



# Corporation of the Catholic Archbishop of Anchorage

Financial Statements  
Years Ended June 30, 2021 and 2020

(With Independent Auditor's Report Thereon)

The report accompanying these financial statements was issued by BDO USA, LLP, a Delaware limited liability partnership, and the U.S. member of BDO International Limited, a UK company limited by guarantee, and forms part of the international BDO network of independent member firms.



# **Corporation of the Catholic Archbishop of Anchorage**

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Financial Statements  
Years Ended June 30, 2021 and 2020

(With Independent Auditor's Report Thereon)

# 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

### ***Opinion***

We have audited the financial statements of the Corporation of the Catholic Archbishop of Anchorage (the Archdiocese), which comprise the statements of financial position as of June 30, 2021 and 2020, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Archdiocese as of June 30, 2021 and 2020, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

### ***Basis for Opinion***

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Archdiocese and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### ***Responsibilities of Management for the Financial Statements***

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Archdiocese's ability to continue as a going concern within one year after the date that the financial statements are issued or available to be issued.

### ***Auditor's Responsibilities for the Audit of the Financial Statements***

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Archdiocese's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Archdiocese's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

*BDO USA, LLP*

Anchorage, Alaska  
February 10, 2022

## Financial Statements

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# Corporation of the Catholic Archbishop of Anchorage

## Statements of Financial Position

| June 30,  | 2021                 | 2020                 |
|---|----------------------|----------------------|
| <b>Assets</b>   |                      |                      |
| Cash and cash equivalents   | \$ 1,814,240         | \$ 3,518,530         |
| Receivables, net (Note 2)   | 1,021,917            | 623,302              |
| Interest in investments held by Catholic Foundation<br>of Alaska (Notes 3 and 13) | 3,966,508            | 2,115,576            |
| Interest in investments held by CE Mission Diocese Fund                           | 698,649              | 479,004              |
| Notes receivable (Note 4)   | 5,334                | 12,230               |
| Prepaid expenses and other assets   | 23,069               | 18,962               |
| Deposits  | 5,408                | 7,132                |
| 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  | 3,141,827            | 3,066,187            |
| Leasehold improvements  | 360,238              | 360,238              |
| Furniture and equipment   | 183,432              | 462,208              |
| Automobiles and aircraft  | 216,660              | 227,424              |
| <hr/>   |                      |                      |
| Total land, property and equipment  | 5,410,008            | 5,623,908            |
| Less accumulated depreciation   | (3,038,344)          | (3,271,692)          |
| <hr/>   |                      |                      |
| Net land, property and equipment  | 2,371,664            | 2,352,216            |
| <hr/>   |                      |                      |
| <b>Total Assets</b>   | <b>\$ 10,907,978</b> | <b>\$ 10,128,141</b> |
| <hr/>   |                      |                      |
| <b>Liabilities and Net Assets</b>   |                      |                      |
| <b>Liabilities</b>  |                      |                      |
| Accounts payable and accrued expenses   | \$ 595,447           | \$ 1,185,714         |
| Funds held for others (Note 6)  | 365,003              | 359,163              |
| Deferred revenue  | 51,350               | 27,930               |
| Insurance payable (Note 7)  | 1,506                | 1,506                |
| <hr/>   |                      |                      |
| <b>Total Liabilities</b>  | <b>1,013,306</b>     | <b>1,574,313</b>     |
| <hr/>   |                      |                      |
| <b>Net Assets</b>   |                      |                      |
| Without donor restrictions  | 6,763,044            | 5,932,163            |
| With donor restrictions:  |                      |                      |
| Purpose and time restricted (Note 8)  | 2,415,636            | 2,077,698            |
| Perpetual in nature restricted (Note 9)   | 715,992              | 543,967              |
| <hr/>   |                      |                      |
| Total with donor restrictions   | 3,131,628            | 2,621,665            |
| <hr/>   |                      |                      |
| <b>Total Net Assets</b>   | <b>9,894,672</b>     | <b>8,553,828</b>     |
| <hr/>   |                      |                      |
| <b>Total Liabilities and Net Assets</b>   | <b>\$ 10,907,978</b> | <b>\$ 10,128,141</b> |

