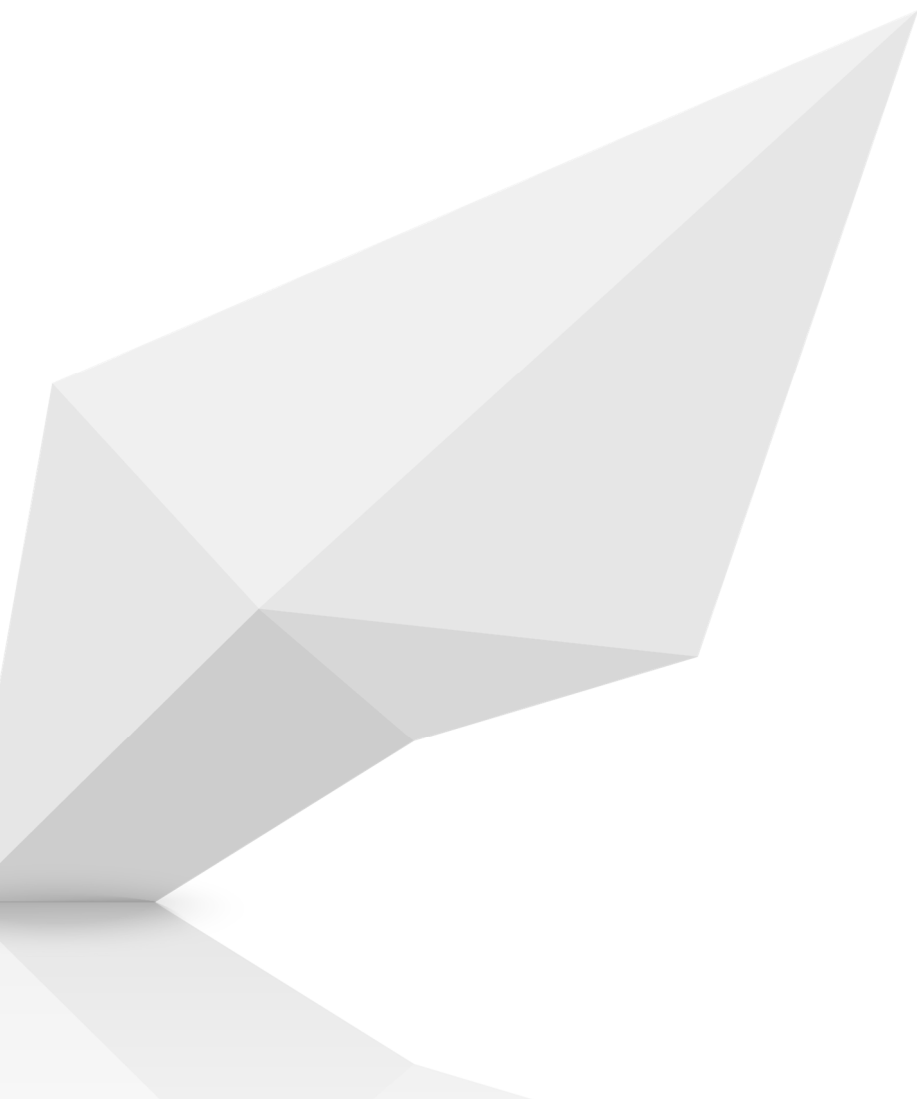


Diocese of Superior

Annual Financial Statement Together with
Independent Auditor's Report

Years Ended June 30, 2023 and 2022



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, 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 Diocese of Superior 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 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

