

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

**FINANCIAL STATEMENTS**

**YEARS ENDED JUNE 30, 2020 AND 2019**



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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, 2020 and 2019, 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, 2020 and 2019, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

*CliftonLarsonAllen LLP*

**CliftonLarsonAllen LLP**

Oshkosh, Wisconsin  
September 18, 2020

**THE GREEN BAY CATHOLIC COMPASS, INC.**  
**STATEMENTS OF FINANCIAL POSITION**  
**JUNE 30, 2020 AND 2019**

	2020	2019
<b>ASSETS</b>		
Interest in Cash	\$ 223,819	\$ 124,662
Accounts Receivable, Net of Allowance for Doubtful Accounts of \$4,000	26,035	54,998
Prepaid Expenses	-	436
Property and Equipment, Net	1,039	2,172
Total Assets	\$ 250,893	\$ 182,268
<b>LIABILITIES AND NET ASSETS</b>		
<b>LIABILITIES</b>		
Accounts Payable	\$ 9,356	\$ 1,215
Accrued Expenses	32,952	30,457
Deferred Revenue	60,273	59,111
Refundable Advance	80,900	-
Total Liabilities	183,481	90,783
<b>NET ASSETS</b>		
Without Donor Restrictions	29,173	57,647
With Donor Restrictions	38,239	33,838
Total Net Assets	67,412	91,485
Total Liabilities and Net Assets	\$ 250,893	\$ 182,268

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
<b>REVENUES AND SUPPORT</b>			
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	2,005	46,501	48,506
Other	960	-	960
Net Assets Released From Restrictions:			
Subscriptions Assistance	42,100	(42,100)	-
Total Revenues and Support	549,700	4,401	554,101
 <b>EXPENSES</b>			
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
 <b>CHANGE IN NET ASSETS</b>			
	(28,474)	4,401	(24,073)
Net Assets - Beginning of Year	57,647	33,838	91,485
 <b>NET ASSETS - END OF YEAR</b>			
	\$ 29,173	\$ 38,239	\$ 67,412

See accompanying Notes to Financial Statements.

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

	Without Donor Restrictions	With Donor Restrictions	Total
<b>REVENUES AND SUPPORT</b>			
Sales	\$ 619,635	\$ -	\$ 619,635
Cost of Sales	(294,633)	-	(294,633)
Gross Margin	325,002	-	325,002
Bishop's Appeal Grant	232,018	-	232,018
Contributions	2,380	44,471	46,851
Fundraising, Net of Expenses of \$2,513	22,862	-	22,862
Other	822	-	822
Net Assets Released From Restrictions:			
Subscriptions Assistance	45,459	(45,459)	-
Total Revenues and Support	628,543	(988)	627,555
<b>EXPENSES</b>			
Salaries and Wages	321,352	-	321,352
Personnel Benefits	99,582	-	99,582
Other Personnel Costs	4,498	-	4,498
Purchased Services	128,785	-	128,785
Facilities, Buildings, and Grounds	26,196	-	26,196
Office	27,028	-	27,028
Total Expenses	607,441	-	607,441
<b>CHANGE IN NET ASSETS</b>	21,102	(988)	20,114
Net Assets - Beginning of Year	36,545	34,826	71,371
<b>NET ASSETS - END OF YEAR</b>	<u>\$ 57,647</u>	<u>\$ 33,838</u>	<u>\$ 91,485</u>

See accompanying Notes to Financial Statements.

**THE GREEN BAY CATHOLIC COMPASS, INC.**  
**STATEMENTS OF CASH FLOWS**  
**YEARS ENDED JUNE 30, 2020 AND 2019**

	2020	2019
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Cash Received from Contributors	\$ 272,320	\$ 304,244
Cash Received from Subscribers, Advertisers, and Others	574,388	590,082
Cash Paid to Suppliers	(415,190)	(486,832)
Cash Paid to and on Behalf of Employees	(413,261)	(423,248)
Net Cash Flows from Operating Activities	18,257	(15,754)
 <b>CASH FLOWS FROM FINANCING ACTIVITY</b>		
Proceeds from Refundable Advance	80,900	-
 <b>NET CHANGE IN INTEREST IN CASH</b>	99,157	(15,754)
 Interest in Cash - Beginning of Year	124,662	140,416
 <b>INTEREST IN CASH - END OF YEAR</b>	\$ 223,819	\$ 124,662
 <b>RECONCILIATION OF CHANGE IN NET ASSETS TO NET CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Change in Net Assets	\$ (24,073)	\$ 20,114
Adjustments to Reconcile Change in Net Assets to Net Cash Flows From Operating Activities:		
Depreciation	1,133	1,133
Changes in Certain Assets and Liabilities:		
Accounts Receivable	28,963	(26,698)
Prepaid Expenses	436	(179)
Accounts Payable	8,141	(8,631)
Accrued Expenses	2,495	2,184
Deferred Revenue	1,162	(3,677)
 Net Cash Flows From Operating Activities	\$ 18,257	\$ (15,754)

See accompanying Notes to Financial Statements.

**THE GREEN BAY CATHOLIC COMPASS, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2020 AND 2019**

**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.

**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.

**THE GREEN BAY CATHOLIC COMPASS, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2020 AND 2019**

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

**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.

**Refundable Advance**

The Compass received proceeds from the Small Business Administration's Paycheck Protection Program during 2020. Management expects that the substantial portion of the proceeds will be treated as a contribution once certain barriers are completed. Management has determined barriers for the recognition of these funds to be maintenance of FTEs, incurrence of allowable costs as defined under the program, submission and approval of forgiveness application to obtain full or partial forgiveness. Management expects those barriers to be met during the coming year. Because these barriers have not been met as of June 30, 2020, an advance payment of \$80,900 has been recognized in the statements of financial position as a refundable advance.

