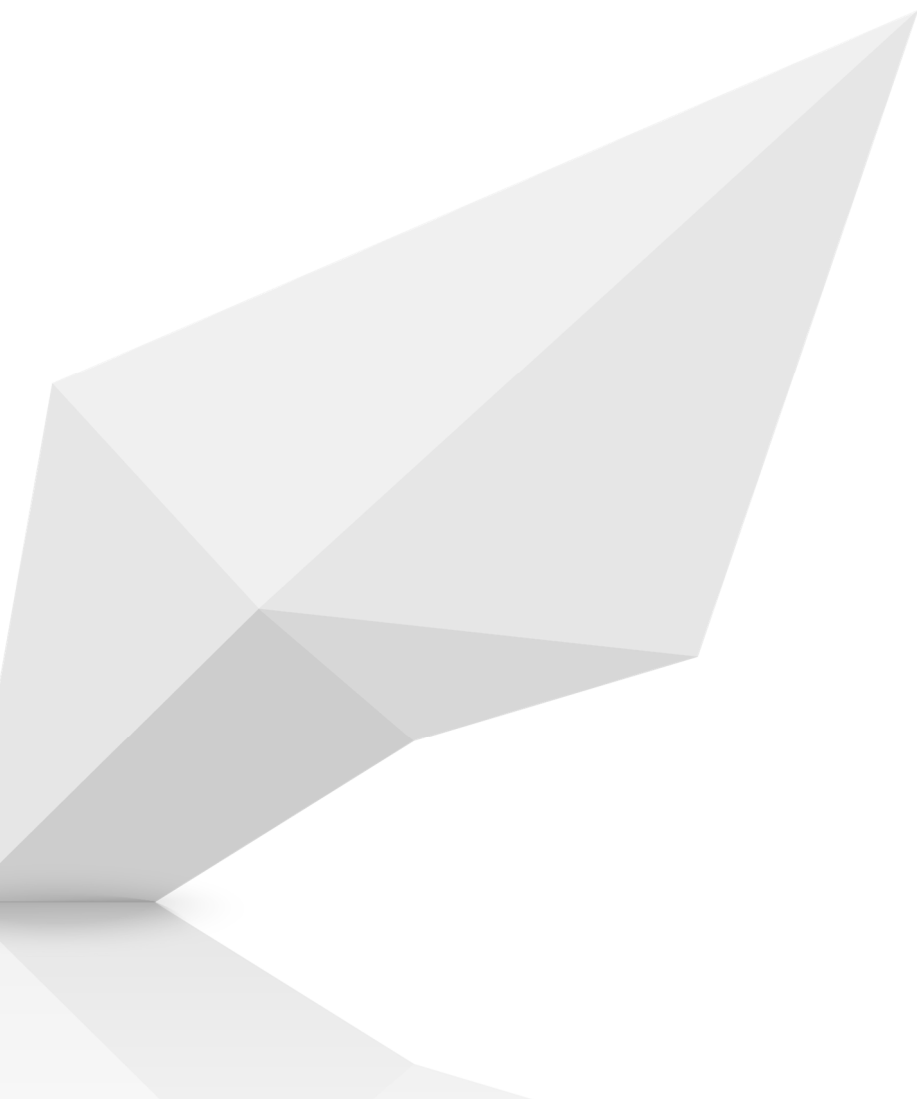


Diocese of Superior

Annual Financial Statement Together with
Independent Auditor's Report

Years Ended June 30, 2022 and 2021



WIPFLI

Independent Auditor's Report

Diocesan Finance Council
Diocese of Superior
Superior, Wisconsin

Opinion

We have audited the accompanying financial statements of Diocese of Superior (the "Organization"), a nonprofit organization, which comprise the statements of financial position as of June 30, 2022 and 2021, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the financial position of Diocese of Superior 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 GAAP ("GAAP").

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 Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Diocese of Superior 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 GAAP, 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 Diocese of Superior's ability to continue as a going concern for one year after the date the financial statements are available to be issued.

Auditor's 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 auditor's 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 Diocese of Superior'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 Diocese of Superior'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 audit.

Supplementary Information

Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The Schedules of Support, Revenue, and Expenses by Fund and Schedules of Expenses by Fund, are presented for purposes of additional analysis and are not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audits of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.



Wipfli LLP

Duluth, Minnesota

January 12, 2023

Diocese of Superior

Statement of Financial Position

As of June 30, 2022

Assets	General Fund	Insurance Fund	Health Insurance Fund	Total
Current assets				
Cash	\$ 1,447,293	\$ 521,722	\$ 563,004	\$ 2,532,019
Investments	8,223,679	1,673,857	658,777	10,556,313
Accounts receivable				
Affiliated organizations	599,491	15,211	237,186	851,888
Other			170,959	170,959
Grants receivable, current portion	171,500			171,500
Prepaid expenses	15,010	41,475	1	56,486
Interest receivable	9,216	8,328		17,544
Due to/due from other funds	(200,000)		200,000	
Total current assets	10,266,189	2,260,593	1,829,927	14,356,709
Property and equipment - net	391,928			391,928
Noncurrent assets				
Grants receivable, net of current portion	98,800			98,800
Note receivable - affiliated organizations	5,232			5,232
Beneficial interest in perpetual trust	154,978			154,978
Equity in Catholic Umbrella Pool		372,430		372,430
Total noncurrent assets	259,010	372,430		631,440
Total Assets	\$ 10,917,127	\$ 2,633,023	\$ 1,829,927	\$ 15,380,077

See accompanying notes to financial statements.

Diocese of Superior

Statement of Financial Position (Continued)

As of June 30, 2022

Liabilities and Net Assets	General Fund	Insurance Fund	Health Insurance Fund	Total
Current liabilities				
Accounts payable	\$ 712,897	\$	\$ 6,936	\$ 719,833
Due to parishes	25,742			25,742
Accrued payroll and vacation	53,885			53,885
Collections payable	3,276			3,276
Deferred revenue - Catholic Service Appeal	109,602			109,602
Clergy postretirement benefits - current	142,494			142,494
Estimate of claims incurred		117,292	392,000	509,292
Total current liabilities	1,047,896	117,292	398,936	1,564,124
Long-term liabilities				
Clergy postretirement benefits - net of current portion	3,297,305			3,297,305
Total liabilities	4,345,201	117,292	398,936	4,861,429
Net assets				
Without donor restrictions	5,239,887	2,515,731	1,430,991	9,186,609
Without donor restrictions - board designated	291,614			291,614
Total without donor restrictions	5,531,501	2,515,731	1,430,991	9,478,223
With donor restrictions	1,040,425			1,040,425
Total net assets	6,571,926	2,515,731	1,430,991	10,518,648
Total Liabilities and Net Assets	\$ 10,917,127	\$ 2,633,023	\$ 1,829,927	\$ 15,380,077

See accompanying notes to financial statements.

Diocese of Superior

Statement of Financial Position

As of June 30, 2021

Assets	General Fund	Insurance Fund	Health Insurance Fund	Total
Current assets				
Cash	\$ 2,025,638	\$ 687,780	\$ 904,419	\$ 3,617,837
Investments	8,844,316	1,439,025	386,537	10,669,878
Accounts receivable				
Affiliated organizations	356,969	10	176,023	533,002
Other			61,776	61,776
Grants receivable	132,100			132,100
Prepaid expenses	12,987	41,475	1	54,463
Note receivable, current portion	40,530			40,530
Interest receivable	6,918	7,676		14,594
Due to/due from other funds	(400,000)		400,000	
Total current assets	11,019,458	2,175,966	1,928,756	15,124,180
Property and equipment -net	415,080			415,080
Noncurrent assets				
Grants receivable, long term	20,000			20,000
Note receivable - affiliated organizations	59,641			59,641
Beneficial interest in perpetual trust	182,989			182,989
Equity in Catholic Umbrella Pool		468,702		468,702
Total noncurrent assets	262,630	468,702		731,332
Total Assets	\$ 11,697,168	\$ 2,644,668	\$ 1,928,756	\$ 16,270,592

See accompanying notes to financial statements.

