



Corporation of the Catholic Archbishop of Anchorage

Financial Statements
Year Ended June 30, 2020
(With Comparative Totals for June 30, 2019)

(With Independent Auditor's Report Thereon)

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Corporation of the Catholic Archbishop of Anchorage

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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 statement of financial position as of June 30, 2020, 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, 2020, 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 2019 financial statements, and we expressed an unmodified opinion on those financial statements in our report dated December 4, 2019. 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
January 20, 2021

Financial Statements

Corporation of the Catholic Archbishop of Anchorage

Statements of Financial Position

June 30, 2020

(With Comparative Totals for 2019)

June 30,	2020	2019
Assets		
Cash and cash equivalents	\$ 3,518,530	\$ 2,114,423
Receivables, net (note 2)	623,302	1,309,392
Interest in investments held by Catholic Foundation of Alaska (notes 3 and 13)	2,115,576	2,027,908
Interest in investments held by CE Mission Diocese Fund	479,004	408,301
Notes receivable (note 4)	12,230	18,681
Prepaid expenses and other assets	18,962	22,027
Deposits	7,132	10,242
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	3,066,187	3,013,496
Leasehold improvements	360,238	360,238
Furniture and equipment	462,208	461,208
Automobiles and aircraft	227,424	213,424
	5,623,908	5,556,217
Less accumulated depreciation	(3,271,692)	(3,198,292)
Net land, property and equipment	2,352,216	2,357,925
Total Assets	\$ 10,128,141	\$ 9,270,088
Liabilities and Net Assets		
Liabilities		
Accounts payable and accrued expenses	\$ 1,185,714	\$ 627,581
Funds held for others (note 6)	359,163	409,095
Deferred revenue	27,930	28,102
Insurance payable (note 7)	1,506	751
Total Liabilities	1,574,313	1,065,529
Net Assets		
Without donor restrictions	5,932,163	5,287,433
With donor restrictions		
Purpose and time restricted (note 8)	2,077,698	2,439,987
Perpetual in nature restricted (note 9)	543,967	477,139
Total with donor restrictions	2,621,665	2,917,126
Total Net Assets	8,553,828	8,204,559
Total Liabilities and Net Assets	\$ 10,128,141	\$ 9,270,088

See accompanying notes to financial statements.

Corporation of the Catholic Archbishop of Anchorage

Statements of Activities Year Ended June 30, 2020

(With Comparative Totals for 2019)

Years Ended June 30,	Without Donor Restriction	With Donor Restriction	Totals	
			2020	2019
Revenues and Support				
Donations	\$ 1,405,998	\$ 306,421	\$ 1,712,419	\$ 2,017,788
Parish contributions	1,171,980	-	1,171,980	1,214,934
Grants	670,605	85,000	755,605	1,056,853
Fees	393,474	15,000	408,474	445,187
Rental income	83,782	-	83,782	64,475
Investment income (loss) (note 11)	10,995	(2,489)	8,506	133,448
Other income	1,686	-	1,686	266
Net assets released from restrictions (note 10)	699,393	(699,393)	-	-
Total Revenues and Support	4,437,913	(295,461)	4,142,452	4,932,951
Expenses				
Program services	1,856,170	-	1,856,170	1,856,447
Support services:				
Management and general	1,190,815	-	1,190,815	1,296,770
Fundraising and development	746,198	-	746,198	732,603
Total Expenses	3,793,183	-	3,793,183	3,885,820
Change in net assets	644,730	(295,461)	349,269	1,047,131
Net Assets, beginning of the year	5,287,433	2,917,126	8,204,559	7,157,428
Net Assets, end of the year	\$ 5,932,163	\$ 2,621,665	\$ 8,553,828	\$ 8,204,559

See accompanying notes to financial statements.

