

**CORPORATION OF THE CATHOLIC BISHOP
OF JUNEAU**

LETTER TO THE BISHOP AND FINANCE COUNCIL

JUNE 30, 2012

CHRISTINE E. HARRINGTON

Certified Public Accountant, LLC

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October 14, 2012

To the Most Reverend Bishop Edward J Burns and
the Finance Council of the Corporation of the
Catholic Bishop of Juneau

I have audited the financial statements of Corporation of the Catholic Bishop of Juneau (commonly referred to and known as the Diocese) for the year ended June 30, 2012, and have issued my report thereon dated September 14, 2012. Professional standards require that I provide you with information about my responsibilities under generally accepted auditing standards, as well as certain information related to the planned scope and timing of my audit. I have communicated such information to you in my letter dated May 18, 2012 (a copy of which follows this report). Professional standards also require that I communicate to you the following information related to my audit.

Significant Audit Findings

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the Diocese are described in Note 1 to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during FY2012. I noted no transactions entered into by the organization during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. I noted no sensitive estimates affecting the financial statements for the year ending June 30, 2012.

Difficulties Encountered in Performing the Audit

I encountered no significant difficulties in dealing with management in performing and completing my audit.

Corrected and Uncorrected Misstatements

Professional standards require me to accumulate all known and likely misstatements identified during the audit, other than those that are trivial, and communicate them to the appropriate level of management. I did not propose any adjustments to the financial statements.

Disagreements with Management

For purposes of this letter, professional standards define a disagreement with management as a financial accounting, reporting, or auditing matter, whether or not resolved to my satisfaction, that could be significant to the financial statements or the auditor's report. I am pleased to report that no such disagreements arose during the course of my audit.

Management Representations

I have requested certain representations from management that are included in the management representation letter dated September 14, 2012 (a copy of which follows on the Diocese letterhead).

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves the application of an accounting principle to the organization's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, my professional standards require the consulting accountant to check with me to determine that the consultant has all the relevant facts. To my knowledge, there were no such consultations with other accountants.

Other Audit Findings or Issues

I generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the organization's auditors. However, these discussions occurred in the normal course of our professional relationship and my responses were not a condition of my retention.

Other Matters

In the course of my audit, I noted other matters which I would like to bring to the attention of the Diocese. These matters do not affect my report on the financial statements of the Diocese.

Use of For-Profit Software in a Fund Accounting Environment

The Diocese uses Peachtree Software to record its financial accounting transactions. This software was designed for the use of profit-making businesses. The Diocese has been quite successful in taking this software and making it useable in a non-profit, fund accounting environment. There are, however, some sophisticated entries that must be made each month to properly account for the transactions that the Diocese processes for other parishes and Holy Name School.

It is my understanding that the Diocese is considering changing financial accounting software. I recommend that consideration be given to software based upon fund accounting. This type of software would simplify the tracking of investments managed for other organizations. In addition, it would enhance the ability of the Diocese to account for and report the disbursements and repayments of payroll and related transactions for organizations other than the Diocese.

This information is intended solely for the use of the Most Reverend Bishop Edward J. Burns and the Finance Committee of the Diocese and is not intended to be and should not be used by anyone other than these specified parties.

Very truly yours

A handwritten signature in black ink that reads "Christine E. Harrington". The signature is written in a cursive, flowing style.

Christine E. Harrington
Certified Public Accountant LLC

CORPORATION OF THE CATHOLIC BISHOP OF JUNEAU

The Program and Administrative Office of
the Diocese of Juneau

FINANCIAL STATEMENTS

For the Years Ended June 30, 2012 and 2011

TOGETHER WITH INDEPENDENT AUDITORS' REPORT

CHRISTINE E. HARRINGTON

Certified Public Accountant, LLC

329 Harbor Drive, Suite 210, P.O. Box 1328 Sitka, Alaska 99835 (907) 747-5500

INDEPENDENT AUDITOR'S REPORT

To the Most Reverend Bishop Edward J Burns
Corporation of the Catholic Bishop of Juneau

I have audited the accompanying balance sheet of the Corporation of the Catholic Bishop of Juneau, the Program and Administrative Office of the Diocese of Juneau (a non-profit sole corporation) as of June 30, 2012, and the related statements of activities and changes in net assets and cash flows for the year then ended. These financial statements are the responsibility of the Organization's management. My responsibility is to express an opinion on these financial statements based on my audit. The Organization's financial statements as of June 30, 2011, were audited by other auditors whose report dated January 16, 2012 expressed an unqualified opinion on those statements.

