

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, 2017 and 2016

TOGETHER WITH INDEPENDENT ACCOUNTANT'S
COMPILATION REPORT

ELGEE REHFELD MERTZ, LLC

CERTIFIED PUBLIC ACCOUNTANTS

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INDEPENDENT ACCOUNTANT'S COMPILATION REPORT

Board of Directors
Corporation of the Catholic Bishop of Juneau
Juneau, Alaska

Management is responsible for the accompanying financial statements of the Catholic Bishop of Juneau, the Program and Administrative Office of the Diocese of Juneau (a nonprofit sole corporation), which comprise the balance sheet as of June 30, 2017, and the related statements of activities and cash flows for the year then ended and the related notes to the financial statements in accordance with accounting principles generally accepted in the United States of America. We have performed a compilation engagement in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. We did not audit or review the financial statements, nor were we required to perform any procedures to verify the accuracy or the completeness of the information provided by management, and we do not express an opinion, a conclusion, nor provide any form of assurance on these financial statements.

The financial statements for the year ended June 30, 2016 were audited by other accountants, and they expressed an unqualified opinion on the statements in their report dated December 22, 2016. They have not performed any auditing procedures on the June 30, 2016 financial statements since that date.



January 16, 2018

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, 2017 and 2016

	<u>2017</u> (compiled)	<u>2016</u> (audited)
ASSETS		
CURRENT ASSETS		
Cash	\$ 243,557	\$ 327,234
Accounts receivable	113,429	148,485
Investments		
Administrative Office - unrestricted	2,893,297	4,326,175
Administrative Office - temporarily restricted	145,503	134,896
Custodial funds	3,122,167	2,743,136
Notes receivable, current portion	76,813	74,531
Total current assets	<u>6,594,766</u>	<u>7,754,457</u>
NOTES RECEIVABLE, net of current portion	883,554	960,367
PROPERTY AND EQUIPMENT, net	494,911	513,354
OTHER ASSETS	45,537	45,537
Total assets	<u><u>\$ 8,018,768</u></u>	<u><u>\$ 9,273,715</u></u>
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts payable	\$ 29,013	\$ 83,965
Insurance payable	31,843	29,979
Deferred revenue	175,201	285,790
Pass-through payables	10,008	6,614
Compensated absences	71,962	60,624
Custodial funds	3,122,167	2,743,136
Total current liabilities	<u>3,440,194</u>	<u>3,210,108</u>
Accrued pension liability, priests	546,577	-
Total liabilities	<u>3,986,771</u>	<u>3,210,108</u>
NET ASSETS		
Unrestricted		
Undesignated	3,120,622	3,724,768
Designated by the Finance Council	765,872	2,203,943
Total unrestricted	<u>3,886,494</u>	<u>5,928,711</u>
Temporarily restricted	145,503	134,896
Total net assets	<u>4,031,997</u>	<u>6,063,607</u>
Total liabilities and net assets	<u><u>\$ 8,018,768</u></u>	<u><u>\$ 9,273,715</u></u>

See accompanying notes and accountant's report.

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, 2017 and 2016

	2017 (compiled)			2016 (audited)		
	Unrestricted	Temporarily Restricted	Total	Unrestricted	Temporarily Restricted	Total
Support and revenue						
Grants	\$ -	\$ 490,825	\$ 490,825	\$ -	\$ 426,769	\$ 426,769
Rental income	392,755	-	392,755	469,017	-	469,017
Faith-in-Action	-	150,000	150,000	-	150,000	150,000
Assessments	147,864	-	147,864	155,409	-	155,409
Contributions and bequests	120,892	-	120,892	133,711	-	133,711
Interest income	32,592	-	32,592	34,801	-	34,801
Investment income	340,253	10,607	350,860	33,276	1,674	34,950
Program fees	400	-	400	550	-	550
Other income	80,613	-	80,613	82,599	-	82,599
Total	1,115,369	651,432	1,766,801	909,363	578,443	1,487,806
Net assets released from restrictions	640,825	(640,825)	-	576,769	(576,769)	-
Total support, revenue, and net assets released from restrictions	1,756,194	10,607	1,766,801	1,486,132	1,674	1,487,806
Expenses						
Program services						
Pastoral	960,657	-	960,657	532,287	-	532,287
Property management	434,380	-	434,380	502,258	-	502,258
Religious personnel development	126,698	-	126,698	186,130	-	186,130
Education	230,700	-	230,700	203,230	-	203,230
Other programs	113,598	-	113,598	57,070	-	57,070
Total program services	1,866,033	-	1,866,033	1,480,975	-	1,480,975
Supporting services	270,168	-	270,168	272,155	-	272,155
Total expenses	2,136,201	-	2,136,201	1,753,130	-	1,753,130
Change in net assets from operations	(380,007)	10,607	(369,400)	(266,998)	1,674	(265,324)
Transfer to priest retirement	(1,662,210)	-	(1,662,210)	-	-	-
Change in net assets	(2,042,217)	10,607	(2,031,610)	(266,998)	1,674	(265,324)
Net assets at beginning of year	5,928,711	134,896	6,063,607	6,195,709	133,222	6,328,931
Net assets at end of year	\$ 3,886,494	\$ 145,503	\$ 4,031,997	\$ 5,928,711	\$ 134,896	\$ 6,063,607

