



Corporation of the Catholic Archbishop of Anchorage

Financial Statements
Year Ended June 30, 2018
(With Comparative Totals for June 30, 2017)

(With Independent Auditors' Report Thereon)

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Corporation of the Catholic Archbishop of Anchorage

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Independent Auditor's Report

The Most Reverend Paul D. Etienne, D.D., S.T.L.
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, 2018, and the related statements of activities 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, 2018, 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.

Other Matters

Report on Summarized Comparative Information

We have previously audited the Archdiocese's 2017 financial statements, and we expressed an unmodified opinion on those financial statements in our report dated December 19, 2017. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2018 is consistent, in all material respects, with the audited financial statements from which it has been derived.

BDO USA, LLP

Anchorage, Alaska
December 15, 2018

Financial Statements

Corporation of the Catholic Archbishop of Anchorage

Statements of Financial Position

June 30, 2018

(With Comparative Totals for 2017)

June 30,	2018	2017
Assets		
Cash and cash equivalents	\$ 1,989,289	\$ 1,500,069
Receivables, net (note 2)	572,650	723,637
Interest in investments held by Catholic Foundation of Alaska (notes 3 and 13)	1,728,212	1,307,243
Interest in investments held by Mission Diocese Fund	397,316	245,264
Notes receivable (note 4)	27,488	35,222
Prepaid expenses and other assets	37,593	43,116
Deposits	24,615	54,241
Property held-for-sale (note 5)	1,001,189	1,001,189
Land, property and equipment:		
Land	1,507,851	1,561,606
Buildings and improvements	3,001,242	3,141,055
Leasehold improvements	345,679	345,679
Furniture and equipment	442,830	435,537
Automobiles and aircraft	213,424	213,424
Construction in progress	3,200	-
	5,514,226	5,697,301
Less accumulated depreciation	(3,073,359)	(3,092,686)
Net land, property and equipment	2,440,867	2,604,615
Total Assets	\$ 8,219,219	\$ 7,514,596
Liabilities and Net Assets		
Liabilities		
Accounts payable and accrued expenses	\$ 534,384	\$ 459,443
Funds held for others (note 6)	500,434	392,313
Deferred revenue	26,973	28,113
Insurance payable (note 7)	-	740
Notes payable (note 8)	-	693,434
Total Liabilities	1,061,791	1,574,043
Commitments and contingencies (notes 14)		
Net Assets		
Unrestricted	4,933,203	3,954,406
Temporarily restricted (note 9)	1,823,337	1,692,536
Permanently restricted (note 10)	400,888	293,611
Total Net Assets	7,157,428	5,940,553
Total Liabilities and Net Assets	\$ 8,219,219	\$ 7,514,596

See accompanying notes to financial statements.

Corporation of the Catholic Archbishop of Anchorage

**Statements of Activities
Year Ended June 30, 2018**

(With Comparative Totals for 2017)

<i>Years Ended June 30,</i>	Unrestricted	Temporarily Restricted	Permanently Restricted	Totals	
				2018	2017
Revenues and Support					
Donations	\$ 1,605,824	\$ 389,821	\$ 86,543	\$ 2,082,188	\$ 1,900,372
Parish contributions	1,251,703	-	-	1,251,703	1,231,894
Grants	304,731	77,500	-	382,231	280,116
Fees	421,453	15,000	-	436,453	417,095
Rental income	74,895	-	-	74,895	91,610
Investment income (loss), net of fees (note 12)	6,296	98,935	20,734	125,965	144,232
Other income	746,723	-	-	746,723	114,845
Net assets released from restrictions (note 11)	450,455	(450,455)	-	-	-
Total Revenues and Support	4,862,080	130,801	107,277	5,100,158	4,180,164
Expenses					
Program services	1,878,624	-	-	1,878,624	1,972,360
Support services:					
Management and general	1,318,425	-	-	1,318,425	1,405,214
Fundraising and development	686,234	-	-	686,234	591,446
Total Expenses	3,883,283	-	-	3,883,283	3,969,020
Change in net assets	978,797	130,801	107,277	1,216,875	211,144
Net Assets, beginning of the year	3,954,406	1,692,536	293,611	5,940,553	5,729,409
Net Assets, end of the year	\$ 4,933,203	\$ 1,823,337	\$ 400,888	\$ 7,157,428	\$ 5,940,553

See accompanying notes to financial statements.