Diocese of Superior

Statement of Financial Position (Continued)

As of June 30, 2021

Liabilities and Net Assets	General Fund	Insurance Fund	Health Insurance Fund	Total
Current liabilities				
Accounts payable	\$ 459,256	\$	\$ 8,133	\$ 467,389
Accrued payroll and vacation	55,003			55,003
Collections payable	67,421			67,421
Deferred revenue - Diocesan Service Appeal	102,691			102,691
Clergy postretirement benefits - current	178,183			178,183
Estimate of claims incurred		117,292	220,000	337,292
Held for others	108,206			108,206
Total current liabilities	970,760	117,292	228,133	1,316,185
Long-term liabilities				
Clergy postretirement benefits	5,490,003			5,490,003
Total liabilities	6,460,763	117,292	228,133	6,806,188
Net assets				
Without donor restrictions	4,207,347	2,527,376	1,700,623	8,435,346
Without donor restrictions - board designated	210,733			210,733
Total without donor restrictions	4,418,080	2,527,376	1,700,623	8,646,079
With donor restrictions	818,325			818,325
Total net assets	5,236,405	2,527,376	1,700,623	9,464,404
Total Liabilities and Net Assets	\$ 11,697,168	\$ 2,644,668	\$ 1,928,756	\$ 16,270,592

See accompanying notes to financial statements.

Diocese of Superior

Statement of Activities

For the Year Ended June 30, 2022

	General Fund	Insurance Fund	Health Insurance Fund	Total
Change in net assets without donor restrictions				
Support, revenue and gains				
Catholic Services Appeal	\$ 2,248,853	\$	\$	\$ 2,248,853
Capital campaign contributions	525			525
Gifts, grants, bequests and memorials	888,206			888,206
Contributions from foundations - related party	264,504			264,504
Fees	309,165			309,165
Tuition	3,850			3,850
Workshops and in-service	35,275			35,275
Fax and photocopying	20,870			20,870
Interest and dividends	198,030	50,644	17,602	266,276
TAXA	3,772			3,772
Miscellaneous	19,322		7	19,329
Insurance premiums and revenues		1,383,741	3,741,984	5,125,725
Net realized gains (losses) on investments	463,475	(18,508)	8,378	453,345
Net unrealized losses on investments	(1,488,451)	(129,253)	(107,278)	(1,724,982)
Actuarial gain - clergy post retirement	2,376,230			2,376,230
Change in equity - Catholic Umbrella Pool		(96,272)		(96,272)
Total support, revenue and gains	5,343,626	1,190,352	3,660,693	10,194,671
Net assets released from restrictions	270,829			270,829
Total support, revenue, gains and reclassifications	5,614,455	1,190,352	3,660,693	10,465,500
Expenses				
Program services				
Services to parishes	1,650,712	840,252	2,902,933	5,393,897
Services to priests	1,394,766	56,017	189,786	1,640,569
Total program services	3,045,478	896,269	3,092,719	7,034,466
Supporting services				
Management and general	1,348,334	224,068	703,932	2,276,334
Fund raising	322,556			322,556
Total supporting services	1,670,890	224,068	703,932	2,598,890
Total expenses	4,716,368	1,120,337	3,796,651	9,633,356
Change in net assets without donor restrictions	898,087	70,015	(135,958)	832,144

See accompanying notes to financial statements.

Diocese of Superior

Statement of Activities (Continued)

For the Year Ended June 30, 2022

	General Fund	Insurance Fund	Health Insurance Fund	Total
Change in net assets with donor restrictions				
Support, revenue and gains				
Gifts, grants, bequests and memorials	\$ 520,940	\$	\$	\$ 520,940
Change in value of beneficial interest in perpetual trust	(28,011)			(28,011)
Total support, revenue and gains	492,929			492,929
Net assets released from restrictions	(270,829)			(270,829)
Change in net assets with donor restrictions	222,100			222,100
Change in total net assets	1,120,187	70,015	(135,958)	1,054,244
Net assets, beginning of the year				
Without donor restrictions	4,418,080	2,527,376	1,700,623	8,646,079
With donor restrictions	818,325			818,325
Total net assets, beginning of the year	5,236,405	2,527,376	1,700,623	9,464,404
Transfers	215,334	(81,660)	(133,674)	
Net assets, end of the year				
Without donor restrictions	5,531,501	2,515,731	1,430,991	9,478,223
With donor restrictions	1,040,425			1,040,425
Total net assets, end of the year	\$ 6,571,926	\$ 2,515,731	\$ 1,430,991	\$ 10,518,648

See accompanying notes to financial statements.

Diocese of Superior

Statement of Activities

For the Year Ended June 30, 2021

	General Fund	Insurance Fund	Health Insurance Fund	Total
Change in net assets without donor restrictions				
Support, revenue and gains				
Catholic Services Appeal	\$ 2,250,000	\$	\$	\$ 2,250,000
Capital campaign contributions	7,816			7,816
Gifts, grants, bequests and memorials	3,676,976			3,676,976
Fees	99,295			99,295
Tuition	2,995			2,995
Workshops and in-service	2,765			2,765
Fax and photocopying	16,573			16,573
Interest and dividends	120,189	29,249	7,287	156,725
TAXA	5,880			5,880
Miscellaneous	11,528			11,528
Insurance premiums and revenues		1,334,918	3,771,446	5,106,364
Net realized gains (losses) on investments	307,978	(13,469)	60,575	355,084
Net unrealized gains (losses) on investments	710,979	(37,738)	19,281	692,522
Loss on sale of property and equipment	(18,189)			(18,189)
Actuarial loss - clergy post retirement	(198,161)			(198,161)
Change in equity - Catholic Umbrella Pool		83,806		83,806
Total support, revenue and gains	6,996,624	1,396,766	3,858,589	12,251,979
Net assets released from restrictions	294,346			294,346
Total support, revenue, gains and reclassifications	7,290,970	1,396,766	3,858,589	12,546,325
Expenses				
Program services				
Services to parishes	1,172,247	936,857	2,556,040	4,665,144
Services to priests	912,741	3	297,187	1,209,931
Total program services	2,084,988	936,860	2,853,227	5,875,075
Supporting services				
Management and general	859,344	213,503	715,108	1,787,955
Fund raising	258,925			258,925
Total supporting services	1,118,269	213,503	715,108	2,046,880
Total expenses	3,203,257	1,150,363	3,568,335	7,921,955
Change in net assets without donor restrictions	4,087,713	246,403	290,254	4,624,370

See accompanying notes to financial statements.

Diocese of Superior

Statement of Activities (Continued)

For the Year Ended June 30, 2021

	General Fund	Insurance Fund	Health Insurance Fund	Total
Change in net assets with donor restrictions				
Support, revenue and gains				
Gifts, grants, bequests and memorials	\$ 202,330	\$	\$	\$ 202,330
Change in value of beneficial interest in perpetual trust	8,520			8,520
Total support, revenue and gains	210,850			210,850
Net assets released from restrictions	(294,346)			(294,346)
Change in net assets with donor restrictions	(83,496)			(83,496)
Change in total net assets	4,004,217	246,403	290,254	4,540,874
Net assets, beginning of the year				
Without donor restrictions	126,453	2,358,460	1,536,796	4,021,709
With donor restrictions	901,821			901,821
Total net assets, beginning of the year	1,028,274	2,358,460	1,536,796	4,923,530
Transfers	203,914	(77,487)	(126,427)	
Net assets, end of the year				
Without donor restrictions	4,418,080	2,527,376	1,700,623	8,646,079
With donor restrictions	818,325			818,325
Total net assets, end of the year	\$ 5,236,405	\$ 2,527,376	\$ 1,700,623	\$ 9,464,404

See accompanying notes to financial statements.

