIVITIES**  
**YEAR ENDED JUNE 30, 2018**

	Without Donor Restrictions	With Donor Restrictions	Total
<b>REVENUES AND SUPPORT</b>			
Contributions	\$ 9,278,612	\$ 7,565,849	\$16,844,461
Management Fees	904,543	-	904,543
Net Assets Released from Restrictions	9,000,183	(9,000,183)	-
Total Revenues and Support	<u>19,183,338</u>	<u>(1,434,334)</u>	<u>17,749,004</u>
<b>EXPENSES</b>			
Salaries and Wages	580,822	-	580,822
Personnel Benefits	251,025	-	251,025
Purchased Services	1,084,055	-	1,084,055
Occupancy	52,311	-	52,311
Office	334,386	-	334,386
Grants	10,658,695	-	10,658,695
Total Expenses	<u>12,961,294</u>	<u>-</u>	<u>12,961,294</u>
<b>REVENUES AND SUPPORT IN EXCESS (DEFICIENT) OF EXPENSES</b>	6,222,044	(1,434,334)	4,787,710
<b>OTHER CHANGES IN NET ASSETS</b>			
Investment Return:			
Interest and Dividends	297,657	605,334	902,991
Realized Gains	1,207,887	3,239,285	4,447,172
Unrealized Losses	(507,700)	(1,404,179)	(1,911,879)
Change in Beneficial Interest in Assets Held by Others	-	(412,181)	(412,181)
Change in Cash Surrender Value of Life Insurance	-	93,960	93,960
Total Other Changes in Net Assets	<u>997,844</u>	<u>2,122,219</u>	<u>3,120,063</u>
<b>CHANGE IN NET ASSETS</b>	7,219,888	687,885	7,907,773
Net Assets - Beginning of Year	<u>13,975,791</u>	<u>46,064,281</u>	<u>60,040,072</u>
<b>NET ASSETS - END OF YEAR</b>	<u>\$21,195,679</u>	<u>\$46,752,166</u>	<u>\$67,947,845</u>

See accompanying Notes to Financial Statements.

**THE CATHOLIC FOUNDATION FOR THE DIOCESE OF GREEN BAY, INC.**  
**STATEMENTS OF CASH FLOWS**  
**YEARS ENDED JUNE 30, 2019 AND 2018**

	<u>2019</u>	<u>2018</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Cash Received from Contributors and Fees	\$16,849,628	\$13,540,844
Cash Received on Behalf of Others	962,440	3,795,815
Cash Paid to and on Behalf of Employees	(1,202,784)	(819,888)
Cash Paid to Suppliers	(2,275,252)	(1,482,154)
Cash Paid for Grants	<u>(10,383,143)</u>	<u>(12,129,415)</u>
Net Cash Flows from Operating Activities	3,950,889	2,905,202
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Cash Paid for Purchases of Property and Equipment	(6,230)	-
Cash Paid for Purchases of Investments	(20,969,044)	(19,432,650)
Proceeds from Sale of Investments	17,302,846	16,988,143
Net Cash Flows from Investing Activities	<u>(3,672,428)</u>	<u>(2,444,507)</u>
<b>NET CHANGE IN CASH AND CASH EQUIVALENTS</b>	278,461	460,695
Cash and Cash Equivalents - Beginning of Year	<u>990,226</u>	<u>529,531</u>
<b>CASH AND CASH EQUIVALENTS - END OF YEAR</b>	<u>\$ 1,268,687</u>	<u>\$ 990,226</u>
<b>RECONCILIATION OF CHANGE IN NET ASSETS TO NET CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Change in Net Assets	\$ 3,363,675	\$ 7,907,773
Adjustments to Reconcile Change in Net Assets to Net Cash Flows from Operating Activities:		
Depreciation	364	-
Bad Debts	7,000	68,000
Investment Return	(2,095,987)	(3,532,244)
Change in Beneficial Interest in Assets Held by Others	4,056	412,181
Changes in Certain Assets and Liabilities:		
Bequest Receivable	4,499,484	(5,523,445)
Contributions Receivable	(1,832,787)	1,247,285
Prepaid Expenses	(3,381)	2,646
Accounts Payable and Accrued Expenses	49,764	(2,089)
Funds Held for Others	962,440	3,795,815
Pledges Payable	<u>(1,003,739)</u>	<u>(1,470,720)</u>
Net Cash Flows from Operating Activities	<u>\$ 3,950,889</u>	<u>\$ 2,905,202</u>
<b>NONCASH INVESTING AND FINANCING ACTIVITIES</b>		
Interest and Dividends Reinvested Directly into Investment Funds	<u>\$ 1,049,146</u>	<u>\$ 902,991</u>
Change in Funds Held for Others Related to Investment Returns	<u>\$ 1,123,504</u>	<u>\$ 1,482,152</u>

