

**DIOCESE OF LA CROSSE
ADMINISTRATIVE OFFICES**

**FINANCIAL STATEMENTS
WITH INDEPENDENT AUDITORS'
REPORT**

JUNE 30, 2019 AND 2018

**DIOCESE OF LA CROSSE
ADMINISTRATIVE OFFICES**

TABLE OF CONTENTS

JUNE 30, 2019 AND 2018

Page

2-3 Independent Auditors' Report

FINANCIAL STATEMENTS

4 Statements of Financial Position

5 Statements of Activities

6 Statements of Functional Expenses

7 Statements of Cash Flows

8-22 Notes to Financial Statements



INDEPENDENT AUDITORS' REPORT

To the Most Reverend William Patrick Callahan
and the Diocesan Finance Council
Diocese of La Crosse
La Crosse, Wisconsin

We have audited the accompanying financial statements of the Diocese of La Crosse Administrative Offices (a nonprofit organization) which comprise the statements of financial position as of June 30, 2019 and 2018, and the related statements of activities, functional expenses 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 auditor's 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 Organization'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 Organization'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.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Diocese of La Crosse Administrative Offices as of June 30, 2019 and 2018, and the changes in the net assets and cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Hawkins Ash CPAs, LLP

La Crosse, Wisconsin
February 18, 2020

**DIOCESE OF LA CROSSE
ADMINISTRATIVE OFFICES**

FINANCIAL STATEMENTS

**DIOCESE OF LA CROSSE
ADMINISTRATIVE OFFICES
STATEMENTS OF FINANCIAL POSITION**

<u>ASSETS</u>	JUNE 30,	
	2019	2018
Cash and cash equivalents	\$ 2,661,382	\$ 2,553,593
Accounts receivable, net	762,030	635,235
Accrued interest receivable	31,030	40,408
Prepaid expenses	144,163	50,281
Property and equipment, net	2,838,555	2,989,309
Cash and cash equivalents - restricted	1,524,285	8,859,429
Investments - restricted	<u>27,859,431</u>	<u>17,727,896</u>
TOTAL ASSETS	<u>\$ 35,820,876</u>	<u>\$ 32,856,151</u>
<u>LIABILITIES AND NET ASSETS</u>		
LIABILITIES		
Accounts payable and accrued expenses	\$ 951,965	\$ 586,761
Accrued interest on loan with St. Ambrose Financial Services, Inc.	229,674	172,991
Revolving loan with St. Ambrose Financial Services, Inc.	3,089,859	3,089,859
Collections for transmittal	1,344,149	1,351,701
Pledges payable	<u>-</u>	<u>9,901</u>
TOTAL LIABILITIES	<u>5,615,647</u>	<u>5,211,213</u>
NET ASSETS		
Without donor restrictions	3,620,699	3,860,102
With donor restrictions	<u>26,584,530</u>	<u>23,784,836</u>
TOTAL NET ASSETS	<u>30,205,229</u>	<u>27,644,938</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 35,820,876</u>	<u>\$ 32,856,151</u>

The accompanying notes are an integral part of these statements.

**DIOCESE OF LA CROSSE
ADMINISTRATIVE OFFICES
STATEMENTS OF ACTIVITIES**

	YEAR ENDED JUNE 30,					
	2019			2018		
	WITHOUT DONOR RESTRICTIONS	WITH DONOR RESTRICTIONS	TOTAL	WITHOUT DONOR RESTRICTIONS	WITH DONOR RESTRICTIONS	TOTAL
REVENUE, GAINS, AND SUPPORT						
Contributions and bequests	\$ 919,139	\$ 8,085,989	\$ 9,005,128	\$ 606,816	\$ 12,826,400	\$ 13,433,216
Investment and endowment income, net of investment fees	1,333,308	92,521	1,425,829	208,703	389,032	597,735
Change in value of split-interest agreement	(31,385)	-	(31,385)	(22,849)	-	(22,849)
Services and other income	1,881,265	-	1,881,265	1,624,045	-	1,624,045
Quotas	1,297,446	-	1,297,446	1,197,851	-	1,197,851
Net assets released from restrictions	5,378,816	(5,378,816)	-	5,326,202	(5,326,202)	-
TOTAL REVENUE, GAINS, AND SUPPORT	<u>10,778,589</u>	<u>2,799,694</u>	<u>13,578,283</u>	<u>8,940,768</u>	<u>7,889,230</u>	<u>16,829,998</u>
EXPENSES						
Program	6,881,818	-	6,881,818	5,591,608	-	5,591,608
Management and general	2,340,250	-	2,340,250	1,649,342	-	1,649,342
Facilities	1,318,334	-	1,318,334	1,250,849	-	1,250,849
Fundraising	477,590	-	477,590	645,800	-	645,800
TOTAL EXPENSES	<u>11,017,992</u>	<u>-</u>	<u>11,017,992</u>	<u>9,137,599</u>	<u>-</u>	<u>9,137,599</u>
CHANGE IN NET ASSETS	(239,403)	2,799,694	2,560,291	(196,831)	7,889,230	7,692,399
NET ASSETS, BEGINNING OF YEAR	3,860,102	23,784,836	27,644,938	4,043,882	15,895,606	19,939,488
TRANSFER OF NET DEFICIT TO LEGACY GUILD, INC.	-	-	-	13,051	-	13,051
NET ASSETS, END OF YEAR	<u>\$ 3,620,699</u>	<u>\$ 26,584,530</u>	<u>\$ 30,205,229</u>	<u>\$ 3,860,102</u>	<u>\$ 23,784,836</u>	<u>\$ 27,644,938</u>

The accompanying notes are an integral part of these statements.