I conducted my audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. I believe that my audit provides a reasonable basis for my opinion.

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Corporation of the Catholic Bishop of Juneau, the Program and Administrative Office of the Diocese of Juneau as of June 30, 2012, and the changes in its net assets and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Christine E Harrington

September 14, 2012

CORPORATION OF THE CATHOLIC BISHOP OF JUNEAU
The Program and Administrative Office of the Diocese of Juneau
A Nonprofit Sole Corporation

BALANCE SHEETS

June 30, 2012 and 2011

	2012	2011
ASSETS		
CURRENT ASSETS		
Cash	\$ 209,567	\$ 43,755
Receivables		
Accounts receivable	143,735	263,300
Grants receivable	-	33,750
Parish receivable	-	17,000
Investments		
Administrative Office - unrestricted	3,466,822	3,773,505
Administrative Office - temporarily restricted	106,790	104,174
Custodial funds (see Note 7)	1,970,123	1,935,455
Prepaid expenses	-	25,834
Total current assets	5,897,037	6,196,773
PROPERTY AND EQUIPMENT, NET	583,479	607,796
OTHER ASSETS	41,766	41,766
Total assets	\$ 6,522,282	\$ 6,846,335
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts payable	\$ 61,401	\$ 172,169
Insurance payable	26,362	117,416
Deferred revenue	100,000	100,000
Pass-through payables	945	14,495
Compensated absences	53,045	61,798
Custodial funds (see Note 7)	1,970,123	1,935,455
Total current liabilities	2,211,876	2,401,333
NET ASSETS		
Unrestricted		
Undesignated	2,375,824	2,361,781
Designated by the Finance Council	1,827,792	1,979,047
Total unrestricted	4,203,616	4,340,828
Temporarily restricted (see Note 2)	106,790	104,174
Total net assets	4,310,406	4,445,002
Total liabilities and net assets	\$ 6,522,282	\$ 6,846,335

The accompanying notes to financial statements are an integral part of these statements.

CORPORATION OF THE CATHOLIC BISHOP OF JUNEAU
The Program and Administrative Office of the Diocese of Juneau
A Nonprofit Sole Corporation

STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS

For the Years Ended June 30, 2012 and 2011

	2012		2011			
	Unrestricted	Temporarily Restricted	Total	Unrestricted	Temporarily Restricted	Total
Support and revenue						
Grants	\$ -	\$ 457,500	\$ 457,500	\$ -	\$ 447,500	\$ 447,500
Rental income	513,915	-	513,915	487,605	-	487,605
Assessments	116,668	-	116,668	128,997	-	128,997
Contributions and bequests	106,381	-	106,381	95,318	-	95,318
Investment income	38,825	2,616	41,441	583,082	12,837	595,919
Program fees	100	-	100	2,035	-	2,035
Faith-in-Action	-	100,000	100,000	-	100,000	100,000
Other income	132,983	-	132,983	31,287	-	31,287
Total	908,872	560,116	1,468,988	1,328,324	560,337	1,888,661
Net assets released from restrictions	557,500	(557,500)	-	547,500	(547,500)	-
Total support, revenue, and net assets released from restrictions	1,466,372	2,616	1,468,988	1,875,824	12,837	1,888,661
Expenses						
Program services						
Pastoral	609,828	-	609,828	457,342	-	457,342
Property management	381,571	-	381,571	387,695	-	387,695
Education	134,577	-	134,577	211,130	-	211,130
Religious personnel development	114,836	-	114,836	153,505	-	153,505
Other programs	70,677	-	70,677	67,472	-	67,472
Total program services	1,311,489	-	1,311,489	1,277,144	-	1,277,144
Supporting services	292,095	-	292,095	351,974	-	351,974
Total expenses	1,603,584	-	1,603,584	1,629,118	-	1,629,118
Change in net assets	(137,212)	2,616	(134,596)	246,706	12,837	259,543
Net assets at beginning of year	4,340,828	104,174	4,445,002	4,094,122	91,337	4,185,459
Net assets at end of year	\$ 4,203,616	\$ 106,790	\$ 4,310,406	\$ 4,340,828	\$ 104,174	\$ 4,445,002