See accompanying Notes to Financial Statements.



**THE CATHOLIC FOUNDATION FOR THE DIOCESE OF GREEN BAY, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2019 AND 2018**

**NOTE 1 PRINCIPAL ACTIVITY**

The Catholic Foundation for the Diocese of Green Bay, Inc. (the Foundation) is a nonprofit corporation organized under the laws of the state of Wisconsin for the purpose of receiving and maintaining a fund or funds of real or personal property and using or applying the whole or any part of the income there from and the principal thereof exclusively for religious, charitable, scientific, literary, or educational purposes, in connection with the Catholic Diocese of Green Bay, in accordance with the teachings and the Code of Canon Law of the Roman Catholic Church.

**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 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 CATHOLIC FOUNDATION FOR THE DIOCESE OF GREEN BAY, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2019 AND 2018**

**NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Cash and Cash Equivalents**

The Foundation defines cash and cash equivalents as highly liquid, short-term investments with a maturity at the date of acquisition of three months or less. The Foundation maintains its cash in bank deposit accounts, which, at times, may exceed federally insured limits. The Foundation has not experienced any losses in such accounts and believes it is not exposed to any significant credit risk on cash and cash equivalents.

**Contribution and Bequest Revenue 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.

The Foundation determines its allowance for contributions received by considering a number of factors, including the length of time receivables are past due, the Foundation's previous loss history, the donor's current ability to pay its obligation, and the condition of the general economy.

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 Foundation. A substantial number of volunteers have donated significant amounts of their time in the Foundation's program services and in its fundraising campaigns. 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.

**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. Donor-restricted investment income and unrealized gains or losses are reported as increases or decreases 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.

**THE CATHOLIC FOUNDATION FOR THE DIOCESE OF GREEN BAY, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2019 AND 2018**

**NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Investments (Continued)**

The Foundation's investment strategy incorporates a diversified asset allocation approach and maintains, within defined limits, exposure to the world equity and fixed income markets, including alternative investments. This strategy provides the Foundation with an asset mix that is most likely to meet its long-term return goals with an appropriate level of risk. The Foundation's Investment Committee has engaged independent external investment consultants to advise on asset allocation and conduct due diligence on investment managers. In addition, the Foundation monitors the portfolio asset allocation and performance regularly to ensure compliance with the investment policy.

**Beneficial Interest in Assets Held by Others**

The Foundation has arrangements with donors classified as charitable remainder trusts and charitable gift annuities. The Foundation has recognized its interest in the estimated future cash flows as net assets with donor restrictions based on the fair market value of the assets.

**Funds Held for Others**

The Foundation has a number of funds for which it acts as a custodian. Receipts are held and disbursements are made according to the intentions of the organization from which the funds were received. These funds are reported as funds held for others in the financial statements. Investment income and distributions of these funds are not considered revenues or expenses of the Foundation.

**Grant Expense**

In connection with its annual budget process, the Foundation communicates its intent to support various organizations of the Catholic Diocese of Green Bay with estimated grants. Management does not consider this intent to support or the communication of this intent to support an unconditional promise to give. The Foundation grant is recorded in the year in which the grant is distributed.

**Tax-Exempt Status**

The Foundation 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 Foundation incurred no unrelated business income tax for the years ended June 30, 2019 and 2018.

**Reclassifications**

Certain prior year amounts have been reclassified to conform to the current year's presentation. The reclassifications had no impact on previously reported changes in net assets.

**THE CATHOLIC FOUNDATION FOR THE DIOCESE OF GREEN BAY, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2019 AND 2018**

**NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Subsequent Events**

In preparing these financial statements, the Foundation has evaluated events and transactions for potential recognition or disclosure through October 1, 2019, the date the financial statements were available to be issued.

