The Program and Administrative Offices of the Corporation of the Catholic Archbishop of Seattle

Financial Statements
Years Ended June 30, 2021 and 2020

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The Program and Administrative Offices of the Corporation of the Catholic Archbishop of Seattle

Contents

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Independent Auditor's Report

Most Reverend Paul D. Etienne
Roman Catholic Archbishop of Seattle
The Program and Administrative Offices of the
Corporation of the Catholic Archbishop of Seattle
Seattle, Washington

Opinion

We have audited the financial statements of the Program and Administrative Offices of the Corporation of the Catholic Archbishop of Seattle (the Archdiocese), which comprise the statements of financial position as of June 30, 2021 and 2020, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Archdiocese as of June 30, 2021 and 2020, 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.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Archdiocese and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Archdiocese's ability to continue as a going concern within one year after the date that the financial statements are issued or available to be issued.

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Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Archdiocese's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Archdiocese's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

BDO USA, LLP

November 23, 2021

Financial Statements

The Program and Administrative Offices of the Corporation of the Catholic Archbishop of Seattle

Statements of Financial Position

June 30,	**2021**	2020
Assets		
Current Assets		
Cash	**$ 15,245,000**	$ 15,393,000
Investments	**46,977,000**	26,268,000
Contributions and other receivables	**4,941,000**	9,490,000
Notes receivable	**431,000**	426,000
Insurance reimbursement receivable	**1,407,000**	748,000
Prepaid expenses and other assets	**378,000**	359,000
Total Current Assets	**69,379,000**	52,684,000
Endowment investments	**19,895,000**	15,298,000
Annuity/trust investments	**4,462,000**	3,696,000
Notes receivable, less current portion and net of allowances	**7,501,000**	7,258,000
Net priests' pension plans asset	**278,000**	-
Priests' health plan assets	**13,317,000**	8,272,000
Property and equipment, net	**19,715,000**	21,145,000
Total Assets	**$ 134,547,000**	$ 108,353,000
Liabilities and Net Assets		
Current Liabilities		
Revolving fund deposits	**$ 39,903,000**	$ 35,546,000
Notes payable, current portion	**707,000**	675,000
Accounts payable and accrued expenses	**3,045,000**	2,854,000
Deferred revenue	**494,000**	343,000
Insurance claims payable	**11,364,000**	13,920,000
Net priests' pension plans liability	**-**	102,000
Priests' health plan liability	**677,000**	657,000
Custodial liabilities	**4,178,000**	2,731,000
Total Current Liabilities	**60,368,000**	56,828,000
Notes payable, less current portion	**7,361,000**	9,763,000
Net priests' pension plans liability, less current portion	**-**	13,469,000
Net priests' health plan liability, less current portion	**16,896,000**	17,389,000
Annuity/Trust liabilities	**3,047,000**	2,570,000
Total Liabilities	**87,672,000**	100,019,000
Net Assets		
Without donor restrictions		
Undesignated surplus (deficit)	**7,067,000**	(42,527,000)
Designated funds	**10,786,000**	23,771,000
Total net assets without donor restrictions	**17,853,000**	(18,756,000)
With donor restrictions	**29,022,000**	27,090,000
Total Net Assets	**46,875,000**	8,334,000
Total Liabilities and Net Assets	**$ 134,547,000**	$ 108,353,000

See accompanying notes to financial statements.