December 14, 2023

Diocese of Superior

Statement of Financial Position

As of June 30, 2023

	General Fund	Insurance Fund	Health Insurance Fund	Total
Assets				
Current assets				
Cash	\$ 620,340	\$ 443,905	\$ 435,858	\$ 1,500,103
Investments	9,220,963	1,672,828	1,018,284	11,912,075
Accounts receivable				
Affiliated organizations	668,450	(18)	148,112	816,544
Other			189,447	189,447
Grants receivable, current portion	221,400			221,400
Prepaid expenses	18,842	41,475	87,922	148,239
Interest receivable	17,121	8,328		25,449
Total current assets	10,767,116	2,166,518	1,879,623	14,813,257
Property and equipment - net	363,586			363,586
Noncurrent assets				
Grants receivable, net of current portion	40,000			40,000
Note receivable - affiliated organizations	6,248			6,248
Beneficial interest in perpetual trust	153,067			153,067
Equity in Catholic Umbrella Pool		420,301		420,301
Total noncurrent assets	199,315	420,301		619,616
Total Assets	\$ 11,330,017	\$ 2,586,819	\$ 1,879,623	\$ 15,796,459

See accompanying notes to financial statements.

Diocese of Superior

Statement of Financial Position (Continued)

As of June 30, 2023

Liabilities and Net Assets	General Fund	Insurance Fund	Health Insurance Fund	Total
Current liabilities				
Accounts payable	\$ 609,710	\$ 43,078	\$ 72,659	\$ 725,447
Due to parishes	801			801
Accrued payroll and vacation	54,242			54,242
Collections payable	5,515			5,515
Deferred revenue - Catholic Service Appeal	136,435			136,435
Clergy postretirement benefits - current	147,843			147,843
Estimate of claims incurred		175,147	354,672	529,819
Total current liabilities	954,546	218,225	427,331	1,600,102
Long-term liabilities				
Clergy postretirement benefits - net of current portion	3,367,728			3,367,728
Total liabilities	4,322,274	218,225	427,331	4,967,830
Net assets				
Without donor restrictions	5,660,231	2,368,594	1,452,292	9,481,117
Without donor restrictions - board designated	375,911			375,911
Total without donor restrictions	6,036,142	2,368,594	1,452,292	9,857,028
With donor restrictions	971,601			971,601
Total net assets	7,007,743	2,368,594	1,452,292	10,828,629
Total Liabilities and Net Assets	\$ 11,330,017	\$ 2,586,819	\$ 1,879,623	\$ 15,796,459

See accompanying notes to financial statements.

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, long term	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	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 Activities

For the Year Ended June 30, 2023

	General Fund	Insurance Fund	Health Insurance Fund	Total
Change in net assets without donor restrictions				
Support, revenue and gains				
Catholic Services Appeal	\$ 2,350,000	\$	\$	\$ 2,350,000
Gifts, grants, bequests and memorials	652,476			652,476
Contributions from foundations - related party	133,153			133,153
Fees	355,927			355,927
Tuition	2,110			2,110
Workshops and in-service	88,186			88,186
Fax and photocopying	27,567			27,567
Interest and dividends	243,414	56,879	32,309	332,602
TAXA	6,300			6,300
Miscellaneous	6,183			6,183
Insurance premiums and revenues		1,356,683	3,796,422	5,153,105
Net realized losses on investments	(205,134)	(30,852)	(7,357)	(243,343)
Net unrealized gains (losses) on investments	508,021	(34,281)	58,163	531,903
Actuarial loss - clergy post retirement	(5,884)			(5,884)
Change in equity - Catholic Umbrella Pool		47,871		47,871
Total support, revenue and gains	4,162,319	1,396,300	3,879,537	9,438,156
Net assets released from restrictions	343,950			343,950
Total support, revenue, gains and reclassifications	4,506,269	1,396,300	3,879,537	9,782,106
Expenses				
Program services				
Services to parishes	1,700,975	1,361,483	2,616,386	5,678,844
Services to priests	1,285,374		722,505	2,007,879
Total program services	2,986,349	1,361,483	3,338,891	7,686,723
Supporting services				
Management and general	929,368	95,799	408,537	1,433,704
Fund raising	282,874			282,874
Total supporting services	1,212,242	95,799	408,537	1,716,578
Total expenses	4,198,591	1,457,282	3,747,428	9,403,301
Change in net assets without donor restrictions	307,678	(60,982)	132,109	378,805

See accompanying notes to financial statements.

