



Corporation of the Catholic Archbishop of Anchorage

Financial Statements
Year Ended June 30, 2019
(With Comparative Totals for June 30, 2018)

(With Independent Auditors' Report Thereon)

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Independent Auditor's Report

Archbishop of Anchorage
Corporation of the Catholic Archbishop of Anchorage
Anchorage, Alaska

We have audited the accompanying financial statements of the Corporation of the Catholic Archbishop of Anchorage (Archdiocese), which comprise the statements of financial position as of June 30, 2019, and the related statements of activities, functional expenses, and cash flows for the year 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.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit 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 Corporation of the Catholic Archbishop of Anchorage as of June 30, 2019, the changes in its net assets, and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 1 to the financial statements, in 2019, the Archdiocese adopted Accounting Standards Update (ASU) No. 2016-14, *Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities*. Our opinion is not modified with respect to this matter.

Other Matters

Report on Summarized Comparative Information

We have previously audited the Archdiocese's 2018 financial statements, and we expressed an unmodified opinion on those financial statements in our report dated December 13, 2018. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2019 is consistent, in all material respects, with the audited financial statements from which it has been derived.

BDO USA, LLP

Anchorage, Alaska
December 4, 2019

Financial Statements

Corporation of the Catholic Archbishop of Anchorage

Statements of Financial Position

June 30, 2019

(With Comparative Totals for 2018)

<i>June 30,</i>	2019	2018
Assets		
Cash and cash equivalents	\$ 2,114,423	\$ 1,989,289
Receivables, net (note 2)	1,309,392	572,650
Interest in investments held by Catholic Foundation of Alaska (notes 3 and 12)	2,027,908	1,728,212
Interest in investments held by Mission Diocese Fund	408,301	397,316
Notes receivable (note 4)	18,681	27,488
Prepaid expenses and other assets	22,027	37,593
Deposits	10,242	24,615
Property held-for-sale (note 5)	1,001,189	1,001,189
Land, property and equipment:		
Land	1,507,851	1,507,851
Buildings and improvements	3,013,496	3,001,242
Leasehold improvements	360,238	345,679
Furniture and equipment	461,208	442,830
Automobiles and aircraft	213,424	213,424
Construction in progress	-	3,200
	5,556,217	5,514,226
Less accumulated depreciation	(3,198,292)	(3,073,359)
Net land, property and equipment	2,357,925	2,440,867
Total Assets	\$ 9,270,088	\$ 8,219,219
Liabilities and Net Assets		
Liabilities		
Accounts payable and accrued expenses	\$ 627,581	\$ 534,384
Funds held for others (note 6)	409,095	500,434
Deferred revenue	28,102	26,973
Insurance payable (note 7)	751	-
Total Liabilities	1,065,529	1,061,791
Net Assets		
Without donor restrictions	5,287,433	4,933,203
With donor restrictions		
Purpose restricted and time restricted (note 8)	2,439,987	1,823,337
Perpetual in nature restricted (note 9)	477,139	400,888
Total with donor restrictions	2,917,126	2,224,225
Total Net Assets	8,204,559	7,157,428
Total Liabilities and Net Assets	\$ 9,270,088	\$ 8,219,219

See accompanying notes to financial statements.

Corporation of the Catholic Archbishop of Anchorage

Statements of Activities Year Ended June 30, 2019

(With Comparative Totals for 2018)

