

We Stand With Christ, Inc.

Financial Statements with Independent Auditor's Report

Period from Inception (December 15, 2017) through June 30, 2018
and Year Ended June 30, 2019

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Independent Auditor's Report

To the Board of Directors
We Stand With Christ, Inc.

Report on the Financial Statements

We have audited the accompanying financial statements of We Stand With Christ, Inc., (a nonprofit corporation), which comprise the statements of financial position as of June 30, 2019 and 2018 and the related statements of activities, functional expenses, and cash flows for the year ended June 30, 2019 and the period from inception (December 15, 2017) to June 30, 2018, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of We Stand With Christ, Inc. as of June 30, 2019 and 2018, and the changes in its net assets and its cash flows, for the year and period then ended in conformity with accounting principles generally accepted in the United States of America.

Report on Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The Schedule of Distributions to Parishes on pages 13-14 is presented for purposes of additional analysis and is 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 audit 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.

Nanavaty, Davenport, Studley & White, LLP

May 11, 2020

Statements of Financial Position

As of June 30,

<u>ASSETS</u>	<u>2019</u>	<u>2018</u>
Cash and cash equivalents	\$ 10,238,894	\$ 2,213,653
Contributions receivable, net	44,840,702	11,853,398
Due from affiliated organizations	713,694	653,400
Total Assets	<u>\$ 55,793,290</u>	<u>\$ 14,720,451</u>
 <u>LIABILITIES AND NET ASSETS</u> 		
Liabilities:		
Accounts payable and accrued expenses	\$ 59,819	\$ 311,179
Distributions payable	55,733,471	14,409,272
Total Liabilities	<u>55,793,290</u>	<u>14,720,451</u>
Net Assets:		
Without donor restrictions	<u>-</u>	<u>-</u>
Total Net Assets	<u>-</u>	<u>-</u>
Total Liabilities and Net Assets	<u>\$ 55,793,290</u>	<u>\$ 14,720,451</u>

The accompanying notes are an integral part of this financial statement.

Statements of Activities

Year Ended June 30, 2019 and Period Ended June 30, 2018

	<u>2019</u>	<u>2018</u>
Support and Revenues:		
Contributions	\$ 56,509,823	\$ 18,689,606
Expenses:		
Program services	53,318,244	17,251,108
Management and general	343,436	230,219
Development and fundraising	2,848,143	1,208,279
Total supporting services	3,191,579	1,438,498
Total expenses	56,509,823	18,689,606
Change in net assets	-	-
Net assets without donor restrictions - beginning of the year	-	-
Net assets without donor restrictions - end of the year	<u>\$ -</u>	<u>\$ -</u>

The accompanying notes are an integral part of this financial statement.

We Stand With Christ, Inc.

Statements of Functional Expenses

Year Ended June 30, 2019 and Period Ended June 30, 2018

	2019				2018			
	Program Services	Management and General	Development and Fundraising	Total Expenses	Program Services	Management and General	Development and Fundraising	Total Expenses
Parish distributions	\$ 22,899,812	\$ -	\$ -	\$ 22,899,812	7,321,283	\$ -	\$ -	\$ 7,321,283
Foundation distributions	18,016,276	-	-	18,016,276	5,096,614	-	-	5,096,614
Annual Catholic Appeal distributions	6,380,027	-	-	6,380,027	2,505,000	-	-	2,505,000
Other distributions	-	-	-	-	1,000,000	-	-	1,000,000
Provision for uncollectible pledges	6,022,129	-	-	6,022,129	1,328,211	-	-	1,328,211
Professional fees	-	82,763	2,551,354	2,634,117	-	60,000	1,122,128	1,182,128
Bank and credit card service fees	-	-	234,785	234,785	-	-	50,192	50,192
Personnel costs	-	142,738	-	142,738	-	62,576	-	62,576
Office supplies	-	72,575	62,004	134,579	-	64,398	35,959	100,357
Occupancy	-	45,360	-	45,360	-	43,245	-	43,245
	<u>\$ 53,318,244</u>	<u>\$ 343,436</u>	<u>\$ 2,848,143</u>	<u>\$ 56,509,823</u>	<u>\$ 17,251,108</u>	<u>\$ 230,219</u>	<u>\$ 1,208,279</u>	<u>\$ 18,689,606</u>

The accompanying notes are an integral part of this financial statement.