**NOTE 3 ACCOUNTING STANDARDS UPDATES**

In August 2016, the Financial Accounting Standards Board issued Accounting Standards Update 2016-14, *Not-For-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities*. The Foundation adopted this standard on July 1, 2018. Accordingly, the required presentation and disclosure changes have been retrospectively applied to the prior period presented as if the policy had been used in that year.

In June 2018, the FASB issued ASU 2018-08 to clarify and improve the scope and the accounting guidance for contributions received and contributions made. The guidance is required to be applied by the Foundation for the year ending June 30, 2020. The Foundation is currently evaluating the impact this guidance will have on its financial statements.

**NOTE 4 LIQUIDITY AND AVAILABILITY**

The Foundation 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:

	<u>2019</u>	<u>2018</u>
Cash and Cash Equivalents	\$ 1,268,687	\$ 990,226
Bequest Receivable	1,275,033	5,774,517
Contributions Receivable	5,544,562	3,718,775
Investments	94,973,391	89,309,398
Beneficial Interest in Assets Held by Others	93,384	97,440
	<u>103,155,057</u>	<u>99,890,356</u>
Less:		
Funds Held for Others	(30,132,357)	(29,169,917)
Donor Restricted Net Assets	<u>(51,004,072)</u>	<u>(46,752,166)</u>
Total Financial Assets Available for General Expenditure	<u>\$ 22,018,628</u>	<u>\$ 23,968,273</u>

Our endowment funds consist of donor-restricted endowments set up to support a variety of programs and initiatives. 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 Foundation maintains a line of credit in the amount of \$1,000,000, which could be drawn upon if needed.

**THE CATHOLIC FOUNDATION FOR THE DIOCESE OF GREEN BAY, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2019 AND 2018**

**NOTE 5 INVESTMENTS**

Investments consisted of the following pooled funds as of June 30:

	<u>2019</u>	<u>2018</u>
Bonds	\$ 24,030,040	\$ 20,777,796
Stocks	48,863,186	44,443,630
Money Market	18,375,313	20,334,933
Hedge Funds	3,704,852	3,753,039
Total	<u>\$ 94,973,391</u>	<u>\$ 89,309,398</u>

The Foundation entered into alternative investments in order to further diversify the Foundation's portfolio. Alternative investments are expected to provide equity-like returns with substantially reduced volatility over a full market cycle.

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

	<u>2019</u>	<u>2018</u>
Interest and Dividends	\$ 1,049,146	\$ 902,991
Realized Gains	498,652	4,447,172
Unrealized Gains (Losses)	449,997	(1,911,879)
Change in Cash Surrender Value of Life Insurance	98,192	93,960
Total	<u>\$ 2,095,987</u>	<u>\$ 3,532,244</u>

For the years ended June 30, 2019 and 2018, \$131,813 and \$272,707, respectively, of the net realized and unrealized gains (losses) on investments relate to the alternative investments and have been included in the net investment return on the accompanying statements of activities.

**THE CATHOLIC FOUNDATION FOR THE DIOCESE OF GREEN BAY, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2019 AND 2018**

**NOTE 6 FAIR VALUE OF FINANCIAL INSTRUMENTS**

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

	June 30, 2019			
	Level 1	Level 2	Level 3	Total
Bonds	\$ 24,030,040	\$ -	\$ -	\$ 24,030,040
Stocks	48,863,186	-	-	48,863,186
Money Market	-	18,375,313	-	18,375,313
Beneficial Interest	-	-	93,384	93,384
Hedge Funds	-	-	3,704,852	3,704,852
Total Assets	<u>\$ 72,893,226</u>	<u>\$ 18,375,313</u>	<u>\$ 3,798,236</u>	<u>\$ 95,066,775</u>

	June 30, 2018			
	Level 1	Level 2	Level 3	Total
Bonds	\$ 20,777,796	\$ -	\$ -	\$ 20,777,796
Stocks	44,443,630	-	-	44,443,630
Money Market	-	20,334,933	-	20,334,933
Beneficial Interest	-	-	97,440	97,440
Hedge Funds	-	-	3,753,039	3,753,039
Total Assets	<u>\$ 65,221,426</u>	<u>\$ 20,334,933</u>	<u>\$ 3,850,479</u>	<u>\$ 89,406,838</u>

