

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

FINANCIAL STATEMENTS

YEARS ENDED JUNE 30, 2021 AND 2020



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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, 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 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, 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 12, 2021

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

ASSETS	2021	2020
Cash and Cash Equivalents	\$ 1,811,395	\$ 960,961
Bequest Receivable	1,769,268	22,416
Contributions Receivable, Net of Allowance for Doubtful Accounts of \$600,000 and \$610,000, Respectively	11,207,636	8,383,502
Investments	137,449,839	106,533,463
Prepaid Expenses	1,362	998
Cash Surrender Value of Life Insurance	968,668	852,833
Beneficial Interest in Assets Held by Others	103,400	88,261
Property and Equipment	4,620	5,243
Total Assets	\$ 153,316,188	\$ 116,847,677
LIABILITIES AND NET ASSETS		
LIABILITIES		
Accounts Payable and Accrued Expenses	\$ 294,512	\$ 458,828
Funds Held for Others	54,538,884	33,746,642
Funds Held for Others - Shrine	1,785,858	424,185
Pledges Payable	802,467	2,070,431
Line-of-Credit	-	500,000
Refundable Advance	-	226,000
Total Liabilities	57,421,721	37,426,086
NET ASSETS		
Without Donor Restrictions	24,756,699	21,381,895
With Donor Restrictions	71,137,768	58,039,696
Total Net Assets	95,894,467	79,421,591
Total Liabilities and Net Assets	\$ 153,316,188	\$ 116,847,677

See accompanying Notes to Financial Statements.

THE CATHOLIC FOUNDATION FOR THE DIOCESE OF GREEN BAY, INC.
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2021

	Without Donor Restrictions	With Donor Restrictions	Total
REVENUES AND SUPPORT			
Contributions	\$ 1,081,996	\$12,266,132	\$13,348,128
Contributions - Loan Forgiveness	226,000	-	226,000
Management Fees	1,415,932	-	1,415,932
Net Assets Released from Restrictions	10,097,430	(10,097,430)	-
Total Revenues and Support	<u>12,821,358</u>	<u>2,168,702</u>	<u>14,990,060</u>
EXPENSES			
Salaries and Wages	776,832	-	776,832
Personnel Benefits	356,274	-	356,274
Purchased Services	1,117,763	-	1,117,763
Occupancy	69,092	-	69,092
Office	280,634	-	280,634
Bad Debts	(10,000)	-	(10,000)
Grants	11,723,341	-	11,723,341
Total Expenses	<u>14,313,936</u>	<u>-</u>	<u>14,313,936</u>
REVENUES AND SUPPORT IN EXCESS (DEFICIENT) OF EXPENSES	(1,492,578)	2,168,702	676,124
OTHER CHANGES IN NET ASSETS			
Investment Return:			
Interest and Dividends	402,902	934,386	1,337,288
Realized Gains	1,347,923	1,972,222	3,320,145
Unrealized Gains	3,116,557	7,891,788	11,008,345
Change in Beneficial Interest in Assets Held by Others	-	15,139	15,139
Change in Cash Surrender Value of Life Insurance	-	115,835	115,835
Total Other Changes in Net Assets	<u>4,867,382</u>	<u>10,929,370</u>	<u>15,796,752</u>
CHANGE IN NET ASSETS	3,374,804	13,098,072	16,472,876
Net Assets - Beginning of Year	<u>21,381,895</u>	<u>58,039,696</u>	<u>79,421,591</u>
NET ASSETS - END OF YEAR	<u>\$24,756,699</u>	<u>\$71,137,768</u>	<u>\$95,894,467</u>

See accompanying Notes to Financial Statements.