The Program and Administrative Offices of the Corporation of the Catholic Archbishop of Seattle

Statements of Activities and Changes in Net Assets

Year Ended June 30,	**2021**	2020
Without Donor Restrictions		
Revenue and other support		
Parish assessments	**$ 7,780,000**	$ 7,344,000
Program fees	**3,660,000**	6,058,000
Contributions	**1,237,000**	529,000
Interest, dividends and other income	**918,000**	1,311,000
	13,595,000	15,242,000
Net assets released from restrictions		
Satisfaction of time restrictions, Annual Catholic Appeal	**11,601,000**	11,884,000
Satisfaction of program restrictions	**1,301,000**	2,835,000
Total Revenue and Other Support	**26,497,000**	29,961,000
Expenses		
Program	**14,445,000**	17,641,000
Management and general	**12,138,000**	12,655,000
Stewardship and development	**1,401,000**	1,635,000
Total Expenses	**27,984,000**	31,931,000
Change in net assets before insurance, other gains and losses, bequests, and COVID relief related activities	**(1,487,000)**	(1,970,000)
Insurance revenue, net of expense	**2,349,000**	(2,310,000)
Bequests	**3,368,000**	2,811,000
Gains on investments	**7,739,000**	534,000
Net change in priests' pension plans	**13,849,000**	3,829,000
Net change in priests' health plan	**5,518,000**	539,000
Realized gains (losses) on sale of property	**1,578,000**	(10,000)
PPP loan forgiveness	**2,695,000**	-
Contributions for COVID relief	**1,000,000**	-
Change in Net Assets without Donor Restrictions	**$ 36,609,000**	$ 3,423,000
Net Assets with Donor Restrictions		
Contributions	**$ 12,087,000**	$ 15,459,000
Investment income	**94,000**	98,000
Gains on investments	**2,653,000**	180,000
Net assets released from restrictions		
Satisfaction of time restrictions from the Annual Catholic Appeal	**(11,601,000)**	(11,884,000)
Satisfaction of program restrictions	**(1,301,000)**	(2,835,000)
Change in Net Assets with Donor Restrictions	**$ 1,932,000**	$ 1,018,000
Total Net Assets		
Change in Net Assets without Donor Restrictions	**$ 36,609,000**	$ 3,423,000
Change in Net Assets with Donor Restrictions	**1,932,000**	1,018,000
Total Change in Net Assets	**38,541,000**	4,441,000
Net Assets, beginning of year	**8,334,000**	3,893,000
Net Assets, end of year	**$ 46,875,000**	$ 8,334,000

See accompanying notes to financial statements.

The Program and Administrative Offices of the Corporation of the Catholic Archbishop of Seattle

