

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, 2015 and 2014

TOGETHER WITH INDEPENDENT AUDITOR'S REPORT

CHRISTINE E. HARRINGTON

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

Independent Auditor's Report

Report on the Financial Statements

I have audited the accompanying financial statements of the Corporation of the Catholic Bishop of Juneau, the Program and Administrative Office of the Diocese of Juneau (a nonprofit sole organization), which comprise the balance sheets as of June 30, 2015 and 2014 and the related statements of activities and changes in net assets, and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

My responsibility is to express an opinion on these financial statement based on my audits. I conducted my audits 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 from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, I express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

I believe the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

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, 2015 and 2014, 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.

Christine E. Harrington

Sitka, Alaska
January 22, 2016

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, 2015 and 2014

	2015	2014
ASSETS		
CURRENT ASSETS		
Cash	\$ 193,266	\$ 144,147
Accounts receivable	195,751	212,279
Grants receivable	50,000	-
Investments		
Administrative Office - unrestricted	4,571,897	4,778,198
Administrative Office - temporarily restricted	133,222	132,850
Custodial funds (see Note 10)	2,734,072	2,648,663
Prepaid expenses	-	21,266
Notes receivable, current portion (see Note 2)	72,322	67,184
Total current assets	7,950,530	8,004,587
NOTES RECEIVABLE, net of current portion (see Note 2)	1,034,898	1,110,219
PROPERTY AND EQUIPMENT, net	530,932	549,784
OTHER ASSETS	45,537	44,144
Total assets	\$ 9,561,897	\$ 9,708,734
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts payable	\$ 101,565	\$ 59,920
Insurance payable	27,177	49,206
Deferred revenue	190,000	170,000
Pass-through payables	2,835	18,923
Note payable for land lease buyout, current portion	125,000	125,000
Compensated absences	52,317	47,921
Custodial funds (see Note 10)	2,734,072	2,648,663
Total current liabilities	3,232,966	3,119,633
Note payable for land lease buyout, net of current portion	-	125,000
Total liabilities	3,232,966	3,244,633
NET ASSETS		
Unrestricted		
Undesignated	3,925,405	3,967,349
Designated by the Finance Council	2,270,304	2,363,902
Total unrestricted	6,195,709	6,331,251
Temporarily restricted (see Note 3)	133,222	132,850
Total net assets	6,328,931	6,464,101
Total liabilities and net assets	\$ 9,561,897	\$ 9,708,734

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

CORPORATION OF THE CATHOLIC BISHOP OF JUNEAU
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STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS

For the Years Ended June 30, 2015 and 2014

	2015			2014		
	Unrestricted	Temporarily Restricted	Total	Unrestricted	Temporarily Restricted	Total
Support and revenue						
Grants	\$ -	\$ 501,291	\$ 501,291	\$ -	\$ 450,926	\$ 450,926
Rental income	450,166	-	450,166	441,335	-	441,335
Faith-in-Action	-	149,999	149,999	-	150,000	150,000
Assessments	141,381	-	141,381	131,588	-	131,588
Contributions and bequests	185,753	-	185,753	88,138	-	88,138
Interest income	36,938	-	36,938	-	-	-
Investment income	21,565	372	21,937	633,751	16,087	649,838
Program fees	1,400	-	1,400	1,155	-	1,155
Other income	98,736	-	98,736	23,560	-	23,560
Gain on sale of land	-	-	-	1,196,645	-	1,196,645
Total	935,939	651,662	1,587,601	2,516,172	617,013	3,133,185
Net assets released from restrictions	651,290	(651,290)	-	600,926	(600,926)	-
Total support, revenue, and net assets released from restrictions	1,587,229	372	1,587,601	3,117,098	16,087	3,133,185
Expenses						
Program services						
Pastoral	536,670	-	536,670	383,985	-	383,985
Property management	381,151	-	381,151	437,855	-	437,855
Religious personnel development	193,914	-	193,914	202,008	-	202,008
Education	203,893	-	203,893	183,687	-	183,687
Other programs	91,173	-	91,173	58,459	-	58,459
Total program services	1,406,801	-	1,406,801	1,265,994	-	1,265,994
Supporting services	315,970	-	315,970	312,626	-	312,626
Write-off of receivable	-	-	-	20,000	-	20,000
Total expenses	1,722,771	-	1,722,771	1,598,620	-	1,598,620
Change in net assets	(135,542)	372	(135,170)	1,518,478	16,087	1,534,565
Net assets at beginning of year	6,331,251	132,850	6,464,101	4,812,773	116,763	4,929,536
Net assets at end of year	\$ 6,195,709	\$ 133,222	\$ 6,328,931	\$ 6,331,251	\$ 132,850	\$ 6,464,101

