Attachment #7

Green Bay Area Catholic Education, Inc.

Financial Statements and Supplementary Information

Years Ended June 30, 2023 and 2022

GRACE
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Independent Auditor's Report

Board of Directors
Green Bay Area Catholic Education, Inc.
Green Bay, Wisconsin

Opinion

We have audited the accompanying financial statements of Green Bay Area Catholic Education, Inc. (the "Organization"), a nonprofit organization, which comprise the statements of financial position as of June 30, 2023 and 2022, 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 Green Bay Area Catholic Education, Inc. as of June 30, 2023 and 2022, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America ("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 Green Bay Area Catholic Education, Inc. and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with 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 Green Bay Area Catholic Education, Inc.'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 Green Bay Area Catholic Education, Inc.'s internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Green Bay Area Catholic Education, Inc.'s ability to continue as a going concern for a reasonable period of time.

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

Supplementary Information

Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The Private School Choice Programs (PSCP) Reserve Balance Schedules, as required by the State of Wisconsin Department of Public Instruction, 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

DATE, 2023
Green Bay, Wisconsin

Green Bay Area Catholic Education, Inc.

Statements of Financial Position

June 30, 2023 and 2022

Assets	2023	2022
Current assets:		
Cash and cash equivalents	$ 3,832,075	$ 3,377,418
Accounts receivable - Parish subsidy, Net	148,383	149,287
Tuition receivable - Net	29,281	70,214
EANS grant receivable	-	42,598
Unconditional promises to give	233,175	-
Other	2,555	16,410
Prepaid expenses	93,545	58,937
Total current assets	4,339,014	$ 3,714,864
Investments	2,542,849	2,501,951
Beneficial interest in assets held by the Catholic Foundation	2,534,528	2,430,933
Beneficial interest in charitable trust	530,905	512,834
Right-of-use asset - operating - Net	587,773	-
Equipment - Net	57,945	83,515
TOTAL ASSETS	$ 10,593,014	$ 9,244,097

Liabilities and Net Assets	2023	2022
Current liabilities:		
Accounts payable	$ 239,864	$ 62,492
Accrued payroll, payroll taxes, and benefits	1,521,712	1,461,826
Custodial accounts	118,334	82,792
ROU obligation - operating	95,815	-
Deferred revenue	291,142	286,922
Total current liabilities	2,266,867	1,894,032
Long-term liabilities:		
ROU obligation - operating, long-term	496,054	-
Total liabilities	2,762,921	1,894,032
Net assets:		
Without donor restrictions	3,525,082	3,400,457
With donor restrictions	4,305,011	3,949,608
Total net assets	7,830,093	7,350,065
TOTAL LIABILITIES AND NET ASSETS	$ 10,593,014	$ 9,244,097

Green Bay Area Catholic Education, Inc.

Statements of Activities

Years Ended June 30, 2023 and 2022

	2023			2022		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
Program revenue and other support:						
Program revenue:						
Net tuition and fees	$ 11,141,294	$ -	$ 11,141,294	$ 10,559,883	$ -	$ 10,559,883
Food service revenue	488,370	-	488,370	37,652	-	37,652
Other program revenue	374,495	-	374,495	222,179	-	222,179
Total program revenue	12,004,159	-	12,004,159	10,819,714	-	10,819,714
Other support:						
Subsidies:						
Parishes	3,644,503	-	3,644,503	3,681,312	-	3,681,312
School/site advisory councils	916,572	-	916,572	897,848	-	897,848
Contributions	787,973	925,664	1,713,637	211,327	696,543	907,870
EANS grant revenue	103,870	-	103,870	882,047	-	882,047
Food grant revenue	592,364	-	592,364	1,212,691	-	1,212,691
Change in beneficial interest in assets held by the Catholic Foundation	26,690	76,905	103,595	(63,147)	(367,370)	(430,517)
Change in beneficial interest in charitable trust	-	18,071	18,071	-	(91,572)	(91,572)
Interest income	33,018	-	33,018	886	-	886
Other income	181,031	-	181,031	175,131	-	175,131
Investment income	40,898	-	40,898	1,950	-	1,950
Net assets released from restrictions	665,237	(665,237)	-	763,620	(763,620)	-
Total program revenue and other support	18,996,315	355,403	19,351,718	18,583,379	(526,019)	18,057,360
Expenses:						
Educational and related activities	17,453,191	-	17,453,191	16,988,754	-	16,988,754
Management and general	1,405,893	-	1,405,893	1,379,395	-	1,379,395
Development (fund-raising)	12,606	-	12,606	10,312	-	10,312
Total expenses	18,871,690	-	18,871,690	18,378,461	-	18,378,461
Changes in net assets	124,625	355,403	480,028	204,918	(526,019)	(321,101)
Net assets at beginning	3,400,457	3,949,608	7,350,065	3,195,539	4,475,627	7,671,166
Net assets at end	$ 3,525,082	$ 4,305,011	$ 7,830,093	$ 3,400,457	$ 3,949,608	$ 7,350,065

Attachment #7

See accompanying notes to financial statements.

Green Bay Area Catholic Education, Inc.

Statement of Functional Expenses

Year Ended June 30, 2023

	Program - Primary Education	Management and General	Fund-Raising	Total
Salaries, wages, and fringe benefits	$ 12,642,341	$ 768,992	$ -	$ 13,411,333
Payroll taxes	687,346	73,049	-	760,395
Facility rent and maintenance	1,969,279	96,301	-	2,065,580
Program supplies	770,888	-	-	770,888
Professional fees	204,540	296,481	-	501,021
Hot lunch food expense	567,865	-	-	567,865
Activity fees	198,980	-	-	198,980
Bad debt expense (recovery)	(28,673)	-	-	(28,673)
Advertising	92,092	25,950	-	118,042
Conferences, conventions, and meetings	49,842	17,569	-	67,411
Depreciation	15,350	10,220	-	25,570
Dues	58,024	6,512	2,627	67,163
Bank fees	1,115	15,396	-	16,511
Insurance	-	37,974	-	37,974
Printing and publications	38,879	7,169	-	46,048
Operating supplies	68,268	15,104	-	83,372
Telephone	100,396	4,484	-	104,880
Travel	11,718	18,162	-	29,880
Postage and shipping	4,537	5,242	9,979	19,758
Miscellaneous expense	404	7,288	-	7,692
Totals	$ 17,453,191	$ 1,405,893	$ 12,606	$ 18,871,690

See accompanying notes to financial statements.

Green Bay Area Catholic Education, Inc.

Statement of Functional Expenses (Continued)

Year Ended June 30, 2022

	Program - Primary Education	Management and General	Fund-Raising	Total
Salaries, wages, and fringe benefits	$ 11,619,389	$ 710,774	$ -	$ 12,330,163
Payroll taxes	649,097	68,527	-	717,624
Facility rent and maintenance	1,654,493	81,327	-	1,735,820
Program supplies	863,605	-	-	863,605
Professional fees	1,078,853	233,233	-	1,312,086
Hot lunch food expense	550,541	-	-	550,541
Activity fees	189,946	-	-	189,946
Bad debt expense (recovery)	(10,870)	129,000	-	118,130
Advertising	61,424	10,943	-	72,367
Conferences, conventions, and meetings	12,723	18,942	-	31,665
Depreciation	19,691	11,088	-	30,779
Dues	56,121	10,783	2,417	69,321
Bank fees	-	23,535	-	23,535
Insurance	-	31,561	-	31,561
Printing and publications	46,819	6,797	329	53,945
Operating supplies	80,825	22,325	100	103,250
Telephone	98,165	4,052	-	102,217
Travel	12,141	11,608	-	23,749
Postage and shipping	2,468	4,067	7,466	14,001
Miscellaneous expense	3,323	833	-	4,156
Totals	$ 16,988,754	$ 1,379,395	$ 10,312	$ 18,378,461

See accompanying notes to financial statements.