DIOCESE OF LA CROSSE
ADMINISTRATIVE OFFICES
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED JUNE 30, 2019 WITH COMPARATIVE TOTALS FOR PRIOR YEAR

	PROGRAM					SUPPORTING SERVICES			TOTALS	
	CLERICAL, RELIGIOUS AND LITURGICAL	EDUCATIONAL AND FAITH DEVELOPMENT	CATHOLIC SCHOOLS	CHARITY AND SOCIAL JUSTICE	TOTAL PROGRAM	MANAGEMENT AND GENERAL	FACILITIES	FUNDRAISING	JUNE 30,	
									2019	2018
Personnel and related expenses	\$ 529,480	\$ 663,211	\$ 332,033	\$ 171,202	\$ 1,695,926	\$ 1,071,861	\$ 514,374	\$ 195,368	\$ 3,477,529	\$ 2,989,569
Council and committee	-	3,651	-	-	3,651	1,671	-	-	5,322	2,898
Grants to others	144,580	179,226	264,664	439,700	1,028,170	-	-	-	1,028,170	430,344
Professional fees	187,883	21,253	8,911	1,488	219,535	649,182	65,264	8,642	942,623	448,398
Office and cleaning	8,050	87,421	4,950	1,611	102,032	27,646	78,212	150,308	358,198	291,180
Computer and software	81,770	7,297	1,059	241	90,367	50,496	177	73,334	214,374	135,309
Seminarian, regency, and journey	-	755,560	-	-	755,560	-	-	-	755,560	738,356
Occupancy	1,041	48,106	537	299	49,983	12,260	425,710	559	488,512	446,338
Program	176,279	278,037	-	1,504,854	1,959,170	8,160	-	-	1,967,330	2,145,654
Clergy	319,052	-	-	-	319,052	137,753	-	-	456,805	273,574
Works of charity	36,000	-	-	150,655	186,655	-	-	-	186,655	69,218
Memberships and subscriptions	1,178	4,376	3,142	45	8,741	3,754	547	2,000	15,042	31,389
Advertising and publications	-	4,022	-	-	4,022	269,032	-	8,386	281,440	313,881
Travel	46,132	33,867	12,044	2,294	94,337	5,483	126	5,726	105,672	91,709
Conferences and special events	102,960	137,663	41,233	985	282,841	3,046	-	39	285,926	279,538
Depreciation	-	-	-	-	-	-	231,826	-	231,826	235,095
Bank fees	-	-	-	-	-	9,057	-	33,071	42,128	44,349
Interest	-	-	-	-	-	71,232	-	-	71,232	43,454
Miscellaneous	55,153	25,359	41	1,223	81,776	19,617	2,098	157	103,648	127,346
TOTAL EXPENSES	\$ 1,689,558	\$ 2,249,049	\$ 668,614	\$ 2,274,597	\$ 6,881,818	\$ 2,340,250	\$ 1,318,334	\$ 477,590	\$ 11,017,992	\$ 9,137,599

The accompanying notes are an integral part of these financial statements.

**DIOCESE OF LA CROSSE
ADMINISTRATIVE OFFICES
STATEMENTS OF CASH FLOWS**

	YEAR ENDED JUNE 30,	
	2019	2018
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ 2,560,291	\$ 7,692,399
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities		
Net realized and unrealized (gains) on investments	(890,438)	(198,454)
Allowance for doubtful accounts	137,753	(13,161)
Allowance for note receivable losses	(5,200)	-
Depreciation	231,826	235,095
Contributions restricted for investment in endowment	(2,611,714)	(7,318,682)
Changes in assets and liabilities		
(Increase) decrease in assets		
Accounts receivable	(264,548)	(10,704)
Accrued interest receivable	9,378	565
Prepaid expenses	(93,882)	(12,561)
Notes receivable	5,200	-
Restricted cash	7,335,144	(6,170,615)
(Decrease) increase in liabilities		
Cash overdraft	-	(70,264)
Accounts payable and accrued expenses	365,204	130,124
Accrued interest on loan with St. Ambrose Financial Services, Inc.	56,683	(45,587)
Pledges payable	(9,901)	(9,802)
Collections for transmittal	(7,552)	(55,495)
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES	6,818,244	(5,847,142)
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of property and equipment	(81,072)	(269,652)
Purchases of investment securities	(20,452,730)	(10,606,507)
Proceeds on sales of investment securities	11,211,633	10,083,453
NET CASH (USED IN) INVESTING ACTIVITIES	(9,322,169)	(792,706)
CASH FLOWS FROM FINANCING ACTIVITIES		
Payments on revolving loan from St. Ambrose Financial Services, Inc.	-	(408,933)
Transfer of net deficit to Legacy Guild, Inc.	-	13,051
Collection of contributions restricted for investment in endowment	2,611,714	7,318,682
NET CASH PROVIDED BY FINANCING ACTIVITIES	2,611,714	6,922,800
NET INCREASE IN CASH	107,789	282,952
CASH AT BEGINNING OF YEAR	2,553,593	2,270,641
CASH AT END OF YEAR	\$ 2,661,382	\$ 2,553,593
<u>SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION</u>		
Cash paid during the year for interest on the revolving line of credit	\$ 14,549	\$ 89,041
Assets purchased in accounts payable	\$ -	\$ 97,260

The accompanying notes are an integral part of these statements.

DIOCESE OF LA CROSSE
ADMINISTRATIVE OFFICES
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019 AND 2018

NOTE 1 - Nature of Organization and Significant Accounting Policies

Nature of Organization - The financial statements presented are for the Diocese of La Crosse Administrative Offices (the "Organization"). The Organization is operated to provide services and support to Diocesan parishes, schools, and organizations. Services provided include administrative services with regard to education, charitable projects, parish administration, and religious personnel activities. The Organization also provides technical and fundraising assistance to these organizations. In return, some organizations are assessed quotas.

Basis of Accounting - The financial statements of the Diocese of La Crosse Administrative Offices have been prepared on the accrual basis of accounting and, accordingly, reflect all receivables, payables, and other liabilities.