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

CORPORATION OF THE CATHOLIC BISHOP OF JUNEAU
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STATEMENTS OF CASH FLOWS

For the Years Ended June 30, 2015 and 2014

	2015	2014
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ (135,170)	\$ 1,534,565
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	18,852	21,798
Unrealized (gain) loss on investments	362,479	(332,707)
Write-off of receivable	-	20,000
(Increase) decrease in:		
Accounts receivable	16,528	(8,965)
Grants receivable	(50,000)	-
Prepaid expenses	21,266	(21,266)
Other assets	(1,393)	(2,378)
Increase (decrease) in:		
Accounts payable	41,645	22,931
Insurance payable	(22,029)	(11,146)
Deferred revenue	20,000	20,000
Pass-through payables	(16,088)	(15,077)
Compensated absences	4,396	(22,682)
Net cash provided by operating activities	260,486	1,205,073
CASH FLOWS FROM INVESTING ACTIVITIES		
(Purchase) sale of investments, net	(156,550)	(300,123)
Issuance of notes receivable	-	(1,200,000)
Payments received on notes receivable	70,183	56,580
Net cash used for investing activities	(86,367)	(1,443,543)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from note payable	-	250,000
Payments on note payable	(125,000)	-
Net cash provided by (used for) financing activities	(125,000)	250,000
Net increase in cash	49,119	11,530
Cash at beginning of year	144,147	132,617
Cash at end of year	\$ 193,266	\$ 144,147

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

CORPORATION OF THE CATHOLIC BISHOP OF JUNEAU
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NOTES TO FINANCIAL STATEMENTS

For the Years Ended June 30, 2015 and 2014

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 3. The Administrative Office had no permanently restricted net assets at June 30, 2015 and 2014.

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.

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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.

Accounts Receivable

Accounts receivable consist of reimbursements, and uncollected annual parish assessments and Faith-in-Action assessments levied on each parish in the Diocese. The Administrative Office considers all amounts collectible and no reserve for doubtful accounts has been established.

Notes Receivable

Notes receivable are stated at unpaid principal balances. Interest on notes receivable is recognized over the terms of the notes and is calculated using the simple-interest method on principal amounts outstanding. Notes receivable are individually reviewed for collectability. Management considers notes receivable not paid in full by the contractual due date as past due. The Administrative Office considers all notes receivable amounts collectible and no reserve for losses 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.

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NOTES TO FINANCIAL STATEMENTS

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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.

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 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. FASB ASC 740 provides guidance on derecognition, classification, interest and penalties, accounting in interim periods, disclosures, and transition. As of June 30, 2015, the Administrative Office does not have a liability for unrecognized tax benefits.

Reclassifications

Certain prior year balances have been reclassified to conform to the current year presentation.

Subsequent Events

The Administrative Office's management has evaluated subsequent events through the date of the Independent Auditor's Report, which is commensurate with the date the financial statements were available to be issued.

NOTE 2 – NOTES RECEIVABLE

Following is a summary of the notes receivable at June 30:

	<u>2015</u>	<u>2014</u>
Note receivable from selling land. Fixed interest rate of 3.29%, quarterly principal and interest payments of \$25,281 due through September 2028.	\$ 1,082,469	\$ 1,146,652
Note receivable from a parish for building renovations. Interest free monthly payments of \$250 through May 2014, and \$500 per month through August 2019.	<u>24,751</u>	<u>30,751</u>
	1,107,220	1,177,403
Less current portion	<u>(72,322)</u>	<u>(67,184)</u>
	<u>\$ 1,034,898</u>	<u>\$ 1,110,219</u>

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NOTES TO FINANCIAL STATEMENTS

NOTE 2 – NOTES RECEIVABLE (continued)

Interest income on notes receivable for the years ended June 30, 2015 and 2014 was \$36,938 and \$22,494, respectively.