Diocese of Superior

Statement of Functional Expenses

For the Year Ended June 30, 2022

	Program Services			Supporting Services			Total
	Services to Parishes	Services to Priests	Total Program Services	Management and General	Fund Raising	Total Supporting Services	
Salaries and related expenses							
Salaries and wages	\$ 596,635	\$ 331,497	\$ 928,132	\$ 277,355	\$ 121,395	\$ 398,750	\$ 1,326,882
Employee benefits	248,849	457,457	706,306	110,718	22,086	132,804	839,110
Payroll taxes and workers' compensation	43,732	21,818	65,550	22,326	9,114	31,440	96,990
Total salaries and related expenses	889,216	810,772	1,699,988	410,399	152,595	562,994	2,262,982
Assessments	12,909	12,908	25,817	25,816		25,816	51,633
Car and equipment expense	6,257	466	6,723	2,119		2,119	8,842
Charity	115	116	231	231		231	462
Computer and software	2,224	1,652	3,876	7,747	18,919	26,666	30,542
Contract services	342,513	40,610	383,123	173,096	26,955	200,051	583,174
Dues and subscriptions	13,277	4,057	17,334	8,187	1,800	9,987	27,321
Depreciation	5,314		5,314	17,116		17,116	22,430
Education	9,985	247,796	257,781	1,241	3,500	4,741	262,522
Grant expense	240,309	44,440	284,749	593,155	26,131	619,286	904,035
Insurance administration	884,807	57,095	941,902	168,981		168,981	1,110,883
Insurance claims	2,016,013	134,401	2,150,414	537,603		537,603	2,688,017
Insurance premiums	742,848	51,546	794,394	212,247		212,247	1,006,641
Miscellaneous	10,933	7,438	18,371	16,415	6,906	23,321	41,692
Office expense	10,901	8,970	19,871	5,595	29,607	35,202	55,073
Postage	6,638	4,690	11,328	7,049	11,398	18,447	29,775
Professional fees	40,780	33,812	74,592	67,798		67,798	142,390
Promotional materials	4,887	2,603	7,490	690		690	8,180
Repairs and maintenance	5,088	12,669	17,757	17,977		17,977	35,734
Rent	1,595	34,380	35,975				35,975
Scholarships	11,115		11,115				11,115
Special events	198,389	177	198,566				198,566
Travel	37,415	107,119	144,534	14,685	2,152	16,837	161,371
Telephone and utilities	12,500	16,213	28,713	30,744		30,744	59,457
Workshop expense	49,369	17,406	66,775	510	42,593	43,103	109,878
Total expenses before eliminations	5,555,397	1,651,336	7,206,733	2,319,401	322,556	2,641,957	9,848,690
Eliminations:							
Contract services from other funds	(161,500)	(10,767)	(172,267)	(43,067)		(43,067)	(215,334)
Total functional expenses	\$ 5,393,897	\$ 1,640,569	\$ 7,034,466	\$ 2,276,334	\$ 322,556	\$ 2,598,890	\$ 9,633,356

See accompanying notes to financial statements.

Diocese of Superior

Statement of Functional Expenses

For the Year Ended June 30, 2021

	Program Services			Supporting Services			Total
	Services to Parishes	Services to Priests	Total Program Services	Management and General	Fund Raising	Total Supporting Services	
Salaries and related expenses							
Salaries and wages	\$ 569,786	\$ 282,496	\$ 852,282	\$ 259,685	\$ 113,855	\$ 373,540	\$ 1,225,822
Employee benefits	265,319	319,153	584,472	110,309	21,771	132,080	716,552
Payroll taxes and workers' compensation	39,837	17,090	56,927	19,674	8,629	28,303	85,230
Total salaries and related expenses	874,942	618,739	1,493,681	389,668	144,255	533,923	2,027,604
Assessments	10,630	21,360	31,990	21,259		21,259	53,249
Car and equipment expense	5,371	999	6,370	3,250	44	3,294	9,664
Computer and software	2,142	1,665	3,807	2,910		2,910	9,270
Contract services	286,325	22,730	309,055	207,919	23,463	231,382	537,884
Dues and subscriptions	11,677	4,189	15,866	6,622	2,705	9,327	25,193
Depreciation	18,308		18,308	18,308		18,308	36,616
Education	13,721	93,402	107,123	300	299	599	107,722
Grant expense	102,051	12,045	114,096	112,728		112,728	226,824
Insurance administration	835,496	56,342	891,838	223,600		223,600	1,115,438
Insurance claims	1,815,970	237,896	2,053,866	492,535		492,535	2,546,401
Insurance premiums	761,253	5,596	766,849	203,296		203,296	970,145
Miscellaneous	4,218	12,177	16,395	5,814	2,762	8,576	24,971
Office expense	9,424	7,685	17,109	6,866	46,000	52,866	49,154
Postage				16		16	27,550
Professional fees	18,816	18,728	37,544	37,457		37,457	75,001
Promotional materials	5,985	3,314	9,299	2,235	318	2,553	5,139
Repairs and maintenance	6,232	16,211	22,443	10,754		10,754	33,197
Rent	1,485	4,115	5,600				5,600
Scholarships	3,300		3,300				3,300
Special events	7,704	1,274	8,978				8,978
Travel	26,764	29,734	56,498	14,630	490	15,120	71,618
Telephone and utilities	12,591	13,377	25,968	27,750		27,750	53,718
Workshop expense	34,653	28,353	63,006	38	38,589	38,627	101,633
Total expenses before eliminations	4,869,058	1,209,931	6,078,989	1,787,955	258,925	2,046,880	8,125,869
Eliminations:							
Contract services from other funds	(203,914)		(203,914)	-			(203,914)
Total functional expenses	\$ 4,665,144	\$ 1,209,931	\$ 5,875,075	\$ 1,787,955	\$ 258,925	\$ 2,046,880	\$ 7,921,955

See accompanying notes to financial statements.

Diocese of Superior

Statements of Cash Flows

As of June 30,

	2022	2021
Cash flows from operating activities		
Change in net assets	\$ 1,054,244	\$ 4,540,874
Adjustments to reconcile changes in net assets to net cash provided by (used in) operating activities		
Depreciation	22,430	36,616
Service cost on clergy post retirement plan	147,843	
Change in value of beneficial interest in perpetual trust	28,011	(8,520)
Net realized gains on investments	(453,345)	(355,084)
Net unrealized losses (gains) on investments	1,724,982	(692,522)
Loss on sale of property and equipment		18,189
Change in equity - Catholic Umbrella Pool	96,272	(83,806)
Actuarial (gain) loss - clergy post retirement	(2,376,230)	198,161
(Increase) decrease in		
Accounts receivable	(428,069)	30,262
Grants receivable	(118,200)	2,300
Prepaid expenses	(2,023)	2,228
Interest receivable	(2,950)	2,053
Increase (decrease) in		
Accounts payable	252,444	352,934
Due to parishes	25,742	
Accrued payroll and vacation	(1,118)	(3,454)
Collections payable	(64,145)	(497)
Deferred revenue	6,911	(4,929)
Estimate of claims incurred	172,000	90,053
Held for others	(108,206)	(13,648)
Refundable advance liability		(409,500)
Net cash provided by (used in) operating activities	(23,407)	3,701,710
Cash flows from investing activities		
Purchase of investments	(3,167,338)	(5,375,953)
Proceeds from sales of investments	2,009,988	2,141,500
Payments received on note receivable	94,939	67,737
Net cash used in investing activities	(1,062,411)	(3,166,716)
Net increase (decrease) in cash	(1,085,818)	534,994
Cash, beginning of year	3,617,837	3,082,843
Cash, end of year	\$ 2,532,019	\$ 3,617,837

See accompanying notes to financial statements.

Diocese of Superior

Notes to Financial Statements

Note 1: Summary of Significant Accounting Policies

Nature of Operations

The Diocese of Superior (Organization) is a non-profit corporation organized under the laws of the State of Wisconsin. The Organization is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code. Its activities consist principally of providing pastoral, administrative and insurance services to parishes and missions in sixteen counties of Northwestern Wisconsin, which comprise the geographical area of the Diocese of Superior.

Basis of Accounting

The financial statements of the Organization have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States.

Net Assets

Net assets and revenues, gains, and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets of the Organization 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 (or certain grantor) restrictions. The governing board has designated, from net assets without donor restrictions, net assets for Education and Bishop's Legacy Circle.

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.

Cash and Cash Equivalents

Cash consists of demand deposits.

Accounts Receivable

Accounts receivable are due mainly from parishes within the Organization and are stated at the amount management expects to collect from balances outstanding at year-end. Management periodically evaluates the account balances and writes off, if necessary, any amounts considered uncollectible. Due to the nature of these accounts and based on past collection history, management believes collection of these accounts is reasonably certain and a valuation allowance is not considered necessary.