*See accompanying Notes to financial statements.*

**Corporation of the Catholic Archbishop of Anchorage**  
**Statements of Activities**

| <i>Years Ended June 30,</i>                     | 2021                         |                           |                     | 2020                         |                           |                     |
|---|------------------------------|---------------------------|---------------------|------------------------------|---------------------------|---------------------|
|   | Without Donor<br>Restriction | With Donor<br>Restriction | Total               | Without Donor<br>Restriction | With Donor<br>Restriction | Total               |
| <b>Revenues and Support</b>                     |                              |                           |                     |                              |                           |                     |
| Donations                                       | \$ 1,821,384                 | \$ 271,444                | \$ 2,092,828        | \$ 1,405,998                 | \$ 306,421                | \$ 1,712,419        |
| Parish contributions                            | 911,627                      | -                         | 911,627             | 1,171,980                    | -                         | 1,171,980           |
| Grants  | 385,818                      | 62,500                    | 448,318             | 670,605                      | 85,000                    | 755,605             |
| Fees  | 378,044                      | -                         | 378,044             | 393,474                      | 15,000                    | 408,474             |
| Rental income                                   | 136,623                      | -                         | 136,623             | 83,782                       | -                         | 83,782              |
| Investment income (loss) (Note 11)              | 467,411                      | 548,962                   | 1,016,373           | 10,995                       | (2,489)                   | 8,506               |
| Other income                                    | 3,280                        | -                         | 3,280               | 1,686                        | -                         | 1,686               |
| Net assets released from restrictions (Note 10) | 372,943                      | (372,943)                 | -                   | 699,393                      | (699,393)                 | -                   |
| <b>Total Revenues and Support</b>               | <b>4,477,130</b>             | <b>509,963</b>            | <b>4,987,093</b>    | <b>4,437,913</b>             | <b>(295,461)</b>          | <b>4,142,452</b>    |
| <b>Expenses</b>                                 |                              |                           |                     |                              |                           |                     |
| Program services                                | 1,363,248                    | -                         | 1,363,248           | 1,856,170                    | -                         | 1,856,170           |
| Support services:                               |                              |                           |                     |                              |                           |                     |
| Management and general                          | 1,285,938                    | -                         | 1,285,938           | 1,190,815                    | -                         | 1,190,815           |
| Fundraising and development                     | 997,063                      | -                         | 997,063             | 746,198                      | -                         | 746,198             |
| <b>Total Expenses</b>                           | <b>3,646,249</b>             | <b>-</b>                  | <b>3,646,249</b>    | <b>3,793,183</b>             | <b>-</b>                  | <b>3,793,183</b>    |
| Change in net assets                            | 830,881                      | 509,963                   | 1,340,844           | 644,730                      | (295,461)                 | 349,269             |
| <b>Net Assets, beginning of the year</b>        | <b>5,932,163</b>             | <b>2,621,665</b>          | <b>8,553,828</b>    | <b>5,287,433</b>             | <b>2,917,126</b>          | <b>8,204,559</b>    |
| <b>Net Assets, end of the year</b>              | <b>\$ 6,763,044</b>          | <b>\$ 3,131,628</b>       | <b>\$ 9,894,672</b> | <b>\$ 5,932,163</b>          | <b>\$ 2,621,665</b>       | <b>\$ 8,553,828</b> |

