Financial Statements
June 30, 2020 and 2019

Archdiocese of Oklahoma City Pastoral Office Funds

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Independent Auditor's Report

Most Reverend Paul S. Coakley
Archbishop of the Archdiocese of Oklahoma City

Report on the Financial Statements
We have audited the accompanying financial statements of the Archdiocese of Oklahoma City Pastoral Office Funds (the Pastoral Office), which comprise the statements of financial position as of June 30, 2020 and 2019, and the related statements of activities, functional expenses and cash flows for the years then ended, and the related notes to the financial statements.

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

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 from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the 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 the Archdiocese of Oklahoma City Pastoral Office Funds as of June 30, 2020 and 2019, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Eide Bailly LLP

Tulsa, Oklahoma
December 18, 2020

	2020	2019
Assets		
Cash and cash equivalents	$ 4,708,308	$ 3,384,206
Investments, including investments held for others	111,467,663	135,891,078
Accounts receivable, net	1,214,984	1,580,401
Contributions receivable, net	27,184,848	36,118,915
Notes receivable, net	19,272,806	14,672,809
Prepaid expenses and other assets	121,003	129,098
Property and equipment, net	15,796,024	38,495,889
Beneficial interests in charitable trusts held by others	-	557,621
Total assets	$ 179,765,636	$ 230,830,017
Liabilities and Net Assets		
Accounts payable	$ 975,498	$ 1,177,281
Funds due to related parties	690,725	2,898,448
Contributions payable, net	118,328	907,200
Refundable advance	1,056,200	-
Investments managed for related parties	49,816,578	52,143,854
Accrued insurance claims and settlements	1,335,066	1,337,030
Accrued pension benefit cost	17,155,431	13,432,876
Total liabilities	71,147,826	71,896,689
Net Assets		
Without donor restrictions		
Undesignated	41,822,967	36,907,202
Designated	19,581,018	21,857,583
Accumulated pension related changes other than net periodic pension benefit costs	(7,812,808)	(4,604,487)
Invested in property and equipment	15,796,024	38,495,889
	69,387,201	92,656,187
With donor restrictions		
Perpetual in nature	6,778,578	6,736,532
Purpose restrictions	32,452,031	58,982,988
Time-restricted for future periods	-	557,621
	39,230,609	66,277,141
Total net assets	108,617,810	158,933,328
Total liabilities and net assets	$ 179,765,636	$ 230,830,017

	Without Donor Restrictions	With Donor Restrictions	Total
Revenue, Support, and Gains			
Contributions and collections			
Annual Catholic appeal	$ 3,677,945	$ -	$ 3,677,945
Capital campaign	-	2,253,740	2,253,740
Archdiocesan assessments	2,058,236	-	2,058,236
Fees of budgeted departments and offices	1,610,615	91,000	1,701,615
Priest medical collections	-	70,348	70,348
Bequests and other	732,888	-	732,888
Insurance premiums, net	9,344,170	-	9,344,170
Oil, gas, and royalty income	779,877	-	779,877
Interest and dividend income:			
PDLF investment pool	1,431,486	-	1,431,486
Investments	981,664	543,882	1,525,546
Notes receivable	289,933	-	289,933
Net gains on investments	770,477	376,354	1,146,831
Other income	304,701	-	304,701
Net assets released from restriction	30,381,856	(30,381,856)	-
Total revenue, support, and gains	52,363,848	(27,046,532)	25,317,316
Expenses			
Budgeted departments and offices			
Pastoral Center	2,612,199	-	2,612,199
Administration	1,502,932	-	1,502,932
Capital campaign	350,538	-	350,538
Transfer of assets to Stanley Rother Shrine	29,252,605	-	29,252,605
Evangelization and Catechesis	286,764	-	286,764
Safe Environment	173,304	-	173,304
Archdiocesan Newspaper (Sooner Catholic)	702,469	-	702,469
Office of Christian Education	616,290	-	616,290
Youth Ministry	401,461	-	401,461
Office of Family Life	266,880	-	266,880
Hispanic Ministry	300,302	-	300,302
Our Lady Guadalupe	360,915	-	360,915
Office of Planning, Stewardship, and Development	1,105,703	-	1,105,703
Ministry to Priests, Permanent Deacons, and Clergy Education	461,712	-	461,712
Hospital Ministry	295,264	-	295,264
Tribunal	194,740	-	194,740
Office of Worship and Spiritual Life	225,512	-	225,512
United States Conference of Catholic Bishops	189,551	-	189,551
Archival	167,596	-	167,596
Priests' welfare, retirement, and disability	64,404	-	64,404
Property taxes and insurance	76,554	-	76,554
Total budgeted departments and offices	$ 39,607,695	$ -	$ 39,607,695

	Without Donor Restrictions	With Donor Restrictions	Total
Expenses			
Sponsored programs and other subsidies:			
Insurance claims and settlements	$ 7,320,395	$ -	$ 7,320,395
Administrative self-insurance costs	1,670,450	-	1,670,450
Pilgrimage	33,712	-	33,712
Campus ministry	114,500	-	114,500
Contributions made to others	2,078,326	-	2,078,326
Property contributions to Bishop McGuinness Catholic High School	16,271,712	-	16,271,712
Seminarian programs	1,084,536	-	1,084,536
Net periodic pension benefit cost	1,106,679	-	1,106,679
PDLF investment pool interest expense	666,983	-	666,983
Depreciation	1,447,784	-	1,447,784
Provision for uncollectable contributions	326,407	-	326,407
Other	695,334	-	695,334
Total sponsored programs and other subsidies	32,816,818	-	32,816,818
Change in Net Assets from Operations	(20,060,665)	(27,046,532)	(47,107,197)
Loss associated with pension benefits that are not recognized immediately as a component of net periodic benefit cost	(3,208,321)	-	(3,208,321)
Change in Net Assets	(23,268,986)	(27,046,532)	(50,315,518)
Net Assets, Beginning of Year	92,656,187	66,277,141	158,933,328
Net Assets, End of Year	$ 69,387,201	$ 39,230,609	$ 108,617,810

	Without Donor Restrictions	With Donor Restrictions	Total
Revenue, Support, and Gains			
Contributions and collections			
Annual Catholic appeal	$ 3,317,787	$ -	$ 3,317,787
Capital campaign	-	25,905,166	25,905,166
Archdiocesan assessments	2,025,603	-	2,025,603
Fees of budgeted departments and offices	1,888,233	92,573	1,980,806
Priest medical collections	-	46,481	46,481
Property additions of Bishop McGuinness Catholic High School	1,031,559	-	1,031,559
Bequests and other	914,555	-	914,555
Insurance premiums, net	9,403,562	-	9,403,562
Oil, gas, and royalty income	861,990	-	861,990
Interest and dividend income:			
PDLF investment pool	1,504,957	-	1,504,957
Investments	1,268,014	356,246	1,624,260
Notes receivable	427,423	-	427,423
Net gains on investments	3,896,997	415,356	4,312,353
Gain on sale of property and equipment	84,075	-	84,075
Gain on sale of St. Ann's Nursing Home	4,087,274	-	4,087,274
Other income	183,443	-	183,443
Change in value of beneficial interests in charitable trusts held by others	-	390,671	390,671
Net assets released from restriction	4,736,698	(4,736,698)	-
Total revenue, support, and gains	35,632,170	22,469,795	58,101,965
Expenses			
Budgeted departments and offices			
Pastoral Center	2,527,299	-	2,527,299
Administration	1,614,919	-	1,614,919
Capital campaign	2,408,126	-	2,408,126
Evangelization and Catechesis	215,287	-	215,287
Safe Environment	183,693	-	183,693
Archdiocesan Newspaper (Sooner Catholic)	586,046	-	586,046
Office of Christian Education	542,015	-	542,015
Youth Ministry	441,571	-	441,571
Office of Family Life	212,038	-	212,038
Hispanic Ministry	361,614	-	361,614
Our Lady Guadalupe	357,418	-	357,418
Office of Planning, Stewardship, and Development	1,122,896	-	1,122,896
Ministry to Priests, Permanent Deacons, and Clergy Education	336,700	-	336,700
Hospital Ministry	264,108	-	264,108
Tribunal	161,675	-	161,675
Office of Worship and Spiritual Life	226,956	-	226,956
United States Conference of Catholic Bishops	203,734	-	203,734
Archival	199,043	-	199,043
Priests' welfare, retirement, and disability	32,093	-	32,093
Property taxes and insurance	74,643	-	74,643
Total budgeted departments and offices	$ 12,071,874	$ -	$ 12,071,874