Statement of Functional Expenses

Year Ended June 30, 2021	Salaries and Benefits	Professional Services	Insurance Premiums	Insurance Claims	Rentals and Leases	Office and Printing	Bad Debt Expense	Taxes and Assessments	Donations and Contributions	Education	Interest	Depreciation	Other	Total	Less: Insurance	Total Without Insurance
Program																
Insurance, premiums, taxes, and claims	$ 457,000	$ 1,117,000	$ 4,251,000	$ 3,422,000	$ -	$ 38,000	$ 1,000	$ 1,705,000	$ -	$ -	$ 15,000	$ 44,000	$ 1,000	$ 11,051,000	$ (11,051,000)	$ -
Archbishop's office	659,000	79,000	-	-	16,000	121,000	-	2,000	-	21,000	-	63,000	69,000	1,030,000	-	1,030,000
Liturgy, mission planning, and Chancellor	994,000	50,000	-	-	14,000	19,000	-	-	-	8,000	-	95,000	11,000	1,191,000	-	1,191,000
Catholic schools	1,079,000	313,000	-	-	5,000	117,000	-	26,000	19,000	6,000	-	103,000	88,000	1,756,000	-	1,756,000
Outdoor ministries	453,000	48,000	-	-	4,000	165,000	2,000	8,000	125,000	-	-	43,000	26,000	874,000	-	874,000
Retreat Center	209,000	6,000	-	-	-	89,000	-	-	-	-	-	20,000	61,000	385,000	-	385,000
Pastoral care - Vicar for Clergy	811,000	52,000	-	-	-	5,000	-	-	45,000	-	-	78,000	8,000	999,000	-	999,000
Seminarians	109,000	25,000	-	-	-	7,000	-	11,000	82,000	879,000	-	10,000	28,000	1,151,000	-	1,151,000
Northwest Catholic	397,000	45,000	-	-	-	433,000	2,000	1,000	28,000	-	-	38,000	53,000	997,000	-	997,000
Revolving fund	-	-	-	-	-	-	(687,000)	-	-	-	764,000	-	-	77,000	-	77,000
Priest support	1,120,000	483,000	-	-	-	6,000	-	-	-	3,000	-	107,000	8,000	1,727,000	-	1,727,000
Tribunal	580,000	20,000	-	-	-	5,000	-	-	-	2,000	-	55,000	16,000	678,000	-	678,000
Evangelization	422,000	2,000	-	-	-	7,000	-	-	1,000	-	-	40,000	5,000	477,000	-	477,000
Funding to related organizations	-	-	-	-	-	-	-	-	1,444,000	-	-	-	-	1,444,000	-	1,444,000
Athletics	153,000	2,000	1,000	-	9,000	29,000	-	-	-	-	-	15,000	1,000	210,000	-	210,000
Pastoral care ministries	115,000	39,000	-	-	1,000	15,000	-	-	361,000	4,000	-	11,000	24,000	570,000	-	570,000
Youth and young adult ministry	204,000	-	-	-	-	3,000	-	-	2,000	2,000	-	20,000	3,000	234,000	-	234,000
Multicultural ministries	193,000	29,000	-	-	-	3,000	-	-	105,000	9,000	-	18,000	8,000	365,000	-	365,000
Formation	213,000	11,000	-	-	14,000	11,000	-	-	1,000	4,000	-	20,000	6,000	280,000	-	280,000
Total Program Expenses	8,168,000	2,321,000	4,252,000	3,422,000	63,000	1,073,000	(682,000)	1,753,000	2,213,000	938,000	779,000	780,000	416,000	25,496,000	(11,051,000)	14,445,000
Management and General	6,803,000	1,940,000	9,000	66,000	14,000	948,000	382,000	222,000	471,000	77,000	256,000	650,000	300,000	12,138,000	-	12,138,000
Stewardship and Development	820,000	164,000	-	-	3,000	329,000	-	-	-	1,000	-	78,000	6,000	1,401,000	-	1,401,000
Total Expenses	$ 15,791,000	$ 4,425,000	$ 4,261,000	$ 3,488,000	$ 80,000	$ 2,350,000	$ (300,000)	$ 1,975,000	$ 2,684,000	$ 1,016,000	$ 1,035,000	$ 1,508,000	$ 722,000	$ 39,035,000	$ (11,051,000)	$ 27,984,000

See accompanying notes to financial statements.

The Program and Administrative Offices of the Corporation of the Catholic Archbishop of Seattle

