

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

FINANCIAL STATEMENTS

YEARS ENDED JUNE 30, 2022 AND 2021



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**THE CATHOLIC FOUNDATION FOR THE DIOCESE OF GREEN BAY, INC.
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YEARS ENDED JUNE 30, 2022 AND 2021**

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INDEPENDENT AUDITORS' REPORT

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

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of The Catholic Foundation for the Diocese of Green Bay, Inc., which comprise the statements of financial position as of June 30, 2022 and 2021, and the related statements of activities and cash flows for the years then ended, and the related notes to the financial statements.

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, 2022 and 2021, 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.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of The Catholic Foundation for the Diocese of Green Bay, Inc. and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about The Catholic Foundation for the Diocese of Green Bay, Inc.'s ability to continue as a going concern for one year after the date the financial statements are available to be issued.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Catholic Foundation for the Diocese of Green Bay, Inc.'s internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about The Catholic Foundation for the Diocese of Green Bay, Inc.'s ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audits.



CliftonLarsonAllen LLP

Oshkosh, Wisconsin
October 14, 2022

THE CATHOLIC FOUNDATION FOR THE DIOCESE OF GREEN BAY, INC.
STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2022 AND 2021

	2022	2021
ASSETS		
Cash and Cash Equivalents	\$ 3,170,215	\$ 1,811,395
Accounts Receivable	23,500	-
Bequest Receivable	1,630,213	1,769,268
Contributions Receivable, Net of Allowance for Doubtful Accounts of \$1,450,000 and \$600,000, Respectively	24,139,063	11,207,636
Investments	133,939,651	137,449,839
Prepaid Expenses	998	1,362
Cash Surrender Value of Life Insurance	1,062,638	968,668
Beneficial Interest in Assets Held by Others	81,891	103,400
Property and Equipment	6,240	4,620
Total Assets	\$ 164,054,409	\$ 153,316,188
LIABILITIES AND NET ASSETS		
LIABILITIES		
Accounts Payable and Accrued Expenses	\$ 465,475	\$ 294,512
Funds Held for Others	62,586,193	54,538,884
Funds Held for Others - Shrine	1,832,756	1,785,858
Pledges Payable	534,476	802,467
Total Liabilities	65,418,900	57,421,721
NET ASSETS		
Without Donor Restrictions	21,219,870	24,756,699
With Donor Restrictions	77,415,639	71,137,768
Total Net Assets	98,635,509	95,894,467
Total Liabilities and Net Assets	\$ 164,054,409	\$ 153,316,188

See accompanying Notes to Financial Statements.

**THE CATHOLIC FOUNDATION FOR THE DIOCESE OF GREEN BAY, INC.
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2022**

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
REVENUES AND SUPPORT			
Contributions of Cash and Other Financial Assets	\$ 3,470,379	\$ 30,915,817	\$ 34,386,196
Contributions of Nonfinancial Assets	-	1,194,922	1,194,922
Management Fees	1,406,231	-	1,406,231
Net Assets Released from Restrictions	<u>18,475,281</u>	<u>(18,475,281)</u>	<u>-</u>
Total Revenues and Support	23,351,891	13,635,458	36,987,349
EXPENSES			
Salaries and Wages	769,735	-	769,735
Personnel Benefits	336,355	-	336,355
Purchased Services	2,963,266	-	2,963,266
Occupancy	93,647	-	93,647
Office	479,119	-	479,119
Bad Debts	850,000	-	850,000
Grants	<u>18,521,017</u>	<u>-</u>	<u>18,521,017</u>
Total Expenses	24,013,139	-	24,013,139
REVENUES AND SUPPORT IN EXCESS (DEFICIENT) OF EXPENSES	(661,248)	13,635,458	12,974,210
OTHER CHANGES IN NET ASSETS			
Investment Return:			
Interest and Dividends	47,973	100,751	148,724
Realized Gains	384,329	414,232	798,561
Unrealized Losses	(3,307,883)	(7,945,031)	(11,252,914)
Change in Beneficial Interest in Assets Held by Others	-	(21,509)	(21,509)
Change in Cash Surrender Value of Life Insurance	<u>-</u>	<u>93,970</u>	<u>93,970</u>
Total Other Changes in Net Assets	(2,875,581)	(7,357,587)	(10,233,168)
CHANGE IN NET ASSETS	(3,536,829)	6,277,871	2,741,042
Net Assets - Beginning of Year	<u>24,756,699</u>	<u>71,137,768</u>	<u>95,894,467</u>
NET ASSETS - END OF YEAR	<u>\$21,219,870</u>	<u>\$77,415,639</u>	<u>\$98,635,509</u>