Corporation of the Catholic Archbishop of Anchorage

Statements of Cash Flows Year Ended June 30, 2018 (With Comparative Totals for 2017)

Years Ended June 30,	2018	2017
Cash Flows from Operating Activities		
Change in net assets	\$ 1,216,875	\$ 211,144
Adjustments to reconcile change in net assets to net cash from operating activities:		
Depreciation	138,213	122,737
Realized and unrealized income on investments		
Catholic Foundation of Alaska and Mission Diocese Fund	(99,417)	(115,912)
Gain on sale of property and equipment	(742,627)	(114,845)
Provision for allowance on receivables	-	210
Changes in assets and liabilities that provided (used) cash:		
Receivables	150,987	(21,185)
Prepaid expenses and other assets	5,523	31,024
Deposits	29,626	27,571
Accounts payable and accrued expenses	74,941	52,552
Deferred revenue	1,140	(550)
Insurance payable	740	(18,959)
Net cash from operating activities	776,001	173,787
Cash Flows from (for) Investing Activities		
Contributions and additions to investments in Catholic Foundation of Alaska and Seminarian Endowment Fund	(788,110)	(486,248)
Withdrawals of investments in Catholic Foundation of Alaska	310,601	631,085
Payments received on notes receivable	7,734	7,352
Purchase of property and equipment	(60,607)	(540,372)
Proceeds from sales of property and equipment	828,914	199,576
Net cash from (for) investing activities	298,532	(188,607)
Cash Flows for Financing Activities		
Net increase in funds held for others	108,121	87,385
Principal payments on notes payable	(693,434)	(260,294)
Net cash for financing activities	(585,313)	(172,909)
Net increase (decrease) in cash and cash equivalents	489,220	(187,729)
Cash and Cash Equivalents, beginning of year	1,500,069	1,687,798
Cash and Cash Equivalents, end of year	\$ 1,989,289	\$ 1,500,069
Supplemental Disclosures of Cash Flow Information		
Cash paid during the year for interest	\$ 21,993	\$ 40,090

See accompanying notes to financial statements.

Corporation of the Catholic Archbishop of Anchorage

Notes to Financial Statements June 30, 2018 (With Comparative Totals for 2017)

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 three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets.

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:

Unrestricted Net Assets

Net assets that are not subject to donor-imposed stipulations and net assets that are subject to donor-imposed stipulations but those stipulations are met within the fiscal year.

Temporarily Restricted Net Assets

Temporarily restricted resources are restricted by the donor, grantor, other outside parties, or law whose restrictions either expire by the passage of time or can be fulfilled and removed by actions of the Archdiocese. Revenues associated with these resources are earned when the Archdiocese undertakes the necessary action or other restrictions are met. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statements of revenues, expenses, and changes in net assets as net assets released from restrictions.

Permanently Restricted Net Assets

Permanently restricted net assets include contributions with donor-imposed restrictions requiring resources to be maintained in perpetuity, but permitting the use of all or part of the investment income earned on the contributions.

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".

Corporation of the Catholic Archbishop of Anchorage

Notes to Financial Statements (With Comparative Totals for 2017)

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.

CE Mission Diocese Fund

The Archdiocese established a permanently 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 temporarily 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 temporarily 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.

Corporation of the Catholic Archbishop of Anchorage

Notes to Financial Statements (With Comparative Totals for 2017)

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.

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.

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Corporation of the Catholic Archbishop of Anchorage

Notes to Financial Statements (With Comparative Totals for 2017)

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.

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, 2018.

The Archdiocese files an exempt organization return in the U.S. Federal jurisdiction and with the State of Alaska. As of 2018, the tax years that remain subject to examination begins with 2015. 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 special-purpose 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.

Corporation of the Catholic Archbishop of Anchorage

Notes to Financial Statements (With Comparative Totals for 2017)

Total Columns for 2017

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, 2017, from which the information was derived.

2. Receivables

Receivables as of June 30, 2018 are as follows:

	2018	2017 Comparative Totals
Due from parishes and agencies for insurance, payroll, assessments and other charges	\$ 243,892	\$ 286,045
Annual appeal	251,258	360,302
Grants due from National Catholic organizations	77,500	77,500
	572,650	723,847
Less allowance for estimated uncollectible receivables	-	(210)
Total Receivables, net	\$ 572,650	\$ 723,637

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.