See accompanying notes and accountant's report.

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STATEMENTS OF CASH FLOWS

For the Years Ended June 30, 2017 and 2016

	<u>2017</u> (compiled)	<u>2016</u> (audited)
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ (2,031,610)	\$ (265,324)
Adjustments to reconcile change in net assets to net cash provided by (used for) operating activities:		
Depreciation	14,693	17,578
Gain on disposal of fixed assets	3,750	-
Unrealized (gain) loss on investments	(138,304)	226,602
Decrease in:		
Accounts receivable	35,056	47,266
Grants receivable	-	50,000
Increase (decrease) in:		
Accounts payable	(54,952)	(17,600)
Insurance payable	1,864	2,802
Deferred revenue	(110,589)	95,790
Pass-through payables	3,394	3,779
Compensated absences	11,338	8,307
Accrued pension liability	546,577	-
Net cash provided by (used for) operating activities	<u>(1,718,783)</u>	<u>169,200</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Sale of investments, net	1,560,575	17,446
Payments received on notes receivable	74,531	72,322
Net cash provided by investing activities	<u>1,635,106</u>	<u>89,768</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Payments on note payable	-	(125,000)
Net cash (used for) financing activities	<u>-</u>	<u>(125,000)</u>
Net increase (decrease) in cash	(83,677)	133,968
Cash at beginning of year	<u>327,234</u>	<u>193,266</u>
Cash at end of year	<u>\$ 243,557</u>	<u>\$ 327,234</u>

See accompanying notes and accountant's report.

CORPORATION OF THE CATHOLIC BISHOP OF JUNEAU
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NOTES TO FINANCIAL STATEMENTS

For the Years Ended June 30, 2017 and 2016

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 (Bishop) of the Diocese of Juneau (Diocese) exercises fiscal and operational control. Various religious orders, lay societies and religious organizations, which operate within the 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, 2017 and 2016.

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. 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 had no pledges receivable at June 30, 2017 and 2016. The Administrative Office reports cash, grant funds, and other assets as temporarily restricted support if they are received with stipulations from a

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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.

Fair Value Measurement

The Administrative Office's financial assets carried at fair value have been classified based on a hierarchy defined by FASB ASC 820-10-50-2. 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 or liabilities. The three levels include Level 1 (quoted prices in active markets for identical assets), Level 2 (significant other observable

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inputs), and Level 3 (significant unobservable inputs). The Administrative Office uses Level 1 inputs to measure the fair value of assets.

Compensated Absences

A liability for unused annual leave is accrued when an employee earns it. Upon termination, employees are paid for unused annual leave.

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, 2017, the Administrative Office does not have a liability for unrecognized tax benefits.

Recent Accounting Pronouncements

ASU 2016-14

In August 2016, the Financial Accounting Standard Board (FASB) issued ASU No. 2016-14, "*Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities.*" This ASU makes improvements to the information provided in financial statements and accompanying notes of not-for-profit entities. The amendments set forth the FASB's improvements to net asset classification requirements and the information presented about a not-for-profit entity's liquidity, financial performance, and cash flows. The amendments in ASU 2016-14 are effective for annual financial statements issued for fiscal years beginning after December 15, 2017. The amendment is required to be applied retrospectively and early adoption is permitted. The Diocese plans to adopt ASU 2016-14 in its fiscal year ended June 30, 2019. Other than changes in presentation, the Diocese does not expect any other impact as a result of adoption.

ASU 2016-02

In February 2016, the Financial Accounting Standard Board (FASB) issued ASU No. 2016-02, "*Leases (Topic 842).*" The amendments in this update will supersede much of the existing authoritative guidance for leases. This guidance requires lessees to recognize right-of-use assets and liabilities on their balance sheet for all leases with terms longer than twelve months. The amendments in ASU 2016-02 are effective for fiscal years beginning after December 15, 2019 with early application permitted. The Diocese plans to adopt ASU 2016-02 in its fiscal year ended June 30, 2020 and does not anticipate a significant impact as a result of adoption.