Diocese of Superior

Notes to Financial Statements

Note 1: Summary of Significant Accounting Policies (Continued)

Contributions and Grants Receivable

Unconditional pledges, including grants and bequests receivable are recorded as receivables in the year pledged. Conditional pledges receivable are recognized only when the conditions on which they depend are substantially met. Pledges and other promises to give whose eventual uses are restricted by the donors are recorded as increases in net assets with donor restrictions. Unconditional pledges to be collected in future periods are also recorded as an increase to net assets with donor restrictions and reclassified to net assets without donor restrictions when received, unless the donor's intention is to support current-period activities.

Pledges receivable expected to be collected in less than one year are reported at net realizable value. Pledges receivable that are expected to be collected in future years are recorded at the present value of estimated future cash flows on a discounted basis applicable to the years in which the promises were received. The amortization of the discount is recognized as contribution income over the duration of the pledge.

Management individually reviews all past due pledge receivable balances and estimates the portion, if any, of the balance that will not be collected. The carrying amounts of pledges receivable are reduced by allowances that reflect management's estimate of uncollectible amounts.

Contributions

Contributions, including promises to give, are considered conditional or unconditional, depending on the nature and existence of any donor or grantor conditions. A contribution or promise to give contains a donor or grantor condition when both of the following are present:

- An explicit identifying of a barrier, that is more than trivial, that must be overcome before the revenue can be earned and recognized
- An implicit right of return of assets transferred or a right of release of a donor or grantor's obligation to transfer assets promised, if the condition is not met

Conditional contributions are recognized when the barrier(s) to entitlement are overcome. Unconditional contributions are recognized as revenue when received.

Unconditional contributions or conditional contributions in which the conditions have been substantially met or explicitly waived by the donor are recorded as support with or without donor restrictions, depending on the existence and nature of any donor restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions. Contributions that are restricted by the donor are reported as increases in net assets without donor restrictions if the restrictions expire in the fiscal year in which the contributions are recognized.

Diocese of Superior

Notes to Financial Statements

Note 1: Summary of Significant Accounting Policies (Continued)

Contributions (Continued)

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 Organization.

Revenue Recognition

Revenue from Exchange Transactions: The Organization recognizes revenue in accordance with Financial Accounting Standards Board (FASB) Accounting Standards Update (ASU) 2014-09, *Revenue from Contracts with Customers*, as amended. ASU 2014-09 applies to exchange transactions with customers that are bound by contracts or similar arrangements and establishes a performance obligation approach to revenue recognition. The Organization records the following exchange transaction revenue in its statements of activities for the years ending June 30, 2022 and 2021:

Catholic Service Appeal - The Organization charges an assessment to each parish yearly for services provided by the Diocese to the parishes. These services (performance obligations) include assisting parishes in religious education, retired priest support, lay and youth ministries, seminary programs, leadership and development, grants and fundraising, accounting and administration support and other services. These services are not separately priced and are considered one performance obligation. The Organization charges the yearly assessment using a formula that is based on each parishes plate collections for the previous three years. Revenue is recorded over time as the services are provided. The Organization records accounts receivable at year end for outstanding amounts or deferred revenue for overpayments that will be either refunded or applied to the next year's assessment. There were no contract assets at June 30, 2022 or 2021.

Fees - The Organization charges fees for Totus Tuus (retreat program), Education (MAP testing, mystery science, transparent language, job posting site, dues and other educational related services), US Latin Sisters (ministry services provided by host sisters from Mexico), a 5% administration fee for all National/World Concerns collected by parishes and remitted to the Organization, and other various fees based on implied contracts formed when the service is requested by the parish. The performance obligation depends on the service purchased by the customer. The Organization charges a fees based on the type of service. Revenue is recognized at the point in time the services are provided. The Organization records accounts receivable at year end for outstanding amounts. There were no contract assets or liabilities at June 30, 2022 or 2021.

Tuition, Workshops and in-service, Fax and photocopying, TAXA and other services - The Organization charges fees for tuition, workshops and in-service, fax and photocopying, TAXA and other services to parishes based on implied contracts when the services are requested by the parish. The performance obligation depends on the service purchased by the parish. The Organization charges a fee based on the type of service. Revenue is recognized at the point in time the services are provided. The Organization records accounts receivable at year end for outstanding amounts. There were no contract assets or liabilities at June 30, 2022 or 2021.

Diocese of Superior

Notes to Financial Statements

Note 1: Summary of Significant Accounting Policies (Continued)

Revenue Recognition (Continued)

Property Insurance programs - The Organization acts on behalf of participating parishes, schools and other entities within the territory of the Diocese to provide adequate property and casualty insurance coverage. The arrangements with the covered entities contain one performance obligation, which is providing insurance coverage. At the beginning of each fiscal year, the fiscal year's property and casualty insurance coverage is billed at rates set by the Organization. Revenue from the insurance program is recognized over time because the participant simultaneously receives and consumes the benefit provided by the Organization. Changes to coverage are recognized in the month the Organization is notified of the change.

Health Insurance programs - The Organization acts on behalf of employees of participating parishes, schools and other entities within the territory of the Diocese to provide adequate health and dental insurance coverage. The arrangements with the covered employees contain one performance obligation, which is providing insurance coverage. Health insurance coverage is billed at rates set by the Organization bi-weekly. Revenue from the insurance program is recognized over time because the participant simultaneously receives and consumes the benefit provided by the Organization. Changes to coverage are recognized in the month the Organization is notified of the change.

Fair Value Measurements

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an ordinary transaction between market participants at the measurement date. A three-tier hierarchy prioritizes the inputs used in measuring fair value. These tiers include Level 1, defined as observable inputs such as quoted market prices in active markets; Level 2, defined as inputs other than quoted market prices in active markets that are either directly or indirectly observable; and Level 3, defined as unobservable inputs in which little or no market data exists, therefore, requiring an entity to develop its own assumptions. The asset's or liability's fair value measurement within the hierarchy is based on the lowest level of any input that is significant to the fair value measurement.

Investments

Investments consist primarily of marketable debt and equity securities and are recorded at fair value on a recurring basis. Fair value measurement is based upon quoted prices, if available. If quoted prices are not available, fair values are measured using independent pricing models or other model-based valuation techniques such as the present value of future cash flows, adjusted for the security's credit rating, prepayment assumptions, and other factors such as credit loss assumptions. Unrealized gains and losses are included in the changes in net assets in the accompanying statements of activities.

Investment securities, in general, are exposed to various risks, such as interest rate, credit and overall market volatility. Due to the level of risk associated with certain investment securities, it is reasonably possible that changes in the value of investment securities will occur in the near term.

Diocese of Superior

Notes to Financial Statements

Note 1: Summary of Significant Accounting Policies (Continued)

Investment Income and Gains

Investment income and gains restricted by donors are reported as increases in net assets without donor restrictions if the restrictions are met (either a stipulated time period ends or a purpose restriction is accomplished) in the reporting period in which the income and gains are recognized.

Donated Services

Donated services are recognized as contributions if the services (a) create or enhance non-financial assets or (b) require specialized skills, are performed by people with those skills, and would otherwise be purchased by the Organization. Volunteers provided various services throughout the year that are not recognized as contributions in the financial statements because the criteria for recognition were not met.

Donated Property and Equipment

Donations of property and equipment are recorded as contributions at their estimated fair value at the date placed in service. Such donations are reported as increases in net assets with donor restrictions unless the donor has restricted the donated asset to a specific purpose. Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire property and equipment are reported as contributions with donor restrictions. Absent donor stipulations regarding how long those donated assets must be maintained, the Organization reports expirations of donor restrictions when the donated or acquired assets are placed in service as instructed by the donor. The Organization reclassifies net assets with donor restrictions to net assets without donor restrictions at that time.

Property, Equipment and Depreciation

Property and equipment are capitalized at cost or, if donated, at fair value on the date placed in service. Depreciation is computed using the straight-line method over the estimated useful life of the asset. The Organization capitalizes property and equipment with a value greater than or equal to \$5,000 and a useful life of greater than one year.