Statements of Cash Flows

Year Ended June 30, 2019 and the Period Ended June 30, 2018

	<u>2019</u>	<u>2018</u>
Cash flows from operating activities:		
Change in net assets	\$ -	\$ -
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Changes in assets and liabilities:		
Increase in contributions receivable	(32,987,304)	(11,853,398)
Increase in amount due from affiliated organizations	(60,294)	(653,400)
(Decrease) increase in accounts payable and accrued expenses	(251,360)	311,179
Increase in distributions	41,324,199	14,409,272
Net cash provided by operating activities	<u>8,025,241</u>	<u>2,213,653</u>
Net increase in cash and cash equivalents	8,025,241	2,213,653
Cash and cash equivalents at beginning of year	2,213,653	-
Cash and cash equivalents at end of year	<u>\$ 10,238,894</u>	<u>2,213,653</u>

The accompanying notes are an integral part of this financial statement.

Notes to the Financial Statements

NOTE 1 - ORGANIZATION

We Stand With Christ, Inc. (WSWC) is a Connecticut nonprofit, non-stock corporation formed on December 15, 2017 by the Bridgeport Roman Catholic Diocesan Corporation, Inc. (the 'Diocese'). Members of the organization shall include that person holding the office of the Bishop, or in the event of a vacancy of the office of the Bishop, the Administrator of the Diocese, and such other persons as may be appointed by the Bishop of the Diocese. The members of the corporation shall elect the Board of Directors.

WSWC was incorporated to raise, contribute to, oversee, manage and administer capital campaign funds, endowments and trusts, and their respective missions, operations, programs, ministries and activities, and various related educational, pastoral, evangelical, charitable and religious services.

WSWC will benefit the long-term needs of the Diocesan parishes and essential ministries, with its objective of strengthening local parishes to encourage a vibrant Catholic life and to establish endowment funds for mission related support with three foundations: Foundations in Faith, Inc., Foundations in Charity, Inc., and Foundations in Education, Inc..

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting - The accompanying financial statements have been prepared on the accrual basis in accordance with accounting principles generally accepted in the United States of America (GAAP).

Use of Estimates - The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect certain reported amounts and disclosures in the financial statements. Actual results could differ from those estimates.

Basis of Presentation - The financial statements of WSWC comply with the provisions of FASB ASC 958, *Not-for-Profit Entities*. FASB ASC 958 establishes standards for external financial reporting by nonprofit organizations.

Classifications of Net Assets - WSWC reports its net assets and changes therein based on the existence or absence of donor-imposed restrictions as follows:

Net Assets Without Donor Restriction - consist of resources available for the general support of the WSWC operations, which may be used at the discretion of management.

Net Assets With Donor Restriction - net assets subject to the following donor-imposed stipulations:

Some donor restrictions are temporary in nature or satisfied by the passage of time that either expire with the passage of time or can be fulfilled by the actions of WSWC pursuant to those stipulations. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, with donor restriction net assets are reclassified to without donor restriction net assets. However, when restrictions on donor-restricted contributions are met in the same accounting period, such amounts are reported as part of without donor restriction net assets.

Notes to the Financial Statements (continued)

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Other donor restrictions consist of funds that are subject to donor-imposed restrictions of gift instruments requiring that the principal be invested in perpetuity and the income be used for specific or general purposes.

At June 30, 2019 and 2018, there were no net assets with donor restrictions.

Contributions - Contributions, including unconditional promises to give, are reported as revenues in the period received. Unconditional promises to give in greater than one year are discounted to reflect the present value of future cash flows using a credit adjusted discount rate assigned in the year the respective pledge originates. Amortization of the discount is recorded as additional contribution revenue in accordance with donor-imposed restrictions, if any. An allowance for uncollectible contributions receivable is provided in the net asset class in which the contribution receivable resides based on an assessment of the creditworthiness of the respective donor. Contributions are written-off when determined to be uncollectible. Conditional promises to give are recognized when the conditions on which they depend are substantially met.

Contributed services are recognized in the financial statements if they enhance nonfinancial assets or require specialized skills, are provided by individuals possessing those skills and would typically need to be purchased if not provided by donation. General volunteer services do not meet these criteria for recognition.

Intentions to give under various wills and trust agreements are recorded as bequests receivable when the Diocese has an irrevocable right to the bequest and the proceeds are measurable.

Cash and Cash Equivalents - WSWC considers as cash and cash equivalents all highly liquid investments, which can be converted into known amounts of cash and have a maturity period of ninety days or less at the time of receipt. Also included in this definition of cash equivalents are marketable securities that are received to satisfy a pledge. It is WSWC's policy to immediately liquidate all marketable securities for cash upon receipt. Excluded from this definition of cash equivalents are such amounts that represent funds that have been designated by the Board for investment.