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 of Cash and Other Financial Assets	\$ 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	12,821,358	2,168,702	14,990,060
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	14,313,936	-	14,313,936
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	4,867,382	10,929,370	15,796,752
CHANGE IN NET ASSETS	3,374,804	13,098,072	16,472,876
Net Assets - Beginning of Year	21,381,895	58,039,696	79,421,591
NET ASSETS - END OF YEAR	\$24,756,699	\$71,137,768	\$95,894,467

See accompanying Notes to Financial Statements.

THE CATHOLIC FOUNDATION FOR THE DIOCESE OF GREEN BAY, INC.
STATEMENTS OF CASH FLOWS
YEARS ENDED JUNE 30, 2022 AND 2021

	2022	2021
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash Received from Contributors and Fees	\$ 24,171,477	\$ 10,193,074
Cash Received on Behalf of Others	8,094,207	22,153,915
Cash Paid to and on Behalf of Employees	(1,095,346)	(1,129,309)
Cash Paid to Suppliers	(4,224,659)	(1,625,343)
Cash Paid for Grants	(18,789,008)	(12,991,305)
Net Cash Flows from Operating Activities	8,156,671	16,601,032
CASH FLOWS FROM INVESTING ACTIVITIES		
Cash Paid for Purchases of Property and Equipment	(2,410)	-
Cash Paid for Purchases of Investments	(32,075,136)	(23,365,577)
Proceeds from Sale of Investments	25,279,695	8,114,979
Net Cash Flows from Investing Activities	(6,797,851)	(15,250,598)
CASH FLOWS FROM FINANCING ACTIVITY		
Net Payments on Line-of-Credit	-	(500,000)
NET CHANGE IN CASH AND CASH EQUIVALENTS	1,358,820	850,434
Cash and Cash Equivalents - Beginning of Year	1,811,395	960,961
CASH AND CASH EQUIVALENTS - END OF YEAR	\$ 3,170,215	\$ 1,811,395
RECONCILIATION OF CHANGE IN NET ASSETS TO NET CASH FLOWS FROM OPERATING ACTIVITIES		
Change in Net Assets	\$ 2,741,042	\$ 16,472,876
Adjustments to Reconcile Change in Net Assets to Net Cash Flows from Operating Activities:		
Depreciation	790	623
Bad Debts	850,000	(10,000)
Investment Return	10,211,659	(15,781,613)
Change in Beneficial Interest in Assets Held by Others	21,509	(15,139)
Changes in Certain Assets and Liabilities:		
Accounts Receivable	(23,500)	-
Bequest Receivable	139,055	(1,746,852)
Contributions Receivable	(13,781,427)	(2,814,134)
Prepaid Expenses	364	(364)
Accounts Payable and Accrued Expenses	170,963	(164,316)
Funds Held for Others	8,094,207	22,153,915
Pledges Payable	(267,991)	(1,267,964)
Refundable Advance	-	(226,000)
Net Cash Flows from Operating Activities	\$ 8,156,671	\$ 16,601,032
NONCASH INVESTING AND FINANCING ACTIVITIES		
Interest and Dividends Reinvested Directly into Investment Funds	\$ 148,724	\$ 1,337,288
Change in Funds Held for Others Related to Investment Returns	\$ (5,720,927)	\$ 9,093,067

See accompanying Notes to Financial Statements.

THE CATHOLIC FOUNDATION FOR THE DIOCESE OF GREEN BAY, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021

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, 2022 AND 2021

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 \$1,406,231 and \$1,415,932 during the years ended June 30, 2022 and 2021, respectively.