Diocese of Superior

Statement of Activities (Continued)

For the Year Ended June 30, 2023

	General Fund	Insurance Fund	Health Insurance Fund	Total
Change in net assets with donor restrictions				
Support, revenue and gains				
Gifts, grants, bequests and memorials	\$ 277,037	\$	\$	\$ 277,037
Change in value of beneficial interest in perpetual trust	(1,911)			(1,911)
Total support, revenue and gains	275,126			275,126
Net assets released from restrictions	(343,950)			(343,950)
Change in net assets with donor restrictions	(68,824)			(68,824)
Change in total net assets	238,854	(60,982)	132,109	309,981
Net assets, beginning 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, beginning of the year	6,571,926	2,515,731	1,430,991	10,518,648
Transfers	196,963	(86,155)	(110,808)	
Net assets, end of the year				
Without donor restrictions	6,036,142	2,368,594	1,452,292	9,857,028
With donor restrictions	971,601			971,601
Total net assets, end of the year	\$ 7,007,743	\$ 2,368,594	\$ 1,452,292	\$ 10,828,629

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)	8,377	453,344
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	3,660,692	10,194,670
Net assets released from restrictions	270,829			270,829
Total support, revenue, gains and reclassifications	5,614,455	1,190,352	3,660,692	10,465,499
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	(135,959)	832,143

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	(135,959)	1,054,243
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 Functional Expenses

For the Year Ended June 30, 2023

	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	\$ 623,550	\$ 331,828	\$ 955,378	\$ 277,348	\$ 123,993	\$ 401,341	\$ 1,356,719
Employee benefits	247,114	363,960	611,074	139,498	22,217	161,715	772,789
Payroll taxes and workers' compensation	45,840	21,489	67,329	22,240	9,179	31,419	98,748
Total salaries and related expenses	916,504	717,277	1,633,781	439,086	155,389	594,475	2,228,256
Assessments	15,287	15,287	30,574	30,574	-	30,574	61,148
Car and equipment expense	8,262	2,732	10,994	9,447	-	9,447	20,441
Charity	203	203	406	407	-	407	813
Computer and software	903	817	1,720	3,551	17,967	21,518	23,238
Contract services	428,812	45,567	474,379	202,631	28,908	231,539	705,918
Dues and subscriptions	18,651	6,543	25,194	7,347	842	8,189	33,383
Depreciation	5,866	1,284	7,150	21,193	-	21,193	28,343
Education	9,857	167,695	177,552	1,315	-	1,315	178,867
Grant expense	118,631	17,849	136,480	101,253	-	101,253	237,733
Insurance administration	677,828	295,032	972,860	124,339	-	124,339	1,097,199
Insurance claims	2,251,120	385,285	2,636,405	300,983	-	300,983	2,937,388
Insurance premiums	922,714	44,698	967,412	64,592	-	64,592	1,032,004
Interest	5,952	1,488	7,440	22,320	-	22,320	29,760
Miscellaneous	11,657	7,029	18,686	12,858	6,429	19,287	37,973
Office expense	18,756	13,413	32,169	6,184	24,570	30,754	62,923
Postage	8,398	6,028	14,426	8,262	10,659	18,921	33,347
Professional fees	27,952	25,845	53,797	51,690	-	51,690	105,487
Promotional materials	3,181	2,653	5,834	443	30,954	31,397	37,231
Repairs and maintenance	6,676	12,074	18,750	23,649	-	23,649	42,399
Rent	1,395	41,307	42,702	-	-	-	42,702
Scholarships	12,000	-	12,000	-	-	-	12,000
Special events	245,478	42,155	287,633	20,441	-	20,441	308,074
Supplies and materials	5,618	7,806	13,424	5,743	-	5,743	19,167
Travel	51,233	130,462	181,695	17,959	1,400	19,359	201,054
Telephone and utilities	13,048	14,989	28,037	32,121	-	32,121	60,158
Workshop expense	59,107	17,906	77,013	9	5,756	5,765	82,778
Total expenses before eliminations	5,845,089	2,023,424	7,868,513	1,508,397	282,874	1,791,271	9,659,784
Eliminations:							
Contract services from other funds	(160,293)	(14,057)	(174,350)	(52,373)	-	(52,373)	(226,723)
Interest expense from interfund loan	(5,952)	(1,488)	(7,440)	(22,320)	-	(22,320)	(29,760)
Total functional expenses	\$ 5,678,844	\$ 2,007,879	\$ 7,686,723	\$ 1,433,704	\$ 282,874	\$ 1,716,578	\$ 9,403,301