Green Bay Area Catholic Education, Inc.

Statements of Cash Flows

Years Ended June 30, 2023 and 2022

	2023	2022
Change in cash and cash equivalents:		
Cash flows from operating activities:		
Changes in net assets	$ 480,028	$ (321,101)
Adjustments to reconcile changes in net assets to net cash flows from operating activities:		
Change in beneficial interest in assets held by the Catholic Foundation	(103,595)	430,517
Change in beneficial interest in charitable trust	(18,071)	91,572
Depreciation	25,570	30,779
Contributions restricted for long-term purposes	-	(88,154)
Noncash lease expense	94,183	-
Realized/unrealized (gain) loss on investments	(49,734)	(1,951)
Bad debt expense (recovery)	(28,673)	118,130
Changes in operating assets and liabilities:		
Accounts receivable	(106,212)	1,874
Prepaid expenses	(34,608)	37,393
Accounts payable	177,372	(81,143)
Accrued payroll, payroll taxes, and benefits	59,886	(192,443)
Custodial accounts	35,542	(3,308)
Operating lease liabilities	(90,087)	-
Deferred revenue	4,220	(42,070)
Net cash flows from operating activities	445,821	(19,905)
Cash flows from investing activities:		
Proceeds from investments	8,836	-
Purchase of equipment	-	(8,173)
Purchase of investments	-	(2,500,000)
Net cash flows from investment activities	8,836	(2,508,173)
Net cash flows from financing activities - Contributions restricted for long-term purposes	-	88,155
Change in cash and cash equivalents	454,657	(2,439,923)
Cash and cash equivalents at beginning	3,377,418	5,817,341
Cash and cash equivalents at end	$ 3,832,075	$ 3,377,418

See accompanying notes to financial statements.

Green Bay Area Catholic Education, Inc.
Notes to Financial Statements

Note 1: Summary of Significant Accounting Policies

Nature of Operations

Green Bay Area Catholic Education, Inc. (the "Organization") is a Wisconsin nonstock, tax-exempt organization formed to operate and manage Green Bay Area Catholic primary and secondary schools. The Organization offered primary education for 2,346 and 2,335 preschool through tenth grade students for the years ended June 30, 2023 and 2022, respectively. The Organization's Board of Directors (the "Board") includes representatives from the Green Bay Diocese and each subsidizing parish of the Organization.

27% and 28% of total revenue for the years ended June 30, 2023 and 2022, respectively, is from the State of Wisconsin Department of Public Instruction through the Wisconsin Parental Choice Program.

Basis of Presentation

The Organization follows accounting standards contained in the Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC). The ASC is the single source of authoritative accounting principles generally accepted in the United States of America (GAAP) to be applied to nongovernmental entities in the preparation of financial statements in accordance with GAAP. The accompanying financial statements have been prepared on the accrual basis in accordance with ASC Topic 958, *Not-for-Profit Entities*.

Classification of Net Assets

Net assets and revenue, gains, and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, the Organization's net assets and changes therein are classified and reported as follows:

- *Net assets without donor restrictions* are available for use in general operations and not subject to donor (or certain grantor) restrictions.
- *Net assets with donor restrictions are* 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.

Use of Estimates

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

Green Bay Area Catholic Education, Inc.

Notes to Financial Statements

Note 1: Summary of Significant Accounting Policies (Continued)

Cash and Cash Equivalents

The Organization considers all highly liquid investments with an initial maturity of three months or less to be cash equivalents.

Accounts Receivable

Accounts receivable are recorded when the Organization has a right to consideration in exchange for goods or services that the Organization has transferred to students or others. Accounts receivable consist primarily of amounts due for tuition payments and parish subsidies and are generally uncollateralized. Payments of accounts receivable are allocated to the specific invoices identified on the remittance advice or, if unspecified, are applied to the earliest unpaid invoices. Balances that are still outstanding after management has used reasonable collection efforts are written off through a charge to the valuation allowance and a credit to accounts receivable. At June 30, 2023 and 2022, an allowance of $109,000 and $138,200, respectively, was recorded to offset potential uncollectible accounts receivable.

Promises to Give

Unconditional promises to give cash and other assets are recognized as revenue in the period promised and as assets, decreases of liabilities, or expenses depending on the form of benefits received. Conditional promises to give are recognized only when the conditions on which they depend are substantially met and the promises become unconditional. Promises to give whose eventual uses are restricted by the donors are recorded as increases in net assets with donor restrictions. Promises to give without a purpose restriction 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.

Management individually reviews all past due promises to give balances and estimates the portion, if any, of the balance that will not be collected. The carrying amounts of promises to give are reduced by allowances that reflect management's estimate of uncollectible amounts. There was no allowance for uncollectible promises to give at June 30, 2023 and 2022.

Contributions

Contributions are recognized as revenue when they are received or unconditionally promised. Conditional contributions are recognized as revenue when the barriers to entitlement are overcome and either a right of return of assets transferred or a right of release of a promissory's obligation to transfer assets is removed. Assets received for which the condition has not been satisfied are recorded as a refundable advance liability.

Green Bay Area Catholic Education, Inc.

Notes to Financial Statements

Note 1: Summary of Significant Accounting Policies (Continued)

Contributions (Continued)

Contributions that are restricted by the donor are reported as increases in net assets without donor restrictions if the restrictions expire, which is the stipulated time when a restriction ends or purpose restriction is accomplished in the reporting period in which the contributions are 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.

Gifts of long-lived assets, such as land, buildings, or equipment are reported as support without donor restrictions unless explicit donor stipulations specify how the donated assets must be used. Gifts of long-lived assets with explicit restrictions that specify how the assets are to be used and gifts of cash or other assets that must be used to acquire long-lived assets are reported as support with donor restrictions. Absent explicit donor stipulations about how long those long-lived assets must be maintained, expirations of donor restrictions are reported when the donated or acquired long-lived assets are placed in service.

Donated services are recognized as contributions if the services (a) create or enhance nonfinancial assets or (b) require specialized skills and are performed by people with those skills and would otherwise be purchased by the Organization. Many individuals volunteer their time and perform a variety of tasks that assist the Organization's program, fund-raising, and various committee assignments. These services are not recognized as contributions in the accompanying financial statements, since the recognition criteria was not met.

Government Grants

Grants are either recorded as contributions or exchange transactions based on criteria contained in the grant award:

Grant Awards That Are Contributions - Grant awards that are contributions are evaluated for conditions and recognized as revenue when conditions in the award are satisfied. Unconditional awards are recognized as revenue when the award is received. Amounts received in which conditions have not been met are reported as a refundable advance liability.

Grant Awards That Are Exchange Transactions - Exchange transactions are those in which the resource provider or grantor receives a commensurate value in exchange for goods or services transferred. Revenue is recognized when control of the promised goods or services is transferred to the customer (grantor) in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Amounts received in excess of recognized revenue are reflected as a contract liability.

Green Bay Area Catholic Education, Inc.
Notes to Financial Statements

Note 1: Summary of Significant Accounting Policies (Continued)

Government Grants (Continued)

Emergency Assistance for Nonpublic Schools (EANS)

The Organization received notice of possible federal funding of up to $1,960,797 under the EANS program to address educational disruptions caused by COVID-19. The EANS program provides for reimbursement of certain allowable expenditures incurred on or after March 13, 2020, and for the Organization to request certain direct services from the program administrator, Cooperative Educational Service Agency (CESA) #6, through September 30, 2023.