Basis of Presentation - The accompanying financial statements are prepared in accordance with the accounting principles generally accepted in the United States of America (U.S. GAAP) as codified by the Financial Accounting Standards Board.

The Organization is required to report information regarding its net assets and its activities 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 operations and not subject to donor restrictions. The governing board has designated, from net assets without donor restrictions, net assets for an operating reserve and board designated endowment.

Net Assets With Donor Restrictions - Net assets subject to donor 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.

Accounting Pronouncements Adopted - On August 18, 2016, the Financial Accounting Standards Board (FASB) issued ASU 2016-14, Not-for-Profit Entities (Topic 958) - *Presentation of Financial Statements of Not-for-Profit Entities*. The update addresses the complexity and understandability of net asset classification, deficiencies in information about liquidity and availability of resources, and the lack of consistency in the type of information provided about expenses and investment return. The Organization has adjusted the presentation of these statements accordingly. The Organization opted to not disclose liquidity and availability information for 2018 as permitted under the ASU in the year of adoption.

Recent Accounting Pronouncements - In May 2014, the FASB issued ASU 2014-09, *Revenue from Contracts with Customers (Topic 606)*, which is a comprehensive new revenue recognition standard that will supersede existing revenue recognition guidance. The core principle of the guidance is that an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. FASB issued ASU 2015-14 that deferred the effective date for annual periods beginning after December 15, 2018. Early adoption is permitted subject to certain limitations. The amendments in this update are required to be applied retrospectively to each prior reporting period presented or with the cumulative effect being recognized at the date of initial application. The Organization is currently evaluating the impact this guidance will have on the financial statements.

DIOCESE OF LA CROSSE
ADMINISTRATIVE OFFICES
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019 AND 2018

NOTE 1 - Nature of Organization and Significant Accounting Policies - Continued

In November 2016, the FASB issued ASU 2016-18, *Statement of Cash Flows: Restricted Cash (Topic 230)*, which requires that the statement of cash flows explain the change during the period in the total of cash, cash equivalents, and restricted cash or restricted cash equivalents. The amendments in ASU 2016-18 are effective for fiscal years beginning after December 15, 2018. Early adoption is permitted. The amendments in this update are required to be applied retrospectively to each prior reporting period presented. The Organization is currently evaluating the impact this guidance will have on the financial statements.

In June 2018, the FASB issued ASU 2018-08, *Not-for-Profit Entities (Topic 958) - Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*, which clarifies how entities should characterize grants and similar contracts with government agencies and others. It will assist entities in evaluating whether transactions are reciprocal exchange transactions or contributions and if they are conditional or unconditional contributions. The amendments in ASU 2018-08 are effective for fiscal years beginning after December 15, 2018. Early adoption is permitted. The amendments in this update should be applied prospectively; however, retrospective application is permitted. The Organization is currently evaluating the impact this guidance will have on the financial statements.

Cash and Cash Equivalents - The Organization's cash and cash equivalents consist of cash on deposit with banks. For purposes of the statements of cash flows, the Organization considers all unrestricted, highly liquid investments with an initial maturity of three months or less to be cash equivalents. However, the Organization does not consider cash, money market accounts, or certificates of deposits included as investments to be cash equivalents for the statements of cash flows.

Collections for Transmittal - The Organization receives certain funds for the benefit of others. These custodial accounts are reflected in the financial statements as collections for transmittal.

Accounts Receivable and Allowance for Doubtful Accounts - Accounts receivable consists of billings for services rendered by the various Curia offices. Management has determined an allowance for uncollectible balances based upon the analysis of prior collections and experience with individuals, parishes, and schools.

Investments - Investments are reported at cost, if purchased, or at fair value, if donated. Thereafter, investments are reported at their fair values in the statements of financial position.

The aggregate of (a) the unrealized appreciation (depreciation) in the fair value of investments during the year (b) the realized gains (losses) on sales of investments during the year (c) dividend income (d) interest income, and (e) investment fees are reflected in investment return on the statements of activities.

Purchases and sales of securities are recorded on a trade-date basis. Gains and losses on sales of securities are based on average cost and are recorded in the statements of activities in the period in which the securities are sold. Dividends are recorded on the ex-dividend date.

DIOCESE OF LA CROSSE
ADMINISTRATIVE OFFICES
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019 AND 2018

NOTE 1 - Nature of Organization and Significant Accounting Policies - Continued

Property and Equipment - All acquisitions of property and equipment in excess of \$5,000 with useful lives greater than one year are capitalized. Purchased property and equipment are carried at cost. Donated property and equipment are carried at the approximate fair value at the date of donation. Depreciation is computed on the straight-line method based on the following estimated useful lives:

<u>Asset</u>	<u>Life</u>
Furniture, fixtures, and equipment	7 - 10 years
Vehicles	5 - 7 years
Land improvements	10 - 20 years
Buildings	39.5 years

Valuation of Long-lived Assets - U.S. GAAP requires that long-lived assets and certain identifiable intangible assets be reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Management reviews all material assets annually for possible impairment. If such assets are considered to be impaired, the impairment recognized is measured as the amount by which the carrying amount of the assets exceeds the estimated fair value of the assets. No assets are considered to be impaired at June 30, 2019 and 2018.

Restricted Cash - Certain donor-restricted assets that meet the definition of cash and cash equivalents that have donor-imposed restrictions limiting their use to long-term purposes are classified as restricted cash in the statements of financial position.

Revenue Recognition - The Organization's revenue sources include service fees, quota income, contributions, and investment return. Revenue is recognized when earned and contributions are recognized when received. Contributions received are recorded as net assets without donor restrictions or net assets with donor restrictions depending on the existence and/or nature of any donor restrictions.

Contributions restricted by donors are reported as increases in net assets without donor restrictions if the restrictions expire in the reporting period in which the revenue is recognized. All other donor-restricted contributions are reported as increases in net assets with donor restrictions, depending on the nature of the 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.