	Without Donor Restrictions	With Donor Restrictions	Total
Expenses			
Sponsored programs and other subsidies:			
Insurance claims and settlements	$ 8,859,935	$ -	$ 8,859,935
Administrative self-insurance costs	1,376,841	-	1,376,841
Pilgrimage	3,300	-	3,300
Campus ministry	114,500	-	114,500
Ecumenical and interreligious	4,000	-	4,000
Contributions made to others	2,128,501	-	2,128,501
Seminarian programs	1,098,869	-	1,098,869
Net periodic pension benefit cost	947,682	-	947,682
PDLF investment pool interest expense	1,395,148	-	1,395,148
Depreciation	1,389,750	-	1,389,750
Provision for uncollectable contributions	1,913,673	-	1,913,673
Other	717,117	-	717,117
Total sponsored programs and other subsidies	19,949,316	-	19,949,316
Change in Net Assets from Operations	3,610,980	22,469,795	26,080,775
Loss associated with pension benefits that are not recognized immediately as a component of net periodic benefit cost	(1,440,447)	-	(1,440,447)
Change in Net Assets	2,170,533	22,469,795	24,640,328
Net Assets, Beginning of Year	90,485,654	43,807,346	134,293,000
Net Assets, End of Year	$ 92,656,187	$ 66,277,141	$ 158,933,328

	Program Services								
	Evangelization and Catechesis	Clergy, Consecrated Life and Vocations	Catholic Pastoral Center	Other	Total	Management and General	Self Insurance for Archdiocese of Oklahoma City	Fundraising and Development	Total
Grants and other assistance	$ 215	$ -	$ -	$ -	$ 215	$ 1,805,914	$ -	$ 3,485	$ 1,809,614
Transfers to related entities	-	-	-	-	-	45,524,317	-	-	45,524,317
Salaries and wages	1,344,196	474,583	493,338	465,528	2,777,645	1,346,815	-	485,337	4,609,797
Employee benefits	59,032	846,820	43,080	19,213	968,145	52,530	-	19,105	1,039,780
Payroll taxes	84,306	9,979	35,317	30,532	160,134	39,576	-	31,791	231,501
Professional services	-	-	-	44,786	44,786	654,891	41,548	-	741,225
Contract services	85,254	-	-	69,058	154,312	310,535	-	394,154	859,001
Advertising	172	-	-	556	728	1,825	-	27,564	30,117
Office expenses	56,858	30,138	55,327	485,468	627,791	121,602	-	99,958	849,351
Utilities	60,678	16,176	235,243	2,461	314,558	48,969	-	5,579	369,106
Repairs and maintenance	30,688	7,853	418,856	-	457,397	9,716	-	1,704	468,817
Information technology	-	-	-	-	-	56,448	-	-	56,448
Travel	198,894	52,962	749	21,962	274,567	47,994	-	15,568	338,129
Conferences, conventions & meetings	312,194	199,592	-	166,867	678,653	38,110	-	87,112	803,875
Fees due and other association costs	37,174	47,067	273	13,466	97,980	1,689,420	18,163	92,481	1,898,044
Insurance	925	-	-	-	925	-	3,350,547	-	3,351,472
Training and development	-	22,237	-	-	22,237	28	-	-	22,265
Depreciation	139,453	-	294,486	910,933	1,344,872	82,371	-	20,541	1,447,784
Insurance claims payments	-	-	-	-	-	-	5,756,299	-	5,756,299
Provision for doubtful accounts	-	-	-	-	-	-	-	326,407	326,407
Pension costs	-	1,106,679	-	-	1,106,679	-	-	-	1,106,679
Other	246,299	131,256	167,802	30,930	576,287	199,053	9,030	115	784,485
Total expenses included in the expense section on the statement of activities	$ 2,656,338	$ 2,945,342	$ 1,744,471	$ 2,261,760	$ 9,607,911	$ 52,030,114	$ 9,175,587	$ 1,610,901	$ 72,424,513

	Program Services								
	Evangelization and Catechesis	Clergy, Consecrated Life and Vocations	Catholic Pastoral Center	Other	Total	Management and General	Self Insurance for Archdiocese of Oklahoma City	Fundraising and Development	Total
Grants and other assistance	$ 2,608	$ 12,000	$ -	$ 1,000	$ 15,608	$ 1,811,412	$ -	$ 778	$ 1,827,798
Salaries and wages	1,227,713	271,809	449,392	402,085	2,350,999	1,269,804	-	526,817	4,147,620
Employee benefits	46,010	978,281	77,641	18,793	1,120,725	85,962	-	17,373	1,224,060
Payroll taxes	76,163	9,734	33,591	26,070	145,558	87,004	-	35,616	268,178
Professional services	-	-	-	78,403	78,403	571,585	18,182	-	668,170
Contract services	107,805	-	-	36,249	144,054	182,921	-	2,275,048	2,602,023
Advertising	11	895	-	385	1,291	2,558	-	10,174	14,023
Office expenses	59,645	22,254	18,355	461,362	561,616	180,946	-	151,782	894,344
Utilities	62,374	18,869	227,864	1,189	310,296	57,712	-	4,539	372,547
Repairs and maintenance	59,413	68	379,193	-	438,674	7,344	-	2,041	448,059
Information technology	-	-	-	-	-	298,935	-	-	298,935
Travel	147,250	67,470	1,206	24,611	240,537	81,393	-	38,107	360,037
Conferences, conventions & meetings	291,043	143,646	-	145,470	580,159	42,047	-	78,676	700,882
Fees due and other association costs	18,941	36,775	23	11,317	67,056	2,372,997	20,484	95,533	2,556,070
Insurance	1,875	-	-	-	1,875	-	1,397,772	4,625	1,404,272
Training and development	-	16,361	-	-	16,361	60	-	-	16,421
Depreciation	139,453	-	269,348	873,286	1,282,087	87,512	-	20,151	1,389,750
Insurance claims payments	-	-	-	-	-	-	8,406,494	-	8,406,494
Provision for doubtful accounts	-	-	-	-	-	-	419,985	1,913,673	2,333,658
Pension costs	-	947,682	-	-	947,682	-	-	-	947,682
Other	256,922	125,003	177,495	91,518	650,938	480,467	8,691	71	1,140,167
Total expenses included in the expense section on the statement of activities	$ 2,497,226	$ 2,650,847	$ 1,634,108	$ 2,171,738	$ 8,953,919	$ 7,620,659	$10,271,608	$ 5,175,004	$32,021,190