<i>Years Ended June 30,</i>	Without Donor Restriction	With Donor Restriction	Totals	
			2019	2018
Revenues and Support				
Donations	\$ 1,614,620	\$ 403,168	\$ 2,017,788	\$ 2,082,188
Parish contributions	1,214,934	-	1,214,934	1,251,703
Grants	371,553	685,300	1,056,853	382,231
Fees	430,187	15,000	445,187	436,453
Rental income	64,475	-	64,475	74,895
Investment income (note 11)	54,992	78,456	133,448	125,965
Other income	266	-	266	746,723
Net assets released from restrictions (note 10)	489,023	(489,023)	-	-
Total Revenues and Support	4,240,050	692,901	4,932,951	5,100,158
Expenses				
Program services	1,856,447	-	1,856,447	1,878,624
Support services:				
Management and general	1,296,770	-	1,296,770	1,318,425
Fundraising and development	732,603	-	732,603	686,234
Total Expenses	3,885,820	-	3,885,820	3,883,283
Change in net assets	354,230	692,901	1,047,131	1,216,875
Net Assets, beginning of the year	4,933,203	2,224,225	7,157,428	5,940,553
Net Assets, end of the year	\$ 5,287,433	\$ 2,917,126	\$ 8,204,559	\$ 7,157,428

See accompanying notes to financial statements.

Corporation of the Catholic Archbishop of Anchorage

Statement of Functional Expenses

Year Ending June 30, 2019

(With Comparative Totals for 2018)

Program Services								
	Office of Evangelization and Worship	Ministry Services	Clergy Support	Cemeteries	Mission to Magadan	Total Program Services		
Expenses								
Personnel	\$ 259,417	\$ 52,453	\$ 81,440	\$ -	\$ 16,065	\$ 409,375		
Subsidies and contributions	-	287,493	88,429	-	304,935	680,857		
Professional services	87,877	13,881	6,650	21,744	30,600	160,752		
Supplies and equipment	32,579	2,081	2,776	-	792	38,228		
Facilities	3,761	1,200	2,451	5,292	-	12,704		
Facility/admin expense allocation	48,941	96,919	66,615	3,472	-	215,947		
Travel and transportation	13,134	12,806	22,393	-	-	48,333		
Membership dues and assessments	1,549	965	787	4,096	-	7,397		
Other operating	45,254	63,045	151,659	190	22,564	282,712		
Capital expenses	-	-	-	142	-	142		
Total Expenses	\$ 492,512	\$ 530,843	\$ 423,200	\$ 34,936	\$ 374,956	\$ 1,856,447		
Support Services								
	Service-General	Administration	Properties	Total Management and General	Fundraising and Development	Total Support Services	2019 Total	2018 Total
Expenses								
Personnel	\$ 451,304	\$ 400,929	\$ -	\$ 852,233	\$ 211,360	\$ 1,063,593	\$ 1,472,968	\$ 1,495,313
Subsidies and contributions	1,095	-	1,680	2,775	325,890	328,665	1,009,522	894,786
Professional services	120,575	62,998	20,743	204,316	18,593	222,909	383,661	315,164
Supplies and equipment	6,740	12,937	123	19,800	47,357	67,157	105,385	115,158
Facilities	2,887	26,723	199,499	229,109	364	229,473	242,177	274,810
Facility/admin expense allocation	55,846	(69,607)	(274,985)	(288,746)	72,799	(215,947)	-	-
Travel and transportation	22,065	74	21,061	43,200	435	43,635	91,968	110,659
Membership dues and assessments	44,558	2,863	-	47,421	580	48,001	55,398	54,555
Other operating	30,995	29,624	-	60,619	55,225	115,844	398,556	484,625
Capital expenses	50,926	-	75,117	126,043	-	126,043	126,185	138,213
Total Expenses	\$ 786,991	\$ 466,541	\$ 43,238	\$ 1,296,770	\$ 732,603	\$ 2,029,373	\$ 3,885,820	\$ 3,883,283

See accompanying notes to financial statements.