Property and equipment consisted of the following at June 30:

	2022	2021
Land	\$ 103,410	\$ 103,410
Land improvements	102,550	102,550
Buildings and improvements	1,223,094	1,219,240
Furnishings and equipment	253,508	253,508
Transportation equipment	45,187	45,187
Subtotal	1,727,749	1,723,895

Diocese of Superior

Notes to Financial Statements

Note 1: Summary of Significant Accounting Policies (Continued)

Property, Equipment and Depreciation (Continued)

Less accumulated depreciation	(1,335,821)	(1,308,815)
Net property and equipment	\$ 391,928	\$ 415,080

Depreciation expense was \$22,429 and \$36,616 for the years ended June 30, 2022 and 2021, respectively.

Pension Plan

The Diocese of Superior has established a defined contribution pension plan covering all eligible employees. Employees have the option to voluntarily contribute to the plan. Pension costs are expensed in the current period. Employer and employee contributions are vested immediately. Employer contributions are 3 - 7 percent of the salary of all full-time employees, after two years of service. Contributions for the years ended June 30, 2022 and 2021 totaled \$80,457 and \$83,890, respectively.

Functional Allocation of Expenses

The costs of program and supporting services activities have been summarized on a functional basis in the statements of functional expenses. The statements of functional expenses present the natural classification detail of expenses by function. Accordingly, certain costs have been allocated among the programs and supporting services benefited. The expenses that are allocated include salaries and benefits, which are allocated on the basis of estimates of time and effort.

Income Taxes

The Diocese of Superior is a tax exempt organization as described in Section 501(c)(3) of the Internal Revenue Code (the "Code") and is exempt from federal income taxes on related income. The Diocese of Superior is included in the United States Conference of Catholic Bishops group tax exemption and therefore, is exempt from filing annual returns on related income.

Use of Estimates

The preparation of the financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Diocese of Superior

Notes to Financial Statements

Note 1: Summary of Significant Accounting Policies (Continued)

Reclassification

Certain amounts as previously reported in the 2021 financial statements have been reclassified to conform to the 2022 presentation. Such reclassifications have no effect on reported amounts of net assets or change in net assets.

Subsequent Events

The Organization has evaluated events and transactions for potential recognition or disclosure in the financial statements through January 12, 2023, which is the date the financial statements were available to be issued.

Change in Accounting Policy

As of July 1, 2021, the Organization adopted the provisions of Financial Accounting Standards Board (FASB) Accounting Standards Update (ASU) 2020-07, *Presentation and Disclosures by Not-for-Profit Entities for Contributed Non-Financial Assets* (Topic 958). The amendments in this update requires entities to present contributed nonfinancial assets as a separate line item in the statement of activities, expand disclosures on the various contributed nonfinancial assets recognized, including disaggregated category types, the valuation techniques and inputs used to arrive at fair value, and the policy for either monetizing or utilizing contributed nonfinancial assets. The ASU has been applied retrospectively to all periods presented, with no effect on net assets or previously issued financial statements.

The Organization also adopted the provisions of FASB ASU 2018-14, *Compensation - Retirement Benefits - Defined Benefit Plans - General* (Subtopic 715-20): *Disclosure Framework - Changes to the Disclosure Requirements for Defined Benefit Plans*. The amendments in this Update remove disclosures that no longer are considered cost beneficial, clarify the specific requirements of disclosures, and add disclosure requirements identified as relevant. The ASU has been applied retrospectively to all periods presented, with no effect on net assets.

New Accounting Pronouncements

In February 2016, the FASB issued ASU No. 2016-02, *Leases* (Topic 842). This ASU requires that a lease liability and related right-of-use-asset representing the lessee's right to use or control the asset be recorded on the statement of financial position upon the commencement of all leases except for short-term leases. Leases will be classified as either finance leases or operating leases, which are substantially similar to the classification criteria for distinguishing between capital leases and operating in existing lease accounting guidance. As a result, the effect of leases in the statement of activities and the statement of cash flows will be substantially unchanged from the existing lease accounting guidance. In 2020, the FASB delayed the effective date for nonpublic entities to fiscal years beginning after December 15, 2021. Early adoption is permitted. The Organization is currently evaluating the full effect that the adoption of this standard will have on the financial statements.

Diocese of Superior

Notes to Financial Statements

Note 2: Investments

Investments at June 30, 2022 and 2021, and related returns for the years then ended consisted of the following:

	2022		2021	
	Fair Value	Cost	Fair Value	Cost
General Fund:				
U.S. Treasury bonds	\$ 1,087,750	\$ 1,130,633	\$ 719,617	\$ 707,305
Corporate bonds	4,066,185	4,259,506	4,334,012	4,292,113
Stocks	2,261,828	2,419,338	2,978,963	2,115,880
REITs	532,155	565,810	332,290	275,826
Mutual funds	275,761	211,975	479,434	345,537
Total general fund investments	8,223,679	8,587,262	8,844,316	7,736,661
Insurance Fund:				
U.S. Treasury bonds	1,070,338	1,117,298	859,633	840,521
Corporate bonds	603,519	643,365	579,392	565,135
Total insurance fund investments	1,673,857	1,760,663	1,439,025	1,405,656
Health Insurance Fund:				
Corporate bonds	294,160	309,799	104,096	97,733
Stocks	364,617	388,629	282,441	224,709
Total health insurance fund investments	658,777	698,428	386,537	322,442
Total investments	\$ 10,556,313	\$ 11,046,353	\$ 10,669,878	\$ 9,464,759

Realized gains and losses on investments of \$478,628 and \$373,656 are reported net of fees of \$25,283 and \$18,572 for the years ended June 30, 2022 and 2021, respectively.

Diocese of Superior

Notes to Financial Statements

Note 3: Beneficial Interest in Perpetual Trust

The Diocese is a one-fifteenth income beneficiary under an irrevocable perpetual charitable trust agreement. This future interest in the trust's earnings is measured using one-fifteenth of the fair value of the trust assets based on the information received from the trustee. Under the terms of the trust, the Diocese has the irrevocable right to receive the income earned on trust assets in perpetuity. The fair value of the beneficial interest in perpetual trust is recognized as an asset and as a contribution with donor restrictions at the date the trust is established.

Trust assets consist of, but are not limited to, cash and cash equivalents, corporate and government bonds, mutual funds, equity securities, real estate investment trusts, real estate funds, and oil, gas & minerals. These assets are not subject to control or direction by the Diocese. Gains and losses, which are not distributed by the trust, are reflected as the change in value of beneficial interest in perpetual trust in the statements of activities. The fair value of the trust totaling \$154,978 and \$182,989 is presented in the accompanying financial statements at June 30, 2022 and 2021, respectively.

Note 4: Fair Value Measurements

The Organization uses fair value measurements to record fair value adjustments to certain assets and to determine fair value disclosures. The following is a description of the valuation methodologies used for assets measured at fair value.

Quoted market prices are used to determine the fair value of investments in stocks, mutual funds and exchange traded funds (ETFs).

Corporate bonds and U.S. Treasury bonds are valued using quotes from pricing vendors based on recent trading activity and other observable market data.

The beneficial interest in perpetual trust is measured using the fair value of the underlying assets held by the trust as of June 30, 2022 and 2021. The Organization owns an interest in the perpetual trust but not the underlying assets. The Organization considers the measurement of its beneficial interest in perpetual trust to be a Level 3 measurement within the fair value measurement hierarchy because even though that measurement is based on the fair value of underlying assets reported by the trust, the Organization will never receive those assets or have the ability to direct the trust to redeem them.

The methods described above may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair value. Furthermore, while the Organization believes their valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value could result in a different fair value measurement at the reporting date.

