



Corporation of the Catholic Bishop of Juneau

Financial Statements
Years Ended June 30, 2021 and 2020

(With Independent Auditor's Report Thereon)

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Independent Auditor's Report

Diocesan Finance Council
Corporation of the Catholic Bishop of Juneau
Juneau, Alaska

Qualified Opinion

We have audited the financial statements of Corporation of the Catholic Bishop of Juneau (the Diocese), which comprise the statement of financial position as of June 30, 2021, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, except for the possible effects of the matter described in the Basis for Qualified Opinion section of our report the accompanying financial statements present fairly, in all material respects, the financial position of the Diocese as of June 30, 2021, and 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.

Basis for Qualified Opinion

As explained in Note 1 to the financial statements, not all contributed property and equipment owned by the Corporation of the Catholic Bishop of Juneau the Program and Administrative Office of the Diocese of Juneau is recorded in the financial statements. Accounting principles generally accepted in the United States of America require contributions of property and equipment to be recorded at fair value at the date of contribution. The effect on the accompanying financial statements of the failure to record contributed property and equipment has not been determined.

We conducted our audit 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 Company 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 qualified audit opinion.

Emphasis of Matter

As discussed in Note 11 to these financial statements, the net assets with donor restrictions as of July 1, 2020, has been restated by \$157,671 to correct an error related the presentation of the funds as a custodial liability. Our opinion on the 2021 financial statements is not modified with respect to this matter.

As discussed in Note 13 to these financial statements, the Diocese merged with Corporation of the Catholic Bishop of Anchorage to form the Archdiocese of Anchorage-Juneau beginning July 1, 2021, the entities will be fiscally consolidated as one reporting entity. Our opinion on the 2021 financial statements is not modified with respect to this matter.

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Other Matter

The 2020 financial statements of the Diocese were audited by other auditors, whose report dated December 18, 2020 expressed a qualified opinion on those statements. The basis of the qualified opinion was because of some of the contributed property and equipment owned by the Diocese not being recorded in the financial statements. Accounting principles generally accepted in the United States of America require contributions of property and equipment to be recorded at fair value at the date of contribution. The effect on the accompanying financial statements of the failure to record contributed property and equipment has not been determined.

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 Diocese'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 Diocese'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 Diocese'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
May 10, 2022

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Financial Statements

Corporation of the Catholic Bishop of Juneau
Statements of Financial Position

<i>June 30,</i>	2021	2020
Assets		
Cash and cash equivalents	\$ 128,524	\$ 509,494
Accounts receivable	143,038	55,492
Grant receivables	37,500	-
Investments		
Administrative office	2,042,005	1,825,382
Custodial funds	4,444,877	3,771,987
Notes receivable, current portion	104,218	101,617
Total current assets	6,900,162	6,263,972
Notes receivable, net of current portion	741,417	845,635
Property and equipment, net	787,771	795,446
Pension asset	-	17,993
Other assets	48,467	47,537
Total Assets	8,477,817	7,970,583
Liabilities and Net Assets		
Liabilities		
Accounts payable	174,390	99,114
Refundable advances	-	172,856
Pass-through payables	27,054	22,132
Accrued payroll	-	10,689
Accrued compensation	74,376	80,943
Custodial funds	4,256,125	3,611,091
Total current liabilities	4,531,945	3,996,825
Pension liability	143,644	-
Total Liabilities	4,675,589	3,996,825
Net Assets		
Without donor restrictions	3,603,692	3,803,078
With donor restrictions	198,536	170,680
Total Net Assets	3,802,228	3,973,758
Total Liabilities and Net Assets	\$ 8,477,817	\$ 7,970,583