Corporation of the Catholic Archbishop of Anchorage

Statements of Cash Flows Year Ended June 30, 2019 (With Comparative Totals for 2018)

Years Ended June 30,	2019	2018
Cash Flows from Operating Activities		
Change in net assets	\$ 1,047,131	\$ 1,216,875
Adjustments to reconcile change in net assets to net cash from operating activities:		
Depreciation	124,933	138,213
Realized and unrealized income on investments		
Catholic Foundation of Alaska and Mission Diocese Fund	(133,448)	(99,417)
Gain on sale of property and equipment	-	(742,627)
Changes in assets and liabilities that provided (used) cash:		
Receivables	(736,742)	150,987
Prepaid expenses and other assets	15,566	5,523
Deposits	14,373	29,626
Accounts payable and accrued expenses	93,197	74,941
Deferred revenue	1,129	1,140
Insurance payable	751	740
Net cash from operating activities	426,890	776,001
Cash Flows from (for) Investing Activities		
Contributions and additions to investments in Catholic Foundation of Alaska and Seminarian Endowment Fund	(822,127)	(788,110)
Withdrawals of investments in Catholic Foundation of Alaska	644,894	310,601
Payments received on notes receivable	8,807	7,734
Purchase of property and equipment	(41,991)	(60,607)
Proceeds from sales of property and equipment	-	828,914
Net cash from (for) investing activities	(210,417)	298,532
Cash Flows for Financing Activities		
Net increase (decrease) in funds held for others	(91,339)	108,121
Principal payments on notes payable	-	(693,434)
Net cash for financing activities	(91,339)	(585,313)
Net increase in cash and cash equivalents	125,134	489,220
Cash and Cash Equivalents, beginning of year	1,989,289	1,500,069
Cash and Cash Equivalents, end of year	\$ 2,114,423	\$ 1,989,289
Supplemental Disclosures of Cash Flow Information		
Cash paid during the year for interest	\$ -	\$ 21,993

See accompanying notes to financial statements.

Corporation of the Catholic Archbishop of Anchorage

Notes to Financial Statements (With Comparative Totals for 2018)

1. Organization and Summary of Significant Account Policies

Organization

The Corporation of the Catholic Archbishop of Anchorage (Archdiocese or Organization) is a not-for-profit corporation set up to provide support and services for the parishes, schools, agencies, and other religious activities within its boundaries.

Basis of Presentation

The Archdiocese applies the financial statement presentation provisions of FASB Accounting Standards Codification 958. Under these provisions, net assets and revenues, expenses, gains and losses are classified based on the existence or absence of donor-imposed restrictions. The Archdiocese reports information regarding its financial position and activities according to two classes of net assets: without donor restrictions and with donor restrictions.

The accompanying financial statements include only those assets, liabilities, and operations of departments for which the Archdiocese maintains direct operational control. These financial statements do not include the assets, liabilities, and operations of the parishes, schools, or any other affiliated organizations under the jurisdiction of the Archdiocese, except for transactions with the Archdiocese as reflected on the books and records of the Archdiocese.

The financial statements are presented on an accrual basis of accounting. Net assets and revenues, expenses, gains, and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets of the Archdiocese and changes therein are reported as follows:

- Net assets without donor restrictions represent funds available for expenses which are not otherwise limited by donor restrictions.
- Net assets with donor restrictions consist of contributed funds subject to specific donor-imposed restrictions contingent upon specific performance, or a future event, or a specific passage of time.

Cash and Cash Equivalents

For purposes of the statements of cash flows, the Archdiocese considers cash with maturities of 90 days or less to be "cash equivalents".

Interest in Investments Held by Catholic Foundation of Alaska and CE Mission Diocese Fund

Catholic Foundation of Alaska

The Archdiocese has invested excess cash with the Catholic Foundation of Alaska (Foundation), an affiliated nonprofit organization that holds and invests excess cash from Catholic organizations within the State of Alaska. The Archdiocese may increase or decrease the amount invested at any time. The Foundation invests in U.S. government and agency securities, corporate debt securities, mutual funds, and common stocks, and records those investments at fair value. The Archdiocese records its proportionate share of investment income or loss, including unrealized holding gains or losses.

Corporation of the Catholic Archbishop of Anchorage

Notes to Financial Statements (With Comparative Totals for 2018)

CE Mission Diocese Fund

The Archdiocese established a perpetually restricted Seminarian Endowment Fund which is currently invested in the Catholic Extension Mission Diocese Fund, a pooled investment fund formed for the benefit of mission dioceses.