The accompanying notes to financial statements are an integral part of these statements.

CORPORATION OF THE CATHOLIC BISHOP OF JUNEAU
The Program and Administrative Office of the Diocese of Juneau
A Nonprofit Sole Corporation

STATEMENTS OF CASH FLOWS

For the Years Ended June 30, 2012 and 2011

	2012	2011
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ (134,596)	\$ 259,543
Adjustments to reconcile change in net assets to net cash provided by (used for) operating activities:		
Depreciation	24,317	24,382
Gain on disposal of fixed assets	-	(9,161)
Unrealized (gain) loss on investments	205,181	(450,927)
(Increase) decrease in:		
Accounts receivable	119,565	(60,550)
Grants receivable	33,750	(33,750)
Parish receivable	17,000	(8,203)
Prepaid expenses	25,834	(23,251)
Increase (decrease) in:		
Accounts payable	(110,768)	56,324
Insurance payable	(91,054)	(82,074)
Pass-through payables	(13,550)	(17,781)
Compensated absences	(8,753)	24,826
Net cash provided by (used for) operating activities	66,926	(320,622)
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from the sale of investments	98,886	164,093
Purchase of property and equipment	-	(58,420)
Net cash provided by investing activities	98,886	105,673
Net increase (decrease) in cash	165,812	(214,949)
Cash at beginning of year	43,755	258,704
Cash at end of year	\$ 209,567	\$ 43,755

The accompanying notes to financial statements are an integral part of these statements.

CORPORATION OF THE CATHOLIC BISHOP OF JUNEAU
The Program and Administrative Office of the Diocese of Juneau
A Nonprofit Sole Corporation

NOTES TO FINANCIAL STATEMENTS

For the Years Ended June 30, 2012 and 2011

NOTE 1 – ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization

The Corporation of the Catholic Bishop of Juneau, 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 Accounting

The financial statements of the Administrative Office include assets, liabilities, net assets and financial activities for those departments and activities for which the Catholic Bishop of the Diocese of Juneau exercises fiscal and operational control. Various religious orders, lay societies and religious organizations, which operate within the Diocese of Juneau (Diocese), are not fiscally responsible to the Bishop. Separately incorporated parishes and their related institutions have not been included in the accompanying financial statements.

The financial statements of the Administrative Office have been prepared on the accrual basis of accounting and, accordingly, reflect all significant receivables, payables, and other liabilities.

Basis of Presentation

Financial statement presentation follows the recommendations of the Financial Accounting Standards Board (FASB) in its Accounting Standards Codification (ASC) 958-205 *Presentation of Financial Statements* and 958-210-45-1 *Other Presentation Matters*. Under FASB ASC 958-210-45-1, the Administrative Office is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets. Unrestricted net assets are net assets that are not subject to donor-imposed stipulations or restrictions. Temporarily restricted net assets are net assets subject to donor-imposed stipulations that will be met either by actions of the Administrative Office or the passage of time. Permanently restricted net assets represent resources whose use is limited by donor-imposed restrictions that require the net assets to be maintained permanently. Temporarily restricted net assets are described in Note 2. The Administrative Office had no permanently restricted net assets at June 30, 2012 and 2011.

Revenue Recognition

Revenue consists of grants, rent, assessments, administrative fees, investment income and contributions.