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

Statements of Cash Flows

As of June 30,

	2023	2022
Cash flows from operating activities		
Change in net assets	\$ 309,981	\$ 1,054,243
Adjustments to reconcile changes in net assets to net cash provided by (used in) operating activities		
Depreciation	28,343	22,430
Service cost on clergy post retirement plan	69,888	147,843
Change in value of beneficial interest in perpetual trust	1,911	28,011
Net realized (gains) losses on investments	243,343	(453,344)
Net unrealized (gains) losses on investments	(531,903)	1,724,982
Change in equity - Catholic Umbrella Pool	(47,871)	96,272
Actuarial (gain) loss - clergy post retirement	5,884	(2,376,230)
(Increase) decrease in		
Accounts receivable	16,856	(428,069)
Grants receivable	8,900	(118,200)
Prepaid expenses	(91,753)	(2,023)
Interest receivable	(7,905)	(2,950)
Increase (decrease) in		
Accounts payable	5,614	252,444
Due to parishes	(24,941)	25,742
Accrued payroll and vacation	357	(1,118)
Collections payable	2,239	(64,145)
Deferred revenue	26,833	6,911
Estimate of claims incurred	20,527	172,000
Held for others		(108,206)
Net cash provided by (used in) operating activities	36,303	(23,407)
Cash flows from investing activities		
Purchase of investments	(1,313,162)	(3,167,338)
Proceeds from sales of investments	245,959	2,009,988
Payments received on note receivable	(1,016)	94,939
Net cash used in investing activities	(1,068,219)	(1,062,411)
Net decrease in cash	(1,031,916)	(1,085,818)
Cash, beginning of year	2,532,019	3,617,837
Cash, end of year	\$ 1,500,103	\$ 2,532,019

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, 2023 and 2022:

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, 2023 or 2022.

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, 2023 or 2022.

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, 2023 or 2022.

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.

Diocese of Superior

Notes to Financial Statements

Note 1: Summary of Significant Accounting Policies (Continued)

Property, Equipment and Depreciation (Continued)

Property and equipment consisted of the following at June 30:

	2023	2022
Land	\$ 103,410	\$ 103,410
Land improvements	102,550	102,550
Buildings and improvements	1,223,095	1,223,094
Furnishings and equipment	253,508	253,508
Transportation equipment	45,187	45,187
Subtotal	1,727,750	1,727,749
Less accumulated depreciation	(1,364,164)	(1,335,821)
Net property and equipment	\$ 363,586	\$ 391,928

Depreciation expense was \$28,343 and \$22,430 for the years ended June 30, 2023 and 2022, 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, 2023 and 2022 totaled \$78,595 and \$80,457, 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.

Diocese of Superior

Notes to Financial Statements

Note 1: Summary of Significant Accounting Policies (Continued)

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.

Change in Accounting Policy

In February 2016, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) No. 2016-02, *Leases* (Topic 842). ASU 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 balance sheet. 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 and capital leases as finance 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 December 31, 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 840 for embedded leases under ASC 842. The Organization had no leases required to be reported under ASC 842 at June 30, 2023.

Subsequent Events

The Organization has evaluated events and transactions for potential recognition or disclosure in the financial statements through December 14, 2023, which is the date the financial statements were available to be issued.