	2020	2019
Operating Activities		
Change in net assets	$ (50,315,518)	$ 24,640,328
Adjustments to reconcile change in net assets to net cash from operating activities		
Provision for doubtful accounts	-	419,985
Provision for uncollectable capital campaign contributions	326,407	1,913,673
Depreciation	1,447,784	1,389,750
Realized and unrealized gains on investments	(1,146,831)	(4,312,353)
Gain on sale of property and equipment	(318)	(84,075)
Investment contributions to Shrine, Inc.	22,313,372	-
Contributions of property from Bishop McGuinness High School	-	(1,031,559)
Property contributions to Bishop McGuinness High School	16,271,712	-
Property contributions to Shrine, Inc.	7,261,737	-
Transfer of payables to Shrine, Inc.	(322,504)	
Change in beneficial interests in trusts held by others	557,621	712,279
Net periodic pension cost	1,106,679	947,682
Pension related changes other than net periodic pension benefit cost	3,208,321	1,440,447
Changes in operating assets and liabilities		
Accounts receivable	365,417	240,990
Contributions receivable	8,607,660	(13,278,699)
Prepaid expenses and other assets	8,095	(32,509)
Accounts payable	120,721	(386,862)
Funds due to related parties	(2,207,723)	942,984
Contributions payable	(788,872)	344,835
Refundable advance	1,056,200	-
Accrued insurance claims	(1,964)	(52,479)
Accrued pension benefit cost	(592,445)	(872,436)
Net Cash from Operating Activities	7,275,551	12,941,981
Investing Activities		
Advances on notes receivable	(7,767,431)	(2,021,914)
Collections on notes receivables	3,167,434	3,489,581
Purchases of investments	(5,331,868)	(22,370,710)
Proceeds from sale of investments	6,261,466	3,099,806
Purchases property and equipment	(2,329,511)	(2,125,874)
Proceeds from sale of equipment	48,461	220,266
Net Cash used for Investing Activities	(5,951,449)	(19,708,845)
Net Change in Cash and Cash Equivalents	1,324,102	(6,766,864)
Cash and Cash Equivalents, Beginning of Year	3,384,206	10,151,070
Cash and Cash Equivalents, End of Year	$ 4,708,308	$ 3,384,206
Supplemental Disclosure of Cash Flow Information		
Cash paid during the year for		
Interest	$ 656,479	$ 1,395,148

Note 1 - Principal Activity and Significant Accounting Policies

Organization

Archdiocese of Oklahoma City (the Archdiocese), is a nonprofit organization that serves the parishes and parishioners of the Roman Catholic Archdiocese of Oklahoma City. The Pastoral Office has the accounting and reporting responsibilities of certain budgeted departments and offices of the Archdiocese. The Archdiocese includes 46 counties and over 100 parishes and missions located throughout central and western Oklahoma. The Archdiocese charges each parish an annual assessment and conducts annual development fund drives through the parishes in order to fund operations. Services provided by the Archdiocese include various social services, Catholic communications, priests' support, and information about the Catholic faith.

Basis of Presentation

The accompanying financial statements are prepared on the accrual basis of accounting, in accordance with accounting principles generally accepted in the United States of America and include the accounts and funds of the Pastoral Office of the Archdiocese and certain budgeted department and offices over which the Pastoral Office has accounting and reporting responsibility (collectively, the Pastoral Office). The Archdiocese has certain other Archdiocesan agencies, parishes, and organizations which operate within the Archdiocese; however, these organizations do not operate within the Pastoral Office. Accordingly, the accounts of these other agencies, parishes, and organizations have not been included with the Pastoral Office. As a result, the accompanying financial statements are not intended to present the financial position and changes in net assets of the Archdiocese as a whole.

Cash and Cash Equivalents

All cash and highly liquid financial instruments with original maturities of three months or less, and which are neither held nor restricted by donors for long-term purposes, are considered to be cash and cash equivalents. Cash and highly liquid financial instruments restricted to projects, endowment, or other long-term purposes are excluded from this definition.

Receivables

Accounts receivable consist primarily of Diocesan assessment due from various Catholic organizations and insurance premiums receivable. Notes receivable consist primarily of notes due from member parishes in connection with the PDLF program discussed in Note 13. Notes receivable are carried at unpaid principal balances, less an allowance for losses.

Management's periodic evaluation of the adequacy of the allowances for uncollectible accounts and notes receivable are based on historical loss experience, a review of subsequent collections, specific impaired notes, adverse situations that may affect the borrower's ability to repay, estimated value of any underlying collateral, and current economic conditions. Past due status is based on the contractual terms of the note. Notes are considered impaired if full principal or interest payments are not anticipated in accordance with the contractual terms. Receivables are written off when deemed uncollectible.

Interest on notes is recognized over the term of the note and is calculated using the simple-interest method on principal amounts outstanding. Notes are placed on nonaccrual when management believes, after considering economic conditions and collection efforts, that the notes are impaired or collection of interest is doubtful. Interest income on nonaccrual loans is recognized only to the extent cash payments are received.

Contributions Receivable

Unconditional contributions receivable expected to be collected within one year are recorded at net realizable value. Unconditional contributions receivable expected to be collected in future years are initially recorded at fair value using present value techniques incorporating risk-adjusted discount rates designed to reflect the assumptions market participants would use in pricing the asset. In subsequent years, amortization of the discounts is included in contribution revenue in the statements of activities. Allowance for uncollectible contributions receivable is determined based on historical experience, an assessment of economic conditions, and a review of subsequent collections. Contributions receivable are written off when deemed uncollectible.

Property and Equipment

Property and equipment additions are recorded at cost, or if donated, at fair value on the date of donation. The gross costs of the Pastoral Center and Bishop McGuinness Catholic High School (the School) reflect replacement values as determined as of December 31, 1967, plus the historical cost of additions to the buildings subsequent to 1967. As discussed in Note 13, real property assets of the School over which the Pastoral Office previously had accounting and reporting responsibility were transferred to the School and removed from the Pastoral Office's statement of financial position as of June 30, 2020, at their net book value.

Depreciation is computed using the straight-line method over the estimated useful lives of the assets ranging from five to fifty years. When assets are sold or otherwise disposed of, the cost and related depreciation are removed from the accounts, and any resulting gain or loss is included in the statements of activities. Expenditures for renewals and improvements that significantly add to the productive capacity or extend the useful life of an asset are capitalized. Costs of maintenance and repairs that do not improve or extend the useful lives of the respective assets are expensed currently.

The carrying values of property and equipment are reviewed for impairment whenever events or circumstances indicate that the carrying value of an asset may not be recoverable from the estimated future cash flows expected to result from its use and eventual disposition. When considered impaired, an impairment loss is recognized to the extent carrying value exceeds the fair value of the asset. There were no indicators of asset impairment during the years ended June 30, 2020 and 2019.

Beneficial Interests in Charitable Trusts Held by Others

The Pastoral Office has been named as an irrevocable beneficiary of multiple charitable trusts held and administered by independent trustees. These trusts were created independently by donors and are administered by outside agents designated by the donors. Therefore, the Pastoral Office has neither possession nor control over the assets of the trusts.

When the notice of a beneficial interest is received, a contribution with donor restrictions is recorded in the statements of activities and a beneficial interest in charitable trusts held by others is recorded in the statements of financial position at fair value using present value techniques and risk-adjusted discount rates designed to reflect the assumptions market participants would use in pricing the expected distributions to be received under the agreement. Thereafter, beneficial interests in the trusts are reported at fair value in the statements of financial position, with changes in fair value recognized in the statements of activities. Upon receipt of trust distributions or expenditures, or both, in satisfaction of the donor-restricted purpose, if any, net assets with donor-imposed time or purpose restrictions are released to net assets without donor restrictions. Trust distributions with donor-imposed restrictions that are perpetual in nature are transferred to the endowment, in which case, net assets with donor-restrictions are not released.

Investments

Investment purchases are recorded at cost, or if donated, at fair value on the date of donation. Thereafter, investments are reported at their fair values in the statements of financial position. Investment return is reported in the statements of activities and consists of interest and dividend income, realized and unrealized gains and losses, less external investment expenses.