Corporation of the Catholic Bishop of Juneau

Statements of Activities

<i>Years Ended June 30,</i>	2021			2020		
	Without Donor Restriction	With Donor Restriction	Total	Without Donor Restriction	With Donor Restriction	Total
Revenues and Support						
Grants	\$ 363,000	\$ -	\$ 363,000	\$ 654,146	\$ -	\$ 654,146
Investment income	355,769	27,856	383,625	20,183	3,225	23,408
Assessments	297,309	-	297,309	311,600	-	311,600
Rental income	89,325	-	89,325	91,997	-	91,997
Interest income	22,995	-	22,995	25,513	-	25,513
Contributions and bequests	11,667	-	11,667	290,900	-	290,900
Other income	242,142	-	242,142	67,053	-	67,053
Total Revenues and Support	1,382,207	27,856	1,410,063	1,461,392	3,225	1,464,617
Expenses						
Program services	820,686	-	820,686	910,953	-	910,953
Supporting services	599,270	-	599,270	750,954	-	750,954
Total Expenses	1,419,956	-	1,419,956	1,661,907	-	1,661,907
Change in net assets from operating activities	(37,749)	27,856	(9,893)	(200,515)	3,225	(197,290)
Changes in net assets from nonoperating activities Gain (loss) on pension obligations	(161,637)	-	(161,637)	46,284	-	46,284
Change in net assets	(199,386)	27,856	(171,530)	(154,231)	3,225	(151,006)
Net Assets, beginning of the year, as restated (note 11)	3,803,078	170,680	3,973,758	3,957,309	167,455	4,124,764
Net Assets, end of the year	\$ 3,603,692	\$ 198,536	\$ 3,802,228	\$ 3,803,078	\$ 170,680	\$ 3,973,758

Corporation of the Catholic Bishop of Juneau

Statement of Functional Expenses

Year Ended June 30, 2021

Expenses	Program Services					Total Program Services	Supporting Services	
	Religious		Property Management	Other Programs	Total		Administration	Total
	Pastoral	Personnel Development						
Salaries	\$ 36,812	\$ 3,238	\$ 91,453	\$ 50,490	\$ 181,993	\$ 226,748	\$ 408,741	
Payroll taxes and benefits	37,636	14,019	23,519	9,392	84,566	74,820	159,386	
Travel and transportation	14,649	2,521	374	410	17,954	442	18,396	
Professional services	1,249	-	8,702	5,939	15,890	117,251	133,141	
Dues and subscriptions	-	-	-	25	25	120	145	
Supplies and equipment	6,670	150	123	16,928	23,871	11,719	35,590	
Occupancy	19,596	-	220,277	-	239,873	-	239,873	
Repair and maintenance	65,697	-	87,068	-	152,765	-	152,765	
Subsidies	14,661	-	-	-	14,661	7,200	21,861	
Donations and gifts	2,372	-	-	-	2,372	350	2,722	
Seminar and tuition	4,604	43,579	-	-	48,183	-	48,183	
Depreciation	-	-	-	-	-	40,750	40,750	
Other expenses	1,045	-	20,822	16,666	38,533	119,870	158,403	
Total Expenses	\$ 204,991	\$ 63,507	\$ 452,338	\$ 99,850	\$ 820,686	\$ 599,270	\$ 1,419,956	

See accompanying notes to financial statements.

Corporation of the Catholic Bishop of Juneau

Statement of Functional Expenses

Year Ended June 30, 2020

Expenses	Program Services					Total Program Services	Supporting Services	
	Religious		Property Management	Other Programs	Total		Administration	Total
	Pastoral	Personnel Development						
Salaries	\$ 99,997	\$ 10,434	\$ 129,127	\$ 73,747	\$ 313,305	\$ 250,103	\$ 563,408	
Payroll taxes and benefits	38,830	935	29,377	10,096	79,238	118,750	197,988	
Travel and transportation	23,733	8,396	8,718	-	40,847	6,825	47,672	
Professional services	2,200	66	7,186	7,542	16,994	157,846	174,840	
Dues and subscriptions	-	-	-	25	25	1,499	1,524	
Supplies and equipment	4,424	190	71	18,477	23,162	13,842	37,004	
Occupancy	15,151	-	209,709	-	224,860	-	224,860	
Repair and maintenance	6,001	-	97,314	-	103,315	-	103,315	
Subsidies	11,750	-	-	-	11,750	-	11,750	
Donations and gifts	16,481	-	-	-	16,481	350	16,831	
Seminar and tuition	7,321	62,038	-	-	69,359	893	70,252	
Contributions	-	-	-	-	-	149,252	149,252	
Depreciation	-	-	-	-	-	37,903	37,903	
Other expenses	79	53	10,717	768	11,617	13,691	25,308	
Total Expenses	\$ 225,967	\$ 82,112	\$ 492,219	\$ 110,655	\$ 910,953	\$ 750,954	\$ 1,661,907	

See accompanying notes to financial statements.

