

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, 2016 and 2015

TOGETHER WITH INDEPENDENT AUDITOR'S REPORT

CHRISTINE E. HARRINGTON

Certified Public Accountant, LLC

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

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, 2016 and 2015 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, 2016 and 2015, 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
December 22, 2016

CORPORATION OF THE CATHOLIC BISHOP OF JUNEAU
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BALANCE SHEETS

June 30, 2016 and 2015

	2016	2015
ASSETS		
CURRENT ASSETS		
Cash	\$ 327,234	\$ 193,266
Accounts receivable	148,485	195,751
Grants receivable	-	50,000
Investments		
Administrative Office - unrestricted	4,326,175	4,571,897
Administrative Office - temporarily restricted	134,896	133,222
Custodial funds (see Note 10)	2,743,136	2,734,072
Notes receivable, current portion (see Note 2)	74,531	72,322
Total current assets	7,754,457	7,950,530
NOTES RECEIVABLE, net of current portion (see Note 2)	960,367	1,034,898
PROPERTY AND EQUIPMENT, net	513,354	530,932
OTHER ASSETS	45,537	45,537
Total assets	\$ 9,273,715	\$ 9,561,897
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts payable	\$ 83,965	\$ 101,565
Insurance payable	29,979	27,177
Deferred revenue	285,790	190,000
Pass-through payables	6,614	2,835
Note payable for land lease buyout	-	125,000
Compensated absences	60,624	52,317
Custodial funds (see Note 10)	2,743,136	2,734,072
Total current liabilities	3,210,108	3,232,966
NET ASSETS		
Unrestricted		
Undesignated	3,724,768	3,925,405
Designated by the Finance Council	2,203,943	2,270,304
Total unrestricted	5,928,711	6,195,709
Temporarily restricted (see Note 3)	134,896	133,222
Total net assets	6,063,607	6,328,931
Total liabilities and net assets	\$ 9,273,715	\$ 9,561,897

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

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STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS

For the Years Ended June 30, 2016 and 2015

	2016			2015		
	Unrestricted	Temporarily Restricted	Total	Unrestricted	Temporarily Restricted	Total
Support and revenue						
Grants	\$ -	\$ 426,769	\$ 426,769	\$ -	\$ 501,291	\$ 501,291
Rental income	469,017	-	469,017	450,166	-	450,166
Faith-in-Action	-	150,000	150,000	-	149,999	149,999
Assessments	155,409	-	155,409	141,381	-	141,381
Contributions and bequests	133,711	-	133,711	185,753	-	185,753
Interest income	34,801	-	34,801	36,938	-	36,938
Investment income	33,276	1,674	34,950	21,565	372	21,937
Program fees	550	-	550	1,400	-	1,400
Other income	82,599	-	82,599	98,736	-	98,736
Total	909,363	578,443	1,487,806	935,939	651,662	1,587,601
Net assets released from restrictions	576,769	(576,769)	-	651,290	(651,290)	-
Total support, revenue, and net assets released from restrictions	1,486,132	1,674	1,487,806	1,587,229	372	1,587,601
Expenses						
Program services						
Pastoral	532,287	-	532,287	536,670	-	536,670
Property management	502,258	-	502,258	381,151	-	381,151
Religious personnel development	186,130	-	186,130	193,914	-	193,914
Education	203,230	-	203,230	203,893	-	203,893
Other programs	57,070	-	57,070	91,173	-	91,173
Total program services	1,480,975	-	1,480,975	1,406,801	-	1,406,801
Supporting services	272,155	-	272,155	315,970	-	315,970
Total expenses	1,753,130	-	1,753,130	1,722,771	-	1,722,771
Change in net assets	(266,998)	1,674	(265,324)	(135,542)	372	(135,170)
Net assets at beginning of year	6,195,709	133,222	6,328,931	6,331,251	132,850	6,464,101
Net assets at end of year	<u>\$ 5,928,711</u>	<u>\$ 134,896</u>	<u>\$ 6,063,607</u>	<u>\$ 6,195,709</u>	<u>\$ 133,222</u>	<u>\$ 6,328,931</u>

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

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STATEMENTS OF CASH FLOWS

For the Years Ended June 30, 2016 and 2015

	2016	2015
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ (265,324)	\$ (135,170)
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	17,578	18,852
Unrealized (gain) loss on investments	226,602	362,479
(Increase) decrease in:		
Accounts receivable	47,266	16,528
Grants receivable	50,000	(50,000)
Prepaid expenses	-	21,266
Other assets	-	(1,393)
Increase (decrease) in:		
Accounts payable	(17,600)	41,645
Insurance payable	2,802	(22,029)
Deferred revenue	95,790	20,000
Pass-through payables	3,779	(16,088)
Compensated absences	8,307	4,396
Net cash provided by operating activities	169,200	260,486
CASH FLOWS FROM INVESTING ACTIVITIES		
(Purchase) sale of investments, net	17,446	(156,550)
Payments received on notes receivable	72,322	70,183
Net cash used for investing activities	89,768	(86,367)
CASH FLOWS FROM FINANCING ACTIVITIES		
Payments on note payable	(125,000)	(125,000)
Net cash provided by (used for) financing activities	(125,000)	(125,000)
Net increase in cash	133,968	49,119
Cash at beginning of year	193,266	144,147
Cash at end of year	\$ 327,234	\$ 193,266

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

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NOTES TO FINANCIAL STATEMENTS

For the Years Ended June 30, 2016 and 2015

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, 2016 and 2015.

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.

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.

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.

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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 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, 2016, the Administrative Office does not have a liability for unrecognized tax benefits.