The Organization determined the award is a conditional grant and has interpreted the condition of the award to be incurring eligible expenses for reimbursement by CESA #6 or approval by CESA #6 for any direct service requests. The Organization considers submission of reimbursement requests and subsequent approval by CESA #6 to be a trivial task. As of June 30, 2023 and 2022, the Organization has recorded $0 and $42,598, respectively, of grants receivable from the EANS program based on eligible incurred expenditures.

Federal and State Child Nutrition Cluster Grants

The Organization receives funding from the State of Wisconsin Department of Public Instruction and the United States Department of Agriculture to provide free and/or reduced cost meals to eligible children and their families. Awards under this program are considered to be conditional contributions and are recognized as revenue as allowable qualifying expenses are incurred.

ERate Program

The Federal Communications Commission's ERate program provides discounts for telecommunications, internet access, and internal connections to eligible schools and libraries. The Organization recognizes the discounts as a reduction to information technology expense, if received in the same fiscal year, or as government grant income, if reimbursed in a subsequent fiscal year.

Refundable Tax Credits

The Employee Retention Credit (ERC), Paid Family Leave Refundable Credit, Paid Sick Leave Refundable Credit, and the COBRA premium assistance credit are refundable tax credits against certain employment taxes. The Organization presents refundable tax credits as a reduction to the associated expenses in the statements of activities and functional expenses.

Green Bay Area Catholic Education, Inc.

Notes to Financial Statements

Note 1: Summary of Significant Accounting Policies (Continued)

Tuition and Student Fees

The Organization contracts as a private elementary school with parents and guardians to provide students with educational instruction. Student enrollment contracts contain only one performance obligation, which is providing educational instruction for the nine-month school year covered by the contract. Tuition revenue is recognized over the term of the school year as the Organization provides services to students. The passage of time is used as management considers that to be the best available measure of progress on the Organization's delivery of educational instruction. Revenue is reported at the amount of consideration that the Organization expects to be entitled in exchange for providing its services. The Organization determines the transaction price based on standard charges for goods and services provided, reduced by discounts provided for scholarships, and other price concessions provided to students.

Tuition agreements are submitted to the Organization generally in March and April prior to the upcoming academic school year. A nonrefundable registration fee is due upon submission of the tuition agreement, which will be applied to tuition for non-WPCP families.

Generally, the Organization bills students prior to the beginning of the school term beginning in July via payment plan options, including 1, 2, 3, 5, or 10 installments. Every student is required to have a tuition agreement signed by their parents on file at the school, and the tuition agreement outlines the terms of the contract. If a student withdraws in writing prior to the start of the academic year, they will be released from their contractual obligation to pay the upcoming school year's tuition. If a student withdraws during the academic year, they will be responsible for tuition and fees for each day in which the student attended. No refund liability is recorded at year-end as the school year is complete.

Because all of its performance obligations relate to contracts with a duration of less than one year, the Organization has elected to apply the optional exemption provided in FASB ASC 606-10-50-14(a) and, therefore, is not required to disclose the aggregate amount of the transaction price allocated to performance obligations that are unsatisfied or partially unsatisfied at the end of the reporting period. The Organization rarely has unsatisfied or partially unsatisfied performance obligations at fiscal year-end as all contracted education instruction has been completed at the end of the school term.

The Organization may receive prepayments for tuition or food service plans for the upcoming school year, prior to the fiscal year-end. These amounts are reported as deferred revenue and are considered contract liabilities until the promised services are provided and the Organization is entitled to revenue recognition.

The Organization estimates the transaction price based on standard tuition rates set each year. The initial estimate of the transaction price is determined by reducing the standard charge by any contractual adjustments, discounts and implicit price concessions, such as financial aid awards based on historical experience.

Green Bay Area Catholic Education, Inc.
Notes to Financial Statements

Note 1: Summary of Significant Accounting Policies (Continued)

Tuition and Student Fees (Continued)

The Organization provides tuition and fee discounts to dependents of parishioners, administrators, staff, and faculty. Tuition and fees are recorded net of these discounts for these students. Scholarships and financial assistance totaled $377,949 and $294,281 for the years ended June 30, 2023 and 2022, respectively.

Subsequent changes to the estimate of the transaction price are generally recorded as adjustments to revenue in the period of the change. For the year ended June 30, 2023 and 2022, no additional revenue was recognized for such subsequent changes. Subsequent changes that are determined to be the result of an adverse change in the customer's ability to pay are recorded as bad debt expense.

Private School Choice Programs (PSCP)

The Organization participates in the PSCP, administered by the Wisconsin Department of Public Instruction (DPI). Under the PSCP, the Organization receives tuition vouchers based on tuition rates established by DPI for students participating in the PSCP whose families meet certain income and residency eligibility requirements. The Organization submits official enrollments for September and January and payments of vouchers are remitted to the Organization in September, November, February, and May based on enrollment data. Revenue is recognized over time in the year in which the educational services are rendered as described above. Revenues from the PSCP are included in tuition and fees on the statements of activities.

Tuition vouchers received by the Organization under the PSCP are subject to potential refund to DPI should the Organization fail to adhere to certain program requirements, including the incurrence of eligible educational costs. As of June 30, 2023 and 2022, management has determined that no amounts are anticipated to be refunded to DPI and, accordingly, no liability for refunds has been recorded by the Organization.

Other Revenue

Food Service Revenue

The Organization offers food service to its students and staff. At the beginning of the school year, parents receive communication with the pricing structure for the upcoming school year. The performance obligation is to provide meals for students and staff as needed. Transaction prices is based on standard charges for goods provided. Meals are prepaid by parents and staff who deposit funds in an account tracked in MBA Cafe, and are reported as deferred revenue. As meals are purchased by students and staff, revenue is recognized at a point in time as control of the promised goods is transferred to the customer when sold. Any balances in prepaid meal accounts are refunded if a family leaves or the last child graduates and there is an outstanding balance. This revenue source is net of price reductions provided under the National School Lunch Program, which are reported as food grant revenue on the statements of activities.

Green Bay Area Catholic Education, Inc.

Notes to Financial Statements

Note 1: Summary of Significant Accounting Policies (Continued)

Other Revenue (Continued)

Other Program Revenue

The Organization offers before and after school child care at certain sites. All parents are required to register their children for care using a standard registration form that communicates terms and pricing. The performance obligation is to provide supervised care for children in before and after school care. The transaction price is established for each school year and includes a registration fee of $25 per student or $35 per family. Fees for care are dependent on the number of children and whether the care is before school, after school, or both. Discounts are provided for multiple children and are netted against program fee revenue. Families are typically invoiced after care is provided; therefore, there is typically no prepaid child care revenue. Revenue is recognized when payment is made, which approximates over-time recognition as the difference would not be material.

Fundraising Events

Revenue from special events contains an exchange element based on the value of benefits provided and a contribution element for the difference between the total paid and the exchange element. The Organization recognizes the exchange portion of special events revenue equal to the fair value of direct benefits to donors when the event takes place and contribution revenue for the excess received. Revenues from exchange transactions resulting from special events are recognized when paid. This approximates point in time recognition under ASC 606 as the difference would not be material.