Statement of Functional Expenses

Year Ended June 30, 2020	Salaries and Benefits	Professional Services	Insurance Premiums	Insurance Claims	Rentals and Leases	Office and Printing	Bad Debt Expense	Taxes and Assessments	Donations and Contributions	Education	Interest	Depreciation	Other	Total	Less: Insurance	Total Without Insurance
Program																
Insurance, premiums, taxes, and claims	$ 427,000	$ 1,098,000	$ 3,442,000	$ 9,129,000	$ -	$ 36,000	$ 43,000	$ 1,585,000	$ -	$ -	$ 36,000	$ 38,000	$ 6,000	$ 15,840,000	$ 15,840,000	$ -
Archbishop's office	721,000	79,000	44,000	-	16,000	90,000	-	1,000	-	6,000	-	65,000	136,000	1,158,000	-	1,158,000
Liturgy, mission planning, and Chancellor	824,000	63,000	-	-	12,000	43,000	-	-	-	3,000	-	73,000	46,000	1,064,000	-	1,064,000
Catholic schools	768,000	344,000	63,000	-	39,000	125,000	-	26,000	46,000	2,000	-	66,000	96,000	1,575,000	-	1,575,000
Outdoor ministries	807,000	106,000	-	-	18,000	249,000	(5,000)	10,000	202,000	9,000	-	72,000	242,000	1,710,000	-	1,710,000
Retreat Center	671,000	45,000	41,000	-	-	124,000	-	-	1,000	-	-	61,000	175,000	1,118,000	-	1,118,000
Pastoral care - Vicar for Clergy	971,000	35,000	-	-	-	14,000	-	1,000	26,000	1,000	-	87,000	14,000	1,149,000	-	1,149,000
Seminarians	119,000	20,000	-	-	-	12,000	-	9,000	125,000	734,000	-	11,000	22,000	1,052,000	-	1,052,000
Northwest Catholic	383,000	58,000	-	-	-	488,000	-	2,000	31,000	-	-	35,000	57,000	1,054,000	-	1,054,000
Revolving fund	-	-	-	-	-	-	114,000	-	-	-	814,000	-	-	928,000	-	928,000
Priest support	980,000	367,000	-	-	105,000	14,000	-	1,000	-	3,000	-	86,000	15,000	1,571,000	-	1,571,000
Tribunal	611,000	42,000	-	-	-	7,000	-	-	-	-	-	55,000	6,000	721,000	-	721,000
Evangelization	408,000	-	-	-	-	12,000	-	-	-	-	-	38,000	8,000	466,000	-	466,000
Funding to related organizations	-	-	-	-	-	-	-	-	2,059,000	-	-	-	-	2,059,000	-	2,059,000
Athletics	205,000	123,000	2,000	-	70,000	18,000	-	-	1,000	-	-	16,000	19,000	454,000	-	454,000
Pastoral care ministries	87,000	43,000	-	-	-	19,000	-	-	346,000	6,000	-	8,000	26,000	535,000	-	535,000
Youth and young adult ministry	208,000	5,000	-	-	57,000	11,000	-	-	-	-	-	18,000	13,000	312,000	-	312,000
Multicultural ministries	179,000	33,000	-	-	1,000	15,000	-	-	119,000	4,000	-	18,000	30,000	399,000	-	399,000
Formation	210,000	23,000	-	-	14,000	6,000	-	-	6,000	23,000	-	17,000	17,000	316,000	-	316,000
Total Program Expenses	8,579,000	2,484,000	3,592,000	9,129,000	332,000	1,283,000	152,000	1,635,000	2,962,000	791,000	850,000	764,000	928,000	33,481,000	15,840,000	17,641,000
Management and General	6,823,000	2,666,000	9,000	45,000	15,000	1,047,000	14,000	222,000	543,000	105,000	229,000	607,000	330,000	12,655,000	-	12,655,000
Stewardship and Development	1,001,000	171,000	-	-	9,000	313,000	-	-	-	3,000	-	88,000	50,000	1,635,000	-	1,635,000
Total Expenses	$ 16,403,000	$ 5,321,000	$ 3,601,000	$ 9,174,000	$ 356,000	$ 2,643,000	$ 166,000	$ 1,857,000	$ 3,505,000	$ 899,000	$ 1,079,000	$ 1,459,000	$ 1,308,000	$ 47,771,000	$ 15,840,000	$ 31,931,000

See accompanying notes to financial statements.

The Program and Administrative Offices of the Corporation of the Catholic Archbishop of Seattle