THE CATHOLIC FOUNDATION FOR THE DIOCESE OF GREEN BAY, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021

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 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 had 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 had been forgiven.

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

THE CATHOLIC FOUNDATION FOR THE DIOCESE OF GREEN BAY, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021

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, 2022 and 2021.

Accounting Standard Update

In September 2020, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2020-07, *Not-for-Profit Entities (Topic 958): Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets*. The new standard increases transparency and comparability among organizations through enhancements to presentation and disclosure requirements for contributed nonfinancial assets. The Foundation adopted ASU 2020-07 on a retrospective basis as of July 1, 2020. No cumulative-effect adjustment in net assets was necessary with the adoption of ASU 2020-07.

Subsequent Events

In preparing these financial statements, the Foundation has evaluated events and transactions for potential recognition or disclosure through October 14, 2022, 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, 2022 AND 2021

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>2022</u>	<u>2021</u>
Cash and Cash Equivalents	\$ 3,170,215	\$ 1,811,395
Accounts Receivable	23,500	-
Bequest Receivable	1,630,213	1,769,268
Contributions Receivable	24,139,063	11,207,636
Investments	133,939,651	137,449,839
Beneficial Interest in Assets Held by Others	81,891	103,400
Subtotal	<u>162,984,533</u>	<u>152,341,538</u>
Less:		
Funds Held for Others	(64,418,949)	(56,324,742)
Donor Restricted Net Assets	<u>(77,415,639)</u>	<u>(71,137,768)</u>
Total Financial Assets Available for General Expenditure	<u>\$ 21,149,945</u>	<u>\$ 24,879,028</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, 2022.

THE CATHOLIC FOUNDATION FOR THE DIOCESE OF GREEN BAY, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021

NOTE 4 INVESTMENTS

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

	<u>2022</u>	<u>2021</u>
Bonds	\$ 31,591,279	\$ 31,010,025
Stocks	60,686,634	77,641,976
Money Market	40,853,997	27,833,813
Hedge Funds	807,741	964,025
Total	<u>\$ 133,939,651</u>	<u>\$ 137,449,839</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>2022</u>	<u>2021</u>
Interest and Dividends	\$ 148,724	\$ 1,337,288
Realized Gains	798,561	3,320,145
Unrealized Gains (Losses)	(11,252,914)	11,008,345
Change in Cash Surrender Value of Life Insurance	93,970	115,835
Total	<u>\$ (10,211,659)</u>	<u>\$ 15,781,613</u>

For the years ended June 30, 2022 and 2021, \$(156,284) and \$226,611, 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, 2022 AND 2021

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, 2022			
	Level 1	Level 2	Level 3	Total
Bonds	\$ 31,591,279	\$ -	\$ -	\$ 31,591,279
Stocks	60,686,634	-	-	60,686,634
Money Market	-	40,853,997	-	40,853,997
Beneficial Interest	-	-	81,891	81,891
Hedge Funds	-	-	807,741	807,741
Total Assets	<u>\$ 92,277,913</u>	<u>\$ 40,853,997</u>	<u>\$ 889,632</u>	<u>\$ 134,021,542</u>

	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>

THE CATHOLIC FOUNDATION FOR THE DIOCESE OF GREEN BAY, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021

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, 2022 and 2021, 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, 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	103,400	964,025
Sales	-	-
Net Realized and Unrealized Gain Included in Investment Return	<u>(21,509)</u>	<u>(156,284)</u>
BALANCE - JUNE 30, 2022	<u>\$ 81,891</u>	<u>\$ 807,741</u>