In-Kind Contributions - The Organization records the value of donated goods when there is an objective basis to measure the value. Donated goods are recorded in contribution revenue at fair value at the date of donation in the accompanying statements of activities.

Donated services are recognized as contributions if the services a) create or enhance nonfinancial assets or b) require specialized skills that are performed by people with those skills and would otherwise be purchased by the Organization. Such amounts are recorded at their estimated fair value determined on the date of contribution.

No significant contributions of such goods or services were received during the years ended June 30, 2019 and 2018.

DIOCESE OF LA CROSSE
ADMINISTRATIVE OFFICES
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019 AND 2018

NOTE 1 - Nature of Organization and Significant Accounting Policies - Continued

Functional Expenses - The costs of providing the various programs and other activities have been summarized in the statement of functional expenses. The method of allocation of natural expenses are accounted for on a direct cost basis to the program or function upon which the expense is incurred. Further, certain indirect costs that cannot be allocated on a direct basis have been allocated among the program services and supporting activities benefited. Those expenses include non-program salaries and benefits and certain office expenses that are allocated based on estimates of usage.

Advertising Costs - Advertising costs are expensed as incurred and totaled \$12,408 and \$41,542 for the years ended June 30, 2019 and 2018, respectively.

Use of Estimates - Management uses estimates and assumptions in preparing financial statements. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues and expenses. Actual results could differ from those estimates.

Tax Status - The Organization is exempt from Federal income tax under Section 501(c)(3) of the Internal Revenue Code (IRC). However, income from certain activities not directly related to the Organization's tax-exempt purpose is subject to taxation as unrelated business income. In addition, the Organization qualifies for the charitable contribution deduction under Section 170(b)(1)(A) and has been classified as an organization other than a private foundation under Section 509(a)(2). The Organization is also exempt from State taxation.

Accounting for Uncertainty in Income Taxes - U.S. GAAP requires management to evaluate tax positions taken by the Organization and recognize a tax liability (or asset) if the Organization has taken an uncertain position that more likely than not would not be sustained upon examination by a taxing authority. Management has analyzed the tax positions taken by the Organization and has concluded that as of June 30, 2019 and 2018, there are no uncertain positions taken or expected to be taken that would require recognition of a liability (or asset) or disclosure in the financial statements. The Organization is subject to routine audits by taxing jurisdictions, however, there are currently no audits in progress for any tax period. The Organization will recognize future accrued interest and penalties related to unrecognized tax benefits in income tax expense if incurred.

Reclassifications - Certain accounts in the prior year financial statements have been reclassified for comparative purpose to conform to the presentation of the current year's financial statements.

Subsequent Events - The Organization has evaluated subsequent events through February 18, 2020, the date which the financial statements were available to be issued.

NOTE 2 - Concentration of Cash and Credit Risk

The Organization maintains its cash balances at one financial institution with the balances insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000. As of June 30, 2019 and 2018, uninsured balances held by financial institutions were \$771,917 and \$688,413, respectively. The Organization also maintains cash savings with St. Ambrose Financial Services, Inc., which are not insured by the FDIC. As of June 30, 2019 and 2018, uninsured balances held with St. Ambrose Financial Services, Inc. were \$3,672,959 and \$10,723,558, respectively. While the Organization is exposed to custodial credit risk, the Organization has not experienced any losses in such accounts.

**DIOCESE OF LA CROSSE
ADMINISTRATIVE OFFICES
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019 AND 2018**

NOTE 3 - Liquidity and Availability

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:

Cash and cash equivalents	\$ 2,661,382
Accounts receivable	<u>762,030</u>
Total financial assets available within one year	3,423,412
Less amounts not available for general expenditure within one year:	
Donor restricted net assets, not included in restricted accounts	612,197
Board designated net assets	<u>2,414,265</u>
TOTAL FINANCIAL ASSETS AVAILABLE TO MANAGEMENT FOR GENERAL EXPENDITURE WITHIN ONE YEAR	<u>\$ 396,950</u>

Liquidity Management

The Organization maintains a policy of structuring its financial assets to be available as its general expenditures, liabilities, and other obligations come due.

To help manage unanticipated liquidity needs, the Organization has a committed line of credit, described in Note 8, which it could draw upon. Additionally, the Organization has board designated net assets without donor restrictions that, while the Organization does not intend to spend these for purposes other than those identified, the amounts could be made available for current operations, if necessary.

NOTE 4 - Accounts Receivable

The composition of accounts receivable consists of the following:

	JUNE 30,	
	<u>2019</u>	<u>2018</u>
Grant receivable	\$ 50,000	\$ -
Accounts receivable	1,032,129	817,581
Less allowance for doubtful accounts	<u>(320,099)</u>	<u>(182,346)</u>
ACCOUNTS RECEIVABLE, NET	<u>\$ 762,030</u>	<u>\$ 635,235</u>

NOTE 5 - Investments and Endowment Funds

Investments consist of marketable securities and are presented in the financial statements in the aggregate at fair market value.