**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, 2020 AND 2019**

**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 \$60,273 and \$59,111 at June 30, 2020 and 2019, respectively, are reflected as deferred revenue on the statements of financial position.

Revenue from advertising and subscriptions is recognized over time and totaled \$543,303 and \$619,635 during the years ended June 30, 2020 and 2019, 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.

**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, 2020 and 2019.

**THE GREEN BAY CATHOLIC COMPASS, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2020 AND 2019**

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

**Subsequent Events**

In preparing these financial statements, the Compass has evaluated events and transactions for potential recognition or disclosure through September 18, 2020, the date the financial statements were available to be issued.

**NOTE 3 ACCOUNTING STANDARDS UPDATES**

In May 2014, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2014-09, *Revenue from Contracts with Customers (Topic 606)*. Subsequent to May 2014, the FASB issued six ASUs to clarify certain matters related to Topic 606. Topic 606 supersedes the revenue recognition requirements in FASB ASC 605, *Revenue Recognition*, and requires the recognition of revenue when promised goods or services are transferred to customers in amount that reflects the consideration to which an entity expects to be entitled in exchange for those goods or services. The updates address the complexity of revenue recognition and provide sufficient information to enable financial statement users to understand the nature, amount, timing, and uncertainty of revenue and cash flows arising from contracts with customers.

In June 2018, the FASB issued ASU 2018-08, *Not-For-Profit Entities (Topic 958): Clarifying the Scope and Accounting Guidance for Contributions Received and Contributions Made*, to clarify and improve the scope and the accounting guidance for contributions received and contributions made.

The Compass' financial statements reflect the application of ASC 606 guidance and adoption of ASU 2018-08 beginning in 2019. No cumulative-effect adjustment in net assets was recorded because the adoption of ASUs 2014-09 and 2018-08 did not significantly impact the Compass' reported historical revenue.

**NOTE 4 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:

	2020	2019
Interest in Cash	\$ 223,819	\$ 124,662
Accounts Receivable	26,035	54,998
Subtotal	249,854	179,660
Less: Donor Restricted Net Assets	(38,239)	(33,838)
Total Financial Assets Available for General Expenditure	<u>\$ 211,615</u>	<u>\$ 145,822</u>

**THE GREEN BAY CATHOLIC COMPASS, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2020 AND 2019**

**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:

	2020			Total
	Program Services	Management and General	Fundraising	
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	<u>\$ 539,027</u>	<u>\$ 39,147</u>	<u>\$ -</u>	<u>\$ 578,174</u>

**THE GREEN BAY CATHOLIC COMPASS, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2020 AND 2019**

**NOTE 5 FUNCTIONAL CLASSIFICATION OF EXPENSES (CONTINUED)**

	2019			Total
	Program Services	Management and General	Fundraising	
Salaries and Wages	\$ 313,261	\$ 8,091	\$ -	\$ 321,352
Personnel Benefits	97,431	2,151	-	99,582
Other Personnel Costs	4,498	-	-	4,498
Purchased Services	140,907	33,132	-	174,039
Rent	26,196	-	-	26,196
Office	276,407	-	-	276,407
Fundraising Expenses	-	-	2,513	2,513
Total Expenses by Function	<u>858,700</u>	<u>43,374</u>	<u>2,513</u>	<u>904,587</u>
Less: Expenses Included with Revenues on the Statements of Activities:				
Cost of Sales	(294,633)	-	-	(294,633)
Fundraising Expenses	-	-	(2,513)	(2,513)
Total Expenses Included in the Expenses Section on the Statements of Activities	<u>\$ 564,067</u>	<u>\$ 43,374</u>	<u>\$ -</u>	<u>\$ 607,441</u>

**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 \$28,301 and \$28,222 for the years ended June 30, 2020 and 2019, 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 and \$26,196 for the years ended June 30, 2020 and 2019, respectively.

**THE GREEN BAY CATHOLIC COMPASS, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2020 AND 2019**

**NOTE 8 RISKS AND UNCERTAINTIES**

On March 11, 2020, the World Health Organization declared the spread of Coronavirus Disease (COVID-19) a worldwide pandemic. The COVID-19 pandemic is having significant effects on global markets, supply chains, businesses, and communities. Specific to the Compass, COVID-19 may impact various parts of its 2021 operations and financial results, including sales and contributions. Management believes the Compass is taking appropriate actions to mitigate the negative impact. However, the full impact of COVID-19 is unknown and cannot be reasonably estimated as these events are still developing.

**NOTE 9 INTERDIOCESAN TRANSACTIONS**

The Compass was a party to various transactions with other diocesan corporations during the years ended June 30, 2020 and 2019. Total revenues and support from other diocesan corporations were \$370,891 and \$402,494 for the years ended June 30, 2020 and 2019, 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, 2020 and 2019. Total expenses paid to other diocesan corporations were \$177,082 and \$197,222 for the years ended June 30, 2020 and 2019, respectively, and relates to administrative and support services.

**NOTE 10 NET ASSETS WITH DONOR RESTRICTIONS**

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

	2020	2019
Subject to Expenditure for Specified Purpose:		
Subscriptions Assistance	\$ 34,917	\$ 30,940
Compass in the Classroom	579	2,855
Homeless Shelter	1,783	-
Prison Ministry	960	43
Total Net Assets With Donor Restrictions	\$ 38,239	\$ 33,838