Property, Equipment, and Depreciation

All acquisitions and improvements of property and equipment of $5,000 or more are capitalized, while all expenditures for repairs and maintenance that do not materially prolong the useful lives of assets are expensed. Purchased property and equipment is carried at cost. Donated property and equipment is carried at the approximate fair value at the date of donation. Depreciation is computed using the straight-line method over the estimated lives of the assets.

Fair Value Measurements

Fair value is the price that would be received when an asset is sold 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, thus requiring an entity to develop its own assumptions. The fair value measurement of assets and liabilities within the hierarchy is based on the lowest level of any input that is significant to the fair value measurement.

Green Bay Area Catholic Education, Inc.

Notes to Financial Statements

Note 1: Summary of Significant Accounting Policies (Continued)

Custodial Accounts

Custodial accounts consist of individual funds that will be used for the benefit of the students. These funds are included in the Organization's cash accounts. These funds typically support activities that are not programs of the Organization or under the control of the Organization. As such, the Organization has recorded a liability related to these funds and does not include the activity of these funds in its statements of activities.

Deferred Revenue

Deferred tuition revenue results from the Organization recognizing registration and tuition revenue in the period in which the related educational instruction is performed. Accordingly, registration and tuition fees received for the next school term are deferred until instruction commences.

Advertising and Promotion

The Organization uses advertising to promote its programs among the audiences it serves. Advertising costs of $118,042 and $72,367 were expensed as incurred during the years ended June 30, 2023 and 2022, respectively.

Functional Allocation of Expenses

The costs of providing various programs and other activities have been summarized on a functional basis in the statements of activities. The statements of functional expenses present an analysis of expenses by nature and function. Costs are directly charged to the functions benefiting.

Income Taxes

The Organization is a not-for-profit organization exempt from federal income taxes on related income pursuant to Section 501(c)(3) of the Internal Revenue Code (IRC). The Organization is also exempt from state income taxes on related income. The Organization is considered an integrated auxiliary of a church according to Internal Revenue Service regulations. Therefore, no income tax return is filed, and the Organization is not subject to assessing potential uncertain tax positions.

Investments

The Organization carries investments in marketable securities with readily determined fair values and all investments in debt securities at their fair values in the statements of financial position. Quoted market prices in active markets are used as the basis of measurement. Unrealized gains and losses are included in the change in net assets in the accompanying statements of activities. Investment fees, including any direct internal investment expenses, are netted with investment return on the statements of activities.

Green Bay Area Catholic Education, Inc.
Notes to Financial Statements

Note 1: Summary of Significant Accounting Policies (Continued)

Investments (Continued)

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.

Investments are generally recorded at fair value based upon quoted market prices, when available, or estimates of fair value. Donated assets are recorded at fair value at the date of donation, or, if sold immediately after receipt, at the amount of sales proceeds received (which are considered a fair measure of the value at the date of donation). Those investments for which fair value is not readily determinable are carried at cost or, if donated, at fair value at the date of donation, or if no value can be estimated, at a nominal value. Investment income or loss and unrealized gains or losses are included in the statement of activities as increases or decreases in net assets without donor restrictions unless the income or loss is restricted by donor or law.

Investments, 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 investments, it is reasonably possible that changes in the values of certain investments will occur in the near term and that such changes could materially affect the amounts reported in the financial statements.

Leases

The Organization is a lessee in multiple noncancelable operating leases. If the contract provides the Organization the right to substantially all the economic benefits and the right to direct the use of the identified asset, it is considered to be or contain a lease. Right-of-use (ROU) assets and lease liabilities are recognized at the lease commencement date based on the present value of the future lease payments over the expected lease term. The ROU asset is also adjusted for any lease prepayments made, lease incentives received, and initial direct costs incurred.

The lease liability is initially and subsequently recognized based on the present value of its future lease payments.

The Organization has elected to use a risk-free rate for a term similar to the underlying lease as the discount rate if the implicit rate in the lease contract is not readily determinable.

The ROU asset for operating leases is subsequently measured throughout the lease term at the amount of the remeasured lease liability (i.e., present value of the remaining lease payments), plus unamortized initial direct costs, plus (minus) any prepaid (accrued) lease payments, less the unamortized balance of lease incentives received, and any impairment recognized. The ROU asset for finance leases is amortized on a straight-line basis over the lease term. The Organization currently does not have any finance leases. For operating leases with lease payments that fluctuate over the lease term, the total lease costs are recognized on a straight-line basis over the lease term.

Green Bay Area Catholic Education, Inc.

Notes to Financial Statements

Note 1: Summary of Significant Accounting Policies (Continued)

Leases (Continued)

For all underlying classes of assets, the Organization has elected to not recognize ROU assets and lease liabilities for short-term leases that have a lease term of 12 months or less at lease commencement and do not include an option to purchase the underlying asset that the Organization is reasonably certain to exercise. Leases containing termination clauses in which either party may terminate the lease without cause and the notice period is less than 12 months are deemed short-term leases with lease costs included in short-term lease expense. The Organization recognizes short-term lease cost on a straight-line basis over the lease term.

The Organization made an accounting policy election for all the classes of assets to not separate the lease components of a contract and its associated non-lease components (lessor-provided maintenance and other services).

Change in Accounting Principles

In February 2016, the FASB issued ASU No. 2016-02, Leases (Topic 842). ASU No. 2016-02 is intended to improve financial reporting of leasing transactions by requiring organizations that lease assets to recognize assets and liabilities for the rights and obligations created by leases on the statement of financial position. This accounting update also requires additional disclosures surrounding the amount, timing, and uncertainty of cash flows arising from leases. The Organization adopted this guidance for the year ended June 30, 2023, with modified retrospective application to July 1, 2022, through a cumulative-effect adjustment. The Organization has elected the package of practical expedients permitted in ASC Topic 842.

Accordingly, the Organization accounted for its existing operating leases as operating leases under the new guidance, without reassessing (a) whether the contracts contain a lease under ASC Topic 842, (b) whether the classification of the leases would be different in accordance with ASC Topic 842, or (c) whether any unamortized initial direct costs before transition adjustments (as of July 1, 2022) would have met the definition of initial direct costs in ASC Topic 842 at lease commencement. Similarly, the Organization did not reassess service contracts evaluated for lease treatment under ASC Topic 840 for embedded leases under ASC Topic 842.

As a result of the adoption of the new lease accounting guidance, the Organization recognized the following ROU assets and lease liabilities as of July 1, 2022:

Right-of-use asset - operating	$ 671,855
Lease liabilities - operating	(671,855)

This standard did not have a material impact on the Organization's net assets or cash flows from operations and had an immaterial impact on its operating results. The most significant impact was the recognition of the ROU assets and lease liabilities for operating leases.

Green Bay Area Catholic Education, Inc.
Notes to Financial Statements

Note 1: Summary of Significant Accounting Policies (Continued)

Reclassifications

Certain amounts as previously reported in the 2022 financial statements have been reclassified to conform to the 2023 presentation. Such reclassifications have no effect on reported amounts of net assets or change in net assets.

Subsequent Events

Subsequent events have been evaluated through DATE, 2023, which is the date the financial statements were available to be issued.

Note 2: Liquidity and Availability of Financial Resources

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the statement of financial position date, comprise the following at June 30:

	2023	2022
Cash and cash equivalents	$ 3,832,075	$ 3,377,418
Accounts and parish subsidies receivable	180,219	278,509
Unconditional promises to give	233,175	-
Investments	2,542,849	2,501,951
Beneficial interest in trust	530,905	512,834
Beneficial interest in assets held by the Catholic Foundation	2,534,528	2,430,933
Subtotal financial resources available for expenditure within 12 months	9,853,751	9,101,645
Less:		
Custodial accounts	(118,334)	(82,792)
Net assets with temporarily or permanent restrictions in cash and beneficial interest in investments	(4,305,011)	(3,949,608)
Cash designated for PSCP reserve	(2,367,386)	(2,198,456)
Board-designated net assets	(454,199)	(432,022)
Board-designated for program services	(229,062)	(178,441)
Totals	$ 2,379,759	$ 2,260,326

Green Bay Area Catholic Education, Inc.