Diocese of Superior

Notes to Financial Statements

Note 2: Investments

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

	2023		2022	
	Fair Value	Cost	Fair Value	Cost
General Fund:				
U.S. Treasury bonds	\$ 1,108,648	\$ 1,179,294	\$ 1,087,750	\$ 1,130,633
Corporate bonds	3,643,764	3,774,383	4,066,185	4,259,506
Stocks	3,914,235	3,568,281	2,261,828	2,419,338
REITs	272,018	299,349	532,155	565,810
Mutual funds	282,298	211,975	275,761	211,975
Total general fund investments	9,220,963	9,033,282	8,223,679	8,587,262
Insurance Fund:				
U.S. Treasury bonds	1,078,932	1,149,068	1,070,338	1,117,298
Corporate bonds	593,896	637,903	603,519	643,365
Total insurance fund investments	1,672,828	1,786,971	1,673,857	1,760,663
Health Insurance Fund:				
Corporate bonds	227,268	233,705	294,160	309,799
Stocks	741,220	708,320	364,617	388,629
REITs	49,796	50,000	-	-
Total health insurance fund investments	1,018,284	992,025	658,777	698,428
Total investments	\$ 11,912,075	\$ 11,812,278	\$ 10,556,313	\$ 11,046,353

Realized gains and losses on investments of \$(213,291) and \$478,628 are reported net of fees of \$30,052 and \$25,283 for the years ended June 30, 2023 and 2022, 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 \$153,067 and \$154,978 is presented in the accompanying financial statements at June 30, 2023 and 2022, 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, 2023 and 2022. 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:

		2023		
		Total	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	\$ 153,067	\$	\$	\$ 153,067
Investments:				
U.S. Treasury bonds	2,187,580			2,187,580
Corporate bonds	4,464,928			4,464,928
Stocks	4,655,455		4,655,455	
REITs	321,814		321,814	
Mutual funds	282,298		282,298	
Total investments	11,912,075		5,259,567	6,652,508
Total assets at fair value	\$ 12,065,142	\$	5,259,567	\$ 6,652,508 \$ 153,067

		2022		
		Total	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

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:

	2023 Beneficial Interest in Perpetual Trust	2022 Beneficial Interest in Perpetual Trust
Balance, July 1	\$ 154,978	\$ 182,989
Change in value	(1,911)	(28,011)
Balance, June 30	\$ 153,067	\$ 154,978

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, 2023

Assets	Fair Value	Valuation Technique	Significant Unobservable Inputs	Range
Beneficial Interest in Perpetual Trust	\$ 153,067	Third Party Pricing or Appraisals	Market Price of Assets Held	Unknown

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

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	6/30/2022	6/30/2023
Contract liabilities - deferred revenue	\$ 102,691	\$ 109,602	\$ 136,435
Accounts receivable	\$ 594,779	\$ 1,022,847	\$ 1,005,991

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, 2023, 2022, 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: 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 \$3,796,422 and \$3,741,984 in premium revenue from the parishes for the years ended June 30, 2023 and 2022, respectively. The Organization paid \$2,568,564 and \$2,604,074 in insurance claims and \$1,168,488 and \$1,185,053 in reinsurance premiums for the years ended June 30, 2023 and 2022, respectively. A liability has been recorded for claims outstanding in the amounts of \$354,672 and \$392,000 at June 30, 2023 and 2022, respectively. Management believes that this liability is sufficient to cover estimated claims including claims incurred but not yet reported.

Diocese of Superior

Notes to Financial Statements

Note 6: Self-Funded Insurance Plans (Continued)

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 \$1,356,683 and \$1,383,741 in premium revenue from the parishes for the years ended June 30, 2023 and 2022, respectively. The Organization paid \$368,824 and \$83,944 in insurance claims and \$935,106 and \$908,910 in insurance premiums for the years ended June 30, 2023 and 2022, respectively. A liability has been recorded for claims outstanding in the amount of \$175,147 and \$117,292 at June 30, 2023 and 2022, respectively. Management believes that this liability is sufficient to cover estimated claims including claims incurred but not yet reported.

Note 7: Equity in Catholic Umbrella Pool

The Diocese of Superior is a member of the Catholic Umbrella Pool (Pool) for the years ended June 30, 2023 and 2022. 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.

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, 2023 and 2022 was \$420,301 and \$372,430, 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 8: 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, 2023 and 2022, the estimated present value of these projected future costs was \$3,515,571 and \$3,439,799, 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.