THE CATHOLIC FOUNDATION FOR THE DIOCESE OF GREEN BAY, INC.
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2020

	Without Donor Restrictions	With Donor Restrictions	Total
REVENUES AND SUPPORT			
Contributions	\$ 2,820,501	\$16,837,104	\$19,657,605
Management Fees	971,887	-	971,887
Net Assets Released from Restrictions	9,839,652	(9,839,652)	-
Total Revenues and Support	<u>13,632,040</u>	<u>6,997,452</u>	<u>20,629,492</u>
EXPENSES			
Salaries and Wages	864,863	-	864,863
Personnel Benefits	381,694	-	381,694
Purchased Services	1,971,257	-	1,971,257
Occupancy	55,680	-	55,680
Office	353,688	-	353,688
Bad Debts	525,000	-	525,000
Grants	9,115,758	-	9,115,758
Total Expenses	<u>13,267,940</u>	<u>-</u>	<u>13,267,940</u>
REVENUES AND SUPPORT IN EXCESS OF EXPENSES	364,100	6,997,452	7,361,552
OTHER CHANGES IN NET ASSETS			
Investment Return:			
Interest and Dividends	481,159	737,705	1,218,864
Realized Gains (Losses)	95,688	(269,823)	(174,135)
Unrealized Gains (Losses)	133,500	(531,239)	(397,739)
Change in Beneficial Interest in Assets Held by Others	-	(5,123)	(5,123)
Change in Cash Surrender Value of Life Insurance	-	106,652	106,652
Total Other Changes in Net Assets	<u>710,347</u>	<u>38,172</u>	<u>748,519</u>
CHANGE IN NET ASSETS	1,074,447	7,035,624	8,110,071
Net Assets - Beginning of Year	<u>20,307,448</u>	<u>51,004,072</u>	<u>71,311,520</u>
NET ASSETS - END OF YEAR	<u><u>\$21,381,895</u></u>	<u><u>\$58,039,696</u></u>	<u><u>\$79,421,591</u></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, 2021 AND 2020

	2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash Received from Contributors and Fees	\$10,193,074	\$19,269,169
Cash Received on Behalf of Others	22,153,915	4,038,470
Cash Paid to and on Behalf of Employees	(1,129,309)	(1,241,562)
Cash Paid to Suppliers	(1,625,343)	(2,624,508)
Cash Paid for Grants	(12,991,305)	(9,336,213)
Net Cash Flows from Operating Activities	16,601,032	10,105,356
CASH FLOWS FROM INVESTING ACTIVITIES		
Cash Paid for Purchases of Investments	(23,365,577)	(29,193,840)
Proceeds from Sale of Investments	8,114,979	18,280,758
Net Cash Flows from Investing Activities	(15,250,598)	(10,913,082)
CASH FLOWS FROM FINANCING ACTIVITY		
Net Proceeds from (Payments on) Line-of-Credit	(500,000)	500,000
NET CHANGE IN CASH AND CASH EQUIVALENTS	850,434	(307,726)
Cash and Cash Equivalents - Beginning of Year	960,961	1,268,687
CASH AND CASH EQUIVALENTS - END OF YEAR	\$ 1,811,395	\$ 960,961
RECONCILIATION OF CHANGE IN NET ASSETS TO NET CASH FLOWS FROM OPERATING ACTIVITIES		
Change in Net Assets	\$16,472,876	\$ 8,110,071
Adjustments to Reconcile Change in Net Assets to Net Cash Flows from Operating Activities:		
Depreciation	623	623
Bad Debts	(10,000)	525,000
Investment Return	(15,781,613)	(753,642)
Change in Beneficial Interest in Assets Held by Others	(15,139)	5,123
Changes in Certain Assets and Liabilities:		
Bequest Receivable	(1,746,852)	1,252,617
Contributions Receivable	(2,814,134)	(3,363,940)
Prepaid Expenses	(364)	4,501
Accounts Payable and Accrued Expenses	(164,316)	280,988
Funds Held for Others	22,153,915	4,038,470
Pledges Payable	(1,267,964)	(220,455)
Refundable Advance	(226,000)	226,000
Net Cash Flows from Operating Activities	\$16,601,032	\$10,105,356
NONCASH INVESTING AND FINANCING ACTIVITIES		
Interest and Dividends Reinvested Directly into Investment Funds	\$ 1,337,288	\$ 1,218,864
Change in Funds Held for Others Related to Investment Returns	\$ 9,093,067	\$ 181,622

See accompanying Notes to Financial Statements.

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

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.

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.

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 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.

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

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

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

Management fees are recognized in the period the management activities are performed and represent fees charged to entities with funds held by the Foundation. Revenue from management fees is recognized over time and totaled \$1,415,932 and \$971,887 during the years ended June 30, 2021 and 2020, respectively.

THE CATHOLIC FOUNDATION FOR THE 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 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.