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>2016</u>	<u>2015</u>
Note receivable from selling land. Fixed interest rate of 3.29%, quarterly principal and interest payments of \$25,281 due through September 2028.	\$ 1,016,147	\$ 1,082,469
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>18,751</u>	<u>24,751</u>
	1,034,898	1,107,220
Less current portion	<u>(74,531)</u>	<u>(72,322)</u>
	<u>\$ 960,367</u>	<u>\$ 1,034,898</u>

Interest income on notes receivable for the years ended June 30, 2016 and 2015 was \$34,801 and \$36,938, respectively.

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NOTES TO FINANCIAL STATEMENTS

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, 2016 and 2015 were \$134,896 and \$133,222, 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:

	2016	2015
Priests' retirement	\$ 1,598,383	\$ 1,617,633
Michael H. Kenny Memorial Fund	1,085	1,085
Charitable works	604,475	651,586
	\$ 2,203,943	\$ 2,270,304

NOTE 5 – PROPERTY AND EQUIPMENT

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

	2016	2015	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	(605,027)	(587,449)	
Property and equipment, net	\$ 513,354	\$ 530,932	

Depreciation expense for fiscal years 2016 and 2015 was \$17,578 and \$18,852, respectively.

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

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NOTES TO FINANCIAL STATEMENTS

NOTE 6 – CASH AND INVESTMENTS (continued)

Cash (continued)

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, 2016:

	<u>Cost</u>	<u>Unrealized Gains (Losses)</u>	<u>Fair Value</u>
Exchange traded funds	\$ 2,757,739	\$ 269,908	\$ 3,027,647
Stocks	324,500	(46,465)	278,035
Mutual funds	3,102,230	632,627	3,734,857
Money market	<u>163,668</u>	<u>-</u>	<u>163,668</u>
Total	<u>\$ 6,348,137</u>	<u>\$ 856,070</u>	<u>\$ 7,204,207</u>

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>

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

	<u>2016</u>	<u>2015</u>
Interest and dividend income	\$ 261,552	\$ 384,416
Net realized and unrealized gain (loss) on investments	<u>(226,602)</u>	<u>(362,479)</u>
	<u>\$ 34,950</u>	<u>\$ 21,937</u>

Investment revenues are reported net of related expenses. Investment advisory fees amounted to \$36,198 and \$37,331 in the fiscal years ended June 30, 2016 and 2015, respectively.

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NOTES TO FINANCIAL STATEMENTS

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, 2016 are as follows:

Investments:	Fair Value	Level 1	Level 2	Level 3
Exchange traded funds	\$ 3,027,647	\$ 3,027,647	\$ -	\$ -
Stocks	278,035	278,035	-	-
Mutual funds	3,734,857	3,734,857	-	-
Money market	163,668	163,668	-	-
Custodial funds' investments	<u>(2,743,136)</u>	<u>(2,743,136)</u>	-	-
Total	<u>\$ 4,461,071</u>	<u>\$ 4,461,071</u>	<u>\$ -</u>	<u>\$ -</u>

Fair values of assets measured on a recurring basis at June 30, 2015 are as follows:

Investments:	Fair Value	Level 1	Level 2	Level 3
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	<u>(2,734,072)</u>	<u>(2,734,072)</u>	-	-
Total	<u>\$ 4,705,119</u>	<u>\$ 4,705,119</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:

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NOTES TO FINANCIAL STATEMENTS

NOTE 8 – NOTE PAYABLE (continued)

	2016	2015
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
Less current portion	-	(125,000)
	\$ -	\$ -

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, 2016 is \$292,173 and \$156,481, respectively. Rental income was \$385,641 and \$432,246 for the years ended June 30, 2016 and 2015, respectively. Minimum future rent income for fiscal year 2017, based on current leases, is \$469,875.

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:

	2016	2015
Shrine of St. Therese	\$ 954,064	\$ 941,703
Shrine of St. Therese Endowment	1,127,766	1,117,229
Cathedral Parish - Juneau	431,246	426,860
Holy Family Mission - Metlakatla	140,238	159,573
St. Therese Parish - Skagway	72,597	71,696
St. Rose Parish - Wrangell	17,225	17,011
	\$ 2,743,136	\$ 2,734,072

NOTE 11 – EMPLOYEE BENEFITS

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.

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NOTES TO FINANCIAL STATEMENTS

NOTE 11 – EMPLOYEE BENEFITS (continued)

The Administrative Office also provides life and long-term disability insurance for each full-time employee.

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 \$25,622 and \$30,435 during the years ended June 30, 2016 and 2015, 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:

	2016	2015
Rent	\$ 396,592	\$ 333,431
Workers’ compensation insurance	109,322	173,817
Vehicle insurance	27,365	26,811
Property insurance	16,643	16,100
Subsidy	(140,217)	(140,217)
	\$ 409,705	\$ 409,942

At June 30, 2016 and 2015 the Administrative Office had accounts receivable from Catholic Community Service of \$-0- and \$30,568, respectively.

At June 30, 2016 and 2015 the Administrative Office had a non-interest bearing note receivable of \$18,751 and \$24,751, respectively, from a parish in the Diocese. In addition to this note receivable, the Administrative Office had accounts receivable from the parish of \$68,095 and \$40,732, and accounts payable to the parish of \$-0- and \$3,250, as of June 30, 2016 and 2015, 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.

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NOTES TO FINANCIAL STATEMENTS

NOTE 13 – POST EMPLOYMENT BENEFITS (continued)

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, 2016 and 2015 is \$595,756 and \$682,978, 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.