*See accompanying Notes to financial statements.*

**Corporation of the Catholic Archbishop of Anchorage**

**Statement of Functional Expenses**

**Year Ended June 30, 2021**

|                                   | Program Services                     |                   |                   |                              |                             |                     | Total Program Services |            |
|-----------------------------------|--------------------------------------|-------------------|-------------------|------------------------------|-----------------------------|---------------------|------------------------|------------|
|                                   | Office of Evangelization and Worship | Ministry Services | Clergy Support    | Cemeteries                   | Mission to Magadan          |                     |                        |            |
| <b>Expenses</b>                   |                                      |                   |                   |                              |                             |                     |                        |            |
| Personnel                         | \$ 109,398                           | \$ 70,589         | \$ 90,978         | \$ -                         | \$ 1,774                    | \$                  | 272,739                |            |
| Subsidies and contributions       | 96,500                               | 191,312           | 93,755            | -                            | 162,275                     |                     | 543,842                |            |
| Professional services             | 47,375                               | 5,929             | 19,789            | 29,092                       | 25,000                      |                     | 127,185                |            |
| Supplies and equipment            | 28,877                               | 2,189             | 1,141             | -                            | 214                         |                     | 32,421                 |            |
| Facilities                        | -                                    | 2,069             | 1,139             | 5,302                        | -                           |                     | 8,510                  |            |
| Facility/admin expense allocation | 44,493                               | 67,301            | 66,734            | 4,193                        | -                           |                     | 182,721                |            |
| Travel and transportation         | 5,205                                | 3,728             | 7,527             | -                            | 212                         |                     | 16,672                 |            |
| Membership dues and assessments   | 2,095                                | 1,235             | 176               | 3,309                        | 9,536                       |                     | 16,351                 |            |
| Other operating                   | 38,290                               | 262               | 113,894           | 526                          | 9,835                       |                     | 162,807                |            |
| <b>Total Expenses</b>             | <b>\$ 372,233</b>                    | <b>\$ 344,614</b> | <b>\$ 395,133</b> | <b>\$ 42,422</b>             | <b>\$ 208,846</b>           | <b>\$</b>           | <b>1,363,248</b>       |            |
|                                   | Support Services                     |                   |                   |                              |                             |                     | Total Support Services | 2021 Total |
|                                   | Service-General                      | Administration    | Properties        | Total Management and General | Fundraising and Development |                     |                        |            |
| <b>Expenses</b>                   |                                      |                   |                   |                              |                             |                     |                        |            |
| Personnel                         | \$ 430,707                           | \$ 420,408        | \$ -              | \$ 851,115                   | \$ 229,012                  | \$ 1,080,127        | \$ 1,352,866           |            |
| Subsidies and contributions       | 7,500                                | -                 | 1,680             | 9,180                        | 544,583                     | 553,763             | 1,097,605              |            |
| Professional services             | 141,290                              | 62,522            | 7,953             | 211,764                      | 10,958                      | 222,722             | 349,907                |            |
| Supplies and equipment            | 13,196                               | 13,521            | 426               | 27,143                       | 14,228                      | 41,371              | 73,792                 |            |
| Facilities                        | 2,523                                | 22,048            | 195,563           | 220,134                      | -                           | 220,134             | 228,644                |            |
| Facility/admin expense allocation | 37,977                               | (89,494)          | (229,762)         | (281,279)                    | 98,558                      | (182,721)           | -                      |            |
| Travel and transportation         | 11,226                               | -                 | 8,217             | 19,443                       | 78                          | 19,521              | 36,193                 |            |
| Membership dues and assessments   | 39,781                               | 13,532            | 50                | 53,362                       | 330                         | 53,692              | 70,043                 |            |
| Other operating                   | 51,035                               | 24,929            | 212               | 76,176                       | 99,316                      | 175,492             | 338,299                |            |
| Capital expenses                  | 55,818                               | -                 | 43,081            | 98,900                       | -                           | 98,900              | 98,900                 |            |
| <b>Total Expenses</b>             | <b>\$ 791,053</b>                    | <b>\$ 467,466</b> | <b>\$ 27,420</b>  | <b>\$ 1,285,938</b>          | <b>\$ 997,063</b>           | <b>\$ 2,283,001</b> | <b>\$ 3,646,249</b>    |            |