Refundable Advance

The Foundation received proceeds in the amount of \$226,000 to fund payroll, rent, utilities, and interest on mortgages and existing debt through the Paycheck Protection Program (the PPP Loan) during the year ended June 30, 2020. The PPP Loan may be forgiven by the U.S. Small Business Administration (SBA) subject to certain performance barriers, as outlined in the loan agreement and the CARES Act.

The Foundation has classified this loan as a PPP grant for accounting purposes. The Foundation recognized contributions of \$226,000 related to this agreement 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 Foundation has satisfied the performance barriers attributable to the PPP Loan proceeds and, on April 20, 2021, the Foundation received formal notification from the SBA that the full amount of the 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 Foundation's financial position.

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

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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, 2021 and 2020.

Subsequent Events

In preparing these financial statements, the Foundation has evaluated events and transactions for potential recognition or disclosure through October 12, 2021, the date the financial statements were available to be issued.

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

NOTE 3 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>2021</u>	<u>2020</u>
Cash and Cash Equivalents	\$ 1,811,395	\$ 960,961
Bequest Receivable	1,769,268	22,416
Contributions Receivable	11,207,636	8,383,502
Investments	137,449,839	106,533,463
Beneficial Interest in Assets Held by Others	103,400	88,261
Subtotal	<u>152,341,538</u>	<u>115,988,603</u>
Less:		
Funds Held for Others	(56,324,742)	(34,170,827)
Donor Restricted Net Assets	<u>(71,137,768)</u>	<u>(58,039,696)</u>
Total Financial Assets Available for General Expenditure	<u>\$ 24,879,028</u>	<u>\$ 23,778,080</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. There was no balance outstanding on the line of credit at June 30, 2021.

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

NOTE 4 INVESTMENTS

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

	<u>2021</u>	<u>2020</u>
Bonds	\$ 31,010,025	\$ 26,797,016
Stocks	77,641,976	56,916,908
Money Market	27,833,813	21,904,322
Hedge Funds	964,025	915,217
Total	<u>\$ 137,449,839</u>	<u>\$ 106,533,463</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>2021</u>	<u>2020</u>
Interest and Dividends	\$ 1,337,288	\$ 1,218,864
Realized Gains (Losses)	3,320,145	(174,135)
Unrealized Gains (Losses)	11,008,345	(397,739)
Change in Cash Surrender Value of Life Insurance	115,835	106,652
Total	<u>\$ 15,781,613</u>	<u>\$ 753,642</u>

For the years ended June 30, 2021 and 2020, \$226,611 and \$(52,944), 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, 2021 AND 2020

NOTE 5 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, 2021			
	Level 1	Level 2	Level 3	Total
Bonds	\$ 31,010,025	\$ -	\$ -	\$ 31,010,025
Stocks	77,641,976	-	-	77,641,976
Money Market	-	27,833,813	-	27,833,813
Beneficial Interest	-	-	103,400	103,400
Hedge Funds	-	-	964,025	964,025
Total Assets	<u>\$ 108,652,001</u>	<u>\$ 27,833,813</u>	<u>\$ 1,067,425</u>	<u>\$ 137,553,239</u>

	June 30, 2020			
	Level 1	Level 2	Level 3	Total
Bonds	\$ 26,797,016	\$ -	\$ -	\$ 26,797,016
Stocks	56,916,908	-	-	56,916,908
Money Market	-	21,904,322	-	21,904,322
Beneficial Interest	-	-	88,261	88,261
Hedge Funds	-	-	915,217	915,217
Total Assets	<u>\$ 83,713,924</u>	<u>\$ 21,904,322</u>	<u>\$ 1,003,478</u>	<u>\$ 106,621,724</u>

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

NOTE 5 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, 2021 and 2020, the Foundation had a 5.0% allocation to alternative investments. The funds were invested across three and four funds, respectively, 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>
BALANCE - JUNE 30, 2019	\$ 93,384	\$ 3,704,852
Sales	-	(2,736,691)
Net Realized and Unrealized Loss Included in Investment Return	<u>(5,123)</u>	<u>(52,944)</u>
BALANCE - JUNE 30, 2020	88,261	915,217
Sales	-	(177,803)
Net Realized and Unrealized Gain Included in Investment Return	<u>15,139</u>	<u>226,611</u>
BALANCE - JUNE 30, 2021	<u>\$ 103,400</u>	<u>\$ 964,025</u>