Self-Insurance Plan

The Pastoral Office has a self-insured plan to serve the property and casualty and health and accident insurance needs of the Archdiocese and its parishes and organizations. Premiums received by the Pastoral Office from the insured organizations are recognized evenly over the contract period and are shown net of premiums paid to third parties for reinsurance coverage. Unearned insurance premiums representing the portion of the premiums applicable to the unexpired period of the contract are included with liabilities in the accompanying statements of financial position. A plan administrator has been retained to oversee the administration of the plan based upon guidelines established by the Pastoral Office.

Contributions Payable

Contributions payable consist of unconditional promises to give to recipients. Amounts expected to be paid within one year are recorded at net realizable value. Unconditional promises to give to be paid over more than one year are recorded at fair value using present value techniques incorporating risk-adjusted discount rates designed to reflect the assumptions market participants would use in pricing the liability. In subsequent years, amortization of the discount is included in contribution expenses in the statements of activities.

Net Assets

Net assets, revenues, gains, and losses are classified based on the existence or absence of donor or grantor restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

Net Assets Without Donor Restrictions – Net assets available for use in general operations and not subject to donor restrictions. Certain net assets have been internally designated, from net assets without donor restrictions, for specific purposes.

Net Assets With Donor Restrictions – Net assets subject to donor restrictions. Some donor imposed restrictions are temporary in nature, such as those that will be met by the passage of time, certain income earned that has not yet been appropriated for expenditure by the Finance Council, or other events specified by the donor. Other donor restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. The Pastoral Office reports contributions restricted by donors as increases in net assets with donor restrictions if they are received with donor stipulations that limit the use of the donated assets.

When a donor restriction expires, that is, when a stipulated time restriction ends, or purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities as net assets released from restrictions. Donor 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.

Revenue and Revenue Recognition

Contributions are recognized when cash, securities or other assets, an unconditional contribution receivable, or notification of a beneficial interest is received. Conditional contributions, that is, those with measurable performance or other barrier, and a right of return, are not recognized until the conditions on which they depend have been substantially met. Assessment and fee income is recognized ratably over the period for which the related assessments and fees relate, which generally corresponds with the Pastoral Office's fiscal year. Insurance premiums received from the insured parishes and organizations are recognized evenly over the contract period and shown net of premiums paid to third parties for reinsurance coverage.

Donated Services and In-Kind Contributions

Volunteers contribute significant amounts of time to program services, administration, and fundraising and development activities; however, the financial statements do not reflect the value of these contributed services because they do not meet recognition criteria prescribed by generally accepted accounting principles. Contributed goods are recorded at fair value at the date of donation. Donated professional services are recorded at the respective fair values of the services received.

Functional Allocation of Expenses

The statement of functional expenses presents the natural classification detail of expenses by function. Accordingly, certain costs have been allocated among the programs and supporting services benefited. The financial statements report certain categories of expenses that are attributed to more than one program or supporting function. Therefore, expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include salaries and wages, employee benefits, payroll taxes, and utilities, which are allocated on the basis of estimates of time and effort.

Income Taxes

The Archdiocese is organized as an Oklahoma nonprofit corporation and has been recognized by the Internal Revenue Service (IRS) as exempt from federal income taxes under Section 501(a) of the Internal Revenue Code as organizations described in Section 501(c)(3). Accordingly, no provision for income taxes has been included in the accompanying financial statements.

The Archdiocese is not required to file a Return of Organization Exempt from Income Tax (Form 990) with the IRS. Furthermore, Congress has imposed special limitations on how and when the IRS may conduct civil tax inquiries and examinations of religious entities. The IRS may only initiate a tax inquiry if the Director of Exempt Organizations Examinations reasonably believes based on written statements of the facts and circumstances that the Organization may not qualify for the exemption or may not be paying tax on unrelated business income or other taxable activity.

The Archdiocese believes that it has not engaged in activities that are not related to the purposes for which the Archdiocese was created, and as such, does not have any uncertain tax positions that are material to the financial statements. The Archdiocese would recognize future accrued interest and penalties related to unrecognized tax benefits and liabilities in income tax expense if such interest and penalties are incurred.

Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires the Archdiocese to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates and those differences could be material.

Financial Instruments and Credit Risk

Deposit concentration risk is managed by placing cash, money market accounts, and certificates of deposits with financial institutions believed by the Pastoral Office to be creditworthy. At times, amounts on deposit may exceed insured limits or include uninsured investments in money market mutual funds. To date, no losses have been experienced in any of these accounts. Credit risk associated with accounts and contributions receivable is considered to be limited due to high historical collection rates. Investments are made by diversified investment managers whose performance is monitored by the Finance Council. Although fair values of investments are subject to fluctuation on a year-to-year basis, the Archdiocese and the Finance Council believe that the investment policies and guidelines are prudent for the long-term welfare of the Pastoral Office.

Changes in Accounting Principles

As of July 1, 2019, the Pastoral Office adopted the provisions of FASB Accounting Standards Update (ASU) No. 2014-09, *Revenue from Contracts with Customers* (Topic 606), as amended, as management believes the standard improves the usefulness and understandability of the Pastoral Office's financial reporting. This update provides a comprehensive revenue recognition model for all contracts with customers. The new model requires revenue recognition to depict the transfer of promised goods or services to customers at an amount that reflects the consideration expected to be received in exchange for those goods or services. The majority of the Pastoral Office's revenues are outside the scope of ASC 606. Revenues that fall within the scope of ASC 606 include insurance premiums and assessment and fee income, which are generally recognized during the period in which the related services are performed. The adoption of this standard had no impact on prior year amounts. The presentation and disclosures of revenue have been enhanced in accordance with the standard.

The Pastoral Office has adopted the provisions of ASU 2018-08, *Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made* (ASU 2018-08) applicable to contributions received. ASU 2018-08 clarifies and improves the scope and the accounting guidance for contributions received and contributions made. Management has adopted this standard because it assists the Pastoral Office in evaluating whether transactions should be accounted for as contributions or exchange transactions and in determining whether a contribution is conditional. As of July 1, 2019, the Pastoral Office has implemented the provisions of ASU 2018-08 applicable to contributions received on a modified prospective basis to agreements that were not completed as of the date of adoption or were entered after the date of adoption. Management has determined that the adoption of this standard did not have a significant impact on the Pastoral Office's financial statements.

Subsequent Events

Subsequent events have been evaluated through December 18, 2020, the date the financial statements were available to be issued.

Note 2 - Liquidity and Availability

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

	2020	2019
Cash and cash equivalents	$ 4,708,308	$ 3,384,206
Accounts receivable	1,214,984	1,580,401
Investments	111,467,663	135,891,078
Contributions receivable	27,184,848	36,118,915
Notes receivable	19,272,806	14,672,809
	163,848,609	191,647,409
Less endowment investments	(14,684,877)	(15,066,545)
Less investments held for others	(49,816,578)	(52,143,854)
Less long term and donor restricted contributions receivables	(26,525,321)	(35,586,152)
Less long term notes receivable	(16,539,934)	(12,540,481)
Total financial assets to meet cash needs for general expenditures within one year	$ 56,281,899	$ 76,310,377

Endowment funds consist of donor-restricted endowments and funds designated by the Archbishop as endowments. Income from donor-restricted endowments is restricted for specific purposes, with the exception of amounts available for general use. Donor-restricted endowment funds are not available for general expenditure.

An internally-designated endowment, for which the balance as of June 30, 2020 and 2019, was $6,515,762 and $6,948,866, respectively, has been set aside for specific purposes as described in Note 9. Although the Pastoral Office does not intend to spend from these internally-designated net assets, these amounts could be made available if necessary.