*See accompanying notes to financial statements.*

## Corporation of the Catholic Archbishop of Anchorage

### Statement of Functional Expenses

Year Ended June 30, 2020

|                                   | Program Services                     |                   |                   |                              |                             |                        | Total Program Services |
|-----------------------------------|--------------------------------------|-------------------|-------------------|------------------------------|-----------------------------|------------------------|------------------------|
|                                   | Office of Evangelization and Worship | Ministry Services | Clergy Support    | Cemeteries                   | Mission to Magadan          |                        |                        |
| <b>Expenses</b>                   |                                      |                   |                   |                              |                             |                        |                        |
| 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                |
| <b>Total Expenses</b>             | <b>\$ 598,375</b>                    | <b>\$ 710,723</b> | <b>\$ 300,778</b> | <b>\$ 42,728</b>             | <b>\$ 203,566</b>           |                        | <b>\$ 1,856,170</b>    |
|                                   | Support Services                     |                   |                   |                              |                             |                        |                        |
|                                   | Service-General                      | Administration    | Properties        | Total Management and General | Fundraising and Development | Total Support Services | 2020 Total             |
| <b>Expenses</b>                   |                                      |                   |                   |                              |                             |                        |                        |
| Personnel                         | \$ 431,778                           | \$ 398,946        | \$ -              | \$ 830,724                   | \$ 258,959                  | \$ 1,089,683           | \$ 1,401,989           |
| Subsidies and contributions       | 5,027                                | -                 | 1,680             | 6,707                        | 282,769                     | 289,476                | 1,218,954              |
| Professional services             | 107,890                              | 62,241            | 3,827             | 173,958                      | 19,231                      | 193,189                | 327,262                |
| Supplies and equipment            | 5,295                                | 11,673            | -                 | 16,968                       | 24,876                      | 41,844                 | 77,016                 |
| Facilities                        | 913                                  | 21,727            | 196,103           | 218,743                      | -                           | 218,743                | 227,875                |
| 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                 |
| Membership dues and assessments   | 41,469                               | 8,963             | 50                | 50,482                       | 2,610                       | 53,092                 | 68,614                 |
| Other operating                   | 14,010                               | 13,621            | 133               | 27,764                       | 83,331                      | 111,095                | 308,673                |
| Capital expenses                  | 54,023                               | -                 | 55,245            | 109,268                      | -                           | 109,268                | 109,268                |
| <b>Total Expenses</b>             | <b>\$ 702,930</b>                    | <b>\$ 462,797</b> | <b>\$ 25,088</b>  | <b>\$ 1,190,815</b>          | <b>\$ 746,198</b>           | <b>\$ 1,937,013</b>    | <b>\$ 3,793,183</b>    |

*See accompanying notes to financial statements.*

**Corporation of the Catholic Archbishop of Anchorage**  
**Statements of Cash Flows**

| <i>Years Ended June 30,</i>   | 2021                | 2020                |
|---|---------------------|---------------------|
| <b>Cash Flows from (for) Operating Activities</b>   |                     |                     |
| Change in net assets  | \$ 1,340,844        | \$ 349,269          |
| Adjustments to reconcile change in net assets to net cash from (for) operating activities:              |                     |                     |
| Depreciation  | 98,900              | 109,268             |
| Realized and unrealized loss (income on investments)  |                     |                     |
| Catholic Foundation of Alaska and Mission Diocese Fund  | (1,016,373)         | 8,506               |
| Changes in assets and liabilities that provided (used) cash:  |                     |                     |
| Receivables   | (391,719)           | 692,541             |
| Prepaid expenses and other assets   | (4,107)             | 3,065               |
| Deposits  | 1,724               | 3,110               |
| Accounts payable and accrued expenses   | (590,267)           | 558,133             |
| Deferred revenue  | 23,420              | (172)               |
| Insurance payable   | -                   | 755                 |
| <b>Net cash from (for) operating activities</b>   | <b>(537,578)</b>    | <b>1,724,475</b>    |
| <b>Cash Flows for Investing Activities</b>  |                     |                     |
| Contributions and additions to investments in Catholic Foundation of Alaska and CE Mission Diocese Fund | (1,199,954)         | (448,497)           |
| Withdrawals of investments in Catholic Foundation of Alaska   | 138,854             | 275,169             |
| Payments received on notes receivable   | 6,896               | 6,451               |
| Proceeds from sale of property and equipment  | 11,069              | -                   |
| Purchase of property and equipment  | (129,417)           | (103,559)           |
| <b>Net cash for investing activities</b>  | <b>(1,172,552)</b>  | <b>(270,436)</b>    |
| <b>Cash Flows from (for) Financing Activities</b>   |                     |                     |
| Net increase (decrease) in funds held for others  | 5,840               | (49,932)            |
| <b>Net increase (decrease) in cash and cash equivalents</b>   | <b>(1,704,290)</b>  | <b>1,404,107</b>    |
| <b>Cash and Cash Equivalents, beginning of year</b>   | <b>3,518,530</b>    | <b>2,114,423</b>    |
| <b>Cash and Cash Equivalents, end of year</b>   | <b>\$ 1,814,240</b> | <b>\$ 3,518,530</b> |

*See accompanying notes to financial statements.*

# Corporation of the Catholic Archbishop of Anchorage

## Notes to Financial Statements Years Ended June 30, 2021 and 2020

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### 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

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### *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 |

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### ***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.