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

NOTE 6 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>2021</u>	<u>2020</u>
Less than One Year	\$ 5,581,062	\$ 4,381,188
One to Five Years	6,668,909	4,918,245
Less: Unamortized Discount (3%)	<u>(442,335)</u>	<u>(305,931)</u>
Present Value of Contributions Receivable	11,807,636	8,993,502
Less: Allowance for Uncollectible Contributions	<u>(600,000)</u>	<u>(610,000)</u>
Total Contributions Receivable, Net	<u>\$ 11,207,636</u>	<u>\$ 8,383,502</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 \$739,158 and \$1,971,350 at June 30, 2021 and 2020, 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 \$739,158 and \$1,971,350 was included in Pledges Payable on the accompanying statements of financial position as of June 30, 2021 and 2020, respectively. The balance of contributions receivable also included net contributions receivable of \$6,599,244 and \$174,020 at June 30, 2021 and 2020, respectively, that are being collected by the Foundation on behalf of other organizations. A corresponding liability of \$6,599,244 and \$174,020 was included in Funds Held for Others on the accompanying statements of financial position as of June 30, 2021 and 2020, respectively.

NOTE 7 PLEDGES PAYABLE

During the year ended June 30, 2020, the Foundation made a pledge of long-term support to the Shrine of Our Lady of Good Help, Inc. The pledge calls for five annual payments of \$250,000, with the final payment due during the year ending June 30, 2023. 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 \$63,309 are expected to be paid during the year ending June 30, 2022.

Pledges payable are recorded net of discounts of \$13,010 and \$34,380 at June 30, 2021 and 2020, respectively. Included in the pledges payable balances were amounts owed to other diocesan corporations totaling \$739,158 and \$1,971,350 at June 30, 2021 and 2020, respectively.

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

NOTE 8 NET ASSETS WITH DONOR RESTRICTIONS

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

	2021	2020
Subject to Expenditure for Specified Purpose:		
Catholic Education	\$ 1,986,687	\$ 577,212
Priest Education	405,739	331,018
Respect for Life	363,999	294,119
Children's Services	245,785	200,525
Seminarian Appeal	14,291,470	10,178,224
Bishop's Appeal	5,978,259	5,355,175
Other	3,160,513	2,625,353
Catholic Schools	132,941	108,341
Advancing the Mission Appeal	857,293	1,790,243
Priest Retirement	243,184	248,045
Scholarship Assistance	2,090,980	857,382
one by One Campaign	5,354,688	4,177,931
Contributions Receivable, the Proceeds from which have been Restricted by Donors for:		
Advancing the Mission Appeal	-	(750)
Bishop's Appeal	374,031	359,525
one by One Campaign	3,492,185	5,833,170
Subject to the Passage of Time:		
Contributions Receivable that are not Restricted by Donors, but which are Unavailable for Expenditure Until Due	3,018	46,187
Cash Surrender Value of Life Insurance	968,668	852,833
Beneficial Interest in Assets Held by Others	103,400	88,261
Other	431,510	197,949
Endowments:		
Subject to Appropriation and Expenditure when a Specified Event Occurs:		
Restricted by Donors for Priest Education, Seminarians, and the Bishop's Greatest Need	10,221,936	4,614,688
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	1,877,557	1,877,557
Leadership	2,686,707	2,686,707
Life-Long Catechesis	1,781,757	1,781,757
Education	1,127,216	-
Priest Education, Seminarians, and the Bishop's Greatest Need	810,642	810,641
Total Net Assets with Donor Restrictions	\$ 71,137,768	\$ 58,039,696

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

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:

	<u>2021</u>	<u>2020</u>
Satisfaction of Purpose Restrictions: Programs and Initiatives	<u>\$ 10,097,430</u>	<u>\$ 9,839,652</u>

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% with a floor of 1.75% (effectively 1.75% at June 30, 2021). The line of credit is unsecured and expires December 19, 2022.

The balance outstanding on the line of credit at June 30, 2021 and 2020 was \$-0- and \$500,000, respectively.

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, 2021 and 2020 was \$55,680.