Corporation of the Catholic Bishop of Juneau

Statements of Cash Flows

<i>Years Ended June 30,</i>	2021	2020
Cash Flows for Operating Activities		
Cash received from contributions, grants, and bequests	\$ 249,667	\$ 1,117,902
Cash received from rental income	89,325	91,997
Cash received from assessments	209,763	311,600
Interest income received	22,995	25,513
Investment income received, net	66,409	64,189
Cash received from other sources	112,679	136,205
Cash paid to employees	(585,383)	(748,277)
Cash paid to suppliers	(730,881)	(1,036,202)
Net cash for operating activities	(565,426)	(37,073)
Cash Flows from Investing Activities		
Cash received for sale of investments	1,159,796	250,000
Cash paid for purchase of investments	(1,043,882)	(62,493)
Cash paid for new equipment	(33,075)	-
Issuance of notes receivable	-	(38,390)
Payments received on notes receivable	101,617	92,019
Net cash from investing activities	184,456	241,136
Net increase (decrease) in cash and cash equivalents	(380,970)	204,063
Cash and Cash Equivalents, beginning of year	509,494	305,431
Cash and Cash Equivalents, end of year	\$ 128,524	\$ 509,494

See accompanying notes to financial statements.

Corporation of the Catholic Bishop of Juneau

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

1. Organization and Summary of Significant Account Policies

Organization

The Corporation of the Catholic Bishop of Juneau (“the Diocese” of “the Corporation”), the Program and Administrative Office of the Diocese of Juneau (the Administrative Office) encompasses the various institutions and organizations which are fiscally responsible to the Bishop of Juneau, Alaska. The Administrative Office is a nonprofit sole corporation set up to provide support and services for the parishes, school, and other religious activities within its Southeast Alaska boundaries.

Basis of Presentation

The Diocese 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 Diocese 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 Diocese 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 Diocese 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 Diocese 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 Diocese considers cash with maturities of 90 days or less to be “cash equivalents”.

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.

Corporation of the Catholic Bishop of Juneau

Notes to Financial Statements

The average lives used for depreciation are as follows:

	Years
Buildings and improvements	15-40
Equipment and Furniture	5-7
Vehicles	3
Land	not depreciated

The Diocese owns many fixed assets, consisting of land, buildings, equipment, and vehicles throughout Southeast Alaska. The values of many of these assets were not historically recorded in the financial records of the Administrative Office. The Diocese has not capitalized all fixed assets acquired through donations and contributions, and therefore the balance sheet does not reflect all property and equipment.

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 Diocese may receive contributions that have conditions (e.g., meeting specific performance-related barriers, revocable features). For conditional contributions, the Diocese 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 Diocese has elected to recognize the revenue in net assets without donor restrictions.

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 Diocese 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

Corporation of the Catholic Bishop of Juneau

Notes to Financial Statements

Diocese contracts have a single performance obligation. The Diocese performance obligations can be satisfied over time or at a point in time. However, essentially all of the Diocese contracts satisfy their performance obligations over time.

The Diocese's revenues from contracts with customers are derived primarily from assessment revenue from parishes. The Diocese 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 Diocese uses judgment to determine if an input measure or output measure best depicts the transfer of control over time. The Diocese typically uses an output method to measure progress. Revenue is recognized proportionally as the Diocese 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 Diocese 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 Diocese 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.

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.

- **Pastoral:** These expenditures support pastoral ministry in the Diocese, including support to the Office of the Bishop; St. John by the Sea parish; mission communities; the Office of Ministries; the Tribunal; Youth Ministry; and the biennial Southeast Alaska Catholic Conference.
- **Property Management:** These expenditures support facility operations and maintenance for the Chancery; the Bishop's house; the Convent; several mission properties; and other diocesan capital projects.
- **Religious Personnel Development:** These expenditures support the formation and ongoing spiritual development of priests, religious, deacons, and seminarians.
- **Other Programs:** These expenditures include the Office of Communications; Archives and Special Projects; stewardship; and information/technology.

Corporation of the Catholic Bishop of Juneau

Notes to Financial Statements

Income Taxes

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

The Diocese 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 Diocese 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 Diocese had no unrecognized tax benefits at June 30, 2021.