Property Held-for-Sale

Property held-for-sale is measured at the lower of its carrying amount or fair value less cost to sell. Gains or losses are recognized for any subsequent changes to fair value less cost to sell; however, gains that may be recognized are limited by cumulative losses previously recognized. Property held-for-sale is not subject to depreciation.

Land, Property and Equipment

Land, property, and equipment acquisitions are capitalized at cost when purchased or at fair market value at date of gift, when donated. Depreciation on buildings and equipment is recorded using the straight-line method over the estimated useful lives of the assets.

The average lives used for depreciation are as follows:

	Years
Buildings and improvements	10-20
Leasehold improvements	10-20
Furniture and equipment	3-5
Aircraft	20
Automobiles	3
Land	not depreciated

Support and Revenue Recognition

The Archdiocese recognizes grant revenue when the Archdiocese incurs expenses, which are in compliance with specific instructions of each grantor. The revenue on any grant money received, which has not been expensed for the specific grant purpose, is restricted until qualified expenditures are made. Gifts of long-lived assets received without stipulation as to how long the donated assets must be used are reported as restricted support that increases restricted net assets. Contributions of in-kind goods or services are recorded at fair market value at the time the promise of contribution is made to the Archdiocese. Contributions, when significant and when the value is measurable, are recorded at fair value at the time a promise to give is made to the Archdiocese. No amounts have been reflected for donated volunteer services because no objective basis is available to measure the value of such services.

Long-Lived Assets

Long-lived assets to be held and used are reviewed for impairment whenever events or changes in circumstances indicate that the related carrying amount may not be recoverable. When required, impairment losses on assets to be held and used are recognized based on the excess of the asset's carrying amount and fair value of the asset. Long-lived assets to be disposed of are reported at the lower of carrying amount or fair value less cost to sell.

Corporation of the Catholic Archbishop of Anchorage

Notes to Financial Statements (With Comparative Totals for 2018)

Donated Assets

Donated assets are recorded at fair value at date of gift. In the case of other noncash assets, fair value is estimated using relevant market data.

Functional Expenses

The costs of providing the various programs and other activities have been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated among the program and supporting services based on estimates of usage.

A description of program and support services are as follows:

Program Services

Plans, develops and administers programs, including:

Office of Evangelization and Worship - The Church's catechetical mission aims to help the faithful of all ages to grow in both human and Christian maturity, enriching the whole of life with the leaven of the Gospel.

Ministry Services - The Archdiocese provides support for many different aspects of our community through the following ministries: Rural Parish Support Ministries, Native/Hispanic/Multicultural Ministries, Social Justice, and other support services.

Clergy Support - The Archdiocese provides support for training and education for Archdiocesan Priests, Seminarians, Vocations and Deacons. The Archdiocese also fully supports the Archbishop and Archbishop Emeritus.

Cemeteries - The Archdiocese owns, maintains, and is expanding Sacred Heart Cemetery in Wasilla, Alaska. The Archdiocese is also a private tract owner in Anchorage Memorial Park Cemetery.

Mission to Magadan - The Mission to Magadan program provides support to the Church of the Nativity of Jesus in Magadan, Russian, which provides counsel, clothing, health support and many other necessities for its community and surrounding villages.

Support Services - Management and General

Service - General - The general services under the Archdiocese of Anchorage consist of:

- Office of the Archbishop - The Office of the Archbishop has canonical and legal responsibilities associated with the administration of the Archdiocese. These are carried out at the Pastoral Center.
- Chancellor - Notary, advisor, and maintainer of all official documents of the Archdiocese and Diocesan archives.
- Tribunal - Is the official ecclesiastical court of the Catholic church acting as the judicial arm of the Archbishop.
- Safe Environment - Assists the Archbishop in the coordination of abuse prevention.