The following is a summary of investments:

	JUNE 30, 2019		
	<u>FAIR VALUE</u>	<u>COST</u>	<u>UNREALIZED APPRECIATION</u>
Interest in master trust	\$ 10,131,197	\$ 9,339,648	\$ 791,549
Money market funds	3,570,879	3,570,879	-
Mutual funds			
Fixed income	9,156,690	9,022,697	133,993
Equity	4,958,715	4,690,363	268,352
U.S. Listed Real Estate	<u>41,950</u>	<u>33,350</u>	<u>8,600</u>
TOTAL	<u>\$ 27,859,431</u>	<u>\$ 26,656,937</u>	<u>\$ 1,202,494</u>

**DIOCESE OF LA CROSSE
ADMINISTRATIVE OFFICES
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019 AND 2018**

NOTE 5 - Investments and Endowment Funds - Continued

	JUNE 30, 2018		
	FAIR VALUE	COST	UNREALIZED APPRECIATION (DEPRECIATION)
Interest in master trust	\$ 9,767,836	\$ 9,219,616	\$ 548,220
Money market funds	238,280	238,280	-
Mutual funds			
Fixed income	7,024,409	7,325,701	(301,292)
Equity	675,609	546,428	129,181
U.S. Listed Real Estate	21,762	21,357	405
TOTAL	<u>\$ 17,727,896</u>	<u>\$ 17,351,382</u>	<u>\$ 376,514</u>

The following summarizes investment returns:

	YEAR ENDED JUNE 30,	
	2019	2018
	Investment income	\$ 552,980
Investment fees	(114,181)	(68,204)
Unrealized gains (losses)	825,979	(2,906)
Realized gains	64,291	201,360
TOTAL INVESTMENT RETURN	<u>\$ 1,329,069</u>	<u>\$ 537,184</u>

The following summarizes investment and endowment income, net of investment fees:

	YEAR ENDED JUNE 30,	
	2019	2018
	Total investment return	\$ 1,329,069
Operations interest income	96,760	60,551
TOTAL INVESTMENT INCOME	<u>\$ 1,425,829</u>	<u>\$ 597,735</u>

NOTE 6 - Property and Equipment

Property and equipment consist of the following:

	JUNE 30,	
	2019	2018
Land held for expansion	\$ 488,129	\$ 488,129
Land and buildings	11,806,094	11,725,022
Vehicles	93,258	93,258
Equipment	32,500	32,500
	12,419,981	12,338,909
Less accumulated depreciation	(9,581,426)	(9,349,600)
NET PROPERTY AND EQUIPMENT	<u>\$ 2,838,555</u>	<u>\$ 2,989,309</u>

Depreciation expense amounted to \$231,826 and \$235,095 for years ended June 30, 2019 and 2018, respectively.

DIOCESE OF LA CROSSE
ADMINISTRATIVE OFFICES
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019 AND 2018

NOTE 7 - Fair Value Measurements

The Organization has determined the fair value of certain assets and liabilities in accordance with the provision of U.S. GAAP, which provides a framework for measuring fair value under generally accepted accounting principles.

U.S. GAAP defines fair value as the exchange price that would be received for an asset in the principal or most advantageous market for the asset in an orderly transaction between market participants on the measurement date. U.S. GAAP requires that valuation techniques maximize the use of observable inputs and minimize the use of unobservable inputs. U.S. GAAP also establishes a fair value hierarchy, which prioritizes the valuation inputs into three broad levels.

Level 1 inputs consist of quoted prices in active markets for identical assets that the reporting organization has the ability to access at the measurement date. Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for the related asset. Level 3 inputs are unobservable inputs related to the asset.

The asset's fair value measurement within the fair value hierarchy is based on the lowest of any input that is significant to the fair value measurement. The following is a description of the valuation methodology used for assets measured at fair value. There have been no changes in the methodology used at June 30, 2019 and 2018.

Interest in Master Trusts: Valued at net asset value (NAV) of shares held by the Diocese at year-end

The method described above may produce a fair value calculation that may be indicative of net realizable value or reflective of future fair values. Furthermore, while the Organization believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

The following table sets forth by level, within the fair value hierarchy, the Organization's assets at fair value on a recurring basis as of June 30, 2019 and 2018.

	JUNE 30, 2019	QUOTED PRICES IN ACTIVE MARKETS FOR IDENTICAL ASSETS (LEVEL 1)	SIGNIFICANT OTHER OBSERVABLE INPUTS (LEVEL 2)	SIGNIFICANT UNOBSERVABLE INPUTS (LEVEL 3)
Interest in master trust	\$ 10,131,197	\$ -	\$ 10,131,197	\$ -
Money market funds	3,570,879	3,570,879	-	-
Mutual funds				
Fixed income	9,156,690	-	9,156,690	-
Equities	4,958,715	4,958,715	-	-
U.S. Listed Real Estate	41,950	41,950	-	-
TOTALS	<u>\$ 27,859,431</u>	<u>\$ 8,571,544</u>	<u>\$ 19,287,887</u>	<u>\$ -</u>

**DIOCESE OF LA CROSSE
ADMINISTRATIVE OFFICES
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019 AND 2018**

NOTE 7 - Fair Value Measurements - Continued

	JUNE 30, 2018	QUOTED PRICES IN ACTIVE MARKETS FOR IDENTICAL ASSETS (LEVEL 1)	SIGNIFICANT OTHER OBSERVABLE INPUTS (LEVEL 2)	SIGNIFICANT UNOBSERVABLE INPUTS (LEVEL 3)
Interest in master trust	\$ 9,767,836	\$ -	\$ 9,767,836	\$ -
Money market funds	238,280	238,280	-	-
Mutual funds-				
Fixed income	7,024,409		7,024,409	-
Equities	675,609	675,609	-	-
U.S. Listed Real Estate	21,762	21,762	-	-
TOTALS	<u>\$ 17,727,896</u>	<u>\$ 935,651</u>	<u>\$ 16,792,245</u>	<u>\$ -</u>

NOTE 8 - Line of Credit

On April 8, 2011, the Diocese of La Crosse Administrative Offices entered into a revolving line of credit with St. Ambrose Financial Services, Inc.

The loan is collateralized by a mortgage covering substantially all assets of the Organization, with interest rates of 2.45 and 1.75 percent as of June 30, 2019 and 2018, respectively. The interest rate is charged at the 90-day Treasury bill rate as published in the Wall Street Journal. The maximum amount available is \$12,000,000. The outstanding balance as of June 30, 2019 and 2018, is \$3,089,859. The accrued interest on the line as of June 30, 2019 and 2018, is \$229,674 and \$172,991, respectively.