Corporation of the Catholic Archbishop of Anchorage

Statement of Functional Expenses

Year Ended June 30, 2020

(With Comparative Totals for 2019)

	Program Services						Total Program Services	
	Office of Evangelization and Worship	Ministry Services	Clergy Support	Cemeteries	Mission to Magadan			
Expenses								
Personnel	\$ 248,179	\$ 26,449	\$ 37,678	\$ -	\$ -	\$ 312,306		
Subsidies and contributions	106,222	585,375	88,669	1,000	148,212	929,478		
Professional services	64,260	12,455	4,750	27,608	25,000	134,073		
Supplies and equipment	29,365	3,609	1,798	-	400	35,172		
Facilities	159	2,006	1,627	5,340	-	9,132		
Facility/admin expense allocation	73,181	60,425	50,961	4,216	-	188,783		
Travel and transportation	10,647	3,626	19,853	-	-	34,126		
Membership dues and assessments	944	600	1,336	4,009	8,633	15,522		
Other operating	65,418	16,178	94,106	555	21,321	197,578		
Total Expenses	\$ 598,375	\$ 710,723	\$ 300,778	\$ 42,728	\$ 203,566	\$ 1,856,170		
	Support Services						2020 Total	2019 Total
	Service-General	Administration	Properties	Total Management and General	Fundraising and Development	Total Support Services		
Expenses								
Personnel	\$ 431,778	\$ 398,946	\$ -	\$ 830,724	\$ 258,959	\$ 1,089,683	\$ 1,401,989	\$ 1,472,968
Subsidies and contributions	5,027	-	1,680	6,707	282,769	289,476	1,218,954	1,009,522
Professional services	107,890	62,241	3,827	173,958	19,231	193,189	327,262	383,661
Supplies and equipment	5,295	11,673	-	16,968	24,876	41,844	77,016	105,385
Facilities	913	21,727	196,103	218,743	-	218,743	227,875	242,177
Facility/admin expense allocation	30,990	(54,437)	(238,960)	(262,407)	73,624	(188,783)	-	-
Travel and transportation	11,535	63	7,010	18,608	798	19,406	53,532	91,968
Membership dues and assessments	41,469	8,963	50	50,482	2,610	53,092	68,614	55,398
Other operating	14,010	13,621	133	27,764	83,331	111,095	308,673	398,556
Capital expenses	54,023	-	55,245	109,268	-	109,268	109,268	126,185
Total Expenses	\$ 702,930	\$ 462,797	\$ 25,088	\$ 1,190,815	\$ 746,198	\$ 1,937,013	\$ 3,793,183	\$ 3,885,820

See accompanying notes to financial statements.

Corporation of the Catholic Archbishop of Anchorage

Statements of Cash Flows Year Ended June 30, 2020 (With Comparative Totals for 2019)

Years Ended June 30,	2020	2019
Cash Flows from Operating Activities		
Change in net assets	\$ 349,269	\$ 1,047,131
Adjustments to reconcile change in net assets to net cash from operating activities:		
Depreciation	109,268	124,933
Realized and unrealized loss (income on investments)		
Catholic Foundation of Alaska and Mission Diocese Fund	8,506	(133,448)
Changes in assets and liabilities that provided (used) cash:		
Receivables	692,541	736,742
Prepaid expenses and other assets	3,065	15,566
Deposits	3,110	14,373
Accounts payable and accrued expenses	558,133	93,197
Deferred revenue	(172)	1,129
Insurance payable	755	751
Net cash from operating activities	1,724,475	426,890
Cash Flows from (for) Investing Activities		
Contributions and additions to investments in Catholic Foundation of Alaska and CE Mission Diocese Fund	(448,497)	(822,127)
Withdrawals of investments in Catholic Foundation of Alaska	275,169	644,894
Payments received on notes receivable	6,451	8,807
Purchase of property and equipment	(103,559)	(41,991)
Net cash for investing activities	(270,436)	(210,417)
Cash Flows for Financing Activities		
Net decrease in funds held for others	(49,932)	(91,339)
Net increase in cash and cash equivalents	1,404,107	125,134
Cash and Cash Equivalents, beginning of year	2,114,423	1,989,289
Cash and Cash Equivalents, end of year	\$ 3,518,530	\$ 2,114,423

See accompanying notes to financial statements.

Corporation of the Catholic Archbishop of Anchorage

Notes to Financial Statements Year Ended June 30, 2020 (With Comparative Totals for 2019)

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

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

Contributions are recognized as revenue, at fair value, on the earlier of the receipt of cash or an unconditional promise to give. Contributions which impose restrictions that are met in the same fiscal year the contribution is received are reported as increases in net assets without donor restrictions. Expirations of donor restrictions (i.e., the donor stipulated purpose has been fulfilled and/or the stipulated time period has elapsed) in subsequent years are reported as "Net assets released from donor restrictions" in the Statements of Activities.