Diocese of Superior

Notes to Financial Statements

Note 4: Fair Value Measurements (Continued)

The following table presents the balances of assets and liabilities measured at fair value on a recurring basis by level within the fair value hierarchy at June 30:

	Total	2022		
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Beneficial interest in perpetual trust	\$ 154,978	\$	\$	\$ 154,978
Investments:				
U.S. Treasury bonds	2,158,088		2,158,088	
Corporate bonds	4,963,864		4,963,864	
Stocks	2,626,445	2,626,445		
REITs	532,155	532,155		
Mutual funds	275,761	275,761		
Total investments	10,556,313	3,434,361	7,121,952	
Total assets at fair value	\$ 10,711,291	\$ 3,434,361	\$ 7,121,952	\$ 154,978

	Total	2021		
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Beneficial interest in perpetual trust	\$ 182,989	\$	\$	\$ 182,989
Investments:				
U.S. Treasury bonds	1,579,250		1,579,250	
Corporate bonds	5,017,500		5,017,500	
Stocks	3,261,404	3,261,404		
REITs	332,290	332,290		
Mutual funds	479,434	479,434		
Total investments	10,669,878	4,073,128	6,596,750	
Total assets at fair value	\$ 10,852,867	\$ 4,073,128	\$ 6,596,750	\$ 182,989

Diocese of Superior

Notes to Financial Statements

Note 4: Fair Value Measurements (Continued)

The amount of gains and losses related to fair value measurement using Level 3 inputs, including both realized and unrealized gains and losses, during the years ended June 30, were as follows:

	2022 Beneficial Interest in Perpetual Trust	2021 Beneficial Interest in Perpetual Trust
Balance, July 1	\$ 182,989	\$ 174,469
Change in value	(28,011)	8,520
Balance, June 30	\$ 154,978	\$ 182,989

Quantitative Information about Significant Unobservable Inputs Used in Level 3 Fair Value Measurements

The following tables represent the Organization's level 3 asset, the valuation techniques used to measure the fair value of the asset, and the significant unobservable inputs and the ranges of values for those inputs.

As of June 30, 2022				
Assets	Fair Value	Valuation Technique	Significant Unobservable Inputs	Range
Beneficial Interest in Perpetual Trust	\$ 154,978	Third Party Pricing or Appraisals	Market Price of Assets Held	Unknown

As of June 30, 2021				
Assets	Fair Value	Valuation Technique	Significant Unobservable Inputs	Range
Beneficial Interest in Perpetual Trust	\$ 182,989	Third Party Pricing or Appraisals	Market Price of Assets Held	Unknown

Diocese of Superior

Notes to Financial Statements

Note 5: Accounts Receivable and Contract Balances

Opening and closing balances for contract assets, contract liabilities, and accounts receivable arising from contracts with customers include:

	7/1/2021	6/30/2021	6/30/2022
Contract liabilities - deferred revenue	\$ 107,620	\$ 102,691	\$ 109,602
Accounts receivable - general fund	\$ 472,023	\$ 356,969	\$ 599,491

Contract assets arise when the Organization transfers goods or services to a customer in advance of receiving consideration and the right to consideration is conditioned on something other than the passage of time. Contract assets are transferred to receivables when the right to receive consideration becomes unconditional and the Organization is able to invoice the customer. There were no contract assets at June 30, 2022, 2021, or July 1, 2021. Contract liabilities represent the Organization's obligation to transfer goods or services to a customer when consideration has already been received from the customer. When transfer of control of the related good or service occurs, contract liabilities are reclassified, and revenue is recognized.

Note 6: Note Receivable - Affiliated Organizations

<i>June 30,</i>	2022	2021
Note receivable dated September 15, 2010, due in 172 monthly installments of \$3,805, including interest 4%. The note is unsecured.	\$ -	\$ 97,809
Various notes receivable from priests, 0% interest, unsecured.	5,232	2,362
Total note receivable	\$ 5,232	\$ 100,171

The note receivable is shown in the financial statements as follows:

<i>June 30,</i>	2022	2021
Note receivable - current portion	\$ -	\$ 40,530
Note receivable	5,232	59,641
Total note receivable	\$ 5,232	\$ 100,171

The notes are due from a employees of the Organization. Collection is fully expected and, accordingly, no allowance has been provided.

Diocese of Superior

Notes to Financial Statements

Note 7: Self-Funded Insurance Plans

Health Insurance Fund

The Diocese of Superior established a self-funded employee welfare benefit plan to provide for the payment or reimbursement of specified medical and related expenses incurred by eligible employees and dependents of the Organization and the parishes. The parishes pay premiums to the Organization for this insurance coverage. To control costs and liabilities, the Diocese has purchased a stop loss policy, which in part, pays any individual claim in excess of \$60,000 and also limits claims that must be paid by the Organization to 125 percent of prior year claims. Independent companies administer all claims processing for the Organization. The medical and related expenses are expensed as incurred. The expense is based on actual claims paid, premiums, administration fees, and unpaid claims at year-end.

The Diocese of Superior collected \$3,741,984 and \$3,771,446 in premium revenue from the parishes for the years ended June 30, 2022 and 2021, respectively. The Organization paid \$2,604,074 and \$2,378,958 in insurance claims and \$1,185,053 and \$1,183,864 in reinsurance premiums for the years ended June 30, 2022 and 2021, respectively. A liability has been recorded for claims outstanding in the amounts of \$392,000 and \$220,000 at June 30, 2022 and 2021, respectively. Management believes that this liability is sufficient to cover estimated claims including claims incurred but not yet reported.

Insurance Fund

The Diocese of Superior established a self-funded insurance fund to provide property and liability insurance to the Organization, parishes, and other affiliated organization. The parishes and affiliates pay premiums to the Organization for this insurance coverage. The Organization then pays premiums to Catholic Mutual who administers all claims. To control costs and liabilities, the Diocese has purchased reinsurance from Catholic Mutual who pays any claim per location in excess of \$50,000, and also limits claims that must be paid by the Organization to \$250,000 maximum per year. Insurance fund expenses are expensed as incurred. The expense is based on actual claims paid, reinsurance premiums, administration fees, and unpaid claims at year-end.

The Diocese of Superior collected \$1,383,741 and \$1,334,918 in premium revenue from the parishes for the years ended June 30, 2022 and 2021, respectively. The Organization paid \$83,944 and \$167,443 in insurance claims and \$908,910 and \$882,383 in insurance premiums for the years ended June 30, 2022 and 2021, respectively. A liability has been recorded for claims outstanding in the amount of \$117,292 and at both June 30, 2022 and 2021. Management believes that this liability is sufficient to cover estimated claims including claims incurred but not yet reported.

Note 8: Equity in Catholic Umbrella Pool

The Diocese of Superior is a member of the Catholic Umbrella Pool (Pool) for the years ended June 30, 2022 and 2021. This Pool was created to provide coverage for excess liability claims for Diocese throughout the country. The Pool is responsible for individual casualty claims exceeding \$1,500,000 to a limit of \$5,000,000. The Pool does not cover losses beyond the Pool's ability to fund said losses.

Diocese of Superior

Notes to Financial Statements

Note 8: Equity in Catholic Umbrella Pool (Continued)

As a member of the Catholic Umbrella Pool, the Organization builds equity in the net assets of the Pool. The equity in the Catholic Umbrella Pool as of June 30, 2022 and 2021 was \$372,430 and \$468,702, respectively.

In the event the total paid and reserved claims exceed the net assets of the Pool, the Organization could be responsible for additional contributions as defined in the participation agreements.

Note 9: Clergy Postretirement Benefits/Underfunded Liability

It is the policy of the Diocese of Superior to assume the costs of health care insurance for priests employed in the Organization upon retirement. The Organization has recognized a liability on the balance sheet for these future costs. As of June 30, 2022 and 2021, the estimated present value of these projected future costs was \$3,439,799 and \$5,668,186, respectively. Any change in the present value of future benefits payable is included as an actuarial gain or loss.

The post retirement liability is recalculated every two years by an actuary. Due to the sensitive nature of the assumptions used to calculate the estimated present value of the clergy postretirement benefit obligation it is reasonably possible that the estimate could change in the near term.

The Retired Priest Health Care Fund (the Fund) (a separately incorporated foundation) was established to cover the post retirement liability in the future. This has been funded through a capital campaign. At June 30, 2022 and 2021 the Fund had assets of \$3,447,435 and \$4,030,644, respectively, that will be used to cover future costs. The remaining balance is unfunded. The Organization does not recognize the value of the plan assets as they are held by a separate entity.