Notes to Financial Statements

Note 2: Liquidity and Availability of Financial Resources (Continued)

The Organization's endowment funds consist of donor-restricted endowments and funds designated by the Board as endowments. Income from donor-restricted endowments is restricted for specific purposes, with the exception of the amounts available for general use. Donor-restricted endowment funds are not available for general expenditure until appropriated by the Finance Committee. In the event that need arises to utilize the Board-designated funds for liquidity purposes, the reserves could be drawn upon through board resolution.

The Organization strives to maintain liquid financial assets sufficient to cover one month of general expenditures. Financial assets in excess of daily cash requirements are invested in certificates of deposit, money market funds, and other short-term investments.

Note 3: Concentration of Credit Risk

The Organization maintains bank accounts at one financial institution. Aggregate deposits are insured by the FDIC up to $250,000 per institution. At times, the Organization's cash deposits exceed FDIC-insured limits. The Organization has not experienced any losses on these accounts. Management believes the Organization is not exposed to any significant credit risk on cash.

Note 4: Beneficial Interest in Assets Held by Others

The Organization transferred assets to the Catholic Foundation for the Diocese of Green Bay (the "Catholic Foundation") for the purpose of establishing two endowments.

The beneficial interest in assets held by the Catholic Foundation consisted of the following as of June 30:

	2023	2022
Scholarship endowments	$ 2,388,344	$ 2,301,118
General endowment	146,184	129,815
Totals	$ 2,534,528	$ 2,430,933

Note 5: Beneficial Interest in Charitable Trust

The Organization is the beneficiary of an irrevocable trust held by a third-party financial institution. Under the terms of the trust, the Organization has the right to annually receive its portion of the revenue earned by the trust. The Organization's share of the trust was $530,905 and $512,834 at June 30, 2023 and 2022, respectively. Distributions from the trust are restricted for use at St. Thomas More.

Note 6: Endowment Funds

The Board has interpreted Wisconsin's adoption of the Uniform Prudent Management of Institutional Funds Act (UPMIFA) as requiring the preservation of the fair value of the original gift as of the gift date of the donor restricted endowment funds absent explicit donor stipulations to the contrary. 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 either in accordance with the direction of applicable donor gift instrument at the time the accumulation is added to the fund or until those amounts are appropriated for expenditure in a manner consistent with the standard of prudence prescribed by UPMIFA. If the market value of the original gift with donor restrictions at year-end is below the original fair value, the deficit is recorded as a reduction in net assets with donor restrictions.

In accordance with UPMIFA, the Organization considers the following factors when determining whether to appropriate or accumulate donor-restricted endowment funds:

- Duration and preservation of the fund
- General purposes of the Organization and the donor-restricted endowment fund
- General economic conditions
- Possible effect of inflation and deflation
- Expected total return from income and appreciation of investments
- Other resources of the Organization
- Investment policies of the Organization

The Organization adopted investment and spending policies for endowment funds to maximize total return with a low level of risk. Endowment funds include those assets of donor-restricted funds the Organization must hold in perpetuity or for donor-specified periods. The Organization adopted a policy wherein the endowment funds provide an average rate of return, over time, that results in a consistent inflation-protected rate of return and have sufficient liquidity to annually distribute funds. Actual returns in any given year may vary.

Composition of endowment net assets at the Catholic Foundation on June 30, 2023 were as follows:

2023	Net Assets Without Donor Restrictions	Net Assets With Donor Restrictions - Accumulated Earnings	Net Assets With Donor Restrictions - Perpetual in Nature	Total
Donor-restricted endowment funds	$ -	$ 251,674	$ 1,955,506	$ 2,207,180
Board-designated endowment funds	327,348	-	-	327,348
Total endowment net assets	$ 327,348	$ 251,674	$ 1,955,506	$ 2,534,528

Green Bay Area Catholic Education, Inc.
Notes to Financial Statements

Note 6: Endowment Funds (Continued)

Composition of endowment net assets at the Catholic Foundation on June 30, 2022 were as follows:

2022	Net Assets Without Donor Restrictions	Net Assets With Donor Restrictions - Accumulated Earnings	Net Assets With Donor Restrictions - Perpetual in Nature	Total
Donor-restricted endowment funds	$ -	$ 180,044	$ 1,950,230	$ 2,130,274
Board-designated endowment funds	300,659	-	-	300,659
Total endowment net assets	$ 300,659	$ 180,044	$ 1,950,230	$ 2,430,933

Changes in endowment funds were as follows for the years ended June 30:

	Net Assets Without Donor Restrictions	Net Assets With Donor Restrictions - Accumulated Earnings	Net Assets With Donor Restrictions - Perpetual in Nature	Total
Endowment net assets at July 1, 2021	$ 343,806	$ 655,569	$ 1,862,076	$ 2,861,451
Net depreciation	(42,573)	(321,519)	-	(364,092)
Contributions	20,001	-	88,154	108,155
Appropriations for expenditure	(17,842)	(133,638)	-	(151,480)
Fees	(2,733)	(20,368)	-	(23,101)
Endowment net assets at June 30, 2022	300,659	180,044	1,950,230	2,430,933
Net appreciation	27,507	203,055	-	230,562
Contributions	10,000	-	5,276	15,276
Appropriations for expenditure	(8,489)	(113,780)	-	(122,269)
Fees	(2,329)	(17,645)	-	(19,974)
Endowment net assets at June 30, 2023	$ 327,348	$ 251,674	$ 1,955,506	$ 2,534,528

Green Bay Area Catholic Education, Inc.
Notes to Financial Statements

Note 7: Investments

Investments at June 30, 2023 and 2022, and related returns for the years then ended consisted of the following:

	2023	2022
Money market funds	$ 7,552	$ 10,560
Government securities	2,535,297	2,491,391
Catholic foundation	2,534,528	2,430,933
Totals	$ 5,077,377	$ 4,932,884

Investments, in general, are exposed to various risks, such as interest rate, credit and overall market volatility. Due to the level of risk associated with various investments, it is reasonably possible that changes in the values of certain investments will occur in the near term and that such changes could materially affect the amounts reported on the financial statements.

Note 8: Fair Value Measurements

The following is a description of the valuation methodology used for each asset measured at fair value on a recurring basis:

- Money market funds are measured at cost, which approximates fair value.
- Government securities are valued at quoted market prices, when available. For stock and bond funds that are not actively traded, values are based on the market values of the stocks and bonds in these funds.
- Fair value for the beneficial interest in assets held by the Catholic Foundation and beneficial interest in charitable trust are determined from information provided by the Catholic Foundation and the trustee on relevant information generated from the market value of the underlying assets.

As discussed in Note 1, the Organization utilizes the fair value hierarchy to report its financial assets.

The methods described above could produce a fair value calculation that might not be indicative of net realizable value or reflective of future fair value. 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.

Green Bay Area Catholic Education, Inc.