Distributions Payable - WSWC makes distributions to the parishes and the three Foundations: Foundations in Education, Inc., Foundations in Faith, Inc., and Foundations in Charity, Inc. Approximately 50% of the funds raised will be for parish needs and the remaining 50% will be invested in the three Foundations. Upon receipt of a pledge, a liability is recorded to the designated affiliated organization. The Board of Directors' of WSWC controls when the distributions of cash are paid to the affiliated organizations. Distributions payable within one year are recorded as liabilities at their full value. Distributions payable that are expected to be paid in more than one year are recorded at the present value of their estimated cash flows.

Notes to the Financial Statements (continued)

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Income Taxes - WSWC is a nonprofit organization and is exempt from federal and state income taxes as a public charity under Section 501(c)(3) of the Internal Revenue Code. Accordingly, no provision for income taxes has been made in the accompanying financial statements. WSWC recognizes an individual tax position in its financial statements based upon whether the tax position is more likely than not to be sustained upon examination by the applicable taxing authority, including resolution of any related appeals or litigation processes, based on the technical merits of the position. WSWC has processes presently in place to ensure the maintenance of its tax-exempt status; to identify and report unrelated income; determine its filing and tax obligations in jurisdictions for which it has nexus; and, to review other matters that may be considered tax positions. As of June 30, 2019, and 2018, management has determined that WSWC has no material uncertain tax positions that would require recognition or disclosure in its consolidated financial statements. WSWC is subject to routine audits by the Internal Revenue Service. There are currently no audits for any tax periods since inception.

Functional Expense Allocation - Expenses are charged directly to WSWC program services, management and general, and development and fundraising based on specific identification, to the extent practicable. Expenses related to more than one function have been allocated using reasonable ratios, as determined by management, amongst the programs and supporting services benefited. Those expenses include personnel costs, professional fees, and office supplies, and occupancy expenses. Management and general expenses include those expenses that are not directly identifiable with a specific function but provide for the overall support and direction of WSWC.

Subsequent Events - In preparing these financial statements, management has evaluated subsequent events through May 11, 2020, which represents the date the financial statements were available to be issued. There are no subsequent events that require disclosure.

NOTE 3 - SIGNIFICANT CONCENTRATIONS OF CREDIT RISK

WSWC maintains a single bank account with one local financial institution. Accounts at the institution are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000. Cash at June 30, 2019 and 2018 exceeded federally insured limits. To minimize risk, WSWC cash accounts are placed with high-credit quality financial institutions.

Credit risk for contributions revenues and contributions receivable is concentrated as well because substantially all of the balances are from individuals located within the same geographic region. Management has recorded an allowance for uncollectible pledges of \$7,350,340 and \$1,328,211 at June 30, 2019 and 2018, respectively.

Notes to the Financial Statements (continued)

NOTE 4 - LIQUIDITY AND AVAILABILITY OF RESOURCES

Total financial assets available to meet cash needs for general expenditures within one year at June 30 are as follows:

	<u>2019</u>	<u>2018</u>
Cash and cash equivalents	\$ 10,238,894	\$ 2,213,653
Contributions receivable, net	44,840,702	11,853,399
Amounts due from affiliates	<u>713,694</u>	<u>653,400</u>
Financial assets as of fiscal year-end	55,793,290	14,720,452
Less amounts unavailable for general expenditures due to:		
Distributions payable within one year	<u>(17,147,421)</u>	<u>(5,707,663)</u>
Total financial assets available to management to meet general expenditures within one year	<u>\$ 38,645,869</u>	<u>\$ 9,012,789</u>

Liquidity Management

WSWC maintains a policy of structuring its financial assets to be available as its campaign expenditures, liabilities, and other obligations come due. In addition to financial assets available to meet distributions and campaign expenditures over the next 12 months, WSWC anticipates sufficient revenue to cover these expenditures.

NOTE 5 - CONTRIBUTIONS RECEIVABLE

Contributions receivable, net, consist of the following unconditional promises to give at June 30:

	<u>2019</u>	<u>2018</u>
Amounts expected to be collected in:		
Less than one year	\$ 14,407,929	\$ 5,161,421
One to four years	<u>38,256,580</u>	<u>8,120,690</u>
	52,664,509	13,282,111
Less: discount to net present value	(473,467)	(100,502)
provision for uncollectible pledges	<u>(7,350,340)</u>	<u>(1,328,211)</u>
Contributions receivable, net	<u>\$ 44,840,702</u>	<u>\$ 11,853,398</u>

Contributions that are expected to be collected after one year have been discounted at .5% and are reflected in the financial statements at their net present value.