NOTE 3 – 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, 2015 and 2014 were \$133,222 and \$132,850, respectively.

NOTE 4 – DESIGNATED NET ASSETS

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

	2015	2014
Priests' retirement	\$ 1,617,633	\$ 1,680,327
Hoonah building	-	4,403
Michael H. Kenny Memorial Fund	1,085	1,085
Charitable works	651,586	678,087
	\$ 2,270,304	\$ 2,363,902

NOTE 5 – PROPERTY AND EQUIPMENT

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

	2015	2014	Depreciable Lives
Land	\$ 563,036	\$ 563,036	N/A
Buildings	364,021	364,021	18-40
Equipment and furniture	128,359	128,359	5-7
Vehicles	62,965	62,965	5-7
	1,118,381	1,118,381	
Accumulated depreciation	(587,449)	(568,597)	
Property and equipment, net	\$ 530,932	\$ 549,784	

Depreciation expense for fiscal years 2015 and 2014 was \$18,852 and \$21,798, respectively.

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NOTES TO FINANCIAL STATEMENTS

NOTE 5 – PROPERTY AND EQUIPMENT (continued)

In 1909 the Catholic Church was gifted land in Skagway, Alaska. The Corporation of the Catholic Bishop of Juneau was later incorporated in 1952. Since it was unreasonable to determine the value of the land when it was donated, this land was not capitalized. When the land was sold in fiscal year 2014, the Administrative Office recorded the sale, net a land lease buyout and other expenses of \$503,355, as a gain on sale of land.

NOTE 6 – 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 available-for-sale investments and certain cash equivalents of the Administrative Office and its custodial funds 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. Cost and fair value of the investments consist of the following at June 30, 2015:

	<u>Cost</u>	<u>Unrealized Gains (Losses)</u>	<u>Fair Value</u>
Exchange traded funds	\$ 2,400,384	\$ 286,680	\$ 2,687,064
Stocks	456,950	(126,195)	330,755
Mutual funds	2,840,868	1,385,524	4,226,392
Money market	<u>194,980</u>	<u>-</u>	<u>194,980</u>
Total	<u>\$ 5,893,182</u>	<u>\$ 1,546,009</u>	<u>\$ 7,439,191</u>

Cost and fair value of the investments consist of the following at June 30, 2014:

	<u>Cost</u>	<u>Unrealized Gains (Losses)</u>	<u>Fair Value</u>
Exchange traded funds	\$ 1,973,259	\$ 396,454	\$ 2,369,713
Stocks	460,045	(50,450)	409,595
Mutual funds	2,810,995	1,745,777	4,556,772
Money market	<u>223,631</u>	<u>-</u>	<u>223,631</u>
Total	<u>\$ 5,467,930</u>	<u>\$ 2,091,781</u>	<u>\$ 7,559,711</u>

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NOTES TO FINANCIAL STATEMENTS

NOTE 6 – CASH AND INVESTMENTS (continued)

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

	2015	2014
Interest and dividend income	\$ 384,416	\$ 317,131
Net realized and unrealized gain (loss) on investments	(362,479)	332,707
	\$ 21,937	\$ 649,838

Investment revenues are reported net of related expenses. Investment advisory fees amounted to \$37,331 and \$35,197 in the fiscal years ended June 30, 2015 and 2014, respectively.