Administration - The Office of Financial Services provides support and direction regarding financial, insurance, and administrative matters to the Archdiocesan Pastoral Center, Parishes and Schools.

Corporation of the Catholic Archbishop of Anchorage

Notes to Financial Statements (With Comparative Totals for 2018)

Properties - The Archdiocese owns and maintains administrative and residential properties utilized for programs and housing of clergy supporting the mission of the Archdiocese.

Support Services - Fundraising and Development

Fundraising and Development - Fundraising services captures the expenses related to raising funds via grant applications, fundraisers, special appeals, and annual appeals.

Income Taxes

The Archdiocese is exempt from federal income taxes under provisions of Section 501(c) (3) of the Internal Revenue Code. However, the Archdiocese may be subject to taxation on unrelated business income.

The Archdiocese applies the provisions of ASC 740-10, Income Taxes, relating to accounting for uncertain tax position, which had no impact on the financial statements of the Archdiocese. The Archdiocese recognizes the tax benefit from uncertain tax positions only if it is more likely than not that the tax positions will be sustained on examination by the tax authorities, based on the technical merits of the position. The tax benefit is measured based on the largest benefit that has a greater than 50% likelihood of being realized upon ultimate settlement. The Archdiocese had no unrecognized tax benefits at June 30, 2019.

The Archdiocese files an exempt organization return in the U.S. Federal jurisdiction. As of 2019, the tax years that remain subject to examination begins with 2016. The Archdiocese's policy is to report interest and penalties associated with income taxes when applicable, as interest expense and other expense, respectively.

Use of Estimates

In preparing the financial statements, management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities as of the date of the statement of assets, liabilities, and net assets, and revenue and expenses for the period. Actual results could differ from those estimates.

Total Columns for 2018

The financial statements include certain prior year summarized comparative information on total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with the Archdiocese's financial statements as of and for the year ended June 30, 2018, from which the information was derived.

Corporation of the Catholic Archbishop of Anchorage

Notes to Financial Statements (With Comparative Totals for 2018)

Liquidity

The Archdiocese's goals include the following:

- To maintain financial assets, which consist of cash, receivables, less liabilities and certain restricted funds, on-hand to meet six months of normal operating expense.
- Maintain sufficient reserves to provide reasonable assurance that long-term obligations will be discharged.

The Archdiocese manages liquidity and cash reserves following three guiding principles:

- Operate within a prudent range of financial soundness and stability.
- Maintain sufficient liquid assets to fund near-term operating needs.
- Maintain sufficient reserves to provide reasonable assurance that long-term obligations will be discharged.

The table below presents liquid financial assets available for general expenditures at June 30, 2019:

Financial assets at year end:	
Cash and cash equivalents	\$ 2,114,423
Accounts receivable, net	1,309,392
Less liabilities	(1,065,529)
Less uninvested restricted funds	(528,471)
Total Financial Assets	\$ 1,829,815

Change in Accounting Principle

The Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2016-14, *Not-for-Profit Entities (Topic 958) - Presentation of Financial Statements of Not-for-Profit Entities*. The update addresses the complexity and understandability of net asset classification, provides information about liquidity and availability of resources and improves the type of information provided about expenses and investment return. The Archdiocese has adopted the ASU and adjusted the presentation of these financial statements accordingly. Other than the changes to the financial statement presentation and disclosures described above, adoption of the ASU did not have a significant impact on the financial statements.