Corporation of the Catholic Archbishop of Anchorage

Notes to Financial Statements (With Comparative Totals for 2017)

- 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, 2018.

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, 2018 along with comparative totals as of June 30, 2017:

Investments at Fair Value

<i>As of June 30,</i>	Level 1	Level 2	Level 3	Total
Beneficial interest in assets held by Catholic Foundation of Alaska and Mission Diocese Fund:				
2018	\$ -	\$ 2,125,528	\$ -	\$ 2,125,528
2017	\$ -	\$ 1,552,507	\$ -	\$ 1,552,507

4. Notes Receivable

Notes receivable as of June 30, 2018 are as follows:

	2018	2017 Comparative Totals
Note from an individual, receivable in monthly installments of \$771, including interest of 5.75%; unsecured	\$ 25,696	\$ 33,430
Note from a school, unsecured, noninterest bearing	98,372	98,372
Notes from individuals	2,240	2,240
	126,308	134,042
Less allowance for uncollectible notes	(98,820)	(98,820)
Total Notes Receivable	\$ 27,488	\$ 35,222

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, 2018. Payment on the note is not expected, however if economic conditions were to change in future periods, the Archdiocese anticipates partial collection.

Corporation of the Catholic Archbishop of Anchorage

Notes to Financial Statements (With Comparative Totals for 2017)

The activity in the allowance for uncollectible notes receivable for the year ended June 30, 2018 along with comparative totals for the year ended June 30, 2017 was as follows:

	2018	2017 Comparative Totals
Allowance for doubtful accounts at beginning of year	\$ (98,820)	\$ (98,820)
Recovery (additions) charged to bad debt expense	-	-
Allowance for Doubtful Accounts, at end of year	\$ (98,820)	\$ (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, 2018, the property has a carrying value of \$1,001,189.

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 non-refundable 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, 2018 are as follows:

	2018	2017 Comparative Totals
Insurance reserve	\$ 177,246	\$ 167,891
Cotabato reserve	101,343	94,999
Special collections	173,103	90,909
Other	48,742	38,514
Total Funds Held for Others	\$ 500,434	\$ 392,313

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Corporation of the Catholic Archbishop of Anchorage

Notes to Financial Statements (With Comparative Totals for 2017)

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, 2018 consists of the following:

	2018		2017 Comparative Totals
Auto Insurance	\$ -	\$	740
Total Insurance Plan	\$ -	\$	740

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.

8. Notes Payable

Notes payable consist of the following:

	2018		2017 Comparative Totals
<i>June 30,</i>			
Note payable to a bank at \$18,782 per month at a 4.80% interest rate, collateralized by buildings and land. Total balance was paid in full as of June 30, 2018.	\$ -	\$	693,434

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Corporation of the Catholic Archbishop of Anchorage

Notes to Financial Statements (With Comparative Totals for 2017)

9. Temporary Restricted Net Assets

Temporarily restricted net assets consist of grants and donations designated for specific purposes or designated to be expended in subsequent years, as of June 30, 2018, are as follows:

	2018	2017 Comparative Totals
Grants -		
Committee on the Home Missions	\$ 77,500	\$ 77,500
Donations:		
Mission to Russia	1,215,491	1,148,083
Rural Church Loan	209,834	192,733
Russian Seminarians	143,475	143,475
Priest Health Support	77,429	83,253
Mission Parish Needs	60,000	-
Social Justice	19,177	15,638
Native Ministry Group	8,206	4,550
Women's Ministry	5,522	1,182
SHC Memorial Garden	3,000	-
Project Rachel	2,899	-
Archbishop's Discretionary	-	25,313
Other (Global Solidarity and Rural Travel)	804	809
Total donations	1,745,837	1,615,036
Total Net Assets Temporarily Restricted	\$ 1,823,337	\$ 1,692,536

10. Permanently Restricted Net Assets

The Archdiocese has created a seminarian endowment fund that will be permanently 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 permanently restricted net assets are as follows:

	2018	2017 Comparative Totals
<i>June 30,</i>		
Seminarian Endowment	\$ 400,888	\$ 293,611

Corporation of the Catholic Archbishop of Anchorage

Notes to Financial Statements (With Comparative Totals for 2017)

11. Net Assets Released from 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, 2018 related to the following as required by the donor or grantor.