NOTE 9 - Pledges Payable

All unconditional pledges payable at year-end are pledges made by the Diocesan Bishop to others and are payable over a five-year period.

Unconditional pledges payable consist of the following:

	JUNE 30,	
	2019	2018
Payable in less than one year	\$ -	\$ 10,000
Payable in one to five years	-	-
	-	10,000
Less: unamortized discount	-	(99)
TOTAL	<u>\$ -</u>	<u>\$ 9,901</u>

Pledges payable due in more than one year are reflected at the present value of estimated future cash flows using a discount rate of 1 percent.

**DIOCESE OF LA CROSSE
ADMINISTRATIVE OFFICES
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019 AND 2018**

NOTE 10 - Net Assets

Included in net assets without donor restrictions are amounts designated by the board for the following purposes:

	<u>JUNE 30,</u>	
	<u>2019</u>	<u>2018</u>
Quasi-endowment	\$ 1,843,815	\$ 1,888,119
Education initiatives	134,899	139,000
Building projects	315,304	228,711
Property and equipment	120,247	327,334
TOTAL DESIGNATED NET ASSETS	<u>\$ 2,414,265</u>	<u>\$ 2,583,164</u>

Net assets with donor restrictions are restricted for the following purposes or periods:

	<u>JUNE 30,</u>	
	<u>2019</u>	<u>2018</u>
Subject to expenditure for specified purpose:		
Education	\$ -	\$ 5,899
Building renovation	560,014	502,094
Vocations	362,734	462,734
Archives	-	46,109
Hmong Ministry	<u>28,272</u>	<u>-</u>
	<u>951,020</u>	<u>1,016,836</u>
Subject to the passage of time:		
Diocesan Annual Appeal	5,399,275	5,288,000
Hmong Ministry	<u>50,000</u>	<u>-</u>
	<u>5,449,275</u>	<u>5,288,000</u>
Endowments		
Amount required to be held in perpetuity		
Education	9,217,817	9,118,762
Support for St. James the Less Parish and St. Joseph the Workmen Cathedral	7,294,581	7,281,922
Charitable works	<u>2,500,000</u>	<u>-</u>
	<u>19,012,398</u>	<u>16,400,684</u>
Earnings subject to appropriation and expenditure for specified purpose:		
Education	1,309,305	1,070,533
Support for St. James the Less Parish and St. Joseph the Workmen Cathedral	(37,468)	8,753
Charitable works	<u>(100,000)</u>	<u>-</u>
	<u>1,171,837</u>	<u>1,079,316</u>
TOTAL NET ASSETS WITH DONOR RESTRICTIONS	<u>\$ 26,584,530</u>	<u>\$ 23,784,836</u>

**DIOCESE OF LA CROSSE
ADMINISTRATIVE OFFICES
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019 AND 2018**

NOTE 10 - Net Assets - Continued

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purpose or by occurrence of the passage of time or other events specified by the donors as follows:

	YEAR ENDED JUNE 30,	
	2019	2018
Expiration of time restrictions	\$ 5,288,000	\$ 5,288,000
Satisfaction of purpose restrictions:		
Education initiatives	5,899	-
Building renovation	38,808	38,202
Archives	46,109	-
TOTAL RESTRICTIONS RELEASED	\$ 5,378,816	\$ 5,326,202

The Diocesan Annual Appeal began in fiscal year 1998. Contributions received are recorded in the current fiscal year. These funds are intended to support expenditures of the subsequent fiscal year and as such are shown as net assets. Each parish entity solicits its members. Each parish is given a target amount to be raised for this Appeal. Individual parishes raising amounts in excess of their target are rebated the excess amounts as they are collected by the Diocese. Total funds collected are reported net of parish rebates. These rebates totaled \$658,360 and \$705,935 as of June 30, 2019 and 2018, respectively.

NOTE 11 - Endowments

The Organization's endowments include both donor-restricted endowment funds and funds designated by the Bishop and the Finance Council to function as endowments. As required by U.S. GAAP, net assets associated with endowment funds are classified and reported based on the existence of or absence of donor-imposed restrictions.

Interpretation of the Law

The Bishop and the Finance Council have interpreted the Wisconsin 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, absent explicit donor stipulations to the contrary. As a result of this interpretation, the Organization classifies as net assets with donor restrictions (a) the original value of gifts donated to the endowment, (b) the original value of subsequent gifts to the endowment, and (c) 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 Organization in a manner consistent with the standard of prudence prescribed by UPMIFA.

The Organization 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 purposes of the Organization 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 Organization
- (7) The investment policies of the Organization

DIOCESE OF LA CROSSE
ADMINISTRATIVE OFFICES
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019 AND 2018

NOTE 11 - Endowments - Continued

Each of the trusts in the Endowment fund is governed by a trust document which states that the principal of the trust shall be initially valued at the carrying value and generally thereafter at the current value as determined on the last day of each fiscal year. The principal shall not be invaded and shall not be distributed except in the manner that is defined within the trust document.

Return Objectives and Risk Parameters

The donor-designated endowment funds consist of a portion of the Non-Qualified Plans Master Trust savings deposits held with St. Ambrose Financial Services, Inc. and amounts held at a financial institution. The funds are invested according to the Diocese of La Crosse Investment Policy Statement and its Statement of Moral, Ethical and Social Principles. Endowment assets include donor-restricted funds that the Organization must hold in perpetuity and consist of the Bishop's Education Endowment Trust (BEET) funds, the Holy Cross Seminary Education Fund Endowment Trust, the Diocese of La Crosse Youth Ministry Endowment Trust and the Bishop John J. Paul Scholarship Endowment Trust, the Robert and Eleanor Franke Charitable Parish Endowment Trust and the Father Arnold F. Reuter Charitable Endowment Trust, as well as Board designated endowment for seminarians. Under this investment policy, as approved by the Bishop and the Finance Council, the endowment assets are invested in investment portfolio's that are intended to produce maximum return for both long and short-term needs in a manner that is consistent with solid investment practices and relative safety of principal.