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

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:

	2021			
	Program Services	Management and General	Fundraising	Total
Salaries and Wages	\$ -	\$ -	\$ 776,832	\$ 776,832
Personnel Benefits	-	-	356,274	356,274
Purchased Services	-	583,280	534,483	1,117,763
Occupancy	-	52,976	16,116	69,092
Office	-	138,530	142,104	280,634
Bad Debts	-	-	(10,000)	(10,000)
Grants	11,699,818	-	23,523	11,723,341
Total Expenses by Function	<u>\$ 11,699,818</u>	<u>\$ 774,786</u>	<u>\$ 1,839,332</u>	<u>\$ 14,313,936</u>

	2020			
	Program Services	Management and General	Fundraising	Total
Salaries and Wages	\$ -	\$ -	\$ 864,863	\$ 864,863
Personnel Benefits	-	-	381,694	381,694
Purchased Services	-	407,303	1,563,954	1,971,257
Occupancy	-	26,760	28,920	55,680
Office	-	169,230	184,458	353,688
Bad Debts	-	-	525,000	525,000
Grants	9,078,293	-	37,465	9,115,758
Total Expenses by Function	<u>\$ 9,078,293</u>	<u>\$ 603,293</u>	<u>\$ 3,586,354</u>	<u>\$ 13,267,940</u>

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

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>2021</u>	<u>2020</u>
Revenues:		
Purchased Service	<u>\$ 61,593</u>	<u>\$ 8,113</u>
Expenses:		
Occupancy Services	\$ 87,593	\$ 96,867
Insurance Expenses	211,218	207,101
Bishop's Appeal Grants	4,969,227	4,628,166
Donations	2,458,285	1,764,269
Administrative and Support Services	306,792	305,242
Advertising	66,658	65,126
Total	<u>\$ 8,099,773</u>	<u>\$ 7,066,771</u>

The Foundation also has a beneficial interest in annuities held by the Catholic Diocese of Green Bay, Inc. As of June 30, 2021 and 2020, the balance was \$4,693 and \$3,205, 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, 2021 and 2020 was \$69,524 and \$77,840, respectively.

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

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, 2021 and 2020, 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 31st 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, 2021 AND 2020

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:

	<u>June 30, 2021</u>		
	<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	\$ -	\$ 20,431,482	\$ 20,431,482
Accumulated Investment Gains	-	10,221,936	10,221,936
Total Funds	<u>\$ -</u>	<u>\$ 30,653,418</u>	<u>\$ 30,653,418</u>

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

NOTE 15 ENDOWMENTS (CONTINUED)

	June 30, 2020		
	Without Donor Restrictions	With Donor Restrictions	Total
Donor Restricted:			
Original Donor-Restricted Gift Amount and Amounts Required to be Maintained in Perpetuity by Donor	\$ -	\$ 19,304,265	\$ 19,304,265
Accumulated Investment Gains	-	4,614,688	4,614,688
Total Funds	<u>\$ -</u>	<u>\$ 23,918,953</u>	<u>\$ 23,918,953</u>

Changes in endowment net assets as of June 30, 2021 and 2020 are as follows:

	June 30, 2021		
	Without Donor Restrictions	With Donor Restrictions	Total
Endowment Net Assets - June 30, 2020	\$ -	\$ 23,918,953	\$ 23,918,953
Investment Return:			
Interest and Dividends Realized and Unrealized Gains	-	547,176	547,176
Total Investment Return	-	6,285,710	6,285,710
Contributions	-	2,344,428	2,344,428
Appropriation for Expenditure	-	(1,895,673)	(1,895,673)
Total	<u>-</u>	<u>448,755</u>	<u>448,755</u>
Endowment Net Assets - June 30, 2021	<u>\$ -</u>	<u>\$ 30,653,418</u>	<u>\$ 30,653,418</u>

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

NOTE 15 ENDOWMENTS (CONTINUED)

	June 30, 2020		
	Without Donor Restrictions	With Donor Restrictions	Total
Endowment Net Assets - June 30, 2019	\$ -	\$ 25,277,947	\$ 25,277,947
Investment Return:			
Interest and Dividends	-	455,878	455,878
Realized and Unrealized Losses	-	(603,991)	(603,991)
Total Investment Return	-	(148,113)	(148,113)
Contributions	-	775,886	775,886
Appropriation for Expenditure	-	(1,986,767)	(1,986,767)
Total	-	(1,210,881)	(1,210,881)
Endowment Net Assets - June 30, 2020	<u>\$ -</u>	<u>\$ 23,918,953</u>	<u>\$ 23,918,953</u>