	2018	2017 Comparative Totals
Grants:		
Catholic Church Extension Society	\$ -	\$ 155,000
Committee on the Home Missions	77,500	82,500
Total grants	77,500	237,500
Donations:		
Mission to Russian	292,497	317,587
Archbishop's Discretionary	25,843	6,201
Priest Health Support	25,823	10,247
Mission Parish Needs	15,000	-
Priest Retirement Fund	5,100	-
Social Justice	4,500	-
Native Ministry Group	2,587	1,967
Rural Commercial Travel	1,605	2,157
Seminarian Endowment CE	-	185,461
Seminarian WYD Scholarship	-	5,411
Women's Ministry	-	440
Other	-	4
Total releases	372,955	529,475
Total Net Assets Released from Restrictions	\$ 450,455	\$ 766,975

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Corporation of the Catholic Archbishop of Anchorage

Notes to Financial Statements (With Comparative Totals for 2017)

12. Investment Income (Loss)

Components of investment income (loss) for the year ended June 30, 2018:

	2018	2017 Comparative Totals
Dividends	\$ 18,126	\$ 22,719
Interest	23,855	21,375
Realized gains	71,073	60,375
Change in unrealized holding gains, net	28,344	55,537
Investment income before fees	141,398	160,006
Investment management fees	(15,433)	(15,774)
Total net investment income	\$ 125,965	\$ 144,232

13. Related Party Transactions

The Catholic Foundation of Alaska is a related party, and it holds investments for the Archdiocese. As of June 30, 2018, the Foundation held custodial funds on behalf of the Archdiocese totaling \$1,728,212. 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 2018.

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

14. 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 \$7,060,202 as of June 30, 2018. 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.

Corporation of the Catholic Archbishop of Anchorage

Notes to Financial Statements (With Comparative Totals for 2017)

Retirement Program for Lay Employees

On December 14, 2017, the Archdiocese approved a church-sponsored retirement program to commence on January 1, 2018 to cover 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, 2018 were \$31,598. 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%

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 \$96,000 were made by the Archdiocese to the Plan during the fiscal year ended June 30, 2018. 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 2018 was \$9,000.

The Trust's June 30, 2018 financial statements reflected net assets held for pension benefits of \$3,376,501.

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, 2018 approximate \$1,288,592 of which \$88,537 were immediately secured by bank assets via a Repurchase Account on July 1, 2018.

15. 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, 2018 through December 15, 2018, which was the date the financial statements were available to be issued.

As further described in note 5, subsequent to the end of the fiscal year, the Archdiocese entered into an agreement to sell property held for sale

Supplementary Information



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Independent Auditor's Report on Supplementary Information

Our audit of the financial statements included in the preceding section of this report was conducted for the purpose of forming an opinion on these statements as a whole. The supplementary information presented in the following section of this report is presented for purposes of additional analysis is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Other Matters

Report on Summarized Comparative Information

We have previously audited the Archdiocese's 2017 financial statements, and we expressed an unmodified opinion on those financial statements in our report dated December 19, 2017. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2017 is consistent, in all material respects, with the audited financial statements from which it has been derived.

BDO USA, LLP

Anchorage, Alaska
December 15, 2018

Corporation of the Catholic Archbishop of Anchorage

Statement of Functional Expenses

Year Ending June 30, 2018

	Program Services						Total Program Services
	Office of Evangelization and Worship	Ministry Services	Clergy Support	Cemeteries	Mission to Magadan		
Expenses							
Personnel	\$ 259,337	\$ 59,594	\$ 81,744	\$ -	\$ 14,228	\$ 414,903	
Subsidies and contributions	3,615	293,270	81,013	-	231,664	609,562	
Professional services	94,961	28,418	7,738	16,151	25,000	172,268	
Supplies and equipment	38,774	2,511	2,746	2,590	823	47,444	
Facilities	1,435	1,200	873	5,287	-	8,795	
Facility/admin expense allocation	47,132	116,593	60,419	2,806	-	226,950	
Travel and transportation	12,903	19,863	23,774	-	-	56,540	
Membership dues and assessments	1,770	1,750	925	3,246	-	7,691	
Other operating	70,349	18,141	223,691	1,509	20,781	334,471	
Capital expenses	-	-	-	-	-	-	
Total Expenses	\$ 530,276	\$ 541,340	\$ 482,923	\$ 31,589	\$ 292,496	\$ 1,878,624	