# Corporation of the Catholic Archbishop of Anchorage

## Notes to Financial Statements

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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.

### ***Revenues from Contracts with Customers***

On July 1, 2020, the Archdiocese adopted Accounting Standards Codification (ASC) 606, Revenue from Contracts with Customers using the modified retrospective method applied to those contracts that were not substantially complete as of July 1, 2020. ASC 606 outlines a five-step model whereby revenue is recognized as performance obligations within the contract are satisfied. A performance obligation is a promise in a contract to transfer a distinct good or service to the customer. A contract's transaction price is allocated to each distinct performance obligation within that contract and recognized as revenue when, or as, the performance obligation is satisfied. The majority of the Archdiocese contracts have a single performance obligation. The Archdiocese performance obligations can be satisfied over time or at a point in time. However, essentially all of the Archdiocese contracts satisfy their performance obligations over time.

The Archdiocese's revenues from contracts with customers are derived primarily from assessment revenue from parishes. The Archdiocese recognizes revenue over time when there is a continuous transfer of control to the parishes (the "customer"), evidenced by simultaneous receipt and consumption of services provided. Based on the nature of the services provided in the contract, the Archdiocese uses judgment to determine if an input measure or output measure best depicts the transfer of control over time. The Archdiocese typically uses an output method to measure progress. Revenue is recognized proportionally as the Archdiocese performs on the contract.

If a contract does not meet the criteria for recognizing revenue over time, revenue is recognized at a point in time. Revenue is recognized at the point in time when control of the good or service is transferred to the parishes. The Archdiocese considers control to be transferred when it has a present right to payment and the parishes has legal title. Determining a measure of progress and when control transfers require the Archdiocese to make judgments that affect the timing of when revenue is recognized.

### ***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

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### *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

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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, 2021.

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.

### *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.

# Corporation of the Catholic Archbishop of Anchorage

## Notes to Financial Statements

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The table below presents liquid financial assets available for general expenditures at June 30, 2021:

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|                               |                     |
|-------------------------------|---------------------|
| Financial assets at year-end: |                     |
| Cash and cash equivalents     | \$ 1,814,240        |
| Accounts receivable, net      | 1,021,917           |
| Less liabilities              | (1,013,306)         |
| <b>Total Financial Assets</b> | <b>\$ 1,822,851</b> |

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### ***Recently Adopted Accounting Pronouncements***

On July 1, 2020, the Archdiocese adopted Accounting Standards Codification (ASC) 606, Revenue from Contracts with Customers using the modified retrospective method applied to those contracts that were not substantially complete as of July 1, 2020. ASC 606 outlines a five-step model whereby revenue is recognized as performance obligations within the contract are satisfied. The Archdiocese's performance obligations are satisfied over time as work progresses or at a point in time. ASC 606 also requires new, expanded disclosures regarding revenue recognition. There were no significant changes to revenue recognition for the year ended June 30, 2021 as a result of applying ASC 606.

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.

### ***Recent Accounting Pronouncements***

#### ***Leases***

In February 2016, the FASB issued ASU No. 2016-02, *Leases* (Topic 842). The new standard establishes a right-of-use (ROU) model that requires a lessee to record a ROU asset and a lease liability on the balance sheet for all leases with terms longer than 12 months. Leases will be classified as either finance or operating, with classification affecting the pattern of expense recognition in the income statement. The standard also requires lessors to treat a lease as a sale if it transfers all of the risks and rewards, as well as control of the underlying asset, to the lessee. If risks and rewards are conveyed without the transfer of control, the lease is treated as a financing lease. If the lessor doesn't convey risks and rewards or control, an operating lease results. The guidance is effective for the fiscal years beginning after December 15, 2021. A modified retrospective transition approach is required for lessees for capital and operating leases existing at, or entered into after, the beginning of the earliest comparative period presented in the financial statements, with certain practical expedients available. Management is currently evaluating the impact of their pending adoption of the new standard on their financial statements.