**THE CATHOLIC FOUNDATION FOR THE DIOCESE OF GREEN BAY, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2019 AND 2018**

**NOTE 6 FAIR VALUE OF FINANCIAL INSTRUMENTS (CONTINUED)**

The following methods and assumptions were used to estimate the fair value for each of the investments measured at fair value:

Investments consist of stocks, bonds, mutual funds, and hedge funds. The stocks, bonds, and mutual funds are measured at fair value using quoted market prices. They are classified as Level 1 as they are traded in an active market for which closing prices are readily available. The money market fund, which is valued based on quoted market prices, is classified as Level 2 as there is not an active market.

The beneficial interest is measured at fair value based on information received from the trustee of the funds. It is classified as Level 3 as the valuation is not corroborated by market data. The unobservable inputs are the underlying assets held by the trustee and its investment policy. The trustee does not have any restrictions on redemption frequency or a required redemption notice period.

The Foundation has chosen to employ a fund of funds approach in its allocation to alternative investments presented as 'hedge funds' in the fair value table above. The funds are in a private partnership structure and invest predominantly in other private partnerships. Since there is no readily available market for investments in certain private partnerships, such investments are classified as Level 3. A net asset value (NAV) is calculated monthly for each partnership and is used to subscribe or redeem limited partners. Following an initial lock up of twelve to twenty-five months, the Foundation may request liquidity or a full redemption from each partnership either on a periodic basis (usually quarterly, but in one case, annually) by giving notice of sixty-five to one hundred five days. As of June 30, 2019 and 2018, the Foundation had a 5.0% allocation to alternative investments. The funds were invested across four funds and a total of over one hundred underlying funds. There are no unfunded future commitments to the funds.

The changes in Level 3 assets measured at fair value on a recurring basis are summarized as follows:

	<u>Beneficial Interest</u>	<u>Hedge Funds</u>
<b>BALANCE - JUNE 30, 2017</b>	\$ 509,621	\$ 3,480,332
Net Realized and Unrealized Gain (Loss) Included in Investment Return	<u>(412,181)</u>	<u>272,707</u>
<b>BALANCE - JUNE 30, 2018</b>	97,440	3,753,039
Net Realized and Unrealized Loss Included in Investment Return	<u>(4,056)</u>	<u>(48,187)</u>
<b>BALANCE - JUNE 30, 2019</b>	<u>\$ 93,384</u>	<u>\$ 3,704,852</u>

**THE CATHOLIC FOUNDATION FOR THE DIOCESE OF GREEN BAY, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2019 AND 2018**

**NOTE 7 CONTRIBUTIONS RECEIVABLE**

Contributions receivable consisted primarily of donor pledges for funds supporting a variety of activities. Contributions receivable expect to be collected as follows at June 30:

	<u>2019</u>	<u>2018</u>
Less than One Year	\$ 4,538,662	\$ 1,772,022
One to Five Years	1,140,000	2,150,000
Less: Unamortized Discount (3%)	<u>(49,100)</u>	<u>(125,247)</u>
Present Value of Contributions Receivable	5,629,562	3,796,775
Less: Allowance for Uncollectible Contributions	<u>(85,000)</u>	<u>(78,000)</u>
Total Contributions Receivable, Net	<u>\$ 5,544,562</u>	<u>\$ 3,718,775</u>

A discount rate of 3% was used to determine the net present value of future cash flows.

The balance of contributions receivable included net contributions receivable of \$2,206,630 and \$3,135,398 at June 30, 2019 and 2018, respectively, that are being collected by the Foundation on behalf of The Shrine of Our Lady of Good Help, Inc., which is another diocesan corporation. A corresponding liability of \$2,206,630 and \$3,135,398 was included in Pledges Payable on the accompanying statement of financial position as of June 30, 2019 and 2018, respectively. The balance of contributions receivable also included net contributions receivable of \$179,020 and \$231,744 at June 30, 2019 and 2018, respectively, that are being collected by the Foundation on behalf of other organizations. A corresponding liability of \$179,020 and \$231,744 was included in Funds Held for Others on the accompanying statement of financial position as of June 30, 2019 and 2018, respectively.