Diocese of Superior

Notes to Financial Statements

Note 8: Clergy Postretirement Benefits/Underfunded Liability (Continued)

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, 2023 and 2022 the Fund had assets of \$3,725,933 and \$3,447,435, 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:

	2023	2022
Retirees	\$ 1,433,739	\$ 1,502,984
Active priests eligible for retire	625,474	610,049
Remaining active priests	1,456,358	1,326,766
Total	\$ 3,515,571	\$ 3,439,799

Amounts recognized in the statement of financial position consist of:

	2023	2022
Current liabilities	\$ 147,843	\$ 142,494
Noncurrent liabilities	3,367,728	3,297,305
Total	\$ 3,515,571	\$ 3,439,799

The net periodic benefit cost consists of:

<i>Years Ended June 30, 2023 and 2022</i>	2023	2022
Amortization of gains and losses	\$ (116,696)	\$ 14,474
Investment (return) loss	(28,970)	(2,530,215)
Interest cost	151,550	139,511
Total	\$ 5,884	\$ (2,376,230)

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 2023 and 2022, respectively, were \$69,888 and \$147,843 and has been recorded in other employee benefits on the statement of functional expenses.

Diocese of Superior

Notes to Financial Statements

Note 8: Clergy Postretirement Benefits/Underfunded Liability (Continued)

The following additional items affected the benefit obligation:

<i>Years Ended June 30,</i>	2023	2022
Employer contributions	\$ 145,665	\$ 176,546
Benefits paid	\$ 106,118	\$ 176,546

The accumulated post-retirement benefit obligation was \$3,515,571 and \$3,439,799 as of June 30, 2023 and 2022, respectively.

The actuarial assumptions used in calculating the liability include:

	2023	2022
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 periodic benefit cost for the postretirement health plan that will be recognized in actuarial gain/loss over the next fiscal year is \$160,512.

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

2024	\$ 160,512
2025	168,869
2026	171,145
2027	\$ 179,945
2028-2032	1,046,781

Diocese of Superior

Notes to Financial Statements

Note 9: Net Assets

Net assets with donor restrictions were restricted for the following purpose at June 30, 2023 and 2022:

<i>June 30,</i>	2023	2022
Subject to expenditure for specified purpose:		
Scholarships	\$ 15,287	\$ 23,127
Campaign for Human Development	76,654	89,183
Catholic Communications	14,874	19,322
Rice Bowl	183,787	164,529
Native American Evangelization	29,900	1,887
Hispanic ministry	4,053	35,300
Geisler trust	44,021	44,021
Education	185,607	222,708
International priest orientation	52,500	20,000
Building Faith - Red Cliff	19,000	38,000
Continuing forward - Bayfield Peninsula	40,000	59,800
New Richmond Steward Development	20,000	40,000
Hayward Steward Development	20,000	40,000
Eagle River Maintenance Mission	40,000	
Total subject to expenditure for specified purpose	745,683	797,877
Subject to passage of time:		
CHM grant	72,851	87,570
Perpetual in nature:		
Beneficial interest in perpetual trust	153,067	154,978
Total net assets with donor restrictions	\$ 971,601	\$ 1,040,425

The Organization's governing board has designated net assets without donor restrictions for the following purposes as of June 30, 2023 and 2022:

<i>June 30,</i>	2023	2022
Bishop's Legacy Circle	\$ 375,911	\$ 291,614
Total net assets without donor restrictions - board designated	\$ 375,911	\$ 291,614

Diocese of Superior

Notes to Financial Statements

Note 9: 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, 2023 and 2022:

<i>Years Ended June 30,</i>	2023	2022
Satisfaction of expenditure for specified purpose:		
Scholarships	\$ 12,120	\$ 11,235
Faith Ministry and Evangelization	1,887	-
Catholic Communications	4,448	6,507
Rice Bowl	-	15,752
Education	37,101	9,055
Native American Evangelization	-	6,695
Campaign for Human Development	12,528	12,805
Hispanic Ministry	31,247	26,205
Native American Evangelization	29,900	30,000
Building Faith - Red Cliff	19,000	
Continuing forward - Bayfield Peninsula	20,000	19,800
New Richmond Steward Development	20,000	-
Hayward Steward Development	20,000	-
Eagle River Maintenance Mission	20,000	-
International Priest Orientation	20,000	20,000
Lumen Christi Award	1,000	-
Satisfaction of passage of time:		
CHM grant	94,719	112,775
Total net assets released from restrictions	\$ 343,950	\$ 270,829

Note 10: 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 10: Related Party Transactions (Continued)

The following is a summary of related party transactions:

<i>Years Ended June 30,</i>	2023	2022
Accounts receivable:		
Due from parishes for payroll and payroll services	\$ 8,689	\$ 11,533
Due from parishes for Diocesan Service Appeal contributions	330,076	293,851
Due from parishes and affiliates for insurance premiums	148,094	252,397
Due from Retired Priest Health Care Fund	-	158,385
Due from St. Augustine Seminarian Fund	133,153	106,119
Due from parishes for miscellaneous reasons	196,532	29,603
Total accounts receivable	\$ 816,544	\$ 851,888
Notes receivable:		
Note receivable	6,248	5,232
Total notes receivable	\$ 6,248	\$ 5,232
Liabilities:		
Due to parishes for Diocesan Service Appeal contributions overpaid	801	25,742
Deferred revenue for Diocesan Service Appeal contributions	136,435	109,602
Total liabilities	\$ 137,236	\$ 135,344
Support, revenue and gains:		
Diocesan Service Appeal from parishes	\$ 2,350,000	\$ 2,248,853
Insurance premium revenue from parishes and affiliates	5,153,105	5,125,725
Distribution from Retired Priest Health Care Fund	-	158,385
Distribution from St. Augustine Seminarian Fund	133,153	106,119
Total support, revenue, and gains	\$ 7,636,258	\$ 7,639,082

Note 11: 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 12: 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, 2023, and 2022, 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>	2023	2022
Financial assets:		
Cash	\$ 1,500,103	\$ 2,532,019
Investments	11,912,075	10,556,313
Accounts receivable		
Affiliated organizations	816,544	851,888
Other	189,447	170,959
Grant funds receivable, current portion	221,400	171,500
Interest receivable	25,449	17,544
Total financial assets	14,665,018	14,300,223
Less restrictions:		
Net assets restricted for expenditure for specified purpose	(745,683)	(797,877)
Net assets restricted for passage of time	(72,851)	(87,570)
Board designated net assets	(375,911)	(291,614)
Financial assets available to meet cash needs for general expenditures within one year	\$ 13,470,573	\$ 13,123,162

Supplementary Information

Diocese of Superior

Schedule of Support, Revenue, and Expenses by Fund

For the Year Ended June 30, 2023

	General Fund	Insurance Fund	Health Insurance Fund	Eliminations	Total
Support					
Catholic Services Appeal	\$ 2,350,000	\$	\$	\$	\$ 2,350,000
Grants	430,246				430,246
Contributions from foundations - related party	133,153				133,153
Other contributions and gifts	291,656				291,656
Bequests and memorials	207,611				207,611
Total support	3,412,666				3,412,666
Revenue					
Fees	582,650			(226,723)	355,927
Tuition	2,110				2,110
Workshops and in-service	88,186				88,186
Fax and photocopying	27,567				27,567
Interest and dividends	243,414	56,879	62,069	(29,760)	332,602
TAXA	6,300				6,300
Miscellaneous	6,183				6,183
Insurance premium and revenues		1,356,683	3,796,422		5,153,105
Total revenue	956,410	1,413,562	3,858,491	(256,483)	5,971,980
Total support and revenue	4,369,076	1,413,562	3,858,491	(256,483)	9,384,646
Expenses					
General fund expenses	4,200,008			(29,760)	4,170,248
Insurance funds expenses		1,543,437		(86,155)	1,457,282
Health insurance fund expenses			3,887,996	(140,568)	3,747,428
Total expenses before depreciation	4,200,008	1,543,437	3,887,996	(256,483)	9,374,958
Depreciation - equipment	9,054				9,054
Depreciation - autos	16,415				16,415
Depreciation - building	2,874				2,874
Total depreciation	28,343				28,343
Total expenses	4,228,351	1,543,437	3,887,996	(256,483)	9,403,301
Excess (deficiency) of support and revenue over expenses	140,725	(129,875)	(29,505)		(18,655)
Other gains (losses)					
Net realized losses on investments	(205,134)	(30,852)	(7,357)		(243,343)
Net unrealized gains (losses) on investments	508,021	(34,281)	58,163		531,903
Actuarial loss - clergy postretirement	(5,884)				(5,884)
Change in value of perpetual trust	(1,911)				(1,911)
Change in equity - Catholic Umbrella Pool		47,871			47,871
Total other gains (losses)	295,092	(17,262)	50,806		328,636
Net excess (deficiency) of expenses over support and revenue	\$ 435,817	\$ (147,137)	\$ 21,301	\$	\$ 309,981