The Administrative Office considers grants from various religious organizations as subject to the provisions of FASB ASC 958-210-45-1 *Other Presentation Matters* and FASB ASC 958-605-25 *Revenue Recognition*. The guidance of FASB ASC 958-605, *Revenue Recognition*, is followed to determine whether the Administrative Office's grant programs are contributions or exchange transactions for purposes of presentation in the accompanying financial statements.

CORPORATION OF THE CATHOLIC BISHOP OF JUNEAU
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NOTES TO FINANCIAL STATEMENTS

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Revenue Recognition (continued)

Contributions are recognized in the period the commitment is made. Contributions of assets other than cash are recorded at estimated fair value at the date of gift. Conditional pledges are not recognized until the conditions on which they depend are substantially met. Pledges receivable are stated at the present value of the expected future cash flows; discounts are amortized to contribution revenue consistent with donor restrictions.

The Administrative Office reports cash, grant funds, and other assets as temporarily restricted support if they are received with stipulations from a donor, grantor, or other outside party that limit their use. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported as net assets released from restrictions. However, any advance grant payments received but not used in accordance with the requirements of the grant are reflected as deferred revenue until the restriction has been released.

Management's Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Receivables

Accounts receivable consist of uncollected annual parish assessments and Faith-in-Action assessments levied on each parish in the Diocese. Grants receivable consists of amounts due from grantors which were not received by the Administrative Office at year-end. The parish receivable is described in Note 9. The Administrative Office considers all amounts collectible and no reserve for doubtful accounts has been established.

Property and Equipment

Property and equipment are recorded at cost or, in the case of donated property and equipment, at estimated fair value at date of receipt. Depreciation is calculated by the straight-line method over the useful lives of the assets. Costs for repairs and maintenance are charged to operating expense as incurred; major renewals and betterments are capitalized. When items of property or equipment are sold or retired, the related cost and accumulated depreciation are removed from the accounts and any gain or loss is included in income.

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 Administrative Office has recreated the book value of the assets by considering the original cost, or value at date of donation, and what the accumulated depreciation should have been.

Investments

Investments are carried in the balance sheets at market value. Unrealized gains and losses, due to changes in market value, are reflected in the statements of activities and changes in net assets.

CORPORATION OF THE CATHOLIC BISHOP OF JUNEAU
The Program and Administrative Office of the Diocese of Juneau
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NOTES TO FINANCIAL STATEMENTS

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Income Taxes

The Diocese is organized under Section 501(c)(3) of the Internal Revenue Code as a nonprofit, tax-exempt organization. The Diocese is not classified as a private foundation.

The Administrative Office follows the provisions of FASB ASC Section 740 regarding certain treatment and disclosures of income tax matters. FASB ASC Section 740 addresses the determination of whether tax benefits claimed or expected to be claimed on a tax return should be recorded in the financial statements. For tax-exempt entities like the Diocese, their tax-exempt status itself is deemed to be an uncertainty, since events could potentially occur to jeopardize their tax-exempt status. ASC Section 740 provides guidance on derecognition, classification, interest and penalties, accounting in interim periods, disclosures, and transition. As of June 30, 2012, the Administrative Office does not have a liability for unrecognized tax benefits.

Subsequent Events

The Administrative Office's management has evaluated subsequent events through September 14, 2012, the date which the financial statements were available to be issued.

NOTE 2 – TEMPORARILY RESTRICTED NET ASSETS

The Administrative Office has received donations to fund priests' education. These funds are classified as temporarily restricted until they have been used as specified by the donors. The restricted amounts for June 30, 2012 and 2011 were \$106,790 and \$104,174, respectively.