The board designated endowment funds consist of contributions and bequests that were received by the Diocese to provide for priestly formations, the Diocesan Center, and as a memorial to Pope John Paul II. The Bishop and the Finance Council designated these funds as endowments whose balance should remain as savings accounts in St. Ambrose Financial Services, Inc. and their earnings fund the above specified activities. The interest earnings on these funds are based on the 90-day U.S. Treasury bill (floating rate) at the beginning of each quarter and are distributed quarterly. Floating rate of 1.95 - 2.45 percent for year ended June 30, 2019 and 1.00 to 1.75 percent for the year ended June 30, 2018.

Strategies Employed for Achieving Objectives

To satisfy its long-term rate-of-return objectives, the Diocese relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). The Organization targets a fixed income/equity asset allocation to achieve its long-term return objectives within prudent risk constraints.

Spending Policy

The Diocesan Endowment Trusts govern the distribution of their income. The trustee is to distribute all income earned at least annually; provided that if such distributions include the realized gains on investments, the total amount distributed shall not exceed the maximum distributable return. The maximum distributable return for this purpose shall not exceed 4 percent of the Trust's market value as of the last day of the prior fiscal year less any investment fees. The trustee distributes the income to savings account held at St. Ambrose Financial Services, Inc. for the charitable purpose that is defined in the trust document quarterly. Per the Trust documents, any income of the Trust for a fiscal year, not otherwise distributed, is to be reinvested in the Trust's principal.

**DIOCESE OF LA CROSSE
ADMINISTRATIVE OFFICES
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019 AND 2018**

NOTE 11 - Endowments - Continued

Each trust document establishes the expectation of long-term returns on its endowment. Accordingly, over the long term, the Organization expects the current spending policy to allow its endowment to grow over time. This is consistent with the Organization's objective to maintain the purchasing power of the endowment assets held in perpetuity or for a specified term as well as to provide additional real growth through new gifts and investment return.

Endowment Net Asset Composition by Type of Fund as of June 30, 2019:

	<u>Without Donor Restriction</u>	<u>With Donor Restriction</u>	<u>Total</u>
Board-designated endowment funds	\$ 1,843,815	\$ -	\$ 1,843,815
Donor-restricted endowment funds:			
Original donor-restricted gift and amounts required to be maintained in perpetuity by donors	-	19,012,398	19,012,398
Accumulated investment gains	-	1,171,837	1,171,837
TOTAL	<u>\$ 1,843,815</u>	<u>\$ 20,184,235</u>	<u>\$ 22,028,050</u>

Endowment Net Asset Composition by Type of Fund as of June 30, 2018:

	<u>Without Donor Restriction</u>	<u>With Donor Restriction</u>	<u>Total</u>
Board-designated endowment funds	\$ 1,888,119	\$ -	\$ 1,888,119
Donor-restricted endowment funds:			
Original donor-restricted gift and amounts required to be maintained in perpetuity by donors	-	16,400,684	16,400,684
Accumulated investment gains	-	1,079,316	1,079,316
TOTAL	<u>\$ 1,888,119</u>	<u>\$ 17,480,000</u>	<u>\$ 19,368,119</u>

Funds with Deficiencies - From time to time, the fair value of assets associated with donor-restricted endowment funds may fall below the level that the donor or UPMIFA requires the Organization to retain as a fund of perpetual duration (underwater endowments). In accordance with U.S. GAAP, deficiencies of this nature are reported in net assets with donor restrictions. The Organization did experience two endowments that were underwater as of June 30, 2019, this was due to the timing of the disbursements made and investing of funds. The Organization did not have any such deficiency as of June 30, 2018.

Changes in Endowment Net Assets for the Year Ended June 30, 2019:

	<u>Without Donor Restriction</u>	<u>With Donor Restriction</u>	<u>Total</u>
Endowment net assets, beginning of year	\$ 1,888,119	\$ 17,480,000	\$ 19,368,119
Investment return, net	-	924,201	924,201
Contributions	-	2,611,714	2,611,714
Appropriation of endowment assets pursuant to spending-rate policy	-	(831,680)	(831,680)
Other changes:			
Appropriation from board-designated endowment for expenditure	(44,304)	-	(44,304)
Endowment net assets, end of year	<u>\$ 1,843,815</u>	<u>\$ 20,184,235</u>	<u>\$ 22,028,050</u>

**DIOCESE OF LA CROSSE
ADMINISTRATIVE OFFICES
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019 AND 2018**

NOTE 11 - Endowments - Continued

Changes in Endowment Net Assets for the Year Ended June 30, 2018:

	<u>Without Donor Restriction</u>	<u>With Donor Restriction</u>	<u>Total</u>
Endowment net assets, beginning of year	\$ 2,216,800	\$ 9,772,286	\$ 11,989,086
Investment return, net	-	605,746	605,746
Contributions	-	7,318,682	7,318,682
Appropriation of endowment assets pursuant to spending-rate policy	-	(216,714)	(216,714)
Other changes:			
Appropriation from board-designated endowment for expenditure	(328,681)	-	(328,681)
Endowment net assets, end of year	<u>\$ 1,888,119</u>	<u>\$ 17,480,000</u>	<u>\$ 19,368,119</u>

NOTE 12 - Retirement Plans

Defined Benefit Plan

The Diocese of La Crosse (the "Diocese") sponsored a retirement plan (the "Defined Benefit Plan") covering all full-time, lay employees of the Organization and other Diocesan organizations. On June 1, 2006, the Finance Council voted to amend the Defined Benefit Plan and freeze the accrual of any and all future benefits as of December 31, 2006. The noncontributory funded pension plan provides defined benefits to substantially all full-time employees as of December 31, 2006. The amount charged to pension expense for the Administrative Offices and contributed to the Defined Benefit Plan for years ended June 30, 2019 and 2018 was \$147,555 and \$155,450, respectively. This Defined Benefit Plan is not required to conform to ERISA.