The accrued liability includes amounts for three categories of clergy:

	2022	2021
Retirees	\$ 1,502,984	\$ 1,900,494
Active priests eligible for retire	610,049	929,592
Remaining active priests	1,326,766	2,838,100
Total	\$ 3,439,799	\$ 5,668,186

Amounts recognized in the statement of financial position consist of:

	2022	2021
Current liabilities	\$ 142,494	\$ 178,183
Noncurrent liabilities	3,297,305	5,490,003
Total	\$ 3,439,799	\$ 5,668,186

Diocese of Superior

Notes to Financial Statements

Note 9: Clergy Postretirement Benefits/Underfunded Liability (Continued)

The net periodic benefit cost consists of:

<i>Years Ended June 30, 2022 and 2021</i>	2022	2021
Amortization of gains and losses	\$ 14,474	\$ 9,609
Investment (return) loss	(2,530,215)	53,810
Interest cost	139,511	134,742
Total	\$ (2,376,230)	\$ 198,161

The components of net periodic benefit cost other than the service cost component are included in actuarial gain/(loss) on the statement of activities. Current service cost for 2022 and 2021, respectively, were \$147,843 and \$142,156 and has been recorded in other employee benefits on the statement of functional expenses.

The following additional items affected the benefit obligation:

<i>Years Ended June 30,</i>	2022	2021
Employer contributions	\$ 176,546	\$ 161,675
Benefits paid	\$ 176,546	\$ 161,675

The accumulated post-retirement benefit obligation was \$3,439,799 and \$5,668,186 as of June 30, 2022 and 2021, respectively.

The actuarial assumptions used in calculating the liability include:

	<u>2022</u>	<u>2021</u>
Health care cost trend rate	7.5% - 4.50% over 6 years	8% - 4.50% over 7 years
Future discount rate	4.5%	2.5%
Retirement age	70 years old	70 years old
Retirees electing coverage	100%	100%
Active priests	23	24
Retired priests	24	26

The estimated net gain, periodic benefit cost, and contribution for the postretirement health plan that will be recognized in actuarial gain/loss over the next fiscal year are \$116,696, \$221,438 and \$145,665, respectively.

Diocese of Superior

Notes to Financial Statements

Note 9: Clergy Postretirement Benefits/Underfunded Liability (Continued)

The following pension benefit payments, which reflect expected future service, as appropriate, are expected to be paid:

2023	\$	145,665
2024		160,512
2025		168,869
2026		171,145
2027		179,945
Thereafter	\$	1,046,781

Note 10: Refundable Advance Liability – Paycheck Protection Program

At June 30, 2020, the Organization had a refundable advance liability of \$409,500. This amount represents the receipt of an award from the Small Business Administration's (SBA) Paycheck Protection Program (PPP) as a result of legislation passed to assist businesses in navigating the Coronavirus pandemic. The Organization has determined the award is a conditional grant and has applied the policy as described in Note 1.

Accordingly, the award was reported as a refundable advance liability as of June 30, 2020 until the conditions were substantially met or explicitly waived. The Organization has met all the conditions of the grant for the incurrence of eligible expenditures during the covered period and has received forgiveness from the SBA, and accordingly has recognized the grant revenue at the amount officially forgiven for the year ended June 30, 2021.

Diocese of Superior

Notes to Financial Statements

Note 11: Net Assets

Net assets with donor restrictions were restricted for the following purpose at June 30, 2022 and 2021:

<i>June 30,</i>	2022	2021
Subject to expenditure for specified purpose:		
Scholarships	\$ 23,127	\$ 24,259
Campaign for Human Development	89,183	99,963
Catholic Communications	19,322	22,812
Rice Bowl	164,529	179,249
Native American Evangelization	1,887	38,582
Hispanic ministry	35,300	61,505
Geisler trust	44,021	44,021
Education	222,708	-
International priest orientation	20,000	40,000
Building Faith - Red Cliff	38,000	-
Continuing forward - Bayfield Peninsula	59,800	19,600
New Richmond Steward Development	40,000	
Hayward Steward Development	40,000	
Total subject to expenditure for specified purpose	797,877	529,991
Subject to passage of time:		
CHM grant	87,570	105,345
Perpetual in nature:		
Beneficial interest in perpetual trust	154,978	182,989
Total net assets with donor restrictions	\$ 1,040,425	\$ 818,325

The Organization's governing board has designated net assets without donor restrictions for the following purposes as of June 30, 2022 and 2021:

<i>June 30,</i>	2022	2021
Priest continuing education	\$	\$ 748
Bishop's Legacy Circle	291,614	209,985
Total net assets without donor restrictions - board designated	\$ 291,614	\$ 210,733

Diocese of Superior

Notes to Financial Statements

Note 11: Net Assets (Continued)

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purposes or by occurrence of the passage of time or other events specified by donors as follows for the years ended June 30, 2022 and 2021:

<i>Years Ended June 30,</i>	2022	2021
Satisfaction of expenditure for specified purpose:		
Scholarships	\$ 11,235	\$ -
Catholic Communications	6,507	2,380
Rice Bowl	15,752	25,350
Education	9,055	
Native American Evangelization	6,695	70,000
Campaign for Human Development	12,805	-
Hispanic Ministry	26,205	-
Native American Evangelization	30,000	-
Building Faith - Holy Rosary	-	15,000
Continuing forward - Bayfield Peninsula	19,800	19,800
International Priest Orientation	20,000	20,000
Satisfaction of passage of time:		
CHM grant	112,775	141,816
Total net assets released from restrictions	\$ 270,829	\$ 294,346

Note 12: Related Party Transactions

Related Entities - The Organization provides various services to 115 parishes and affiliates in Northwestern Wisconsin. The Organization has no ownership or voting interests in these parishes or affiliates. The parishes and affiliates of the Organization are not included in the accompanying financial statements because they are incorporated separately from the Organization and they do not meet the criteria for consolidation under financial statements standards applicable to this Organization. Likewise, religious orders, lay societies, and religious organizations which operate within the Organization, but which are not fiscally responsible to the Bishop, have not been included in the accompanying financial statements.

Diocese of Superior

Notes to Financial Statements

Note 12: Related Party Transactions (Continued)

The following is a summary of related party transactions:

<i>Years Ended June 30,</i>	2022	2021
Accounts receivable:		
Due from parishes for payroll and payroll services	\$ 11,533	\$ 14,092
Due from parishes for Diocesan Service Appeal contributions	516,901	176,056
Due from parishes and affiliates for insurance premiums	293,851	342,855
Due from Retired Priest Health Care Fund	158,385	176,033
Due from St. Augustine Seminarian Fund	106,119	176,033
Due from parishes for miscellaneous reasons	29,603	
Total accounts receivable	\$ 851,888	\$ 533,003
Notes receivable:		
Note receivable - current portion	\$ -	\$ 40,530
Note receivable	5,232	59,641
Total notes receivable	\$ 5,232	\$ 100,171
Liabilities:		
Due to parishes for Diocesan Service Appeal contributions overpaid	25,742	-
Deferred revenue for Diocesan Service Appeal contributions	109,602	102,691
Total liabilities	\$ 135,344	\$ 102,691
Support, revenue and gains:		
Diocesan Service Appeal from parishes	\$ 2,248,853	\$ 2,250,000
Insurance premium revenue from parishes and affiliates	5,125,725	5,106,364
Distribution from Retired Priest Health Care Fund	158,385	-
Distribution from St. Augustine Seminarian Fund	106,119	-
Total support, revenue, and gains	\$ 7,639,082	\$ 7,356,364

Note 13: Concentration of Credit Risk

The Organization maintains cash balances at financial institutions where the accounts are insured by the Federal Deposit Insurance Corporation (FDIC) for up to \$250,000. At certain times during the year, cash balances may be in excess of FDIC coverage. The Organization has not experienced any losses in such accounts, and believes it is not exposed to any significant credit risk on cash.

Diocese of Superior

Notes to Financial Statements

Note 14: Liquidity and Availability of Financial Resources

As part of Organization's liquidity management, it invests cash in excess of daily requirements in a variety of investment vehicles. These funds, included in investments, are considered available for operational or capital needs, except for investment vehicles with restrictive redemption requirements.

The following table reflects the Organization's financial assets as of June 30, 2022, and 2021, reduced by amounts that are not available to meet general expenditures within one year of the statement of financial position date. Amounts not available to meet general expenditure within one year include net assets with donor restrictions and board-designated net assets. In the event the need arises to utilize the board-designated funds for liquidity purposes, the reserves could be drawn upon through board resolution.