# Corporation of the Catholic Archbishop of Anchorage

## Notes to Financial Statements

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### 2. Receivables

Receivables consist of the following at June 30:

|   | 2021                | 2020              |
|---|---------------------|-------------------|
| Annual appeal   | \$ 741,231          | \$ 487,693        |
| Due from parishes and agencies for insurance, payroll,<br>assessments and other charges | 187,941             | 140,184           |
| Grants due from National Catholic organizations   | 95,000              | -                 |
| Total Receivables   | 1,024,172           | 627,877           |
| Less allowance for estimated uncollectible receivables                                  | (2,255)             | (4,575)           |
| <b>Total Receivables, net</b>   | <b>\$ 1,021,917</b> | <b>\$ 623,302</b> |

### 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

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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, 2021.

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 \$4,665,157 and \$2,549,580 of investments measured at NAV per unit with the Catholic Foundation of Alaska and the Mission Diocese Fund as of June 30, 2021 and 2020, respectively.

### 4. Notes Receivable

Notes receivables consist of the following at June 30:

|  | 2021            | 2020             |
|--|-----------------|------------------|
| Note from an individual, receivable in monthly installments of \$771, including interest of 5.75%; unsecured | \$ -            | \$ 9,003         |
| Note from a school, unsecured, noninterest bearing   | 98,372          | 98,372           |
| Notes from individuals   | 10,669          | 6,454            |
| Total notes receivable   | 109,041         | 113,829          |
| Less allowance for uncollectible notes   | (103,707)       | (101,599)        |
| <b>Total Notes Receivable, net</b>   | <b>\$ 5,334</b> | <b>\$ 12,230</b> |

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.

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

|  | 2021                | 2020                |
|--|---------------------|---------------------|
| Allowance for doubtful accounts at beginning of year   | \$ (101,599)        | \$ (99,492)         |
| Recovery (additions) charged to bad debt expense       | (2,108)             | (2,107)             |
| <b>Allowance for Doubtful Accounts, at end of year</b> | <b>\$ (103,707)</b> | <b>\$ (101,599)</b> |

# Corporation of the Catholic Archbishop of Anchorage

## Notes to Financial Statements

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### 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, 2021, 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 four years from the sales agreement date to complete the purchase. The four-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 consist of the following at June 30:

|                                    | 2021              | 2020              |
|------------------------------------|-------------------|-------------------|
| Insurance reserve                  | \$ 130,244        | \$ 131,783        |
| Cotabato reserve                   | 120,249           | 114,043           |
| COVID-19 Relief                    | -                 | 53,168            |
| Special collections                | 61,423            | 12,282            |
| Other                              | 53,087            | 47,887            |
| <b>Total Funds Held for Others</b> | <b>\$ 365,003</b> | <b>\$ 359,163</b> |

### 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 consists of the following at June 30:

|                             | 2021            | 2020            |
|-----------------------------|-----------------|-----------------|
| Auto Insurance              | \$ 1,506        | \$ 1,506        |
| <b>Total Insurance Plan</b> | <b>\$ 1,506</b> | <b>\$ 1,506</b> |

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

### 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 consist of the following at June 30:

|   | 2021                | 2020                |
|---|---------------------|---------------------|
| Grants - time restricted -                          |                     |                     |
| Committee on the Home Missions                      | \$ 62,500           | \$ 85,000           |
| Donations - purpose restricted:                     |                     |                     |
| Mission to Russia                                   | 1,504,431           | 1,196,039           |
| Rural Church Loan                                   | 274,452             | 220,171             |
| USCCB Disaster Relief (Earthquake 11/2019)          | 210,000             | 210,000             |
| Russian Seminarians                                 | 123,475             | 133,475             |
| Priest Health Support                               | 117,311             | 102,311             |
| Disaster Relief                                     | 54,552              | 43,563              |
| Social Justice                                      | 30,219              | 26,738              |
| Home Discretionary                                  | 21,500              | 500                 |
| Project Rachel                                      | 7,301               | 5,435               |
| Women's Ministry                                    | 5,522               | 5,522               |
| Native Ministry Group                               | 2,497               | 2,760               |
| Priest Retirement Fund                              | 1,412               | 612                 |
| Global Solidarity                                   | 464                 | 464                 |
| Mission Parish Needs                                | -                   | 33,120              |
| Weatherization Energy Updates                       | -                   | 7,682               |
| SHC Memorial Garden                                 | -                   | 4,306               |
| <b>Total donations</b>                              | <b>2,353,136</b>    | <b>1,992,697</b>    |
| <b>Total Purpose and Time Restricted Net Assets</b> | <b>\$ 2,415,636</b> | <b>\$ 2,077,698</b> |