The various Diocesan organizations contribute to and pay the costs of the Defined Benefit Plan, as determined by the Defined Benefit Plan's actuary. Assets are held in trust by BMO Financial Group.

Benefits are based on years of service and employee's compensation during the highest average five years' earnings during his or her career prior to retirement or termination. The maximum pension benefit is \$1,200 per month, effective January 1, 1998. Contributions are made annually to fund the Defined Benefit Plan. Contributions from all Diocesan organizations for the plan years ended December 31, 2019 and 2018 were \$166,038 and \$870,000, respectively.

Although the Defined Benefit Plan is not required to comply with ERISA, an actuarial valuation report is prepared annually for the Defined Benefit Plan. The following information is available as of the plan years ended December 31:

	<u>2018</u>	<u>2017</u>
Actuarial Present Value of Vested Accumulated Plan Benefits	<u>\$ 37,081,790</u>	<u>\$ 40,659,679</u>
Actuarial Present Value of Nonvested Accumulated Plan Benefits	<u>\$ -</u>	<u>\$ 12</u>
Plan Net Assets Available for Benefits	<u>\$ 33,168,573</u>	<u>\$ 37,338,378</u>
(Unfunded) Actuarial Present Value of Accumulated Plan Benefits	<u>\$ (3,913,397)</u>	<u>\$ (3,321,313)</u>
Rate of Return Used in Determining Actuarial Benefits	<u>7.0%</u>	<u>7.0%</u>
Benefits Paid	<u>\$ 2,833,441</u>	<u>\$ 2,719,266</u>

**DIOCESE OF LA CROSSE
ADMINISTRATIVE OFFICES
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019 AND 2018**

NOTE 12 - Retirement Plans - Continued

403(b) Thrift Plan

On June 1, 2006, the Finance Council also approved the adoption of a 403(b) Thrift Plan (the "Plan") to provide retirement benefits for employees of all Diocesan entities, which became effective January 1, 2007. The Plan is funded through a group annuity contract between the Diocese and Mutual of America. Employees are immediately vested in the Plan. The Organization contributes 1 percent automatically for all qualified employees and 2 percent of the employee's base compensation as an employer match for those employees who are at least 18 years of age, who work more than 20 hours per week and begins immediately upon date of service. As of June 30, 2019 and 2018, the Organization contributed \$53,565 and \$44,913, respectively, to this Plan.

NOTE 13 - Split Interest Agreements

The Charitable Gift Annuity Fund is a Diocesan program that was started in 2003 to receive contributions under charitable gift annuities. The Diocese has segregated these assets as separate and distinct funds, independent from other funds and not to be applied toward payment of any obligations of the Diocese or any other purpose other than annuity benefits specified in the agreements. Effective April 18, 2014, Wisconsin state statutes were changed and no longer required a reserve and is no longer required to file an annual report with the Office of the Commissioner of Insurance (OCI). The Diocese has chosen to keep reserves for these annuity contracts. Diocesan reserves totaled \$137,000 as of June 30, 2019 and 2018. The Diocese agrees to pay a stated return to the beneficiaries as long as they live, at which time the remaining assets will be distributed according to the donor's requests.

At June 30, 2019 and 2018, the total assets held under split-interest agreements as a part of restricted investments were \$912,469 and \$918,117, respectively. Split-interest agreement liabilities are reported at the present value of the estimated future cash flows using discount rate assumptions established upon recognition of the liabilities and are included as part of collections for transmittal.

NOTE 14 - Affiliate Transactions

On July 1, 2016, the Organization entered into a service agreement with St. Ambrose Financial Services, Inc., whereas St. Ambrose Financial Services, Inc., will provide insurance and administrative services.

NOTE 15 - Diocesan Annual Appeal

Diocesan Annual Appeal Campaign results are as follows:

	2019		2018	
	AMOUNT	%	AMOUNT	%
<u>REVENUE</u>				
Gift Receipts	\$ 6,166,581		\$ 6,180,177	
Less Parish cash rebates	(658,360)		(705,935)	
	5,508,221	89.00%	5,474,242	97.83%
Investment gain (loss)	458,195	7.40	(42,167)	(.75)
Assessments to Parishes Under Target	223,800	3.60	163,324	2.92
TOTAL	\$ 6,190,216	100.00%	\$ 5,595,399	100.00%

**DIOCESE OF LA CROSSE
ADMINISTRATIVE OFFICES
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019 AND 2018**

NOTE 15 - Diocesan Annual Appeal - Continued

<u>EXPENDITURES</u>	<u>2019</u>		<u>2018</u>	
	<u>AMOUNT</u>	<u>%</u>	<u>AMOUNT</u>	<u>%</u>
Case Statement Disbursement	\$ 5,288,000	95.46%	\$ 5,288,000	96.07%
Operating Expenses	<u>251,514</u>	<u>4.54</u>	<u>216,418</u>	<u>3.93</u>
TOTAL	<u>\$ 5,539,514</u>	<u>100.00%</u>	<u>\$ 5,504,418</u>	<u>100.00%</u>

NOTE 16 - Transfer of Net Assets to Legacy Guild, Inc.

In order to better coordinate the efforts to advance the cause of Father Joseph Walijewski, and provide continued support for the legacy that he left behind, Father Joseph Walijewski Legacy Guild Inc. was formed as a separate legal corporation with its own Board of Directors on January 17, 2018. The net deficit of the Legacy Guild fund amounting to \$13,501 was transferred to the Corporation during the year ended June 30, 2018. There were no net assets transferred to Father Joseph Walijewski Legacy Guild Inc. during the year ended June 30, 2019.