2. Receivables

Receivables as of June 30, 2019 are as follows:

	2019	2018 Comparative Totals
Due from parishes and agencies for insurance, payroll, assessments and other charges	\$ 291,317	\$ 243,892
Annual appeal	341,463	251,258
Grants due from National Catholic organizations	689,626	77,500
	1,322,406	572,650
Less allowance for estimated uncollectible receivables	(13,014)	-
Total Receivables, net	\$ 1,309,392	\$ 572,650

Corporation of the Catholic Archbishop of Anchorage

Notes to Financial Statements (With Comparative Totals for 2018)

3. Fair Value Measurements

ASC Subtopic 820-10 establishes a framework for measuring fair value, which provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy under ASC Subtopic 820-10 are described below:

- Level 1 - Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Archdiocese has the ability to access.
- Level 2 - Inputs to the valuation methodology include:
 - Quoted prices for similar assets or liabilities in active markets;
 - Quoted prices for identical or similar assets or liabilities in inactive markets;
 - Inputs other than quoted prices that are observable for the asset or liability; and
 - Inputs that are derived principally from or corroborated by observable market data by correlation or other means.

If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.

- Level 3 - Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The asset's or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

Fair market value inputs for the beneficial interest in assets held by the Catholic Foundation of Alaska and the Mission Diocese Fund are derived principally from observable market data by the Catholic Foundation of Alaska and the Mission Diocese Fund and their investment advisors. There have been no changes in the methodologies used at June 30, 2019.

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

The following table sets forth by level, within the fair value hierarchy, the Archdiocese's assets at fair value as of June 30, 2019 along with comparative totals as of June 30, 2018:

Corporation of the Catholic Archbishop of Anchorage

Notes to Financial Statements (With Comparative Totals for 2018)

Investments at Fair Value *As of June 30,*

	Level 1	Level 2	Level 3	Total
Beneficial interest in assets held by Catholic Foundation of Alaska and Mission Diocese Fund:				
2019	\$ -	\$ 2,436,209	\$ -	\$ 2,436,209
2018	\$ -	\$ 2,125,528	\$ -	\$ 2,125,528

4. Notes Receivable

Notes receivable as of June 30, 2019 are as follows:

	2019	2018 Comparative Totals
Note from an individual, receivable in monthly installments of \$771, including interest of 5.75%; unsecured	\$ 17,560	\$ 25,696
Note from a school, unsecured, noninterest bearing	98,372	98,372
Notes from individuals	2,241	2,240
	118,173	126,308
Less allowance for uncollectible notes	(99,492)	(98,820)
Total Notes Receivable	\$ 18,681	\$ 27,488

The Archdiocese believes the note from the school to be uncollectible given the economic conditions and has established an allowance for the full amount of the loan as of June 30, 2019. Payment on the note is not expected, however if economic conditions were to change in future periods, the Archdiocese anticipates partial collection.

The activity in the allowance for uncollectible notes receivable for the year ended June 30, 2019 along with comparative totals for the year ended June 30, 2018 was as follows:

	2019	2018 Comparative Totals
Allowance for doubtful accounts at beginning of year	\$ (98,820)	\$ (98,820)
Recovery (additions) charged to bad debt expense	328	-
Allowance for Doubtful Accounts, at end of year	\$ (99,492)	\$ (98,820)

5. Property Held-for-Sale

Property held-for-sale consists of the Tazlina Copper Valley School (Property), located in Tazlina, Alaska. As of June 30, 2019, the property has a carrying value of \$1,001,189.

Corporation of the Catholic Archbishop of Anchorage

Notes to Financial Statements (With Comparative Totals for 2018)

On September 27, 2018, the Archdiocese entered into a sales agreement for the Property with the Native Village of Tazlina (Purchaser). The sale is contingent on the Purchaser's ability to obtain funding to close on the sale. The sales price ranges from \$1,756,000 to \$1,856,000 depending on the timing of when the Purchaser can complete and close on the sale. The agreement allows for the Purchaser to have up to three years from the sales agreement date to complete the purchase. The three year timeframe is dependent on whether certain nonrefundable deposits are made and/or certain milestones are reached, related to the Purchaser's ability to secure funding, within a specified timeline.