Statements of Cash Flows

Year Ended June 30,	**2021**	2020
Cash Flows from Operating Activities		
Reconciliation of change in net assets to net cash flows from operating activities:		
Change in net assets	**$ 38,541,000**	$ 4,441,000
Adjustments to reconcile change in net assets to net cash flows from operating activities:		
Depreciation	**1,508,000**	1,459,000
(Gain) Loss on sale of property	**(1,578,000)**	10,000
Endowment contributions	**(85,000)**	(53,000)
Gains on investments	**(10,392,000)**	(714,000)
PPP loan forgiveness	**(2,695,000)**	-
Change in accrued priests' pension plans and priests' health plan liability	**(14,322,000)**	(1,455,000)
Change in operating receivables	**3,886,000**	(1,248,000)
Change in prepaid expenses and other assets	**(19,000)**	250,000
Change in insurance claims payable	**(2,556,000)**	3,361,000
Change in accounts payable and accrued expenses	**191,000**	(40,000)
Changes in deferred revenue	**151,000**	(730,000)
Annuities and trusts	**477,000**	(206,000)
Provisions for bad debt	**(683,000)**	156,000
Net Cash Flows from Operating Activities	**12,424,000**	5,231,000
Cash Flows for Investing Activities		
Net purchases of investments	**(20,725,000)**	(6,957,000)
Proceeds from sales of property and equipment	**2,086,000**	529,000
Purchase of property and equipment	**(586,000)**	(972,000)
Archdiocesan Revolving Fund loan principal receipts	**31,000**	418,000
Archdiocesan Revolving Fund additional loans issued	**-**	(1,343,000)
Deposits into the Archdiocesan Revolving Fund	**9,761,000**	7,406,000
Withdrawal of Archdiocesan Revolving Fund deposits	**(5,404,000)**	(4,355,000)
Net Cash Flows for Investing Activities	**(14,837,000)**	(5,274,000)

The Program and Administrative Offices of the Corporation of the Catholic Archbishop of Seattle

Statements of Cash Flows

Year Ended June 30,		**2021**		2020
Cash Flows from Financing Activities				
Change in custodial liability	**$**	**1,447,000**	$	(1,003,000)
Proceeds from debt		**1,000,000**		3,195,000
Repayments of note payable		**(267,000)**		(166,000)
Endowment contributions		**85,000**		53,000
Net Cash Flows from Financing Activities		**2,265,000**		2,079,000
Net Change in Cash		**(148,000)**		2,036,000
Cash, beginning of year		**15,393,000**		13,357,000
Cash, end of year	**$**	**15,245,000**	$	15,393,000

See accompanying notes to financial statements.

Supplemental Disclosures

Interest paid on a cash basis was $1,035,000 and $1,079,000 during the years ended June 30, 2021 and 2020, respectively.

Archdiocesan high schools have received term loans from the Knights of Columbus. The Archdiocese is the primary borrower on these loans. Payments are made by the high schools. The high schools repaid $408,000 and $390,000 directly to the lender during the years ended June 30, 2021 and 2020, respectively.

1. Organization and Significant Accounting Policies

Organization

The accompanying financial statements include the assets, liabilities, net assets, and financial activities under direct control of the Program and Administrative Offices of the Corporation of the Catholic Archbishop of Seattle (the Archdiocese). The Program and Administrative Offices (the Chancery) are staffed by 135 permanent employees as of June 30, 2021. These employees work on First Hill in Seattle, the Archbishop Brunett Retreat Center in Federal Way, and the Catholic Youth Organization camps in Carnation and Monroe. These locations are owned and managed by the Archdiocese. The parishes of the Archdiocese, and their associated schools, which are separate canonical units, and the Parish Revolving Fund are not included in these financial statements. While these entities are part of the Archdiocesan Corporate Sole, they are managed under local control.

Catholic Community Services of Western Washington, the Archdiocesan Housing Authority, Catholic Charities Foundation of Western Washington, Called to Serve as Christ Campaign (CTSC), the Associated Catholic Cemeteries (ACC), and the Fulcrum Foundation are independent corporations and all are not included in these financial statements. Most Archdiocesan high schools are independent corporations and all high schools are not included in these financial statements. The Archdiocese is affiliated with an overall international religious entity based in Vatican City.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Actual results could differ from the estimated amounts.

Financial Statement Presentation

The Archdiocese reports information regarding its financial position and activities according to two classes of net assets: without donor restrictions and with donor restrictions.

Contributions

Contributions received are recorded depending on the existence and/or nature of any donor restrictions. Temporarily restricted contributions are required to be reported as net assets with donor restrictions and are then reclassified to net assets without donor restrictions when the restrictions are met.