NOTE 7 – 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, 2015 are as follows:

	Fair Value	Level 1	Level 2	Level 3
Investments:				
Exchange traded funds	\$ 2,687,064	\$ 2,687,064	\$ -	\$ -
Stocks	330,755	330,755	-	-
Mutual funds	4,226,392	4,226,392	-	-
Money market	194,980	194,980	-	-
Custodial funds' investments	(2,734,072)	(2,734,072)	-	-
Total	\$ 4,705,119	\$ 4,705,119	\$ -	\$ -

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NOTES TO FINANCIAL STATEMENTS

NOTE 7 – FAIR VALUE MEASUREMENT (continued)

Fair values of assets measured on a recurring basis at June 30, 2014 are as follows:

	<u>Fair Value</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Investments:				
Exchange traded funds	\$ 2,369,713	\$ 2,369,713	\$ -	\$ -
Stocks	409,595	409,595	-	-
Mutual funds	4,556,772	4,556,772	-	-
Money market	223,631	223,631	-	-
Custodial funds' investments	<u>(2,648,663)</u>	<u>(2,648,663)</u>	-	-
Total	<u>\$ 4,911,048</u>	<u>\$ 4,911,048</u>	<u>\$ -</u>	<u>\$ -</u>

NOTE 8 – NOTE PAYABLE

In fiscal year 2014, the Administrative Office sold land that was being leased by two individuals. When the land was sold, the Administrative Office entered into a note payable to buyout the lease. The note payable consists of the following at June 30:

	<u>2015</u>	<u>2014</u>
Note payable to individuals dated July 8, 2013 with an original balance of \$250,000, annual payments of \$125,000 starting in fiscal year 2015, including no interest, with a scheduled maturity in fiscal year 2016.	\$ 125,000	\$ 250,000
Less current portion	<u>(125,000)</u>	<u>(125,000)</u>
	<u>\$ -0-</u>	<u>\$ 125,000</u>

NOTE 9 – 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, 2015 is \$292,173 and \$148,451, respectively. Rental income was \$432,246 and \$423,835 for the years ended June 30, 2015 and 2014, respectively. Minimum future rent income for fiscal year 2016, based on current leases, is \$445,121.

NOTE 10 – 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:

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NOTES TO FINANCIAL STATEMENTS

NOTE 10 – CUSTODIAL FUNDS (continued)

	2015	2014
Shrine of St. Therese	\$ 941,703	\$ 939,481
Shrine of St. Therese Endowment	1,117,229	1,112,883
Cathedral Parish - Juneau	426,860	324,763
Holy Family Mission - Metlakatla	159,573	183,076
St. Therese Parish - Skagway	71,696	71,496
St. Rose Parish - Wrangell	17,011	16,964
	\$ 2,734,072	\$ 2,648,663

NOTE 11 – 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 \$30,435 and \$23,266 during the years ended June 30, 2015 and 2014, respectively.

NOTE 12 – 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:

	2015	2014
Rent	\$ 333,431	\$ 301,913
Workers' compensation insurance	173,817	31,807
Vehicle insurance	26,811	27,275
Property insurance	16,100	13,112
Subsidy	(140,217)	(140,217)
	\$ 409,942	\$ 233,890

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NOTES TO FINANCIAL STATEMENTS

NOTE 12 – RELATED PARTY TRANSACTIONS (continued)

At June 30, 2015 and 2014 the Administrative Office had accounts receivable from Catholic Community Service of \$30,568 and \$68,045, respectively.

At June 30, 2015 and 2014 the Administrative Office had a non-interest bearing note receivable of \$24,751 and \$30,751, respectively, from a parish in the Diocese. During fiscal year 2014, \$20,000 of the note receivable was forgiven by the Administrative Office. In addition to this note receivable, the Administrative Office had accounts receivable from the parish of \$40,732 and \$48,469, and accounts payable to the parish of \$3,250 and \$-0-, as of June 30, 2015 and 2014, respectively.

NOTE 13 – 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.

NOTE 14 – 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, 2015 and 2014 is \$682,978 and \$750,483, 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

In the normal course of operations the Administrative Office is subject to litigation from time to time, but defends its rights vigorously, and obtains insurance coverage for potential claims arising as a result of litigation.

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

NOTE 15 – ERROR CORRECTION

In fiscal year 2014 a land lease buyout was not recognized as part of the Skagway land sale. This error, resulting in an overstatement of the previously reported gain on sale of land, was discovered in the current year. Accordingly, a prior period adjustment was made to record a \$250,000 land lease buyout note payable for the year ended June 30, 2014. A corresponding \$250,000 decrease in both gain on sale of land and change in unrestricted net assets was also recorded for fiscal year 2014.