6. Funds Held for Others

Funds held for others as of June 30, 2019 are as follows:

	2019	2018 Comparative Totals
Insurance reserve	\$ 122,138	\$ 177,246
Cotabato reserve	107,710	101,343
Special collections	9,981	173,103
Other	169,266	48,742
Total Funds Held for Others	\$ 409,095	\$ 500,434

7. Insurance Plan

The Archdiocese participates in an insurance program managed by the Alaska Conference of Catholic Bishops Insurance Division (ACCB). The three dioceses within the State of Alaska have pooled their resources to provide a program for medical and dental insurance and a self-insured program with a stop-loss for property, casualty, and automotive coverage. Liability insurance is also obtained through a traditional premium based insurance liability plan. Funds remaining with ACCB upon dissolution and final payment of all liabilities would revert back to the three dioceses on a predetermined distribution basis. All reserves for claims incurred but not reported are held by ACCB. Premiums to be returned or rebated to the participating parishes or entities of the Archdiocese of Anchorage on deposit at June 30, 2019 consists of the following:

	2019	2018 Comparative Totals
Auto Insurance	\$ 751	\$ -
Total Insurance Plan	\$ 751	\$ -

The Archdiocese participates in a multi-employer health plan (Christian Brother Services) with various other nonprofit religious organizations of the Roman Catholic Church. Christian Brothers Services covers medical expenses that are medically necessary to its members. The Archdiocese has no monetary obligation other than the premiums negotiated and paid.

Corporation of the Catholic Archbishop of Anchorage

Notes to Financial Statements (With Comparative Totals for 2018)

8. Net Assets with Donor Restrictions - Purpose Restricted and Time Restricted

Purpose and time restricted net assets consist of grants and donations designated for specific purposes or designated to be expended in subsequent years, as of June 30, 2019, are as follows:

	2019	2018 Comparative Totals
Grants - time restricted - Committee on the Home Missions	\$ 77,500	\$ 77,500
Donations - purpose restricted:		
Mission to Russia	1,216,585	1,215,491
USCCB Disaster Relief (Earthquake 11/2018)	600,000	-
Rural Church Loan	222,880	209,834
Russian Seminarians	133,475	143,475
Priest Health Support	87,081	77,429
Mission Parish Needs	33,120	60,000
Social Justice	26,379	19,177
Safe Environment Counseling	20,882	-
Native Ministry Group	8,974	8,206
Women's Ministry	5,522	5,522
SHC Memorial Garden	4,306	3,000
Project Rachel	2,819	2,899
Other (Global Solidarity and Rural Travel)	464	804
Total donations	2,362,487	1,745,837
Total Purpose Restricted and Time Restricted Net Assets	\$ 2,439,987	\$ 1,823,337

9. Net Assets with Donor Restrictions - Perpetual in Nature Restricted

The Archdiocese has created a seminarian endowment fund which is perpetual in nature restricted until such time as it reaches \$500,000. At that time the earnings will be used to support seminarian education per the adopted distribution policy of 5% of the average endowment balance for the preceding twelve quarters. The balance of perpetual in nature restricted net assets are as follows:

	2019	2018 Comparative Totals
<i>June 30,</i>		
Seminarian Endowment	\$ 477,139	\$ 400,888

Corporation of the Catholic Archbishop of Anchorage

Notes to Financial Statements (With Comparative Totals for 2018)

10. Net Assets Released from Donor Restrictions

Net assets were released from donor or grant restrictions by incurring expenses satisfying the restricted purpose or by occurrence of other events specified by donors or grantors. The Archdiocese incurred expenses during the year ended June 30, 2019 related to the following as required by the donor or grantor.