Note 3 - Fair Value Measurements and Disclosures

Certain assets and liabilities are reported at fair value in the financial statements. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction in the principal, or most advantageous, market at the measurement date under current market conditions regardless of whether that price is directly observable or estimated using another valuation technique. Inputs used to determine fair value refer broadly to the assumptions that market participants would use in pricing the asset or liability, including assumptions about risk. Inputs may be observable or unobservable. Observable inputs are inputs that reflect the assumptions market participants would use in pricing the asset or liability based on market data obtained from sources independent of the reporting entity. Unobservable inputs are inputs that reflect the reporting entity's own assumptions about the assumptions market participants would use in pricing the asset or liability based on the best information available. A three-tier hierarchy categorizes the inputs as follows:

Level 1 – Quoted prices (unadjusted) in active markets for identical assets or liabilities that can be accessed at the measurement date.

Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly. These include quoted prices for similar assets or liabilities in active markets, quoted prices for identical or similar assets or liabilities in markets that are not active, inputs other than quoted prices that are observable for the asset or liability, and market-corroborated inputs.

Level 3 – Unobservable inputs for the asset or liability. In these situations, inputs are developed using the best information available in the circumstances.

In some cases, the inputs used to measure the fair value of an asset or a liability might be categorized within different levels of the fair value hierarchy. In those cases, the fair value measurement is categorized in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement. Assessing the significance of a particular input to entire measurement requires judgment, taking into account factors specific to the asset or liability. The categorization of an asset or liability within the hierarchy is based upon the pricing transparency of the asset and does not necessarily correspond to an assessment of the quality, risk or liquidity profile of the asset or liability.

Generally, quoted market prices are available for cash equivalents, common and preferred stocks, and open-end mutual funds with readily determinable fair values based on daily redemption values, and as such are classified as Level 1 in the fair value hierarchy. The Pastoral Office also invests in corporate bonds and notes, government debt and mortgage backed securities, and certificates of deposit traded in the financial markets; these are valued by the custodians of the securities using pricing models based on credit quality, time to maturity, stated interest rates, and market-rate assumptions, and are classified as Level 2. The fair values of beneficial interests in charitable trusts are determined by using present value techniques and risk-adjusted discount rates designed to reflect the assumptions market participants would use in pricing the underlying assets and are based on the fair values of trust investments as reported by the trustees.

The Pastoral Office uses (NAV) per share, or its equivalent, such as member units or an ownership interest in partners' capital, to estimate the fair values of certain private equity funds, pooled investment funds, funds of funds, and limited partnerships which do not have readily determinable fair values. Investments that are measured at fair value using NAV per share as a practical expedient are not classified in the fair value hierarchy.

The fair value of the liability for funds held for parishes and other Catholic organizations is derived in the same manner as investments. The related investments managed for these entities are comprised of Level 1 and Level 2 investments. As these funds effectively represent pooled investments with no withdrawal restrictions, they are classified as Level 2 within the fair value hierarchy.

The following table presents assets and liabilities measured at fair value on a recurring basis, at June 30, 2020:

		Fair Value Measurements Using		
	Total	(Level 1)	(Level 2)	(Level 3)
Assets				
Investments				
Money market funds	$ 10,101,401	$ 10,101,401	$ -	$ -
Corporate bonds and notes	24,822,105	-	24,822,105	-
Certificates of deposit	6,556,736	-	6,556,736	-
Government debt securities	10,795,913	-	10,795,913	-
Equity securities	36,356,400	36,356,400	-	-
Total assets	$ 88,632,555	$ 46,457,801	$ 42,174,754	$ -
Liabilities				
Investments managed for related parties	$ 49,816,578	$ -	$ 49,816,578	$ -

The following table presents assets and liabilities measured at fair value on a recurring basis, at June 30, 2019:

		Fair Value Measurements Using		
	Total	(Level 1)	(Level 2)	(Level 3)
Assets				
Investments				
Money market funds	$ 3,427,137	$ 3,427,137	$ -	$ -
Corporate bonds and notes	25,088,266	-	25,088,266	-
Certificates of deposit	17,633,717	-	17,633,717	-
Government debt securities	25,776,385	-	25,776,385	-
Equity securities	39,361,880	39,361,880	-	-
Beneficial interests in charitable trusts held by others	557,621	-	-	557,621
Total assets	$ 111,845,006	$ 42,789,017	$ 68,498,368	$ 557,621
Liabilities				
Investments managed for related parties	$ 52,143,854	$ -	$ 52,143,854	$ -

The following is a reconciliation of the beginning and ending balance of assets measured at fair value on a recurring basis using significant unobservable inputs (Level 3) for the years ended June 30, 2020 and 2019:

	Beneficial Interests in Charitable Trusts Held by Others
Year ended June 30, 2020	
Balance at June 30, 2019	$ 557,621
Distributions	(557,621)
Balance at June 30, 2020	$ -
Year ended June 30, 2019	
Balance at June 30, 2018	$ 1,269,900
Contributions	318,750
Net realized and unrealized gain	71,921
Distributions	(1,102,950)
Balance at June 30, 2019	$ 557,621

Investments in certain entities that are measured at fair value using NAV per share as a practical expedient are as follows at June 30, 2020 and 2019:

	Fair value	Unfunded Commitments	Redemption Frequency	Redemption Notice Period
June 30, 2020				
Pooled investment funds (A)	$ 11,566,850	$ -	Daily	None
Catholic Values index fund (B)	11,268,258	-	Daily	None
	$ 22,835,108	$ -		
June 30, 2019				
Pooled investment funds (A)	$ 11,472,573	$ -	Daily	None
Catholic Values index fund (B)	13,131,120	-	Daily	None
	$ 24,603,693	$ -		

(A) Pooled investment funds represent the Pastoral Office's proportionate share of an investment pool which is the custodial responsibility of The Catholic Foundation of Oklahoma, Inc. (the Foundation). Pooled investment funds are held and managed by a trust company affiliated with a major regional bank that has investment authority over the investment transactions subject to investment policies that are established and periodically updated by the Board of Directors of the Foundation. Pooled investment funds are generally comprised of money funds, government debt securities, certificates of deposits, and equity securities.

(B) This fund's objective is to provide a similar price and yield performance, before expenses, of large cap equities. The Fund refrains from owning securities of firms whose products or services are inconsistent with the philosophy of the Catholic Church through the investment guidelines published by the U.S. Conference of Catholic Bishops.

Note 4 - Contributions and Accounts Receivable

Contributions and accounts receivable at June 30, 2020 and 2019, are as follows:

	2020	2019
Annual contributions receivable, net of allowance of $67,545 and $55,708 at June 30, 2020 and 2019, respectively	$ 953,035	$ 835,071
Capital campaign contributions receivable, net of allowance of $3,124,702 and present value discount of $657,283 at June 30, 2020, and allowance of $3,316,340 and present value discount of $2,058,462 at June 30, 2019	26,231,813	35,283,844
Diocesan assessments receivable and other amounts due from Catholic organizations, net of allowance of $65,163 and $4,865,665 at June 30, 2020 and 2019, respectively	792,263	764,634
Insurance premiums receivable, net of allowance of $100,000 at June 30, 2020 and 2019	422,721	815,767
	$ 28,399,832	$ 37,699,316

Note 5 - Notes Receivable

Notes receivable at June 30, 2020 and 2019, are as follows:

	2020	2019
Notes receivable from member parishes, noninterest-bearing, with maturities in installments through July 2021	$ 45,080	$ 149,300
Notes receivable from member parishes related to the capital campaign, noninterest-bearing, maturing at various dates through 2023	2,860,000	3,327,200
Notes receivable from member parishes related to borrowings from PDLF, at variable interest rates adjusted monthly based on average rate of two-year U.S. Treasury notes plus 1.25% (1.41% and 3.56% at June 30, 2020 and 2019, respectively), maturing at various dates through 2036	16,417,726	11,246,309
	19,322,806	14,722,809
Less allowance for credit losses	(50,000)	(50,000)
	$ 19,272,806	$ 14,672,809

A note receivable of $6,091,631 and $6,215,170 was past due at June 30, 2020 and 2019, respectively, and individually evaluated for impairment. The remaining $10,326,095 and $8,507,639 in note receivables at June 30, 2020 and 2019, respectively, were collectively evaluated for impairment.