Notes to Financial Statements

Note 8: Fair Value Measurements (Continued)

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

	Fair Value Measurement Using			
2023	**Level 1**	**Level 2**	**Level 3**	**Total Assets**
Beneficial interest in investments held by the catholic capital foundation	$ -	$ -	$ 2,534,528	$ 2,534,528
Money market funds	7,552	-	-	7,552
Government securities	2,535,297	-	-	2,535,297
Beneficial interest in charitable trust	-	-	530,905	530,905
Totals	$ 2,542,849	$ -	$ 3,065,433	$ 5,608,282

	Fair Value Measurement Using			
2022	**Level 1**	**Level 2**	**Level 3**	**Total Assets**
Beneficial interest in investments held by the catholic capital foundation	$ -	$ -	$ 2,430,933	$ 2,430,933
Money market funds	10,560	-	-	10,560
Government securities	2,491,391	-	-	2,491,391
Beneficial interest in charitable trust	-	-	512,834	512,834
Totals	$ 2,501,951	$ -	$ 2,943,767	$ 5,445,718

There were no purchases or sales of Level 3 assets during the years ended June 30, 2023 and 2022.

Note 9: Equipment

Equipment consisted of the following as of June 30:

	2023	**2022**
Equipment	$ 547,465	$ 547,465
Less - Accumulated depreciation	489,520	463,950
Totals	$ 57,945	$ 83,515

Green Bay Area Catholic Education, Inc.
Notes to Financial Statements

Note 10: Leases Under 840

At June 30, 2022, the Organization held operating leases that were reclassified as ROU asset - operating and lease liabilities - operating upon implementation of ASC 842 effective July 1, 2022. At June 30, 2022, the Organization leases the school facilities and certain equipment under operating leases from certain parishes that subsidize the Organization. The leases have initial terms of one year with annual renewal options. Rent, utilities, and housekeeping allowances under these leases totaled $1,515,553 for the year ended June 30, 2022.

Note 11: Leases Under 842

The Organization leases facilities and certain equipment under operating leases with expiration dates through 2030, which are accounted for under FASB ASC Topic 842.

The depreciable life of assets and leasehold improvements are limited by the expected lease term, unless there is a transfer of title or purchase option reasonably certain of exercise.

The Organization's lease agreements do not contain any material residual value guarantees or material restrictive covenants. Payments due under the lease contracts only include fixed payments.

Components of lease expense, which were included in rent on the statement of functional expenses, were as follows for the year ended June 30:

Operating Leases	2023
Operating lease cost	$ 112,393
Short-term lease cost	1,600,368
Total lease cost	$ 1,712,761

Supplemental information related to leases is as follows for the year ended June 30:

	2023
Operating cash flows for operating leases, excluding short-term leases	$ 108,297
Weighted-average remaining lease term - operating leases	15.68 yrs
Weighted-average discount rate - operating leases	2.91 %

Green Bay Area Catholic Education, Inc.
Notes to Financial Statements

Note 11: Leases Under 842 (Continued)

Maturities of lease liabilities are as follows as of June 30, 2023:

	Operating Leases
2024	$ 113,313
2025	113,313
2026	113,313
2027	108,875
2028	58,763
Thereafter	139,062
Total	646,639
Less - Imputed interest	(54,770)
Present value of future minimum lease payments	591,869
Less - Current maturities	(95,815)
Long-term obligations under operating leases	$ 496,054

Note 12: Employee Benefit Plan

The Organization participates in the Catholic Diocese of Green Bay Employees' Retirement Plan, which is a multiemployer, noncontributory defined contribution plan qualified under Section 401(a) of the IRC. The plan covers substantially all of the Organization's employees. All participants become fully vested after six months of employment. The plan provides for contribution by the Organization of at least 6% of the employee's annual gross defined compensation. Retirement contributions expense totaled $624,014 and $551,217 for the years ended June 30, 2023 and 2022, respectively.

The Organization also participates in the Catholic Diocese of Green Bay Tax Deferred Savings Plan, which is a multiemployer, contributory defined contribution plan qualified under Section 403(b) of the IRC. The plan covers substantially all of the Organization's employees. Employees may make contributions to the plan up to the maximum amount allowed by the IRC. The plan also provides for discretionary contributions by the Organization. For the years ended June 30, 2023 and 2022, the Organization made no contribution to the plan.

Green Bay Area Catholic Education, Inc.

Notes to Financial Statements

Note 13: Designated Net Assets

At June 30, 2023 and 2022, $454,199 and $432,022, respectively, were Board-designated net assets for the benefit of Site Advisory Councils. The changes in Board-designated net assets during 2023 and 2022, were $22,177 and $156,881, respectively.

At June 30, 2023 and 2022, the Organization also had endowments designated by the Board of $327,348 and $300,659, respectively.

At June 30, 2023 and 2022, $229,062 and $178,441, respectively, were designated for the food service program.

Note 14: Net Assets With Donor Restrictions

Net assets with donor restrictions consisted of the following as of June 30:

	2023	2022
Net assets with donor restrictions - Subject to expenditure for a specified purpose:		
Financial aid	$ 420,108	$ 186,542
Instructional Support	1,146,818	1,099,957
Accumulated earnings on endowments	251,674	180,044
Net assets with donor restrictions - Subject to spending policy or appropriation:		
Scholarship endowment	1,896,743	1,916,744
Beneficial interest in charitable trust	530,905	512,834
General endowment	58,763	53,487
Total net assets with donor restrictions	$ 4,305,011	$ 3,949,608

Note 15: Net Assets Released from Restrictions

Net assets released from restrictions consisted of the following for the years ended June 30:

	2023	2022
Financial aid	$ 159,280	$ 176,268
Instructional support	505,957	587,352
Total net assets released from restrictions	$ 665,237	$ 763,620

Green Bay Area Catholic Education, Inc.

Notes to Financial Statements

Note 16: Disaggregation of Revenues from Contracts with Customers

For 2023 and 2022, revenues from contracts with customers totaled:

	2023	2022
Net tuition and fees - Over time	$ 11,141,294	$ 10,559,883
Food service - Point in time	488,370	37,652
Other program revenue - Over time	374,495	222,179
Total revenues from contracts with customers	$ 12,004,159	$ 10,819,714

Note 17: Accounts Receivable and Contract Balances

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

	July 1, 2021	July 1, 2022	June 30, 2023
Contract liabilities	$ 328,992	$ 286,922	$ 291,142
Accounts receivable	$ 8,034	$ 70,214	$ 29,281

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. 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 18: Line of Credit

Effective December 31, 2022, the Organization executed a line of credit for $500,000 at a rate of 4.397%. This line of credit stated to mature on December 31, 2024 and is collateralized by all assets of the Organization. No amounts were outstanding on the line of credit at June 30, 2023.

Note 19: Unconditional Promises to Give

Promises to give as of June 30, 2023 and 2022, were $233,175 and $0 respectively. All amounts are current and therefore due within one year.

At June 30, 2023 and 2022, the Organization deemed all promises to give to be fully collectible; therefore, no allowance was established.

Attachment #7

Supplementary Information

Green Bay Area Catholic Education, Inc.

Combining Schedule of Activities

Year Ended June 30, 2023

	Saint John Paul II Classical School	GRACE East, South, West	Total Expenses
Salaries, wages, and fringe benefits	$ 1,134,841	$ 12,276,493	$ 13,411,333
Payroll taxes	64,705	695,690	760,395
Facility rent and maintenance	306,930	1,758,650	2,065,580
Program supplies	45,262	725,626	770,888
Professional fees	38,674	462,347	501,021
Hot lunch food expense	-	567,865	567,865
Activity fees	13,599	185,381	198,980
Bad debt expense (recovery)	-	(28,673)	(28,673)
Advertising	6,928	111,114	118,042
Conferences, conventions, and meetings	7,229	60,182	67,411
Depreciation	925	24,645	25,570
Dues	10,881	56,282	67,163
Bank fees	1,050	15,461	16,511
Insurance	2,590	35,384	37,974
Printing and publications	3,418	42,630	46,048
Operating supplies	11,664	71,708	83,372
Telephone	12,190	92,690	104,880
Travel	3,607	26,273	29,880
Postage and shipping	1,446	18,312	19,758
Miscellaneous expense	497	7,195	7,692
Total expenses	$ 1,666,436	$ 17,205,255	$ 18,871,690

See Independent Auditor's Report.