	2019	2018 Comparative Totals
Grants:		
Committee on the Home Missions	\$ 77,500	\$ 77,500
Donations:		
Mission to Russian	364,956	292,497
Mission Parish Needs	26,880	15,000
Russian Seminarian	10,000	-
Priest Health Support	349	25,823
Native Ministry Group	1,300	2,587
Archbishop's Discretionary	950	25,843
Priest Retirement Fund	6,450	5,100
Rural Commercial Travel	338	1,605
Social Justice	300	4,500
Total releases	411,523	372,955
Total Net Assets Released from Restrictions	\$ 489,023	\$ 450,455

11. Investment Income (Loss)

Components of investment income (loss) for the year ended June 30, 2019:

	2019	2018 Comparative Totals
Dividends	\$ 26,436	\$ 18,126
Interest	35,534	23,855
Realized gains	215,414	71,073
Change in unrealized holding gains, net	(127,846)	28,344
Investment income before fees	149,538	141,398
Investment management fees	(16,090)	(15,433)
Total net investment income	\$ 133,448	\$ 125,965

Corporation of the Catholic Archbishop of Anchorage

Notes to Financial Statements (With Comparative Totals for 2018)

12. Related Party Transactions

The Catholic Foundation of Alaska is a related party, and it holds investments for the Archdiocese. As of June 30, 2019, the Foundation held custodial funds on behalf of the Archdiocese totaling \$2,027,908. The Archdiocese provides all administrative services at no cost to the Foundation. The Archdiocese recorded \$25,000 of administrative expenses as subsidies and contributions to the Catholic Foundation of Alaska during 2019.

Additionally, the Archdiocese has transactions with several of its parishes. These transactions included accounts receivable, accounts payable, contributions, and guarantee of debt.

13. Commitments and Contingencies

General

The Archdiocese is involved in claims and pending litigation from time to time. However, management believes it is unlikely these matters would have a material adverse effect on the Archdiocese's financial statements.

Contingent Debt

The Archdiocese, through its civil corporation, has been responsible for certain debts undertaken directly by the parishes of the Archdiocese. The Archdiocese guaranteed aggregate debt of the parishes totaling \$6,501,460 as of June 30, 2019. Based upon past performance and the ability of the parishes to continue to meet their debt obligations on a current basis, the Archdiocese believes it will not be required to make debt payments on their behalf.

Retirement Program for Lay Employees

The Archdiocese participates in a church-sponsored retirement program that contributes to lay employees with service over six months. Contributions are made by the Archdiocese using a service-based matching formula (tiers) of taxable compensation paid to eligible lay employees. Total contributions for the year ended June 30, 2019 were \$33,343. The tiers and rates are as follows:

Years of Service	Employer Match
6 Months - Year 1	1%
Year 1 - Year 2	2%
Year 3 - Year 5	3%
Year 6 - Year 10	4%
Year 10+	6%

Corporation of the Catholic Archbishop of Anchorage

Notes to Financial Statements (With Comparative Totals for 2018)

Retirement Plan for Priests

On August 1, 1997, the Archdiocese of Anchorage Priests Pension Trust (Trust) assumed responsibility for maintaining funds and administering the Archdiocese of Anchorage Nonqualified Defined Benefit Retirement Plan (Plan). The Plan covers incardinated priests of the Archdiocese with service in excess of 15 years. The Plan provides for monthly cash payments, supplemental medical, dental and vision insurance coverage. Contributions totaling \$108,000 were made by the Archdiocese to the Plan during the fiscal year ended June 30, 2019. Each year, every entity with an assigned priest pays \$250 per month, and the remainder of the amount requested by the PPT is spread over all the parish entities based on a standard calculation. The amount of the contribution directly expensed by the Archdiocese during the fiscal year 2019 was \$12,000.

The Trust's June 30, 2019 financial statements reflected net assets held for pension benefits of \$3,515,736.

Concentration of Credit Risk

The Archdiocese maintains cash and cash equivalents with financial institutions, and at times balances may exceed federally insured limited. The Archdiocese has never experienced any losses related to these balances. Amounts on deposit in excess of federally insured limits at June 30, 2019 approximate \$1,098,613 of which \$344,307 were immediately secured by bank assets via a Repurchase Account on July 1, 2019.

14. Subsequent Events

In connection with the preparation of the financial statements, the Archdiocese evaluated subsequent events after the statement of assets, liabilities and net assets date of June 30, 2019 through December 4, 2019, which was the date the financial statements were available to be issued.