From time to time, the Archdiocese may receive contributions that have conditions (e.g., meeting specific performance-related barriers, revocable features). For conditional contributions, the Archdiocese recognizes revenue only after the conditions are substantially met. Should the conditions be substantially met in the same period that the contribution was received, and barring any further donor-imposed restrictions, the Archdiocese has elected to recognize the revenue in net assets without donor restrictions.

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Corporation of the Catholic Archbishop of Anchorage

Notes to Financial Statements

Grants awarded are generally considered nonreciprocal transactions restricted by the awarding agency for certain purposes, and revenue is recognized when qualifying expenditures are incurred and conditions under the grant agreements are met. 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.

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.

Corporation of the Catholic Archbishop of Anchorage

Notes to Financial Statements

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.

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, 2020.

The Archdiocese files an exempt organization return in the U.S. Federal jurisdiction. As of 2020, the tax years that remain subject to examination begins with 2017. 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.

Corporation of the Catholic Archbishop of Anchorage

Notes to Financial Statements

Total Columns for 2019

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, 2019, from which the information was derived.

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, 2020:

Financial assets at year-end:	
Cash and cash equivalents	\$ 3,518,530
Accounts receivable, net	623,302
Less liabilities	(1,574,313)
Less uninvested restricted funds	(155,366)
Total Financial Assets	\$ 2,487,940

Recently Adopted Accounting Pronouncements

In June 2018, the FASB issued ASU No. 2018-08, *Not-for-Profit Entities (Topic 958): Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. This guidance addresses how grants and other contracts are classified across the sector resource recipients and resource providers. This guidance is effective for resource recipients for fiscal year end June 30, 2020, with early adoption permitted. The implementation resulted in no significant change in revenue recognition.

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Corporation of the Catholic Archbishop of Anchorage

Notes to Financial Statements

2. Receivables

Receivables as of June 30, are as follows:

	2020	2019
Due from parishes and agencies for insurance, payroll, assessments and other charges	\$ 140,184	\$ 291,317
Annual appeal	487,693	341,463
Grants due from National Catholic organizations	-	689,626
	627,877	1,322,406
Less allowance for estimated uncollectible receivables	(4,575)	(13,014)
Total Receivables, net	\$ 623,302	\$ 1,309,392

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.

Corporation of the Catholic Archbishop of Anchorage

Notes to Financial Statements

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, 2020.

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.

In accordance with Financial Accounting Standards Board Subtopic 820-10, certain investments that are measured at Net Asset Value (NAV) per unit (or its equivalent) have not been classified in the fair value hierarchy. The Archdiocese held \$2,594,580 of investments measured at NAV per unit with the Mission Diocese Fund as of June 30, 2020.

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

<i>Investments at Fair Value</i>	Level 1	Level 2	Level 3	Total
Beneficial interest in assets held by Catholic Foundation of Alaska and Mission Diocese Fund:	\$ -	\$ 2,436,209	\$ -	\$ 2,436,209

4. Notes Receivable

Notes receivable as of June 30, 2020 are as follows:

	2020	2019 Comparative Totals
Note from an individual, receivable in monthly installments of \$771, including interest of 5.75%; unsecured	\$ 9,003	\$ 17,560
Note from a school, unsecured, noninterest bearing	98,372	98,372
Notes from individuals	6,454	2,241
	113,829	118,173
Less allowance for uncollectible notes	(101,599)	(99,492)
Total Notes Receivable	\$ 12,230	\$ 18,681

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, 2020. 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

The activity in the allowance for uncollectible notes receivable for the year ended June 30, 2020 are as follows:

	2020	2019 Comparative Totals
Allowance for doubtful accounts at beginning of year	\$ (99,492)	\$ (98,820)
Recovery (additions) charged to bad debt expense	(2,107)	(672)
Allowance for Doubtful Accounts, at end of year	\$ (101,599)	\$ (99,492)

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, 2020, the property has a carrying value of \$1,001,189.

On September 27, 2019, 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, 2020 are as follows:

	2020	2019 Comparative Totals
Insurance reserve	\$ 131,783	\$ 122,138
Cotabato reserve	114,043	107,710
COVID-19 Relief	53,168	-
Special collections	12,282	9,981
Other	47,887	169,266
Total Funds Held for Others	\$ 359,163	\$ 409,095

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Corporation of the Catholic Archbishop of Anchorage

Notes to Financial Statements

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, 2020 consists of the following:

	2020	2019 Comparative Totals
Auto Insurance	\$ 1,506	\$ 751
Total Insurance Plan	\$ 1,506	\$ 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.