<i>Year Ended June 30,</i>	2022	2021
Financial assets:		
Cash	\$ 2,532,019	\$ 3,617,837
Investments	10,556,313	10,669,878
Accounts receivable		
Affiliated organizations	851,888	533,003
Other	170,959	61,776
Grant funds receivable, current portion	171,500	132,100
Interest receivable	17,544	14,954
Notes receivable, current portion	-	40,530
Total financial assets	14,300,223	15,070,078
Less restrictions:		
Net assets restricted for expenditure for specified purpose	(797,877)	(529,991)
Net assets restricted for passage of time	(87,570)	(105,345)
Board designated net assets	(291,614)	(210,733)
Financial assets available to meet cash needs for general expenditures within one year	\$ 13,123,162	\$ 14,224,009

Supplementary Information

Diocese of Superior

Schedule of Support, Revenue, and Expenses by Fund

For the Year Ended June 30, 2022

	General Fund	Insurance Fund	Health Insurance Fund	Eliminations	Total
Support					
Catholic Services Appeal	\$ 2,248,853	\$	\$	\$	\$ 2,248,853
Capital campaign contributions	525				525
Grants	496,050				496,050
Contributions from foundations - related party	264,504				264,504
Other contributions and gifts	267,732				267,732
Bequests and memorials	645,364				645,364
Total support	3,923,028				3,923,028
Revenue					
Fees	524,499			(215,334)	309,165
Tuition	3,850				3,850
Workshops and in-service	35,275				35,275
Fax and photocopying	20,870				20,870
Interest and dividends	198,030	50,644	17,602		266,276
TAXA	3,772				3,772
Miscellaneous	19,322		7		19,329
Insurance premium and revenues		1,383,741	3,741,984		5,125,725
Total revenue	805,618	1,434,385	3,759,593	(215,334)	5,784,262
Total support and revenue	4,728,646	1,434,385	3,759,593	(215,334)	9,707,290
Expenses					
General fund expenses	4,693,938				4,693,938
Insurance funds expenses		1,201,997		(81,660)	1,120,337
Health insurance fund expenses			3,930,325	(133,674)	3,796,651
Total expenses before depreciation	4,693,938	1,201,997	3,930,325	(215,334)	9,610,926
Depreciation - equipment	9,679				9,679
Depreciation - autos	9,877				9,877
Depreciation - building	2,874				2,874
Total depreciation	22,430				22,430
Total expenses	4,716,368	1,201,997	3,930,325	(215,334)	9,633,356
Excess (deficiency) of support and revenue over expenses	12,278	232,388	(170,732)		73,934
Other gains (losses)					
Net realized gains (losses) on investments	463,475	(18,508)	8,378		453,345
Net unrealized losses on investments	(1,488,451)	(129,253)	(107,278)		(1,724,982)
Actuarial gain - clergy postretirement	2,376,230				2,376,230
Change in value of perpetual trust	(28,011)				(28,011)
Change in equity - Catholic Umbrella Pool		(96,272)			(96,272)
Total other losses	1,323,243	(244,033)	(98,900)		980,310
Net excess (deficiency) of expenses over support and revenue	\$ 1,335,521	\$ (11,645)	\$ (269,632)	\$	\$ 1,054,244

See accompanying notes to financial statements.

Diocese of Superior

Schedule of Support, Revenue, and Expenses by Fund

For the Year Ended June 30, 2021

	General Fund	Insurance Fund	Health Insurance Fund	Eliminations	Total
Support					
Catholic Services Appeal	\$ 2,250,000	\$	\$	\$	\$ 2,250,000
Capital campaign contributions	7,816				7,816
Grants	706,299				706,299
Other contributions and gifts	395,073				395,073
Bequests and memorials	2,777,934				2,777,934
Total support	6,137,122				6,137,122
Revenue					
Fees	303,209			(203,914)	99,295
Tuition	2,995				2,995
Workshops and in-service	2,765				2,765
Fax and photocopying	16,573				16,573
Interest and dividends	120,189	29,249	7,287		156,725
TAXA	5,880				5,880
Miscellaneous	11,528				11,528
Insurance premium and revenues		1,334,918	3,771,446		5,106,364
Total revenue	463,139	1,364,167	3,778,733	(203,914)	5,402,125
Total support and revenue	6,600,261	1,364,167	3,778,733	(203,914)	11,539,247
Expenses					
General fund expenses	3,166,641				3,166,641
Insurance funds expenses		1,227,850		(77,487)	1,150,363
Health insurance fund expenses			3,694,762	(126,427)	3,568,335
Total expenses before depreciation	3,166,641	1,227,850	3,694,762	(203,914)	7,885,339
Depreciation - equipment	9,679				9,679
Depreciation - autos	23,824				23,824
Depreciation - building	3,113				3,113
Total depreciation	36,616				36,616
Total expenses	3,203,257	1,227,850	3,694,762	(203,914)	7,921,955
Excess of support and revenue over expenses	3,397,004	136,317	83,971		3,617,292
Other gains (losses)					
Net realized gains (losses) on investments	307,978	(13,469)	60,575		355,084
Net unrealized gains (losses) on investments	710,979	(37,738)	19,281		692,522
Loss on disposal of property and equipment	(18,189)				(18,189)
Actuarial loss - clergy postretirement	(198,161)				(198,161)
Change in value of perpetual trust	8,520				8,520
Change in equity - Catholic Umbrella Pool		83,806			83,806
Total other gains	811,127	32,599	79,856		923,582
Net excess of support and revenue over expenses	\$ 4,208,131	\$ 168,916	\$ 163,827	\$	\$ 4,540,874

See accompanying notes to financial statements.

Diocese of Superior

Schedules of Expenses by Fund

For the Years Ended June 30,

	2022	2021
General Fund by cost center		
Diocesan administration	\$ 559,942	\$ 492,640
Front office	24,408	14,884
Charter implementation	2,799	1,710
Bishop's house	34,028	30,992
Development	296,695	262,803
Maintenance	131,271	113,200
NOL maintenance	6,510	5,337
Bishop's Legacy Circle	24,283	180
Chancellor	84,479	79,585
Respect Life	21,365	23,366
DCCW	10,000	10,000
Tribunal	132,864	156,108
Christian formation	355,975	83,665
CHM/DCF	112,775	141,817
Education	49,145	154,711
Fall institute	2,257	
Diaconate	13,681	6,534
Diaconate training	9,200	4,770
Lay ministry	4,891	9,152
Religious education	6,872	68,205
Brady trust scholarships	11,235	3,540
Youth and young adult	164,390	79,774
Marriage & Family	42,591	172
US Latin Sisters	137,934	126,269
Totus Tutus	39,689	17,311
Newman Centers	67,920	55,320
Vocations	11,231	5,558
Liturgy	89,481	117,940
Diocesan chorale	12,510	11,604
Charismatic	3,293	3,402
Computer services	92,952	88,789
Web site	6,507	3,600
Consult and leadership	149,042	112,246
Finance	228,252	207,720
Personnel	224,471	208,025
Parish accounting	55,924	45,715
Diocesan non-operating	791,090	154,748
Advisory committees	3,025	2,369
Seminary	237,055	30,030
Infirm priest	122,309	101,689
Retired priest health/dental	263,770	127,101
Ongoing formation for priests	55,827	4,060
Total expenses before depreciation	4,693,938	3,166,641
Depreciation	22,430	36,616
Total expenses General Fund	\$ 4,716,368	\$ 3,203,257

See accompanying notes to financial statements.

Diocese of Superior

Schedules of Expenses by Fund (Continued)

For the Years Ended June 30,

	2022	2021
Insurance Fund		
Insurance claims	\$ 83,944	\$ 167,443
Insurance premiums	908,910	882,383
Administrative fees and contract services	208,409	177,359
Office expense	734	665
Total expenses Insurance Fund	\$ 1,201,997	\$ 1,227,850
Health Insurance Fund		
Insurance claims	\$ 2,604,074	\$ 2,378,958
Insurance premiums	1,185,053	1,183,863
Office expenses	3,456	1,551
Administrative fees and contract services	137,742	130,390
Total expenses Health Insurance Fund	\$ 3,930,325	\$ 3,694,762

See accompanying notes to financial statements.