Note 6 - Property and Equipment

Property and equipment consists of the following at June 30, 2020 and 2019:

	2020	2019
Land and improvements	$ 8,906,116	$ 13,266,489
Buildings and improvements	15,926,156	45,413,844
Equipment	520,139	592,832
Vehicles	345,579	345,579
Furniture and fixtures	895,004	796,423
Computers	323,156	190,125
Construction in progress	56,869	1,540,970
	26,973,019	62,146,262
Less accumulated depreciation	(11,176,995)	(23,650,373)
	$ 15,796,024	$ 38,495,889

Note 7 - Line of Credit and Letters of Credit

The Pastoral Office has a revolving line of credit with a bank that provides for borrowings of up to $2,350,000 through April 9, 2021. Borrowings on the line bear interest at the 6-Month London Interbank Offered Rate for deposits in US Dollars as published by the Intercontinental Exchange Benchmark Administration plus 1.35 percent. The Pastoral Office is required to make monthly payments of accrued interest with all outstanding borrowings due April 9, 2021. The line of credit agreement contains several financial covenants which require, among other things, maintenance of $20 million of unrestricted and unencumbered liquid net assets, maintenance of $30 million of unrestricted net assets, and limitation to $50 million of aggregate funded and contingent debt. There were no outstanding borrowings on the line of credit at June 30, 2020 and 2019.

The Pastoral Office has a $710,000 irrevocable letter of credit with a bank for the benefit of Oklahoma's Workers' Compensation Court in relation to the self-insurance plan described in Note 1. The letter of credit provides borrowings through July 31, 2021, and automatically renews each year unless otherwise terminated.

Note 8 - Refundable Advance

The Pastoral Office was granted a $1,056,000 loan under the Small Business Administration (SBA) Paycheck Protection Program (PPP) administered by an SBA-approved partner. The loan is uncollateralized and fully guaranteed by the Federal government. The Pastoral Office is eligible for loan forgiveness of up to 100% of the loan upon meeting certain requirements. The Pastoral Office initially recorded the loan as a refundable advance and will record the forgiveness in accordance with guidance for conditional contributions when there is no longer a measurable performance or other barrier and a right to return of the PPP loan or when such conditions are explicitly waived. Proceeds from the loan are eligible for forgiveness if the Pastoral Office maintains employment levels during its covered period and uses the funds for certain payroll, rent, and utility expenses. No contribution revenue has been recorded for the year ended June 30, 2020. The Pastoral Office would have been required to repay any remaining balance, plus interest accrued at 1 percent, in monthly payments of principal and interest payments through the maturity date of April 15, 2022. The Pastoral Office received notice that the loan was fully forgiven by the SBA on December 11, 2020.

Note 9 - Endowments

The Pastoral Office's endowments consist of various donor-restricted funds which are managed and controlled by the Pastoral Office and were established for various donor-restricted purposes as shown in Note 9. The Endowment also includes certain net assets without donor restrictions that have been designated for endowment by the Archbishop.

The Pastoral Office of the Archdiocese has interpreted the Uniform Prudent Management of Institutional Funds Act (UPMIFA) as requiring the preservation of the fair value of the original gift as of the date of the donor-restricted endowment funds, unless there are explicit donor stipulations to the contrary. As a result of this interpretation, the Pastoral Office retains in perpetuity (a) the original value of initial and subsequent gift amounts (including contributions receivable net of discount and allowance for doubtful accounts donated to the Endowment and (b) any accumulations to the Endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added.

Donor-restricted amounts not retained in perpetuity are subject to appropriation for expenditure in a manner consistent with the standard of prudence prescribed by UPMIFA. The following factors are considered in making a determination to appropriate or accumulate donor-restricted endowment funds:

- The duration and preservation of the fund
- The purposes of the organization and the donor-restricted endowment fund
- General economic conditions
- The possible effect of inflation and deflation
- The expected total return from income and appreciation of investments
- Other resources of the organization
- The investment policies of the organization

As of June 30, 2020, endowment net asset composition by type of fund is as follows:

	Without Donor Restriction	With Donor Restrictions	Total
Designated endowment funds	$ 6,515,762	$ -	$ 6,515,762
Donor-restricted endowment funds			
Original donor-restricted gift amount and amounts required to be maintained in perpetuity by donor	-	6,830,937	6,830,937
Accumulated investment gains	1,155,427	182,751	1,338,178
	$ 7,671,189	$ 7,013,688	$ 14,684,877

As of June 30, 2019, endowment net asset composition by type of fund is as follows:

	Without Donor Restriction	With Donor Restrictions	Total
Designated endowment funds	$ 6,948,866	$ -	$ 6,948,866
Donor-restricted endowment funds			
Original donor-restricted gift amount and amounts required to be maintained in perpetuity by donor	-	6,801,420	6,801,420
Accumulated investment gains	1,155,427	160,832	1,316,259
	$ 8,104,293	$ 6,962,252	$ 15,066,545

From time to time, certain donor-restricted endowment funds may have fair values less than the amount required to be maintained by donors or by law (underwater endowments). The Pastoral Office has interpreted UPMIFA to permit spending from underwater endowments in accordance with prudent measures required under law. There were no underwater endowments at June 30, 2020 and 2019.

Investment and Spending Policies

Investment and spending policies for the Endowment were adopted that attempt to provide a predictable stream of funding to programs supported by the endowment while seeking to maintain the purchasing power of the endowment assets. Over time, long-term rates of return should be equal to an amount sufficient to maintain the purchasing power of the Endowment assets to provide the necessary capital to fund the spending policy and to cover the costs of managing the Endowment investments. Endowment assets include those assets of donor-restricted funds that the Pastoral Office must hold in perpetuity. Under this policy, as approved by the governing body, the endowment assets are invested with the combined objectives of growth and current income.

The asset allocation policies (see below) reflect and are consistent with the investment objectives and risk tolerances expressed through the investment policy. Certain endowments have donor stipulations requiring a portion of the funds to be reinvested into the fund.

To satisfy its long-term rate-of-return objectives, the investment portfolio is structured on a total return approach through which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). The Pastoral Office targets a diversified asset allocation via investments managed by professional investment managers who have discretionary investment authority over investment transactions subject to investment policies which are established and periodically updated by the Pastoral Office.

The Pastoral Office has a policy of appropriating for distribution each year amounts up to, but not to exceed, actual investment performance for that year. Distributions subsequent to appropriation occasionally exceed current year investment performance, as appropriated funds may not be spent until the following fiscal year. Since the Pastoral Office limits the appropriations to actual investment performance, it feels that this policy protects the purchasing power of the endowment as outlined by donor specifications.