	Support Services						Total Support Services	2018 Total
	Service-General	Administration	Properties	Total Management and General	Fundraising and Development			
Expenses								
Personnel	\$ 478,664	\$ 383,780	\$ -	\$ 862,444	\$ 217,966	\$ 1,080,410	\$ 1,495,313	
Subsidies and contributions	2,000	-	1,680	3,680	281,544	285,224	894,786	
Professional services	43,409	54,651	27,990	126,050	16,846	142,896	315,164	
Supplies and equipment	7,900	14,263	18	22,181	45,533	67,714	115,158	
Facilities	1,521	29,360	234,770	265,651	364	266,015	274,810	
Facility/admin expense allocation	84,586	(89,601)	(283,030)	(288,045)	61,095	(226,950)	-	
Travel and transportation	24,566	630	28,368	53,564	555	54,119	110,659	
Membership dues and assessments	43,147	1,617	50	44,814	2,050	46,864	54,555	
Other operating	41,946	18,480	29,447	89,873	60,281	150,154	484,625	
Capital expenses	-	-	138,213	138,213	-	138,213	138,213	
Total Expenses	\$ 727,739	\$ 413,180	\$ 177,506	\$ 1,318,425	\$ 686,234	\$ 2,004,659	\$ 3,883,283	

See accompanying Independent Auditor's Report on Supplementary Information.

Corporation of the Catholic Archbishop of Anchorage

Statement of Functional Expenses

Year Ending June 30, 2017

	Program Services					Total Program Services
	Office of Evangelization and Worship	Ministry Services	Clergy Support	Cemeteries	Mission to Magadan	
Expenses						
Personnel	\$ 263,198	\$ 98,253	\$ 73,671		\$ 14,418	\$ 449,541
Subsidies and contributions	13,600	312,819	78,156		251,870	656,445
Professional services	91,330	14,659	2,305	19,584	25,000	152,878
Supplies and equipment	36,690	3,105	3,238	561	776	44,371
Facilities	4,591	1,620	12,841	5,130	-	24,182
Facility/admin expense allocation	45,700	96,199	78,452	3,027	-	223,377
Travel and transportation	7,928	29,383	21,903		-	59,214
Membership dues and assessments	3,171	2,084	2,740	2,870	-	10,865
Other operating	44,309	30,170	252,653	55	18,915	346,101
Capital expenses	-	2,800		2,586		5,386
Total Expenses	\$ 510,517	\$ 591,092	\$ 525,958	\$ 33,813	\$ 310,979	\$ 1,972,360

	Support Services					Total Support Services	2017 Total
	Service-General	Administration	Properties	Total Management and General	Fundraising and Development		
Expenses							
Personnel	\$ 493,102	\$ 402,673	\$ -	\$ 895,775	\$ 226,585	\$ 1,122,359	\$ 1,571,900
Subsidies and contributions	2,992	-	1,680	4,672	208,201	212,873	869,318
Professional services	77,986	54,627	958	133,571	24,070	157,641	310,518
Supplies and equipment	29,270	45,292	-	74,562	20,435	94,997	139,368
Facilities	3,468	1,730	219,591	224,789	720	225,509	249,691
Facility/admin expense allocation	91,718	(117,854)	(250,185)	(276,322)	52,944	(223,377)	-
Travel and transportation	32,088	628	16,159	48,875	3,335	52,210	111,424
Membership dues and assessments	38,832	1,324	50	40,206	2,050	42,256	53,121
Other operating	69,828	18,917	43,298	132,044	48,653	180,697	526,798
Capital expenses	553	3,757	122,732	127,043	4,453	131,496	136,882
Total Expenses	\$ 839,837	\$ 411,094	\$ 154,283	\$ 1,405,214	\$ 591,446	\$ 1,996,659	\$ 3,969,020

See accompanying Independent Auditor's Report on Supplementary Information.