Notes to the Financial Statements (continued)**NOTE 6 - DISTRIBUTIONS PAYABLE**

Distributions payable, net, consist of the following at June 30:

	<u>2019</u>	<u>2018</u>
Amounts expected to be paid in:		
Less than one year	\$ 17,147,421	\$ 5,707,663
One to four years	39,069,578	8,810,650
	<u>56,216,999</u>	<u>14,518,313</u>
Less: discount to net present value	(483,528)	(109,041)
Distributions payable, net	<u>\$ 55,733,471</u>	<u>\$ 14,409,272</u>

Distributions that are expected to be paid after one year have been discounted at .5% and are reflected in the financial statements at their net present value. Distributions are payable to the following at June 30:

	<u>2019</u>	<u>2018</u>
Parishes (see supplementary information)	\$ 25,532,090	\$ 5,966,648
Foundations		
Foundations in Charity, Inc.	4,908,822	374,479
Foundations in Education, Inc.	8,208,014	1,183,402
Foundations in Faith, Inc.	10,188,046	3,488,784
	<u>23,304,882</u>	<u>5,046,665</u>
Annual Catholic Appeal	6,380,027	2,505,000
Others	1,000,000	1,000,000
Total distributions payable	<u>\$ 56,216,999</u>	<u>\$ 14,518,313</u>

NOTE 7 - COMMITMENTS

WSWC has entered into agreements for professional services with vendors to provide campaign, database management, and accounting services through various terms. The specific commitments are as follows:

A service agreement with Community Counselling Service Co., LLC, (CCS), to assist with the \$75 million fundraising campaign. CCS is assisting with the design of the overall fundraising plan, strategy and timetable; to management and coordinate the day-to day fundraising activities; to develop and manage donor prospect lists; to analyze monthly fundraising progress; and to provide counsel on the campaign as needed. The term of the services is from October 1, 2017 to August 31, 2019. The agreement may be cancelled by either party upon 60-days' notice.

Notes to the Financial Statements (continued)

NOTE 7 - COMMITMENTS (continued)

CCS will be entitled to professional fees prorated to the effective date of the cancellation, as well as, any operational expenses incurred. The total agreed upon fee for these services is \$3,520,500 and is not dependent on the amount of funds raised. Fees paid to CCS for the year ended June 30, 2019 and 2018 are \$2,551,354 and \$1,122,128, respectively. WSWC has the following commitment at June 30, 2019 as follows:

Year ending June 30, 2020 \$ 66,000

A service agreement with Letter Concepts, Inc. to provide database management and maintenance for \$67,840; lockbox and data processing services for \$92,887; pledge and remit card and in-pew return scans for \$23,250; direct mail products and services for \$149,925; annual tax acknowledgement mailings for a five-year period for a total of \$26,250; for a total of \$360,152. The initial term of the service agreement is from February 12, 2018 to December 2023. Fees paid to LCI for the year ended June 30, 2019 and 2018 are \$187,503 and \$45,000, respectively. WSWC has the following commitment at June 30, 2019 as follows:

Year ending June 30, 2020	\$ 28,888
2021	\$ 28,888
2022	\$ 28,888
2023	\$ 28,888
2024	\$ 14,448

WSWC has signed an engagement letter with Sheldon Reder, CPAs to provide third party accounting services to WSWC. Fees are invoiced as rendered based on an estimate provided at the time the engagement letter was signed. Fees paid to Sheldon Reder for the year ended June 30, 2019 and 2018 are \$73,000 and \$60,000, respectively.

NOTE 8 - SUBSEQUENT EVENT

In 2020, the COVID-19 outbreak reached the United States and caused economic interruptions through mandated and voluntary closings of businesses and organizations in all 50 states. While the interruption is currently expected to be temporary, there is considerable uncertainty as to the duration and long-term effects of COVID-19 on the economy. Due to the uncertainties that exist, WSWC is unable to reasonably estimate the future financial impact that this will have on the operation.