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Corporation of the Catholic Archbishop of Anchorage

Notes to Financial Statements

8. Net Assets with Donor Restrictions - Purpose 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, 2020, are as follows:

	2020	2019 Comparative Totals
Grants - time restricted - Committee on the Home Missions	\$ 85,000	\$ 77,500
Donations - purpose restricted:		
Mission to Russia	1,196,039	1,216,585
USCCB Disaster Relief (Earthquake 11/2019)	210,000	600,000
Rural Church Loan	220,171	222,880
Russian Seminarians	133,475	133,475
Priest Health Support	102,311	87,081
Disaster Relief	43,563	-
Mission Parish Needs	33,120	33,120
Social Justice	26,738	26,379
Weatherization Energy Updates	7,682	-
Safe Environment Counseling	-	20,882
Women's Ministry	5,522	5,522
Project Rachel	5,435	2,819
SHC Memorial Garden	4,306	4,306
Native Ministry Group	2,760	8,974
Priest Retirement Fund	612	-
Home Discretionary	500	-
Global Solidarity	464	464
Total donations	1,992,697	2,362,487
Total Purpose and Time Restricted Net Assets	\$ 2,077,698	\$ 2,439,987

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Corporation of the Catholic Archbishop of Anchorage

Notes to Financial Statements

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 release of earnings is determined during the budgeting process or at the discretion of the Archbishop. The balance of perpetual in nature restricted net assets are as follows:

<i>June 30,</i>	2020	2019 Comparative Totals
Seminarian Endowment	\$ 543,967	\$ 477,139

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, 2020 related to the following as required by the donor or grantor.

	2020	2019 Comparative Totals
Grants:		
Committee on the Home Missions	\$ 77,500	\$ 77,500
Donations:		
USCCB Disaster Relief	390,000	-
Mission to Russian	190,550	364,956
Safe Environment Counseling	20,882	-
Native Ministry Group	7,423	1,300
Social Justice CCHD	6,000	-
Rural Church Loan	4,311	-
Seminarian Endowment	2,718	-
Project Rachel	9	-
Mission Parish Needs	-	26,880
Russian Seminarian	-	10,000
Priest Health Support	-	349
Archbishop's Discretionary	-	950
Priest Retirement Fund	-	6,450
Rural Commercial Travel	-	338
Social Justice	-	300
Total releases	621,893	411,523
Total Net Assets Released from Restrictions	\$ 699,393	\$ 489,023

Corporation of the Catholic Archbishop of Anchorage

Notes to Financial Statements

11. Investment Income (Loss)

Components of investment income (loss) for the year ended June 30, 2020:

	2020	2019 Comparative Totals
Dividends	\$ 8,139	\$ 26,436
Interest	19,977	35,534
Realized gains	16,213	215,414
Change in unrealized holding losses, net	(30,439)	(127,846)
Investment income before fees	13,890	149,538
Investment management fees	(5,384)	(16,090)
Total net investment income	\$ 8,506	\$ 133,448

12. Paycheck Protection Program

On April 23, 2020, the Archdiocese was approved for a loan under the Paycheck Protection Program in the amount of \$1,643,549. The loan has a term of two years, is unsecured, and guaranteed by the Small Business Administration (SBA). The loan bears a fixed interest rate of one percent per annum. Loan proceeds are to be used for covered payroll payments, covered mortgage interest payments, covered rent payments, and covered utilities payments during the eight-week period following the loan origination date. The Archdiocese distributed a significant portion of the loan proceeds to parishes that paid for qualified expenses during the covered period. As of June 30, 2020, \$273,830 of the proceeds from the loan were used by the Archdiocese and were recorded as revenue in accordance of FASB ASC 958-605, as all the criteria for loan forgiveness has been estimated to be met. As of June 30, 2020, \$53,168 of the loan proceeds had not been distributed to the parishes or used by the Archdiocese and is recorded as a liability. The portion of the loan proceeds distributed to others is estimated to have been eligible for loan forgiveness. The impact of the forgiveness of this portion of the loan with the Archdiocese has been offset with the forgiveness of the loan to the parishes, resulting in a \$0 impact to the Statements of Activities.