Saint John Paul II Classical School - Green Bay

Private School Choice Programs (PSCP) Reserve Balance for Standard Financial Audits

Year Ending June 30, 2023

Line	A Line Description	B Amount
	NET ELIGIBLE EDUCATION EXPENSES FOR ALL PUPILS	
1	Expenses on Statement of Activities	$ 1,666,436
2	Ineligible Depreciation Expense	-
3	Contributed Expenses Other Than Fixed Assets	-
4	Bad Debt Expense	-
5	Scholarship Awards & Other Financial Support for Pupils	-
6	Daycare/Preschool Expenses	17,454
7	School District Partnership Expenses	-
8	Church Expenses	-
9	Eligible Education Expenses Primarily for SNSP Pupils	-
10	Eligible Education Expenses on SNSP Statements of Actual Cost	-
11	Other Non-Eligible Expenses	-
12	**Less: Total Non-Eligible Expenses**	**$ 17,454**
13	Add: Eligible Education Expense for Land	-
14	**Eligible Education Expenses**	**$ 1,648,982**
15	Government Assistance Excluding Forgiven PPP Loans	-
16	Fundraising Revenue	-
17	Insurance Proceeds	-
18	**Less: Total Offsetting Revenue**	**$ -**
19	Adjustments to Prior Year Net Eligible Education Expenses	-
20	**Net Eligible Education Expenses for All Pupils**	**$ 1,648,982**
	PERCENTAGE OF PUPILS PARTICIPATING IN PSCP	
21	PSCP Pupil Average Full-Time Equivalent *3rd Friday Sept & 2nd Friday Jan Average FTE*	53.80
22	All Pupil Average Full-Time Equivalent *3rd Friday Sept & 2nd Friday Jan Average FTE*	151.40
23	**Percentage of Pupils Participating in PSCP**	**35.54%**
	PSCP RESERVE BALANCE	
24	2022-23 PSCP Revenue	458,326
25	2022 Summer School PSCP Revenue	-
26	**Total 2022-23 PSCP Revenue**	**$ 458,326**
27	Less: Net Eligible Education Expenses for PSCP Pupils *Line 20 times Line 23*	586,048
28	Add: June 30, 2022 PSCP Reserve Balance	(67,337)
29	Less: Repayment of June 30, 2022 PSCP Reserve Balance	-
30	**June 30, 2023 PSCP Reserve Balance**	**$ (195,059)**
31	**Plan for PSCP Reserve Required**	**Not Required**
	REQUIRED CASH AND INVESTMENT BALANCE	
32	June 30, 2023 PSCP Reserve Balance Line 30	(195,059)
33	June 30, 2023 SNSP Reserve Balance	-
34	Less: Remaining Depreciation on Fixed Assets	-
35	Less: Land Purchases that have not Been Included as Eligible	-
36	**Required Cash and Investment Balance**	**$ -**

Green Bay Area Catholic Education - East, South, West

Private School Choice Programs (PSCP) Reserve Balance for Standard Financial Audits

Year Ending June 30, 2023

Line	A Line Description	B Amount
	NET ELIGIBLE EDUCATION EXPENSES FOR ALL PUPILS	
1	Expenses on Statement of Activities	$ 17,205,255
2	Ineligible Depreciation Expense	-
3	Contributed Expenses Other Than Fixed Assets	-
4	Bad Debt Expense	(28,673)
5	Scholarship Awards & Other Financial Support for Pupils	-
6	Daycare/Preschool Expenses	430,963
7	School District Partnership Expenses	-
8	Church Expenses	-
9	Eligible Education Expenses Primarily for SNSP Pupils	-
10	Eligible Education Expenses on SNSP Statements of Actual Cost	-
11	Other Non-Eligible Expenses	-
12	**Less: Total Non-Eligible Expenses**	**$ 402,290**
13	Add: Eligible Education Expense for Land	-
14	**Eligible Education Expenses**	**$ 16,802,965**
15	Government Assistance Excluding Forgiven PPP Loans	696,234
16	Fundraising Revenue	12,606
17	Insurance Proceeds	-
18	**Less: Total Offsetting Revenue**	**$ 708,840**
19	Adjustments to Prior Year Net Eligible Education Expenses	-
20	**Net Eligible Education Expenses for All Pupils**	**$ 16,094,125**
	PERCENTAGE OF PUPILS PARTICIPATING IN PSCP	
21	PSCP Pupil Average Full-Time Equivalent *3rd Friday Sept & 2nd Friday Jan Average FTE*	567.40
22	All Pupil Average Full-Time Equivalent *3rd Friday Sept & 2nd Friday Jan Average FTE*	1,975.80
23	**Percentage of Pupils Participating in PSCP**	**28.72%**
	PSCP RESERVE BALANCE	
24	2022-23 PSCP Revenue	4,765,593
25	2022 Summer School PSCP Revenue	-
26	**Total 2022-23 PSCP Revenue**	**$ 4,765,593**
27	Less: Net Eligible Education Expenses for PSCP Pupils *Line 20 times Line 23*	4,622,233
28	Add: June 30, 2022 PSCP Reserve Balance	2,281,971
29	Less: Repayment of June 30, 2022 PSCP Reserve Balance	-
30	**June 30, 2023 PSCP Reserve Balance**	**$ 2,425,331**
31	**Plan for PSCP Reserve Required**	**Required**
	REQUIRED CASH AND INVESTMENT BALANCE	
32	June 30, 2023 PSCP Reserve Balance Line 30	2,425,331
33	June 30, 2023 SNSP Reserve Balance	-
34	Less: Remaining Depreciation on Fixed Assets	57,945
35	Less: Land Purchases that have not Been Included as Eligible	-
36	**Required Cash and Investment Balance**	**$ 2,367,386**

Green Bay Area Catholic Education, Inc.

Notes to Reserve Balance Schedules

Year Ended June 30, 2023

Note 1: General

The accompanying Private School Choice Programs (PSCP) Reserve Balance Schedule includes the activity of Green Bay Area Catholic Education, Inc. (the "Organization") under the PSCP for the year ended June 30, 2023. The information in the schedules is presented in accordance with the requirements of Wisconsin Stats. 118.60 and 119.23 and Wisconsin Admin. Codes PI 35 and 48 (PSCP). Because the schedules present only a selected portion of the operations of the Organization, they are not intended to and do not present the financial position, changes in net assets or cash flows of the Organization.

Note 2: Government Assistance

Government assistance consisted of the following as of the year ended June 30, 2023:

Federal and State Food Programs	$	592,364
EANS grant funding		103,870
Total government assistance	$	696,234

Between March of 2020 and 2021, Congress passed three stimulus bills. These bills included the following funding that was available to the Organization:

Emergency Assistance for Nonpublic Schools (EANS)

The EANS program was established in the Coronavirus Response and Relief Supplemental Appropriations Act, 2021 (CRRSA Act) to provide services or assistance to eligible nonpublic schools to address educational disruptions caused by COVID-19. The Organization incurred and requested for reimbursement eligible expenses through the EANS program for the year ended June 30, 2023. These revenues were recognized in accordance with the accounting policy described in Note 1 to the financial statements.