ASU 2015-14

In August 2015, the Financial Accounting Standard Board (FASB) issued ASU No. 2015-14, "*Deferral of the Effective Date*" which modified ASU No. 2014-09, "*Revenue from Contracts with Customers (Topic 606)*" which was issued by the FASB in May 2014. These standards replace existing revenue recognition rules with a comprehensive revenue measurement and recognition standard and expanded disclosure requirements. ASU 2014-09 is effective for not-for-profits entities annual reporting periods beginning after December 15, 2018, including interim reporting periods within that reporting period. The

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amendment is required to be applied retrospectively and all entities can adopt the standard as early as the original effective date annual periods beginning after 15 December 2016. The Diocese plans to adopt ASU 2015-14 in its fiscal year ended June 30, 2019 and does not anticipate a significant impact as a result of adoption.

ASU 2016-18

In November 2016, the Financial Accounting Standard Board (FASB) issued ASU No. 2016-18, “*Statement of Cash Flows (Topic 230): Restricted Cash.*” This ASU provides specific guidance on the cash flow classification and presentation of changes in restricted cash and cash equivalents. The amendments require that a statement of cash flows explain the change during the period in the total of cash and cash equivalents and restricted cash and cash equivalents. ASU 2016-18 is effective for not-for-profit entities for financial statements issued for fiscal years beginning after December 15, 2018, and interim periods within fiscal years beginning after 2019. The amendment is required to be applied retrospectively and early adoption is permitted. The Diocese plans to adopt ASU 2016-18 in its fiscal year ended June 30, 2019 and does not anticipate a significant impact as a result of adoption.

Subsequent Events

The Administrative Office’s management has evaluated subsequent events through the date of the Independent Accountant’s Compilation 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:

	2017	2016
Note receivable from selling land. Fixed interest rate of 3.29%, quarterly principal and interest payments of \$25,281 due through September 2028.	\$ 947,616	\$ 1,016,147
Note receivable from a parish for building renovations. Interest free monthly payments of \$250 through May 2014, and \$500 per month through August 2019.	12,751	18,751
	960,367	1,034,898
Less current portion	(76,813)	(74,531)
	\$ 883,554	\$ 960,367

Interest income on notes receivable for the years ended June 30, 2017 and 2016 was \$32,592 and \$34,801 respectively.

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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, 2017 and 2016 were \$145,503 and \$134,896, 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:

	2017	2016
Priests' retirement	\$ 93,827	\$ 1,598,383
Michael H. Kenny Memorial Fund	1,085	1,085
Charitable works	670,960	604,475
	<u>\$ 765,872</u>	<u>\$ 2,203,943</u>

NOTE 5 – PROPERTY AND EQUIPMENT

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

	2017	2016	Depreciable Lives
Land	\$ 563,036	\$ 563,036	N/A
Buildings	360,271	364,021	18-40
Equipment and furniture	120,842	128,359	5-7
Vehicles	61,615	62,965	5-7
	1,105,764	1,118,381	
Accumulated depreciation	<u>(610,853)</u>	<u>(605,027)</u>	
Property and equipment, net	<u>\$ 494,911</u>	<u>\$ 513,354</u>	

Depreciation expense for fiscal years 2017 and 2016 was \$14,693 and \$17,578, 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 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.

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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, 2017:

	Cost	Unrealized Gains (Losses)	Fair Value
Exchange traded funds	\$ 2,592,361	\$ 129,529	\$ 2,721,890
Stocks	130,424	(16,351)	114,073
Mutual funds	2,205,115	863,850	3,068,965
Money market	253,051	2,988	256,039
Total	<u>\$ 5,180,951</u>	<u>\$ 980,016</u>	<u>\$ 6,160,967</u>

Cost and fair value of the investments consist of the following at June 30, 2016:

	Cost	Unrealized Gains (Losses)	Fair Value
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	163,668	-	163,668
Total	<u>\$ 6,348,137</u>	<u>\$ 856,070</u>	<u>\$ 7,204,207</u>

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

	2017	2016
Interest and dividend income	\$ 212,556	\$ 261,552
Net realized and unrealized gain (loss) on investments	<u>138,304</u>	<u>(226,602)</u>
	<u>\$ 350,860</u>	<u>\$ 34,950</u>

Investment revenues are reported net of related expenses. Investment advisory fees amounted to \$35,232 and \$36,198 in the fiscal years ended June 30, 2017 and 2016, respectively.