THE CATHOLIC FOUNDATION FOR THE DIOCESE OF GREEN BAY, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021

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>2022</u>	<u>2021</u>
Less than One Year	\$ 9,593,843	\$ 5,581,062
One to Five Years	17,254,286	6,668,909
Less: Unamortized Discount (3%)	<u>(1,259,066)</u>	<u>(442,335)</u>
Present Value of Contributions Receivable	25,589,063	11,807,636
Less: Allowance for Uncollectible Contributions	<u>(1,450,000)</u>	<u>(600,000)</u>
Total Contributions Receivable, Net	<u>\$ 24,139,063</u>	<u>\$ 11,207,636</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 \$250,000 and \$739,158 at June 30, 2022 and 2021, 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 \$250,000 and \$739,158 was included in Pledges Payable on the accompanying statements of financial position as of June 30, 2022 and 2021, respectively. The balance of contributions receivable also included net contributions receivable of \$9,518,940 and \$6,599,244 at June 30, 2022 and 2021, respectively, that are being collected by the Foundation on behalf of other organizations. A corresponding liability of \$9,518,940 and \$6,599,244 was included in Funds Held for Others on the accompanying statements of financial position as of June 30, 2022 and 2021, 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. During the year ended June 30, 2022, the Foundation made a pledge of long-term support to St. John the Evangelist Homeless Shelter. The pledge calls for five annual payments of \$50,000, with the final payment due during the year ending June 30, 2027. 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 \$48,048 are expected to be paid during the year ending June 30, 2023.

Pledges payable are recorded net of discounts of \$15,740 and \$13,010 at June 30, 2022 and 2021, respectively. Included in the pledges payable balances were amounts owed to other diocesan corporations totaling \$250,000 and \$739,158 at June 30, 2022 and 2021, respectively.

THE CATHOLIC FOUNDATION FOR THE DIOCESE OF GREEN BAY, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021

NOTE 8 NET ASSETS WITH DONOR RESTRICTIONS

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

	2022	2021
Subject to Expenditure for Specified Purpose:		
Catholic Education	\$ 1,540,961	\$ 1,986,687
Priest Education	331,998	405,739
Respect for Life	300,141	363,999
Children's Services	201,158	245,785
Seminarian Appeal	13,423,994	14,291,470
Bishop's Appeal	6,279,728	5,978,259
Other	2,591,095	3,160,513
Catholic Schools	108,759	132,941
Advancing the Mission Appeal	813,437	857,293
Priest Retirement	94,679	243,184
Scholarship Assistance	2,682,425	2,090,980
one by One Campaign	5,912,195	5,354,688
Contributions Receivable, the Proceeds from which have been Restricted by Donors for:		
Bishop's Appeal	407,517	374,031
one by One Campaign	13,959,189	3,492,185
Subject to the Passage of Time:		
Contributions Receivable that are not Restricted by Donors, but which are Unavailable for Expenditure Until Due	3,417	3,018
Cash Surrender Value of Life Insurance	1,062,638	968,668
Beneficial Interest in Assets Held by Others	81,891	103,400
Other	304,850	431,510
Endowments:		
Subject to Appropriation and Expenditure when a Specified Event Occurs:		
Restricted by Donors for Priest Education, Seminarians, and the Bishop's Greatest Need	5,173,830	10,221,936
Subject to Endowment Spending Policy and Appropriation - Investment in Perpetuity		
Lumen Christi Appeal	10,368,829	10,355,505
Priest Care	1,792,658	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	2,323,587	1,127,216
Parish Endowment	500,000	-
Priest Education, Seminarians, and the Bishop's Greatest Need	810,642	810,642
Total Net Assets with Donor Restrictions	\$ 77,415,639	\$ 71,137,768

THE CATHOLIC FOUNDATION FOR THE DIOCESE OF GREEN BAY, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021

NOTE 8 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:

	2022	2021
Satisfaction of Purpose Restrictions:		
Programs and Initiatives	\$ 18,475,281	\$ 10,097,430

NOTE 9 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 2.83% at June 30, 2022). The line of credit is unsecured and expires December 19, 2022.

The balance outstanding on the line of credit at June 30, 2022 and 2021 was \$-0-.

NOTE 10 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, 2022 and 2021 was \$55,680.

NOTE 11 CONTRIBUTED NONFINANCIAL ASSETS

For the years ended June 30, contributed nonfinancial assets recognized within the statements of activities included:

	2022	2021
Real Estate	\$ 1,194,922	\$ -

The Foundation recognized contributed nonfinancial assets within revenues and support, including contributed real estate. Unless otherwise noted, contributed nonfinancial assets did not have donor-imposed restrictions.