### 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 consist of the following at June 30:

|                      | 2021       | 2020       |
|----------------------|------------|------------|
| Seminarian Endowment | \$ 715,992 | \$ 543,967 |

# Corporation of the Catholic Archbishop of Anchorage

## Notes to Financial Statements

### 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 related to the following as required by the donor or grantor for the years ending June 30:

|  | 2021              | 2020              |
|--|-------------------|-------------------|
| <hr/>  |                   |                   |
| Grants -   |                   |                   |
| Committee on the Home Missions                     | \$ 85,000         | \$ 77,500         |
| <hr/>  |                   |                   |
| Donations:   |                   |                   |
| Mission to Russian                                 | 231,545           | 190,550           |
| Mission Parish Needs                               | 33,120            | -                 |
| Russian Seminarian                                 | 10,000            | -                 |
| Weatherization Energy Updates                      | 7,682             | -                 |
| SHC Memorial Garden                                | 4,306             | -                 |
| Native Ministry Group                              | 1,150             | 7,423             |
| Project Rachel                                     | 140               | 9                 |
| Social Justice CCHD                                | -                 | 6,000             |
| Rural Church Loan                                  | -                 | 4,311             |
| Seminarian Endowment                               | -                 | 2,718             |
| Safe Environment Counseling                        | -                 | 20,882            |
| USCCB Disaster Relief                              | -                 | 390,000           |
| <hr/>  |                   |                   |
| Total releases                                     | 287,943           | 621,893           |
| <hr/>  |                   |                   |
| <b>Total Net Assets Released from Restrictions</b> | <b>\$ 372,943</b> | <b>\$ 699,393</b> |

### 11. Investment Income (Loss)

Components of investment income (loss) consists of the following for the years ended June 30:

|                                  | 2021         | 2020     |
|----------------------------------|--------------|----------|
| <hr/>                            |              |          |
| Dividends                        | \$ 9,709     | \$ 8,139 |
| Interest                         | 21,067       | 19,977   |
| Realized gains                   | 189,114      | 16,213   |
| Unrealized holding gains(losses) | 805,423      | (30,439) |
| <hr/>                            |              |          |
| Investment income before fees    | 1,025,313    | 13,890   |
| Investment management fees       | (8,940)      | (5,384)  |
| <hr/>                            |              |          |
| Total net investment income      | \$ 1,016,373 | \$ 8,506 |

# Corporation of the Catholic Archbishop of Anchorage

## Notes to Financial Statements

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### 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. \$299,513 and \$273,830 of the proceeds were recorded as revenue in accordance of FASB ASC 958-605, as all the criteria for loan forgiveness were met for the years ended June 30, 2021 and 2020, respectively. \$0 and \$53,168, of the loan proceeds had not been distributed to the parishes or used by the Archdiocese and is recorded as a liability for the years ended June 30, 2021 and 2020, respectively. The portion of the loan proceeds distributed to others is estimated to have been eligible for loan forgiveness. As of June 30, 2021, the loan has been fully forgiven.

### 13. Related-Party Transactions

The Catholic Foundation of Alaska is a related party, and it holds investments for the Archdiocese. As of June 30, 2021, the Foundation held custodial funds on behalf of the Archdiocese totaling \$3,966,508. 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 2021.

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 \$5,253,380 as of the year ended June 30, 2021 and \$5,949,063 as of the year ended June 30, 2020. 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

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### ***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, 2021 were \$30,768. 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%             |

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### ***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, 2021. 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 2021 was \$6,000.

The Trust's June 30, 2021 financial statements reflected net assets held for pension benefits of \$4,416,610.

### ***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, 2021 approximate \$1,304,818 of which \$987,753 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.

# Corporation of the Catholic Archbishop of Anchorage

## Notes to Financial Statements

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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 2021.

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.

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 February 10, 2022, 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 have been fiscally consolidated as one reporting entity. There have not been any adjustments to the Archdiocese of Anchorage financial statements as of June 30, 2021 as a result of the merger.