**NOTE 8 PLEDGES PAYABLE**

During the years ended June 30, 2015 and 2017, the Foundation made pledges of long-term support to the Shrine of Our Lady of Good Help, Inc. The pledges call for five annual payments of between \$1,000,000 and \$1,250,000, with the final payment due during the year ending June 30, 2021. The liability on the financial statements has been recorded at the net present value of the payments due using a discount factor of 3%. The remaining pledges payable of \$84,256 are expected to be paid during the year ending June 30, 2020.

Pledges payable are recorded net of discounts of \$49,100 and \$125,247 at June 30, 2019 and 2018, respectively. Included in the pledges payable balances were amounts owed to other diocesan corporations totaling \$2,206,630 and \$3,135,398 at June 30, 2019 and 2018, respectively.



**THE CATHOLIC FOUNDATION FOR THE DIOCESE OF GREEN BAY, INC.**  
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**NOTE 9 NET ASSETS WITH DONOR RESTRICTIONS**

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

	2019	2018
Subject to Expenditure for Specified Purpose:		
Catholic Education	\$ 242,081	\$ 244,570
Priest Education	347,662	350,670
Respect for Life	309,701	313,180
Children's Services	210,608	212,371
Seminarian Appeal	9,654,943	8,643,090
Bishop's Appeal	5,309,365	5,048,380
Other	2,704,585	2,596,311
Catholic Schools	113,421	114,501
Advancing the Mission Appeal	1,181,943	750,123
Priest Retirement	54,183	66,546
Scholarship Assistance	888,397	894,343
one by One Campaign	593,131	-
Contributions Receivable, the Proceeds from which have been Restricted by Donors for:		
Advancing the Mission Appeal	1,000	4,000
Bishop's Appeal	409,985	342,048
one by One Campaign	2,666,698	-
Subject to the Passage of Time:		
Contributions Receivable that are not Restricted by Donors, but which are Unavailable for Expenditure Until Due	81,229	5,585
Cash Surrender Value of Life Insurance	746,181	647,989
Beneficial Interest in Assets Held by Others	93,384	97,440
Other	117,628	777,934
Endowments:		
Subject to Appropriation and Expenditure when a Specified Event Occurs:		
Restricted by Donors for Priest Education, Seminarians, and the Bishop's Greatest Need	5,973,681	6,363,820
Subject to Endowment Spending Policy and Appropriation - Investment in Perpetuity		
Lumen Christi Appeal	10,355,505	10,355,505
Priest Care	1,792,098	1,792,098
Evangelization	1,877,558	1,877,558
Leadership	2,686,707	2,686,707
Life-Long Catechesis	1,781,757	1,781,757
Priest Education, Seminarians, and the Bishop's Greatest Need	810,641	785,640
Total Net Assets with Donor Restrictions	\$ 51,004,072	\$ 46,752,166

**THE CATHOLIC FOUNDATION FOR THE DIOCESE OF GREEN BAY, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2019 AND 2018**

**NOTE 9 NET ASSETS WITH DONOR RESTRICTIONS (CONTINUED)**

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:

	2019	2018
Satisfaction of Purpose Restrictions:		
Programs and Initiatives	\$ 8,228,961	\$ 9,000,183

**NOTE 10 LINE-OF-CREDIT**

The Foundation has a line of credit financing agreement with a bank in the amount of \$1,000,000 with interest payable at the monthly LIBOR rate plus 1.25% (effectively 3.65% at June 30, 2019). The line of credit is unsecured and expires June 19, 2021.

There were no amounts drawn on the line of credit and no interest expense during the years ended June 30, 2019 and 2018.

**NOTE 11 LEASES**

The Foundation leases certain office space and equipment under operating lease agreements with other diocesan entities on a month-to-month basis. Total rent expense for the years ended June 30, 2019 and 2018 was \$60,924 and \$52,311, respectively.