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NOTE 7 – FAIR VALUE MEASUREMENT

Fair values of assets measured on a recurring basis at June 30, 2017 are as follows:

	Fair Value	Level 1	Level 2	Level 3
Investments:				
Exchange traded funds	\$ 2,721,890	\$ 2,721,890	\$ -	\$ -
Stocks	114,073	114,073	-	-
Mutual Funds	3,068,965	3,068,965	-	-
Money Market	256,039	256,039	-	-
Total	<u>\$ 6,160,967</u>	<u>\$ 6,160,967</u>	<u>\$ -</u>	<u>\$ -</u>

Fair values of assets measured on a recurring basis at June 30, 2016 are as follows:

	Fair Value	Level 1	Level 2	Level 3
Investments:				
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	-	-
Total	<u>\$ 7,204,207</u>	<u>\$ 7,204,207</u>	<u>\$ -</u>	<u>\$ -</u>

NOTE 8 – 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, 2017 is \$292,173 and \$164,510, respectively. Rental income was \$356,879 and \$385,641 for the years ended June 30, 2017 and 2016, respectively. Minimum future rent income for fiscal year 2018, based on current leases, is \$416,887.

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NOTE 9 – 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:

	2017	2016
Shrine of St. Therese	\$ 1,008,532	\$ 929,342
Shrine of St. Therese Endowment	1,224,066	1,106,692
Cathedral Parish - Juneau	664,378	431,246
Holy Family Mission - Metlakatla	128,286	138,908
St. Therese Parish - Skagway	78,306	70,795
St. Rose Parish - Wrangell	18,579	17,225
	\$ 3,122,167	\$ 2,743,136

NOTE 10 – 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.

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 \$25,792 and \$25,622 during the years ended June 30, 2017 and 2016, respectively.

NOTE 11 – PRIEST PENSION PLAN

Effective January 1, 2017, 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. For the year ended June 30, 2017, the annual retiree benefit was \$24,804. 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 liability to recognize the under-funded status of the Plan.

The pension benefit obligation for retired priests has been estimated by management. No actuarial determination of the pension benefit obligation has been made since the effective date of the Plan. The Plan requires an actuarial valuation every two years. Management plans to complete the initial actuarial valuation within two years of the effective date of the Plan.

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The following amounts relate to the Plan as of June 30, 2017:

Accumulated Benefit Obligation, estimated by management	\$ 2,214,635
Change in Plan Assets:	
Assets contributed to the plan by the Diocese after Plan Effective date	1,655,106
Return on Plan Assets	12,952
Fair value of Plan Assets at End of Fiscal Year	\$ 1,668,058
Accrued Pension Liability, Priests	\$ 546,577

Management used a discount rate of 3.45% 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, 2017, are as follows:

	Level 1	Level 2	Level 3	Total
Cash	\$ 56,698	\$ -	\$ -	\$ 56,698
Exchange Traded Funds	195,581	-	-	195,581
Exchange Traded Certificates of Deposits	1,099,830	-	-	1,099,830
Fixed Income and Equity Mutual Funds	315,949	-	-	315,949
Total	\$ 1,668,058	\$ -	\$ -	\$ 1,668,058

The Diocese established a Trust Agreement for the Plan asset under the direction of a Board of Trustees. The Trustees established an Investment Policy for Plan asset that calls for a well-diversified portfolio of high-grade securities to achieve an average annual real rate of return of 2.75%. The Policies 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%	25%
Fixed Income	US Barclay's Aggregate	25%	45%	55%

The Administrative Office expects to contribute \$30,600 to the Plan in fiscal year 2018. This contribution will be funded by collecting \$27,000 per active priest from the parishes.

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

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

Year	Amount
2018	\$ 62,434
2019	73,350
2020	75,973
2021	76,505
2022	102,721
2023-2027	699,719

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:

	2017	2016
Rent	\$ 307,450	\$ 396,592
Workers' compensation insurance	58,331	109,322
Vehicle insurance	28,860	27,365
Property insurance	16,716	16,643
Subsidy	(117,132)	(140,217)
	\$ 294,225	\$ 409,705

At June 30, 2017 and 2016 the Administrative Office had a non-interest bearing note receivable of \$12,751 and \$18,751, respectively, from a parish in the Diocese. In addition to this note receivable, the Administrative Office had accounts receivable from the parish of \$39,369 and \$68,095.

NOTE 13 – 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, 2017 and 2016 is \$479,202 and \$595,756, 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.