In addition, the Organization did not receive services and assistance directly from a Cooperative Educational Service Agency (CESA) or contracted by a CESA. Accordingly, no expenses or revenues associated with these direct services are reflected in the financial statements or the PSCP Reserve Balance for Standard Financial Audits schedule.

ERate Program

The Federal Communications Commission's ERate program provides discounts for telecommunications, internet access, and internal connections to eligible schools and libraries. The Organization recognizes the discounts as a reduction to information technology expense, if received in the same fiscal year, or as government grant income, if reimbursed in a subsequent fiscal year. Accordingly, no expenses or revenues associated with these direct services are reflected in the financial statements or the PSCP Reserve Balance for Standard Financial Audits schedule.

Green Bay Area Catholic Education, Inc.

Notes to Reserve Balance Schedules

Year Ended June 30, 2023

Note 3: Fundraising Revenue

The Organization presents nonadministrative fundraising expenses as an expense on the statements of activities and statements of functional expenses. Accordingly, fundraising revenue is required to be included in the PSCP Reserve Balance for Standard Financial Audits schedule as offsetting revenue on line 16.

Note 4: Scholarship Awards and Other Financial Support for Pupils

The Organization presents scholarship awards and other financial support provided to pupils to attend the school as a reduction to tuition revenue in the statements of activities. Accordingly, scholarship awards and other financial support are not required to be included in the PSCP Reserve Balance for Standard Financial Audits schedule as a noneligible expense.

Note 5: Property and Equipment

The Organization's property and equipment in the statements of financial position do not include amounts that were donated. All property and equipment meet the requirements of Wisconsin Admin Codes PI35, 48, and 49.

Attachment #7

Attachment #7

WIPFLI

469 Security Blvd
Green Bay, WI 54313

920 662 0016
wipfli.com

DATE

Board of Directors
Green Bay Area Catholic Education, Inc.
1822 Riverside Drive
Green Bay, WI 54301

Dear Members of the Board:

We have audited the financial statements of Green Bay Area Catholic Education, Inc. (the "Organization") for the year ended June 30, 2023 and have issued our report thereon dated [DATE]. Professional standards require that we provide you with the following information related to our audit.

Our Responsibility Under Auditing Standards Generally Accepted in the United States

As stated in our engagement letter dated July 24, 2023, our responsibility, as described by professional standards, is to express an opinion about whether the financial statements prepared by management with your oversight are fairly presented, in all material respects, in conformity with accounting principles generally accepted in the United States. Our audit of the financial statements does not relieve you or management of your responsibilities.

Planned Scope and Timing of the Audit

We performed the audit according to the planned scope, timing, and with respect to significant risks identified by us, all of which were previously communicated to your representative, Ms. Melissa Wolcanski, in our various planning discussions in additions to our engagement letter dated July 24, 2023, accepted by Ms. Wolcanski.

Significant Audit Matters

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the Organization are described in Note 1 to the financial statements. No new accounting policies were adopted, and the application of existing policies was not changed during the year, except for Accounting Standards Update ("ASU") No. 2016-02, *Leases*.

We noted no transactions entered into by the Organization during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimates affecting the financial statements were the collectability of receivables, the useful lives of depreciable assets, and the fair value of investments and beneficial interests.

Attachment #7

The disclosures in the financial statements are neutral, consistent, and clear. Certain financial statement disclosures are particularly sensitive because of their significance to financial statement users. The most sensitive disclosures affecting the financial statements were:

- Endowments funds in Note 6 - This disclosure describes the restricted use of donated assets for endowment purposes.
- Net assets in Notes 13, 14, and 15 - These disclosures describe the intended use of the restricted assets provided by donors.

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. The bullet point list below summarizes the uncorrected misstatement of the financial statements. Management has determined that its effect is immaterial, both individual and in the aggregate, to the financial statements taken as a whole. The uncorrected misstatement or the matters underlying it could potentially cause future period financial statements to be materially misstated, even though, in our judgement, such uncorrected misstatements are immaterial to the financial statements under audit. In addition, none of the misstatements detected as a result of audit procedures and corrected by management were material, either individually or in the aggregate, to the financial statements taken as a whole.

- A passed prior period adjustment to remove an expense item that was related to work performed in June 2022, but was recorded in the fiscal year ended June 30, 2023, approximately $19,000.

We proposed and the Organization recorded one adjusting journal entry to recognize revenue and record a receivable for the unconditional Two Eagles grant funding that was awarded in March 2023, approximately $233,000.

Disagreements With Management

For purposes of this letter, a disagreement with management is a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated [DATE], a copy of which accompanies this letter.

Management Consultations With Other Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the Organization's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the Organization's auditors. However, these discussions occurred in the normal course of our professional relationship, and our responses were not, in our judgment, a condition of our retention.

Other Matters

Supplementary Information Accompanying Audited Financial Statements

With respect to the supplementary information accompanying the financial statements, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with accounting principles generally accepted in the United States, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.

Other Information in Documents Containing Audited Financial Statements

The auditor's responsibility for other information in documents containing audited financial statements does not extend beyond the financial information identified in our report, and we have no obligation to perform any procedures to corroborate other information contained in a document. Our responsibility is to read the other information and consider whether such information, or the manner of its presentation, is materially inconsistent with information, or the manner of its presentation, appearing in the financial statements. We are not aware of any documents or other information containing audited financial statements and, furthermore, management has not requested us to devote attention to any documents containing audited financial statements.

Internal Control Matters

In planning and performing our audit of the financial statements of the Organization for the year ended June 30, 2023, in accordance with auditing standards generally accepted in the United States of America, we considered the Organization's internal control over financial reporting (internal control) as a basis for designing our auditing procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control. Accordingly, we do not express an opinion on the effectiveness of the Organization's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented or detected and corrected on a timely basis.

Our consideration of internal control was for the limited purpose described in the first paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses. In addition, because of the inherent limitations in internal control, including the possibility of management override of internal controls, misstatements due to error or fraud may occur and not be detected by such controls. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

During our audit, we also became aware of other matters in internal control, other than significant deficiencies or material weaknesses, that are opportunities for strengthening internal controls and operating efficiency:

Revenue Recognition

During our audit, we noted that there was new grant funding from the Two Eagles grant restricted for financial aid purposes related to the 2023-2024 school year that was awarded prior to June 30, 2023. Upon review and discussion with management, it was determined that the grant was unconditional, and as such under generally accepted accounting principles, should have been recorded as a promise to give (receivable) and revenue when received (in the fiscal year ended June 30, 2023). The grant is restricted for financial aid for the specific time period of the 2023-2024 school year and should be reflected as restricted revenue. The fluctuation in grant revenue the Organization has experienced in the last few years is atypical and it is not uncommon for grants to be written with unclear terms. Wipfli recommends that the Organization clearly review all non-exchange grant/contributions to determine proper recognition under GAAP and utilize a practice aid that we have provided to walk through the specific criteria. This practice aid will help identify questions that can be resolved between the Organization and Wipfli before the audit begins.

We appreciate the opportunity to be of service to Green Bay Area Catholic Education, Inc.

This communication is intended solely for the information and use of the Board of Directors and, if appropriate, management and the Wisconsin Department of Public Instruction and is not intended to be, and should not be, used by anyone other than these specified parties.

Sincerely,

Wipfli LLP

Enc.