**THE CATHOLIC FOUNDATION FOR THE DIOCESE OF GREEN BAY, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
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**NOTE 12 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 occupancy, 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:

	2019			
	Program	Management	Fundraising	Total
	Services	and General		
Salaries and Wages	\$ -	\$ -	\$ 846,333	\$ 846,333
Personnel Benefits	-	-	371,935	371,935
Purchased Services	-	442,671	1,467,149	1,909,820
Occupancy	-	32,712	31,488	64,200
Office	-	100,667	231,828	332,495
Grants	9,350,578	-	28,826	9,379,404
Total Expenses by Function	\$ 9,350,578	\$ 576,050	\$ 2,977,559	\$ 12,904,187

	2018			
	Program	Management	Fundraising	Total
	Services	and General		
Salaries and Wages	\$ -	\$ -	\$ 580,822	\$ 580,822
Personnel Benefits	-	-	251,025	251,025
Purchased Services	-	401,802	682,253	1,084,055
Occupancy	-	33,627	18,684	52,311
Office	-	213,552	120,834	334,386
Grants	10,542,552	-	116,143	10,658,695
Total Expenses by Function	\$ 10,542,552	\$ 648,981	\$ 1,769,761	\$ 12,961,294

**THE CATHOLIC FOUNDATION FOR THE DIOCESE OF GREEN BAY, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
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**NOTE 13 INTERDIOCESAN TRANSACTIONS**

The Foundation 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>2019</u>	<u>2018</u>
Revenues:		
Donations	\$ 151,605	\$ 210,000
Purchased Service	8,574	4,933
Total	<u>\$ 160,179</u>	<u>\$ 214,933</u>
Expenses:		
Occupancy Services	\$ 110,588	\$ 98,626
Insurance Expenses	197,143	133,512
Bishop's Appeal Grants	5,211,235	4,858,619
Donations	1,749,853	2,486,578
Administrative and Support Services	289,020	253,956
Advertising	77,802	48,910
Total	<u>\$ 7,635,641</u>	<u>\$ 7,880,201</u>

The Foundation also has a beneficial interest in annuities held by the Catholic Diocese of Green Bay, Inc. As of June 30, 2019 and 2018, the balance was \$4,753 and \$4,757, respectively.

**NOTE 14 RETIREMENT PLAN**

The Foundation 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, 2019 and 2018 was \$75,602 and \$50,459, respectively.

**THE CATHOLIC FOUNDATION FOR THE DIOCESE OF GREEN BAY, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2019 AND 2018**

**NOTE 15 ENDOWMENTS**

**Interpretation of Relevant Law**

The Foundation has interpreted Wisconsin's adoption of the Uniform Prudent Management of Institutional Funds Act (UPMIFA) as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds, unless there are explicit donor stipulations to the contrary. At June 30, 2019 and 2018, there were no such donor stipulations.

As a result of this interpretation, the Foundation retains in perpetuity (a) the original value of initial and subsequent gift amounts (including promises to give net of discount and allowance for doubtful accounts) donated to the endowment and (b) any accumulations to the endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added.

Donor-restricted amounts not retained in perpetuity are subject to appropriation for expenditure by the Foundation in a manner consistent with the standard of prudence prescribed by UPMIFA. The Foundation considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

1. The duration and preservation of the fund;
2. The purpose of the Foundation and the donor-restricted endowment fund;
3. General economic conditions;
4. The possible effect of inflation and deflation;
5. The expected total return from income and the appreciation of investments;
6. Other resources of the Foundation; and
7. The investment policies of the Foundation.

**Fund Objectives**

Funds are established to assist the Foundation in its mission as defined in Note 1.

**Investment Objective and Cash Flow Policy**

The Foundation manages endowments with the intention of preserving and maintaining their existence in perpetuity. The Foundation exercises ordinary business care and prudence under the facts and circumstances prevailing at the time with respect to the making or retaining of investments, or the delegation of investment management to any independent investment counsel or managers (including banks and trust companies) who will act in place of the Foundation in investment and reinvestment of endowment funds. The general policy for investment of the funds shall be primarily directed to preserving the principal of the funds, and secondarily to obtaining reasonable income and capital appreciation thereon.

The distribution policy varies by fund. A typical policy provides an annual distribution based on 5% of the December 31<sup>st</sup> fair value. Depending on the fund and the donor agreement, the annual distribution may temporarily consist of principal until earnings are sufficient to bring the fund back up to its principal balance.