NOTE 3 – DESIGNATED NET ASSETS

The Diocese Finance Council has designated a portion of its net assets. These designations consist of the following at June 30:

	<u>2012</u>	<u>2011</u>
Priests' retirement	\$1,193,205	\$1,254,104
Hoonah building	12,896	12,896
Michael H. Kenny Memorial Fund	6,686	-
Charitable works	<u>615,005</u>	<u>712,047</u>
	<u>\$1,827,792</u>	<u>\$1,979,047</u>

CORPORATION OF THE CATHOLIC BISHOP OF JUNEAU
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NOTES TO FINANCIAL STATEMENTS

NOTE 4 – PROPERTY AND EQUIPMENT

Property and equipment and related accumulated depreciation are as follows at June 30:

	<u>2012</u>	<u>2011</u>	<u>Depreciable Lives</u>
Land	\$ 563,036	\$ 563,036	N/A
Buildings	364,021	364,021	18-40
Equipment and furniture	121,247	121,247	5-7
Vehicles	<u>62,965</u>	<u>62,965</u>	5-7
	1,111,269	1,111,269	
Accumulated depreciation	<u>(527,790)</u>	<u>(503,473)</u>	
Property and equipment, net	<u>\$ 583,479</u>	<u>\$ 607,796</u>	

Depreciation expense for fiscal years 2012 and 2011 was \$24,317 and \$24,382, respectively.

NOTE 5 – CASH AND INVESTMENTS

Cash

Cash includes deposits in checking accounts and cash on hand. 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.

Investments

The investments and certain cash equivalents of the Administrative Office are held by a national investment firm and managed by an investment adviser. Investments are stated at market values, which are determined based on per-unit values as of fiscal year-end. The market values of investments at June 30 consist of the following:

	<u>2012</u>	<u>2011</u>
Exchange traded funds	\$ 1,089,910	\$ 1,226,834
Stocks	269,435	166,480
Mutual funds	3,859,133	4,134,329
Money market	325,257	285,491
Custodial funds' investments (See Note 7)	<u>(1,970,123)</u>	<u>(1,935,455)</u>
Administrative Office investments	<u>\$ 3,573,612</u>	<u>\$ 3,877,679</u>

CORPORATION OF THE CATHOLIC BISHOP OF JUNEAU
The Program and Administrative Office of the Diocese of Juneau
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NOTES TO FINANCIAL STATEMENTS

NOTE 5 – CASH AND INVESTMENTS (Continued)

The following schedule summarizes the investment income in the statements of activities and changes in net assets:

	2012	2011
Interest and dividend income	\$ 246,622	\$ 144,992
Net realized and unrealized gain (loss) on investments	(205,181)	450,927
	\$ 41,441	\$ 595,919

Investment revenues are reported net of related expenses. Investment advisory fees amounted to \$27,332 and \$27,538 in the fiscal years ended June 30, 2012 and 2011, respectively.

NOTE 6 – FAIR VALUE MEASUREMENT

FASB ASC 820 *Fair Value Measurement and Disclosure* defines fair value as the exchange price that would be received on the measurement date to sell an asset or the price paid to transfer a liability in the principal or most advantageous market available to the entity in an orderly transaction between market participants. FASB ASC 820 also establishes a three level fair value hierarchy that describes the inputs that are used to measure assets and liabilities. The three levels include Level 1 (quoted prices in active markets for identical assets), Level 2 (significant other observable inputs), and Level 3 (significant unobservable inputs).

Fair values of assets measured on a recurring basis at June 30, 2012 are as follows:

	Fair Value	Level 1	Level 2	Level 3
Investments:				
Exchange traded funds	\$ 1,089,910	\$ 1,089,910	\$ -	\$ -
Stocks	269,435	269,435	-	-
Mutual funds	3,859,133	3,859,133	-	-
Money market	325,257	325,257	-	-
Custodial funds' investments	(1,970,123)	(1,970,123)	-	-
Total	\$ 3,573,612	\$ 3,573,612	\$ -	\$ -

CORPORATION OF THE CATHOLIC BISHOP OF JUNEAU
The Program and Administrative Office of the Diocese of Juneau
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NOTES TO FINANCIAL STATEMENTS

NOTE 6 – FAIR VALUE MEASUREMENT (Continued)

Fair values of assets measured on a recurring basis at June 30, 2011 are as follows:

Investments:	Fair Value	Level 1	Level 2	Level 3
Exchange traded funds	\$ 1,226,834	\$ 1,226,834	\$ -	\$ -
Corporate bonds	166,480	166,480	-	-
Mutual funds	4,134,329	4,134,329	-	-
Money market	285,491	285,491	-	-
Custodial funds' investments	<u>(1,935,455)</u>	<u>(1,935,455)</u>	-	-
Total	<u>\$ 3,877,679</u>	<u>\$ 3,877,679</u>	<u>\$ -</u>	<u>\$ -</u>

NOTE 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 at June 30:

	<u>2012</u>	<u>2011</u>
Shrine of St. Therese	\$ 877,968	\$ 832,931
Shrine of St. Therese Endowment	872,921	855,275
Holy Family Mission - Metlakatla	139,144	137,482
St. Therese Parish - Skagway	66,455	64,825
St. Rose Parish - Wrangell	<u>13,635</u>	<u>44,942</u>
	<u>\$ 1,970,123</u>	<u>\$ 1,935,455</u>

NOTE 8 – EMPLOYEE BENEFITS

The Administrative Office is insured under a self-insurance program, Alaska Catholic Conference of Bishops, Insurance Division (ACCB), in cooperation with the Archdiocese of Anchorage and the Diocese of Fairbanks for health and dental care. The ACCB is a member of a medical self-insurance pool, the RETA Trust. The plan is administered by Benefit Allocation Systems. 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 who has been employed for thirty-six months or more is eligible to participate in the Administrative Office 403(b) Employer Contribution Plan. The Administrative Office contributes 10% of an eligible employee's gross wages. The Administrative Office contributed \$24,300 and \$28,993 during the years ended June 30, 2012 and 2011, respectively.

CORPORATION OF THE CATHOLIC BISHOP OF JUNEAU
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NOTES TO FINANCIAL STATEMENTS

NOTE 9 – 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 (paid) the following amounts from (to) Catholic Community Service.

	2012	2011
Health/life insurance	\$ 293,514	\$ 939,224
Rent	344,008	335,043
Workers' compensation insurance	136,919	116,051
Vehicle insurance	31,014	27,932
Property insurance	29,117	17,514
Additional insurance and miscellaneous	3,832	12,279
Subsidy	(132,306)	(159,974)
	<u>\$ 706,098</u>	<u>\$ 1,288,069</u>

At June 30, 2012 and 2011 the Administrative Office had accounts receivable from Catholic Community Service of \$-0- and \$88,087, respectively.

At June 30, 2011 the Administrative Office had a non-interest bearing receivable from a parish in the Diocese in the amount of \$17,000, and for this same parish had accounts payable of \$25,821. The receivable was paid off during fiscal year 2012.

NOTE 10 – POST EMPLOYMENT BENEFITS

Retired Diocesan priests who have worked in the Diocese for ten full years or more are entitled to receive the same salary and vacation pay as that of a priest in active ministry. A retired priest not living in a residence owned by the Diocese shall receive a living allowance of \$350 per month, his rent (up to \$900 per month), and a vehicle allowance of \$300 per month, paid by the Administrative Office.

The Administrative Office will pay Medicare Supplement premiums for retired priests who are eligible to receive Medicare. The Administrative Office also reimburses retired priests for any deductibles that are not covered by the Medicare Supplement policy.

The Administrative Office will pay life insurance premiums for retired priests. The Finance Council has designated a portion of unrestricted net assets for the payment of benefits for retired priests.

The Administrative Office has not accrued postemployment benefits because the amount cannot be reasonably estimated.

CORPORATION OF THE CATHOLIC BISHOP OF JUNEAU
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NOTES TO FINANCIAL STATEMENTS

NOTE 11 – CONTINGENT LIABILITIES

Debt of Individual Parishes

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, 2012 and 2011 is \$875,147 and \$932,662, 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.

Legal Proceedings

The Administrative Office has been named as a party in legal proceedings brought against it. The Administrative Office's management has reviewed these matters with legal counsel and has and will continue to vigorously defend itself. Management believes these matters should have no material effect on the Administrative Office's financial position or its results of operations. Consequently, no liability has been accrued related to these matters.