The Diocese files an exempt organization return in the U.S. Federal jurisdiction. As of 2021, the tax years that remain subject to examination begins with 2018. The Diocese'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 Diocese'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 Diocese 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.

Financial assets at year-end:

Cash and cash equivalents and investments	\$ 6,615,406
Less custodial liabilities	(4,256,125)
Less net assets with donor restrictions	(198,536)
<hr/>	
Total Financial Assets, net	\$ 2,160,745

Corporation of the Catholic Bishop of Juneau

Notes to Financial Statements

Recently Adopted Accounting Pronouncements

On July 1, 2020, The Diocese 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 Diocese'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.

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.

2. Accounts Receivable

Accounts receivable as of June 30, are as follows:

	2021	2020
Accounts receivables	\$ 143,038	\$ 55,099
Miscellaneous accounts receivables	-	395
Total Accounts Receivable	\$ 143,038	\$ 55,494

Based on the estimated collectability of the receivables, the Diocese has determined that an allowance for doubtful accounts was not necessary.

Corporation of the Catholic Bishop of Juneau

Notes to Financial Statements

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 Diocese 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 assets 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.

The following table sets forth by level, within the fair value hierarchy, the Diocese's assets at fair value as of June 30, 2021:

<i>Investments at Fair Value</i>	Fair Value	Level 1	Level 2	Level 3
Exchange traded funds	\$ 4,614,907	\$ 4,614,907	\$ -	\$ -
Stocks	18,495	18,495	-	-
Mutual Funds	1,853,480	1,853,480	-	-
Total	\$ 6,486,882	\$ 6,486,882	\$ -	\$ -

Corporation of the Catholic Bishop of Juneau

Notes to Financial Statements

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

<i>Investments at Fair Value</i>	Fair Value	Level 1	Level 2	Level 3
Exchange traded funds	\$ 3,726,878	\$ 2,238,113	\$ -	\$ -
Stocks	42,702	105,224	-	-
Mutual Funds	2,229,698	2,229,698	-	-
Money Market	319,713	319,713	-	-
Total	\$ 5,597,369	\$ 5,597,369	\$ -	\$ -

Investment income is comprised of the following for the years ended June 30:

	2021	2020
Interest and dividends	\$ 66,140	\$ 67,414
Net realized and unrealized gains (losses) on investments	317,485	(44,006)
Investment Income	\$ 383,625	\$ 23,408

4. Notes Receivable

Notes receivable as of June 30, are as follows:

	2021	2020
Holy Name school note, note receivable at 0%, payable at a monthly rate of \$1,957 until October 1, 2029.	\$ 195,741	\$ 219,231
Skagway property note, note receivable at 0%, payable at a quarterly rate of \$25,281 until September 1, 2028.	649,894	728,021
Total notes receivable	845,635	947,252
Current portion of notes receivables	(104,218)	(101,617)
Notes Receivable, net of current portion	\$ 741,417	\$ 845,635

5. Leases

The Administrative Office leases office space in its St. Ann and Crimont buildings to both a related party and unaffiliated entities. The cost and accumulated depreciation of these buildings as of June 30, 2021 and 2020 is \$682,985 and \$271,724, and \$682,985 and \$237,640, respectively. Rental income was \$89,325 and \$91,997 for the years ended June 30, 2021 and 2020, respectively.

Corporation of the Catholic Bishop of Juneau

Notes to Financial Statements

6. Property and Equipment

Property and equipment and related accumulated depreciation as of June 30:

	2021	2020
Land	\$ 214,441	\$ 214,441
Buildings and improvements	1,043,253	1,019,178
Equipment and furniture	210,342	201,342
Vehicles	61,615	61,615
Total property and equipment	1,529,651	1,496,576
Accumulated depreciation	(741,880)	(701,130)
Property and Equipment, net	\$ 787,771	\$ 795,446

7. Custodial Funds

The Administrative Office holds funds on behalf of parishes and groups in the Diocese. These funds are invested in the same manner as the Administrative Office's investments. The custodial funds held by the Administrative Office consist of the following as of year ended June 30:

	2021	2020
Shrine of St. Therese	\$ 984,357	\$ 866,230
Shrine of St. Therese Endowment	1,484,171	1,347,897
Cathedral Parish - Juneau	1,637,405	1,212,224
Holy Family Mission - Metlakatla	63,248	101,226
St. Therese Parish - Skagway	62,846	62,951
St. Rose Parish - Wrangell	24,098	20,563
Total Custodial Funds	\$ 4,256,125	\$ 3,611,091