Supplementary Information

Schedule of Distributions Payable to Parishes

Year Ended June 30, 2019 and Period Ended June 30, 2018

Parish #	Parish Name	2019	2018
10000	Saint Maurice Parish, Stamford	\$ 23,649	\$ -
10010	Sacred Heart Parish, Greenwich	7,624	-
10020	Saint Paul Parish, Greenwich	315,791	21,503
10030	Saint Mary Parish, Greenwich	654,422	-
10040	Saint Roch Parish, Greenwich	122,100	-
10060	Saint Michael the Archangel Parish, Greenwich	3,449,567	2,234,790
10080	Saint Mary Parish, Stamford	45,000	-
10100	Saint Leo Parish, Stamford	281,822	-
10110	Saint John Parish, Darien	459,539	-
10120	Basilica of Saint John the Evangelist Parish, Stamford	1,764,517	-
10130	Sacred Heart Parish, Stamford	2,238	-
10170	Holy Name of Jesus Parish, Stamford	37,170	-
10180	Holy Spirit Parish, Stamford	757,786	-
10200	Saint Bridget of Ireland Parish, Stamford	146,094	-
10210	Our Lady Star of the Sea Parish, Stamford	185,918	-
20000	Saint Mary Parish, Bethel	1,050,757	-
20010	Saint Patrick Parish, Redding	224,144	-
20020	Saint Joseph Parish, Brookfield	255,599	-
20030	Sacred Heart Parish, Danbury	182,366	-
20050	Saint Gregory the Great Parish, Danbury	183,287	-
20060	Saint Matthew Parish, Norwalk	2,005,762	670,305
20070	Saint Joseph Parish, Danbury	178,753	-
20080	Sacred Heart Parish, Georgetown	32,856	-
20090	Saint Edward the Confessor Parish, New Fairfield	387,540	-
20100	Saint Rose of Lima Parish, Newtown	2,153,288	2,590,050
20110	Saint Mary Parish, Ridgefield	1,959,321	-
20140	Saint Joseph Parish, Norwalk	135,000	-
20150	Saint Jerome Parish, Norwalk	389,144	-
20160	Saint Francis of Assisi Parish, Weston	22,500	-
20170	Saint Philip Parish, Norwalk	300,282	-
20180	Saint Mary Parish, Norwalk	33,114	-
20190	Saint Aloysius Parish, New Canaan	554,857	450,000
20200	Our Lady of Fatima Parish, Wilton	273,985	-
20210	Saint Elizabeth Seton Parish, Ridgefield	659,761	-

See independent auditor's report.

Schedule of Distributions Payable to Parishes

Year Ended June 30, 2019 and Period Ended June 30, 2018

Parish #	Parish Name	2019	2018
20220	Our Lady of Guadalupe Parish, Danbury	530,725	-
20260	Holy Trinity Parish, Sherman	63,988	-
20270	Saint Marguerite Bourgeoys Parish, Brookfield	252,914	-
30000	Saint Luke Parish, Westport	204,321	-
30010	Assumption Parish, Westport	628,680	-
30020	Saint Anthony of Padua Parish, Fairfield	119,364	-
30040	Holy Family Parish, Fairfield	16,072	-
30050	Saint Pius X Parish, Fairfield	722,995	-
30060	Notre Dame Parish, Easton	4,983	-
30070	Saint Thomas Aquinas Parish, Fairfield	361,509	-
30080	Our Lady of the Assumption Parish, Fairfield	210,119	-
30090	Saint Ann Parish, Bridgeport	29,025	-
30170	Saint Margaret's Shrine, Bridgeport	265,045	-
30180	Holy Cross Parish, Fairfield	29,979	-
30190	Saint Andrew Parish, Bridgeport	31,179	-
30200	Saint Peter Parish, Bridgeport	173,263	-
40010	Saint Stephen Parish, Trumbull	61,821	-
40030	Saint Mark Parish, Stratford	615,230	-
40040	Our Lady of Peace Parish, Stratford	55,952	-
40070	Saint Theresa Parish, Trumbull	185,538	-
40080	Saint Joseph Parish, Shelton	111,402	-
40090	Saint Lawrence Parish, Shelton	687,479	-
40100	Christ the King Parish, Trumbull	249,766	-
40110	Saint Margaret Mary Alacoque Parish, Shelton	527,689	-
40140	Saint Mary Parish, Bridgeport	30,550	-
40150	Saint Charles Borromeo Parish, Bridgeport	92,486	-
40170	Blessed Sacrament Parish, Bridgeport	29,703	-
40180	Saint Michael the Archangel Parish, Bridgeport	1,670	-
40200	Saint Jude Parish, Monroe	3,090	-
		\$ 25,532,090	\$ 5,966,648

See independent auditor's report.