**THE CATHOLIC FOUNDATION FOR THE DIOCESE OF GREEN BAY, INC.  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2019 AND 2018**

**NOTE 15 ENDOWMENTS (CONTINUED)**

**Investment Policies**

The Foundation acknowledges the importance of the performance of the capital markets in providing returns to assist in meeting the cash flow needs of the Foundation. As a result, a historical analysis of the performance of the capital markets was developed including various assumptions for projected market conditions. Several combinations of each asset class in varying percentages were examined. Profiles and distributions of expected returns were projected for 20 consecutive years. These outputs were not viewed as predictions, but rather a systematic and consistent method for evaluation investment policies. After review, the Foundation adopted a target asset allocation.

The Foundation defines the target asset allocation as something that can be controlled and measured. There may be occasions when the Foundation and/or the retained investment manager(s) feel a significant increase or decrease to any of these or other classes of securities may be warranted based on the current and/or anticipated conditions.

The assets of endowments are to be diversified in order to minimize risk of large losses to them by any one or more individual investments. The Foundation believes diversification is, in part, accomplished through the selection of asset mix and investment managers. The Foundation gives due consideration to the costs and fees of various investment options.

The Foundation does not consider contributions receivable to be a part of its endowment. Donor-restricted receipts are transferred into endowment funds on a monthly basis upon receipt.

Endowment net assets composition by type of fund consisted of the following at June 30:

	June 30, 2019		
	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Donor Restricted:			
Original Donor-Restricted Gift Amount and Amounts Required to be Maintained in Perpetuity by Donor	\$ -	\$ 19,304,266	\$ 19,304,266
Accumulated Investment Gains	-	5,973,681	5,973,681
Total Funds	<u>\$ -</u>	<u>\$ 25,277,947</u>	<u>\$ 25,277,947</u>

**THE CATHOLIC FOUNDATION FOR THE DIOCESE OF GREEN BAY, INC.**  
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**NOTE 15 ENDOWMENTS (CONTINUED)**

	June 30, 2018		Total
	Without Donor Restrictions	With Donor Restrictions	
Donor Restricted:			
Original Donor-Restricted Gift Amount and Amounts Required to be Maintained in Perpetuity by Donor	\$ -	\$ 19,279,265	\$ 19,279,265
Accumulated Investment Gains		6,363,820	6,363,820
Total Funds	<u>\$ -</u>	<u>\$ 25,643,085</u>	<u>\$ 25,643,085</u>

Changes in endowment net assets as of June 30, 2019 and 2018 are as follows:

	June 30, 2019		Total
	Without Donor Restrictions	With Donor Restrictions	
Endowment Net Assets - June 30, 2018	\$ -	\$ 25,643,085	\$ 25,643,085
Investment Return:			
Interest and Dividends Realized and Unrealized Gains	-	398,353	398,353
Total Investment Return	<u>-</u>	<u>661,362</u>	<u>661,362</u>
Contributions	-	757,718	757,718
Appropriation for Expenditure	<u>-</u>	<u>(1,784,218)</u>	<u>(1,784,218)</u>
Total	<u>-</u>	<u>(1,026,500)</u>	<u>(1,026,500)</u>
Endowment Net Assets - June 30, 2019	<u>\$ -</u>	<u>\$ 25,277,947</u>	<u>\$ 25,277,947</u>

**THE CATHOLIC FOUNDATION FOR THE DIOCESE OF GREEN BAY, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
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**NOTE 15 ENDOWMENTS (CONTINUED)**

	June 30, 2018		
	Without Donor Restrictions	With Donor Restrictions	Total
Endowment Net Assets - June 30, 2017	\$ -	\$ 25,365,187	\$ 25,365,187
Investment Return:			
Interest and Dividends	-	395,508	395,508
Realized and Unrealized Gains	-	1,106,143	1,106,143
Total Investment Return	-	1,501,651	1,501,651
Contributions	-	680,769	680,769
Appropriation for Expenditure	-	(1,904,522)	(1,904,522)
Total	-	(1,223,753)	(1,223,753)
Endowment Net Assets - June 30, 2018	\$ -	\$ 25,643,085	\$ 25,643,085