8. Net Assets with Donor Restrictions

The balance of net assets with donor restrictions are as follows:

Years Ended June 30,	2021	2020
Seminarian Education	\$ 9,784	\$ 9,784
St. Gregory - Sitka	188,752	160,896
Total Net Assets with Donor Restrictions	\$ 198,536	\$ 170,680

Corporation of the Catholic Bishop of Juneau

Notes to Financial Statements

9. Paycheck Protection Program

On April 20, 2020, the Administrative Office received loan proceeds in the amount of \$340,500 under the Paycheck Protection Program (“PPP”). The PPP, established as part of the Coronavirus Aid, Relief and Economic Security Act (“CARES Act”), provides for loans to qualifying businesses for amounts up to 2.5 times of the average monthly payroll expenses of the qualifying business. The loans and accrued interest are forgivable as long as the borrower uses the loan proceeds for eligible purposes, including payroll, benefits, rent and utilities, and maintains its payroll levels. As of June 30, 2021, the entire loan has been forgiven.

10. Related Party Transactions

The operating director of the Administrative Office is also a member of the Board of Directors of Catholic Community Service. The Administrative Office and Catholic Community Service have ongoing operating transactions. The Administrative Office received the following amounts from Catholic Community Service:

	2021	2020
Rent	\$ 61,780	\$ 61,780
Workers’ Compensation Insurance	66,640	73,226
Property Insurance	38,364	31,480
Auto Insurance	14,628	17,938
Total	\$ 181,412	\$ 184,424

On June 30, 2021 and 2020, the Administrative Office had noninterest-bearing notes receivable of \$195,741 and \$219,231, respectively, from a school in the Diocese.

11. Restatement

The Diocese’s beginning net assets with donor restrictions has been restated at June 30, 2020, due to an error in the presentation of the St. Gregory custodial funds. It was determined that the St. Gregory custodial funds should have been reported as net assets with donor restrictions. The beginning balance of the net assets with donor restrictions at July 1, 2020 was \$9,784 prior to the restatement of \$157,671 and is restated to be \$167,455 with a corresponding decrease in custodial liability. The statement of activities for the year ended June 30, 2020, is restated by \$3,225, for investment income that is donor restricted.

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Corporation of the Catholic Bishop of Juneau

Notes to Financial Statements

12. Commitments and Contingencies

General

The Diocese is occasionally involved in claims and pending litigation from time to time. There are no known contingencies resulting from litigation to be reported as of June 30, 2021.

Contingent Debt

The Diocese, through its civil corporation, is responsible for certain debts undertaken directly by parishes of the Diocese. The aggregate debt of the parishes guaranteed by the Diocese as of June 30, 2021 and 2020 is \$0 and \$119,686, respectively. Based upon past performance and the ability of the parishes to continue to meet their debt obligations on a current basis, the Diocese believes it will not be required to make debt payments on their behalf.

Retirement Program for Lay Employees

The Administrative Office, through the Alaska Catholic Conference of Bishops, Insurance Division (ACCB), provides health and dental care. All regular, full-time employees are eligible to participate in the program. The Administrative Office pays the majority of the premium for eligible employees.

The Administrative Office provides life and long-term disability insurance for each full-time employee. Long-term disability insurance is available to employees who have worked thirty-six months or more.

Each regular full-time employee is eligible to participate in the Administrative Office 403(b) Employer Contribution Plan. The Administrative Office contributed \$24,105 and \$33,771 during the years ended June 30, 2021 and 2020, respectively. 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

Effective January 1, 2016, the Diocese established a noncontributory defined benefit Pension Plan for Priests (Plan) which covers diocesan priests incardinated in the Diocese and provides a standard annual benefit on the later of a participating priest's 70th birthday of the date on which he completes ten years of Diocesan service, or in the event of disability as described in the Plan. During 2017, the Diocese made a nonoperating transfer of \$1,662,210 to the Plan to fund the associated liability arising from the establishment of the Plan. For the years ended June 30, 2021 and 2020, the annual retiree benefit was \$25,675 and \$25,675, respectively. As required by generally accepted accounting principles, the full funding status of the Plan, as of the balance sheet date, has been recognized as a net asset to recognize the funded status of the Plan.