Net Assets without Donor Restrictions

The accompanying statements of financial position reflect a surplus in net assets without donor restrictions or board designations:

- The Archdiocese has a surplus of $7,067,000 in net assets without donor restrictions or board designations at June 30, 2021.
    - The Archdiocesan Revolving Fund (ARF) holds deposits payable of $39,903,000 at June 30, 2021, which is a current liability. Of this balance, $29,400,000 belongs to ACC.

Management expects to pay only a small portion of this liability in the coming year based on historical trends and knowledge of the operations of the entities who hold the deposits.

- Liabilities for Post-Retirement Medical Plan recorded in the statement of financial position total $17,573,000 at June 30, 2021, of which $16,896,000 is noncurrent. The Archdiocese has just completed a campaign, the CTSC, with the goal of substantially funding plan benefit obligations, which will significantly reduce or eliminate the undesignated deficit. Through June 30, 2021, this campaign has raised more than $65,000,000 in cash and pledges. The funds raised will be shared between the Priests' Pension and Post-Retirement Medical Plans, women religious retirement plans, ordered priests plans, and the parishes. The plans will be funded as contributions are collected from the donors. As of June 30, 2021, the Priests' Pension Plan has an overall asset of $278,000.

- The balance in net assets with donor restrictions includes $10,610,000 from the Annual Catholic Appeal as of June 30, 2021, which became unrestricted on July 1, 2021.

- Management believes that the Archdiocese has adequate capital and stable sources of revenue to support its present budget for the coming fiscal year and for the foreseeable future.

Designated net assets relate to insurance programs for worker's compensation, auto, short-term disability, unemployment, severance, and family insurance.

See Note 2 for further discussion of the Archdiocese's liquidity and availability of resources.

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Net Assets with Donor Restrictions

Net assets with donor restrictions consist of unexpended contributions restricted for particular purposes or time periods and contributions restricted in perpetuity. The income from contributions restricted in perpetuity is utilized for the purpose specified by the donor. Net assets with donor restrictions that are temporary in nature are transferred to net assets without donor restrictions as restrictions are met or as time restrictions expire. Net assets with donor restrictions consist of the following at June 30:

	2021	2020
Net Assets with Temporary Donor Restrictions		
Annual Appeal Pledges restricted for the next year	**$ 10,610,000**	$ 10,906,000
Contributions restricted for various purposes	**5,155,000**	4,945,000
Accumulated endowment earnings		
Priest support and education endowments	**4,312,000**	2,675,000
Religious education endowments	**203,000**	75,000
Poor and needy endowments	**193,000**	68,000
Camp maintenance and development	**78,000**	35,000
Total Net Assets with Temporary Donor Restrictions	**20,551,000**	18,704,000
Net Assets with Perpetual Donor Restrictions		
Priest support and education endowments	**7,283,000**	6,098,000
Religious education endowments	**512,000**	1,612,000
Poor and needy endowments	**501,000**	501,000
Camp maintenance and development	**175,000**	175,000
Total Net Assets with Perpetual Donor Restrictions	**8,471,000**	8,386,000
Total Donor Restricted Net Assets	**$ 29,022,000**	$ 27,090,000

Fund Accounting

The Archdiocese uses the following fund groups:

- *Operating Fund* – all unrestricted and restricted resources available for support of Archdiocesan operations. The operating fund also includes non-endowment custodial liabilities, which represent funds to be paid to other Catholic organizations.

- *Archdiocesan Revolving Fund (ARF) (a segregated portion of the operating fund)* – a deposit and loan fund representing resources arising from cooperative investment and lending programs established for the mutual benefit of Catholic organizations within the Archdiocese. Parishes participate in the PRF, a separate revolving fund not included in these financial statements. The Associated Catholic Cemeteries holds a significant portion of their investment funds in the ARF.