See accompanying notes to financial statements.

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 loss - 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 gains (losses)	1,323,243	(244,033)	(98,900)		980,310
Net excess (deficiency) of expenses over revenue over expenses	\$ 1,335,521	\$ (11,645)	\$ (269,632)	\$	\$ 1,054,244

See accompanying notes to financial statements.

Diocese of Superior

Schedules of Expenses by Fund

For the Years Ended June 30,

	2023	2022
General Fund by cost center		
Diocesan administration	\$ 638,314	\$ 559,942
Front office	25,032	24,408
Charter implementation	16,651	2,799
Bishop's house	29,652	34,028
Development	274,018	296,695
Maintenance	135,977	131,271
NOL maintenance	5,584	6,510
Bishop's Legacy Circle	7,743	24,283
Chancellor	34,240	84,479
Respect Life	23,467	21,365
DCCW	10,000	10,000
Tribunal	146,173	132,864
Christian formation	364,412	355,975
CHM/DCF	94,719	112,775
Education	63,614	49,145
Fall institute	11,318	2,257
Diaconate	36,288	13,681
Diaconate training	827	9,200
Lay ministry	17,062	4,891
Religious education	17,070	6,872
Brady trust scholarships	12,120	11,235
Youth and young adult	203,764	164,390
Marriage & Family	41,363	42,591
US Latin Sisters	138,617	137,934
Totus Tutus	49,073	39,689
Newman Centers	67,920	67,920
Vocations	10,801	11,231
Liturgy	115,131	89,481
Diocesan chorale	17,640	12,510
Charismatic	2,382	3,293
Computer services	102,369	92,952
Web site	4,448	6,507
Consult and leadership	156,784	149,042
Finance	196,529	228,252
Personnel	240,102	224,471
Parish accounting	107,435	55,924
Diocesan non-operating	236,442	791,090
Advisory committees	6,792	3,025
Seminary	204,282	237,055
Infirm priest	125,105	122,309
Retired priest health/dental	133,189	263,770
Ongoing formation for priests	75,559	55,827
Total expenses before depreciation	4,200,008	4,693,938
Depreciation	28,343	22,430
Total expenses General Fund	\$ 4,228,351	\$ 4,716,368

See accompanying notes to financial statements.

Diocese of Superior

Schedules of Expenses by Fund (Continued)

For the Years Ended June 30,

	2023	2022
Insurance Fund		
Insurance claims	\$ 368,824	\$ 83,944
Insurance premiums	935,106	908,910
Administrative fees and contract services	238,613	208,409
Office expense	894	734
Total expenses Insurance Fund	\$ 1,543,437	\$ 1,201,997
Health Insurance Fund		
Insurance claims	\$ 2,568,564	\$ 2,604,074
Insurance premiums	1,168,488	1,185,053
Office expenses	5,136	3,456
Administrative fees and contract services	145,808	137,742
Total expenses Health Insurance Fund	\$ 3,887,996	\$ 3,930,325

See accompanying notes to financial statements.