Corporation of the Catholic Bishop of Juneau

Notes to Financial Statements

The pension benefit obligation for retired priests has been determined by an actuarial valuation completed January 1, 2019. Changes in the valuation of the pension benefit obligation are considered nonoperating gains and losses. Gains and (Losses) on pension obligation for the years ended June 30, 2021 and 2020 are \$(189,928) and \$46,284, respectively. The Plan requires an actuarial valuation every two years.

The following amounts relate to the Plan as of June 30, 2021:

Accumulated benefit obligation, estimated by management	\$ 2,320,754
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Change in Plan Assets:	
Assets contributed to the Plan by the Diocese after plan effective date	1,627,508
Return on Plan assets	549,602
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Fair value of Plan assets at end of fiscal year	2,177,110
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Accrued pension liability (asset), priests	\$ 143,644

The following amounts relate to the Plan as of June 30, 2020:

Accumulated benefit obligation, estimated by management	\$ 1,773,859
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Change in Plan Assets:	
Assets contributed to the Plan by the Diocese after plan effective date	1,625,883
Return on Plan assets	165,969
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Fair value of Plan assets at end of fiscal year	1,791,852
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Accrued pension liability (asset), priests	\$ (17,993)

Management used a discount rate of 2.75% to estimate the net for expected future benefit payments over the expected lives of current participants utilizing the U.S. Social Security Administration's life expectancy tables.

The Administrative Office measures fair value of the Plan's assets using a three-level hierarchy upon observable inputs.

Fair values of the Plan's assets measured on a recurring basis by level as of June 30, 2021, are as follows:

	Level 1	Level 2	Level 3	Total
Cash	\$ 108,967	\$ -	\$ -	\$ 108,967
Stocks	910,781	-	-	910,781
Exchange Trade Funds	170,170	-	-	170,170
Corporate Fixed Income	437,819	-	-	437,819
Mutual Funds	549,373	-	-	549,373
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Total	\$ 2,177,110	\$ -	\$ -	\$ 2,177,110

Corporation of the Catholic Bishop of Juneau

Notes to Financial Statements

Fair values of the Plan's assets measured on a recurring basis by level as of June 30, 2020, are as follows:

	Level 1	Level 2	Level 3	Total
Cash	\$ 97,984	\$ -	\$ -	\$ 97,984
Stocks	863,071	-	-	863,071
Exchange Trade Funds	33,829	-	-	33,829
Corporate Fixed Income	334,948	-	-	334,948
Mutual Funds	462,020	-	-	462,020
Total	\$ 1,791,852	\$ -	\$ -	\$ 1,791,852

The Diocese established a Trust Agreement for the Plan assets under the direction of a Board of Trustees. The Trustees established an Investment Policy for Plan assets that calls for a well-diversified portfolio of high-grade securities to achieve an average annual real rate of return of 2.75%. The Policy's goal is to maintain the following allocation ranges:

Category	Benchmark Index	Minimum	Policy	Maximum
Domestic Equity	S&P 500	25%	45%	55%
International Equity	MSCI World Ex US	0%	10%	22%
Fixed Income	US Barclay's Aggregate	25%	45%	55%

The Administrative Office expects to contribute \$23,575 to the Plan in fiscal year 2021. This contribution will be funded by the parishes.

Benefits expected to be paid by the Plan during the ensuing five years and thereafter are approximately:

Year	Amount
2022	\$ 96,170
2023	132,218
2024	136,714
2025	144,307
2026	182,710
Thereafter	1,628,635
	\$ 2,320,754

Concentration of Credit Risk

The Administrative Office has concentrated its credit risk for cash by maintaining deposits in financial institutions, which may at times exceed amounts covered by insurance provided by the United States Federal Deposit Insurance Corporation (FDIC). The Administrative Office has not experienced any losses in such accounts and believes it is not exposed to any significant credit risk to cash.

Corporation of the Catholic Bishop of Juneau

Notes to Financial Statements

13. Subsequent Events

The Diocese has evaluated subsequent events through May 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 will be fiscally consolidated as one reporting entity. There have not been any adjustments to the financial statements as of June 30, 2021 as a result of the merger.