The Foundation received donated real estate during the year ended June 30, 2022. The real estate was liquidated to fund scholarships. The Foundation estimated the fair value of the real estate based on recent sales prices of comparable real estate in the area.

Additionally, the Foundation receives a significant amount of contributed time that does not meet the recognition criteria for contributed professional services. Accordingly, the value of this contributed time has not been determined and is not reflected in the accompanying statements of activities.

THE CATHOLIC FOUNDATION FOR THE DIOCESE OF GREEN BAY, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021

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:

	2022			
	Program Services	Management and General	Fundraising	Total
Salaries and Wages	\$ -	\$ -	\$ 769,735	\$ 769,735
Personnel Benefits	-	-	336,355	336,355
Purchased Services	-	584,768	2,378,498	2,963,266
Occupancy	-	77,530	16,117	93,647
Office	-	154,742	324,377	479,119
Bad Debts	-	-	850,000	850,000
Grants	18,436,164	-	84,853	18,521,017
Total Expenses by Function	<u>\$ 18,436,164</u>	<u>\$ 817,040</u>	<u>\$ 4,759,935</u>	<u>\$ 24,013,139</u>

	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>

THE CATHOLIC FOUNDATION FOR THE DIOCESE OF GREEN BAY, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021

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>2022</u>	<u>2021</u>
Revenues:		
Purchased Service	\$ 60,410	\$ 61,593
Expenses:		
Occupancy Services	\$ 96,779	\$ 87,593
Insurance Expenses	186,484	211,218
Bishop's Appeal Grants	5,329,272	4,969,227
Donations	1,414,827	2,458,285
Administrative and Support Services	303,504	306,792
Advertising	71,405	66,658
Total	<u>\$ 7,402,271</u>	<u>\$ 8,099,773</u>

The Foundation also has a beneficial interest in annuities held by the Catholic Diocese of Green Bay, Inc. As of June 30, 2022 and 2021, the balance was \$2,479 and \$4,693, 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, 2022 and 2021 was \$69,980 and \$69,524, respectively.

THE CATHOLIC FOUNDATION FOR THE DIOCESE OF GREEN BAY, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021

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, 2022 and 2021, 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, 2022 AND 2021

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, 2022		
	<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	\$ -	\$ 22,141,737	\$ 22,141,737
Accumulated Investment Gains	-	5,173,830	5,173,830
Total Funds	<u>\$ -</u>	<u>\$ 27,315,567</u>	<u>\$ 27,315,567</u>

THE CATHOLIC FOUNDATION FOR THE DIOCESE OF GREEN BAY, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021

NOTE 15 ENDOWMENTS (CONTINUED)

	June 30, 2021		
	Without Donor Restrictions	With Donor Restrictions	Total
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>

Changes in endowment net assets as of June 30, 2022 and 2021 are as follows:

	June 30, 2022		
	Without Donor Restrictions	With Donor Restrictions	Total
Endowment Net Assets - June 30, 2021	\$ -	\$ 30,653,418	\$ 30,653,418
Investment Return:			
Interest and Dividends Realized and Unrealized	-	45,456	45,456
Losses	-	(4,054,449)	(4,054,449)
Total Investment Return	-	(4,008,993)	(4,008,993)
Contributions	-	2,699,963	2,699,963
Appropriation for Expenditure	-	(2,028,821)	(2,028,821)
Total	<u>-</u>	<u>671,142</u>	<u>671,142</u>
Endowment Net Assets - June 30, 2022	<u>\$ -</u>	<u>\$ 27,315,567</u>	<u>\$ 27,315,567</u>

THE CATHOLIC FOUNDATION FOR THE DIOCESE OF GREEN BAY, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021

NOTE 15 ENDOWMENTS (CONTINUED)

	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	-	547,176	547,176
Realized and Unrealized Gains	-	5,738,534	5,738,534
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	-	448,755	448,755
Endowment Net Assets - June 30, 2021	<u>\$ -</u>	<u>\$ 30,653,418</u>	<u>\$ 30,653,418</u>



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