Changes in Endowment net assets for the year ended June 30, 2020, are as follows:

	Without Donor Restriction	With Donor Restrictions	Total
Endowment net assets, beginning of year	$ 8,104,293	$ 6,962,252	$ 15,066,545
Investment return, net	161,126	138,420	299,546
Contributions	-	15,857	15,857
Appropriation of endowment assets pursuant to spending-rate policy	102,841	(102,841)	-
Other changes			
Distribution from designated endowment pursuant to distribution policy	(697,071)	-	(697,071)
Endowment net assets, end of year	$ 7,671,189	$ 7,013,688	$ 14,684,877

Changes in Endowment net assets for the year ended June 30, 2019, are as follows:

	Without Donor Restriction	With Donor Restrictions	Total
Endowment net assets, beginning of year	$ 8,224,917	$ 6,668,434	$ 14,893,351
Investment return, net	420,771	299,333	720,104
Appropriation of endowment assets pursuant to spending-rate policy	-	(5,515)	(5,515)
Other changes			
Distribution from designated endowment pursuant to distribution policy	(541,395)	-	(541,395)
Endowment net assets, end of year	$ 8,104,293	$ 6,962,252	$ 15,066,545

Note 10 - Net Assets with Donor Restrictions

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

	2020	2019
Subject to Expenditure for Specified Purpose		
Bombing tuition	$ 106,919	$ 115,268
Donald Mileur	186,589	187,040
Capital campaign	31,923,413	58,454,960
	32,216,921	58,757,268
Subject to the Passage of Time		
Beneficial interests in charitable trusts held by others	-	557,621
	-	557,621
Endowments		
Subject to appropriation and expenditure when a specified event occurs		
Restricted by donors for		
Pastoral Ministry	52,359	64,888
Unspent appreciation of Endowment funds which must be appropriated for expenditure before use	182,751	160,832
	235,110	225,720
Perpetual in nature, earnings from which are subject to endowment spending policy appropriation		
Seminary Burses Fund	782,841	782,841
Joseph Danne Fund	4,052,665	4,007,023
Pastoral ministry	157,105	160,701
Maloney Trust	1,785,967	1,785,967
	6,778,578	6,736,532
Total endowments	7,013,688	6,962,252
	$ 39,230,609	$ 66,277,141

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purpose or by occurrence of the passage of time or other events specified by the donors as follows for the years ended June 30, 2020 and 2019:

	2020	2019
Satisfaction of purpose restrictions		
Priest medical	$ 70,348	$ 46,481
Bombing tuition	9,932	18,460
Pastoral ministry	17,614	7,037
Pilgrimage	91,000	99,813
Donal Mileur	1,827	1,636
Salatka & Zagar	-	5,622
Capital campaign	29,633,514	3,454,699
Distributions (proceeds are not restricted by donors)		
Beneficial interests in charitable trusts held by others	557,621	1,102,950
	$ 30,381,856	$ 4,736,698

Note 11 - Designated Net Assets

Designated net assets represent funds set aside for specific purposes. Designated net assets are not subject to donor-imposed restrictions. As June 30, 2020 and 2019, designated net assets consisted of the following:

	2020	2019
Seminary Burses Fund	$ 6,515,762	$ 6,948,866
Pastoral Center	2,056,968	2,206,046
Archbishop's Residence	488,279	587,924
Mt. St. Mary High School	2,811,699	2,875,092
Catholic School Support	2,204,030	3,747,160
Crested Butte	46,453	46,565
St. Joesph's Orphanage	1,017,935	1,020,395
Priest Retirement	3,416,312	3,397,422
Youth Camp	1,023,580	1,028,113
	$ 19,581,018	$ 21,857,583

Note 12 - Employee Benefits

Defined Benefit Plan

The Pastoral Office has an unfunded noncontributory defined benefit pension plan that covers all incardinated priests (the Pension Plan). The priests are eligible to receive pension benefits upon reaching their normal retirement age of 75; however, early or late retirement may be granted by the Archbishop in specific instances (average retirement age is 70). The pension benefits include (1) retired priests receive the same salary as active priests, adjusted every June for inflation; (2) $1,000 per year for personal expenses; (3) monthly rent subsidies of $500; and (4) nursing home care provided at no cost; however, monthly pension payments are reduced to $100.

The Pension Plan is currently funded by assessments to parishes, monthly contributions from the Pastoral Office, and receipts of discretionary contributions from parishioners. The Pastoral Office uses a June 30 measurement date for the Pension Plan.

The changes in the pension benefit obligations for the years ended June 30, 2020 and 2019, are as follows:

	2020	2019
Benefit obligations, beginning of year	$ 17,156,571	$ 15,336,192
Service cost	641,241	476,731
Interest cost	569,204	606,954
Actuarial (gain) loss	3,276,513	1,533,419
Benefit payments	(727,529)	(796,725)
Benefit obligations, end of year	$ 20,916,000	$ 17,156,571

The changes in fair value of the pension plan's assets for the years ended June 30, 2020 and 2019, are as follows:

	2020	2019
Fair value of plan assets, beginning of year	$ 3,723,695	$ 3,419,009
Actual return on plan assets	171,959	228,975
Benefit payments	(727,529)	(796,725)
Employer contribution	592,444	872,436
Fair value of plan assets, end of year	$ 3,760,569	$ 3,723,695

The funded status of the pension plan at June 30, 2020 and 2019, are as follows:

	2020	2019
Unfunded	$ (17,155,431)	$ (13,432,876)

The net amount recognized in the statements of financial position at June 30, 2020 and 2019, consist of:

	2020	2019
Accrued pension benefit cost	$ (17,155,431)	$ (13,432,876)
Accumulated pension related changes other than net periodic pension benefit costs	7,812,808	4,604,487
Net amount recognized	$ (9,342,623)	$ (8,828,389)

In addition to the pension plan's assets segregated in a trust for the benefit of future payments under the pension plan, the Pastoral Office has internally designated $3,416,312 and $3,397,422 as of June 30, 2020 and 2019, respectively, of its net assets without donor restrictions for funding of the pension plan's obligations.

Components of net periodic benefit cost and other amounts recognized in accumulated pension related changes for the years ended June 30, 2020 and 2019, are as follows:

	2020	2019
Net periodic benefit cost		
Service cost	$ 641,241	$ 476,731
Interest cost	569,204	606,954
Expected return on plan assets	(249,446)	(227,961)
Amortization	145,680	91,958
Net periodic benefit cost	1,106,679	947,682
Other changes in plan assets and benefit obligations recognized in accumulated pension related changes		
Current year actuarial loss (gain)	3,208,321	1,440,447
Total recognized in net periodic benefit cost and accumulated pension related changes	$ 4,315,000	$ 2,388,129

The estimated net loss and prior service cost that will be amortized from accumulated pension related changes into net periodic pension benefit cost in fiscal year 2020 will be $303,673.

The following are weighted-average assumptions used to determine benefit obligations at June 30, 2020 and 2019:

	2020	2019
Discount rate	2.56%	3.40%
Rate of compensation increase	3.00%	3.00%

The following are weighted-average assumptions used to determine net periodic benefit cost for the years ended June 30, 2020 and 2019:

	2020	2019
Discount rate	3.40%	4.07%
Rate of compensation increase	3.00%	3.00%
Expected long-term rate of return on plan assets	7.00%	7.00%

The Pastoral Office's expected long-term return on plan assets assumption was derived from an analysis conducted by the Pastoral Office's actuaries. The analysis included a review of the asset allocation strategy, anticipated future long-term performance of individual asset classes, and risks and correlations for each of the asset classes that comprise the asset mix. While the analysis gives appropriate consideration to recent performance and historical returns, the assumption is primarily a long-term prospective rate.

The following table sets forth by level, within the fair value hierarchy, the pension plan's assets at fair value as of June 30, 2020 and 2019:

	Total	Quoted Prices in Active Markets (Level 1)	Other Observable Inputs (Level 2)	Unobservable Inputs (Level 3)
June 30, 2020				
Cash and cash equivalents	$ 170,229	$ 170,229	$ -	$ -
Equity securities	2,278,948	2,278,948	-	-
Fixed income funds	1,311,392	1,311,392	-	-
Total assets at fair value	$ 3,760,569	$ 3,760,569	$ -	$ -
June 30, 2019				
Cash and cash equivalents	$ 191,664	$ 191,664	$ -	$ -
Equity securities	2,227,544	2,227,544	-	-
Fixed income funds	1,304,487	1,304,487	-	-
Total assets at fair value	$ 3,723,695	$ 3,723,695	$ -	$ -

The pension benefit plan assets are carried at fair value in accordance with the fair value hierarchy as discussed in Note 3.