13. Related Party Transactions

The Catholic Foundation of Alaska is a related party, and it holds investments for the Archdiocese. As of June 30, 2020, the Foundation held custodial funds on behalf of the Archdiocese totaling \$2,115,576. 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 2020.

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

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Corporation of the Catholic Archbishop of Anchorage

Notes to Financial Statements

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 \$5,949,063 as of the year ended June 30, 2020 and \$6,501,460 as of the year ended 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, 2020 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 \$132,000 were made by the Archdiocese to the Plan during the fiscal year ended June 30, 2020. 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 2020 was \$11,000.

The Trust's June 30, 2020 financial statements reflected net assets held for pension benefits of \$3,659,609.

Corporation of the Catholic Archbishop of Anchorage

Notes to Financial Statements

Concentration of Credit Risk

The Archdiocese maintains cash and cash equivalents with financial institutions, and at times balances may exceed federally insured limits. The Archdiocese has never experienced any losses related to these balances. Amounts on deposit in excess of federally insured limits at June 30, 2020 approximate \$3,043,716 of which \$1,990,565 were immediately secured by bank assets via a Repurchase Account on July 1, 2020.

COVID-19

On January 30, 2020, the World Health Organization (“WHO”) announced a global health emergency because of a new strain of coronavirus originating in Wuhan, China (the “COVID-19 outbreak”) and the risks to the international community as the virus spreads globally beyond its point of origin. In March 2020, the WHO classified the COVID-19 outbreak as a pandemic, based on the rapid increase in exposure globally.

The full impact of the COVID-19 outbreak continues to evolve as of the date of this report. As such, it is uncertain as to the full magnitude that the pandemic will have on the Archdiocese’s financial condition, liquidity, and future results of operations. Management is actively monitoring the global situation on its financial condition, liquidity, operations, suppliers, industry, and workforce.

Given the daily evolution of the COVID-19 outbreak and the global responses to curb its spread, the Archdiocese is not able to estimate the effects of the COVID-19 outbreak on its results of operations, financial condition, or liquidity for fiscal year 2020.

- Various suppliers and industry participants have decreased their activity and demand for products and services. While the Archdiocese considers this disruption to be temporary and has not experienced a material impact of this to date, continued disruption in the supply chain and demand for products or services may lead to a significant impact to the Archdiocese.
- The Archdiocese is dependent on its workforce to deliver its services. Developments such as social distancing, health of employees, and shelter-in-place directives may impact The Archdiocese ability to deploy its workforce as effectively. While expected to be temporary, prolonged workforce disruptions may negatively impact performance of services or require use of emergency personnel.
- The outbreak could have a continued material adverse impact on economic and market conditions and trigger a period of global economic slowdown, which may impair The Archdiocese’s asset values, including equity and debt investments.

Although the Archdiocese cannot estimate the length or gravity of the impact of the COVID-19 outbreak at this time, if the pandemic continues, it may have an adverse effect on the Archdiocese results of future operations, financial position, and liquidity in fiscal year 2020.

On March 27, 2020, President Trump signed into law the “Coronavirus Aid, Relief and Economic Security (CARES) Act.” The CARES Act, among other things, includes provisions relating to refundable payroll tax credits, deferment of employer side social security payments, net operating loss carryback periods, alternative minimum tax credit refunds, modifications to the net interest deduction limitations, increased limitations on qualified charitable contributions and technical corrections to tax depreciation methods for qualified improvement property.

Corporation of the Catholic Archbishop of Anchorage

Notes to Financial Statements

As described in footnote 12, the Archdiocese received CARES Act funding in the form of the Paycheck Protection Program. The Archdiocese will continue to examine the impact that the CARES Act may have on our operations. Currently, we are unable to determine the full impact that the CARES Act will have on our financial condition, results of operations or liquidity.

15. Subsequent Events

The Archdiocese has evaluated subsequent events through January 20, 2021, the date on which the consolidated financial statements were available to be issued.

Effective September 17, 2020 the Archdiocese of Anchorage and the Diocese of Juneau were merged to form the Archdiocese of Anchorage-Juneau. The two organizations are operating separately through the end of June 30, 2021. Beginning July 1, 2021, the entities will be fiscally consolidated as one reporting entity. There have not been any adjustments to the Archdiocese of Anchorage financial statements as of June 30, 2020 as a result of the merger.