In setting investment policies and strategies, the ability of the selected investment mix to fund the pension plan liabilities effectively, meet the long-term asset return target of 7 percent, and align the selected mix with the risk tolerance of the plan's fiduciaries was taken into account. The strategic mix has reduced exposure to an equity market risk and increased allocation to asset classes which are not highly correlated, as well as asset classes where management has historically generated excess returns, and places greater emphasis on manager skills to produce excess return while employing various risk mitigation strategies to reduce volatility.

The Pastoral Office expects to contribute approximately $585,000 to the defined benefit pension plan in fiscal year 2021.

The following estimated future benefit payments, which reflect expected future service, as appropriate, are expected to be paid in the fiscal years indicated:

2021	$ 857,737
2022	830,458
2023	771,701
2024	716,079
2025	699,158
2026-2030	3,391,288

Defined Contribution Plan

The Pastoral Office also sponsors a 403(b) Church Retirement Plan (the 403(b) Plan). The 403(b) Plan covers substantially all Archdiocesan or affiliated Catholic organizations' lay employees. Each affiliated Catholic organization contributes a discretionary amount (3 percent of the participant's salary for fiscal years 2020 and 2019). In addition, organizations match the first 4 percent of employee contributions at 50 percent such amount. New participants become vested in six years (20 percent per year after the second year of service). Expenses for the Pastoral Office's portion of the 403(b) plan were not significant for the years ended June 30, 2020 and 2019.

Note 13 - Related Party Transactions

Investments include investments managed for related parties. The Pastoral Office, in a fiduciary capacity, manages the following investments for parties associated with the Archdiocese as of June 30, 2020 and 2019:

	2020	2019
Archdiocesan Parish Deposit and Loan Fund (PDLF)	$ 36,373,493	$ 38,142,183
Catholic Charities	1,936,349	1,891,463
Resurrection Memorial Cemetery, Inc.	9,203,642	9,589,518
Bishop McGuinness High School	2,303,094	2,520,690
	$ 49,816,578	$ 52,143,854

PDLF is an investment pool of funds deposited by parishes and other members of the Archdiocese. PDLF was established to provide financing to defined members of the Archdiocese and is administered by the Pastoral Office and a third-party administrator. Funds deposited to the PDLF earn interest at a rate based on the monthly average rate of two-year U.S. Treasury Notes plus 0.25 percent, and loans from PDLF bear interest at a floating rate adjusted monthly based on the average rate of two-year U.S. Treasury Notes plus 1.25 percent. The policy of PDLF is to limit outstanding loans to 75 percent of the total PDLF assets with the remaining assets being invested in cash or equity/fixed income securities.

Deposits to PDLF are guaranteed by the Pastoral Office. As of June 30, 2020, PDLF had assets of $45,874,657, consisting of funds deposited by the Pastoral Office and other members of the Archdiocese, and had loans outstanding to members of the Archdiocese of $16,417,726. As of June 30, 2019, PDLF had assets of $46,682,672 and had loans outstanding to members of the Archdiocese of $11,246,309.

During the year ended June 30, 2018, the Pastoral Office began soliciting funds related to the One Church, Many Disciples capital campaign. Member parishes are participating in the campaign and the Pastoral Office is the administrator. The Pastoral Office distributes a portion of the funds collected to each member parish in accordance with the campaign policy. As of June 30, 2020 and 2019, the amount of funds due to related parties is $690,725 and $2,898,448, respectively.

The Catholic Foundation of Oklahoma, Inc. (Foundation) conducts business from offices located inside the Pastoral Office building, and reimburses the Pastoral Office for salaries, payroll taxes, retirement and other benefits, insurance, rent, and telephone expenses. The totals received from the Foundation for the years ended June 30, 2020 and 2019, were $220,242 and $179,221, respectively. Accounts receivable at June 30, 2020 and 2019, included $11,690 and $6,776, respectively, due from the Foundation. The Foundation holds and manages certain investments of the Pastoral Office, which amounted to $11,268,258 and $13,131,120 at June 30, 2020 and 2019, respectively. Fund management fees paid to the Foundation for the years ended June 30, 2020 and 2019, were $18,918 and $18,319, respectively.

During the year ended June 30, 2020, the Pastoral Office created the Blessed Stanley Rother Shrine Inc. (Shrine) with a separate board of advisors. Assets derived from funds raised for the benefit of the Shrine were transferred to the Shrine in June 2020 at their recorded values, amounting to $29,252,605. The Pastoral Office no longer has accounting and reporting responsibility for such assets.

The Archdiocese previously maintained ownership of the real property of Bishop McGuinness Catholic High School (School) and the Pastoral Office had accounting and reporting responsibility for such assets. During the year ended June 30, 2019, the School donated real property consisting of building renovations and a sports complex used by the School, for which the Pastoral Office capitalized $1,031,559. Effective June 30, 2020, the Archdiocese transferred ownership of all School real property assets and the Pastoral Office transferred accounting and reporting responsibility for such assets to the School. Such transfer was recorded in the statement of activities at the assets' net book value at June 30, 2020, amounting to $16,271,712.

Note 14 - Commitments and Contingencies

Guarantees

The Pastoral Office is contingently liable as guarantor for certain automobile loans for its priests which total approximately $105,000 at June 30, 2020. In the event the debtor fails to make the required principal and interest payments on the bank debt, the Pastoral Office would be required to make such payments. All priest car loans are paying as agreed and the Pastoral Office believes it is unlikely they will be required to make payments.

St. Ann Retirement Center, Inc. had obligations as of June 30, 2020 and 2019, related to 2011 Revenue Bonds (Bonds). In connection with the Bonds, the Pastoral Office has entered into a guaranty agreement that will remain in effect through the maturity and settlement of the Bonds. The Bonds bear interest at an annual fixed rate of 4.06 percent and require monthly principal and interest payments through December 1, 2027. Remaining payments total approximately $6,606,929 as of June 30, 2020. The bonds were current as of June 30, 2020 and 2019, and the Pastoral Office does not believe it will have any obligation related to these bonds.

Contributions Payable

The Pastoral Office has made unconditional promises to give to certain organizations. Contributions to be paid in more than one year are discounted, generally using rates ranging from 1 to 3%. The following is a summary of contributions payable at June 30, 2020:

To be paid within 1 year	$ 47,333
To be paid within 2 years	73,334
	120,667
Less discount	(2,339)
	$ 118,328

The following is a summary of contributions payable at June 30, 2019:

To be paid within 1 year	$ 841,110
To be paid within 2 years	70,667
	911,777
Less discount	(4,577)
	$ 907,200

Litigation

The Pastoral Office is subject to various claims and legal proceedings covering certain matters that arise in the course of its activities. Based upon available information and advice from the Pastoral Office's legal counsel, management believes that any liability that may ultimately arise from these matters will not have a material adverse effect on the financial condition or results of activities of the Pastoral Office.

Uncertainties

In January 2020, the World Health Organization declared the outbreak of coronavirus (COVID-19) as a "Public Health Emergency of International Concern." The coronavirus outbreak and government responses are creating disruption in global supply chains and are adversely impacting many industries. The outbreak could have a continued material adverse impact on economic and market conditions and trigger a period of global economic slowdown. The rapid development and fluidity of this situation precludes a prediction as to the ultimate material adverse impact of the coronavirus outbreak. The Pastoral Office is closely monitoring its operations, liquidity, and capital resources and is actively working to minimize the current and future impact of this unprecedented situation. Nevertheless, the outbreak presents uncertainty and risk with respect to the Pastoral Office, its performance, and its financial results.