- *Plant Fund* – all expendable resources restricted for property and equipment acquisitions, amounts invested in property and equipment, and related debt.

- *Endowment and Similar Funds* – contributions to the Archdiocese and other amounts set aside to generate investment income for restricted and unrestricted purposes. Included within the endowment and similar funds are the following:

  - Permanent endowments: The principal of true endowments is expected to be invested for perpetuity.

  - Temporarily restricted endowments: Funds temporarily restricted by donors but included in this fund, as they are treated by the Archdiocese as long-term.

  - Unrestricted designated endowments: Funds designated to be treated as endowments by the Archbishop. Any portion may be expended with the Archbishop's approval.

  - Custodial liabilities: Funds that will eventually revert to Catholic organizations outside the reporting entity. Interest, dividends, and realized and unrealized gains and losses are allocated directly to the custodial liabilities.

All significant transactions among funds included in the reporting entity have been eliminated in the accompanying financial statements.

Functional Allocation of Expenses

The costs of providing the various programs and other activities have been summarized on a functional basis in the statements of activities and changes in net assets and of functional expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited. Most expenses are charged directly to the function served at the time they are recorded. Depreciation is allocated according to salaries and benefits expense.

Donated Services

A number of people have donated time to the activities of the Archdiocese. The donated services do not meet the requirements for recognition in the financial statements and have not been recorded.

Fair Value Measurements

Fair value is a market-based measurement determined based on assumptions that market participants would use in pricing an asset or liability. There are three levels that prioritize the inputs used in measuring fair value as follows:

Level 1: Observable market inputs such as quoted prices (unadjusted) in active markets for identical assets or liabilities;

Level 2: Observable market inputs, other than quoted prices in active markets, that are observable either directly or indirectly; and

Level 3: Unobservable inputs where there is little or no market data, which require the reporting entity to develop its own assumptions.

Cash and Cash Equivalents

For purposes of the statements of cash flows, the Archdiocese considers cash in checking, savings, and certain money market accounts to be cash. Other money market accounts and short-term, highly liquid investments are classified as investments in the statements of financial position.

The Archdiocese maintains a significant portion of its cash and investments in accounts that are not insured.

Investments

Investments are reported at fair value or net asset value.

- Stocks, bonds, and publicly traded mutual funds are valued using Level 1 inputs such as market prices on national exchanges.

- Non-publicly-traded mutual funds are valued using the net asset value per unit (NAV). The NAV is determined each business day by the administrator of each fund. The funds invest in securities that have observable Level 1 inputs, including quoted prices for similar assets in active markets. There are no unfunded commitments, and the investments can be redeemed on a daily basis. This practical expedient would not be used if it is determined to be probable that the fund would sell the investment for an amount different from the reported NAV.

Pension-Related Investments

- The investments in common stocks listed on securities exchanges are valued at their closing price on the valuation date. Quoted market prices are used to value investments, which are Level 1 observable inputs.

- The life insurance policies are valued at the cash surrender value based on contractual terms as supplied by the insurance company, which is considered a Level 3 input.

- The investments in the master trusts are valued at fair value using the NAV, which is determined by the administrators of the funds and is used as a practical expedient to estimate fair value. The NAV is based on the fair value of the underlying assets held by the master trusts, less any liabilities, and then divided by the number of units outstanding. This practical expedient would not be used if it is determined to be probable that the fund would sell the investment for an amount different from the reported NAV. The financial statements of these master trusts are audited; therefore, those financial statements are not included in the notes to the financial statements. As of June 30, 2021 and 2020, there are no unfunded commitments or redemption restrictions on these investments.

- Non-publicly-traded mutual funds are valued at fair value using NAV, which is determined by the administrators of the funds and is used as a practical expedient to estimate fair value. The NAV is based on the fair value of the underlying assets held by the mutual funds, less any liabilities, and then divided by the number of units outstanding. This practical expedient would not be used if it is determined to be probable that the fund would sell the investment for an amount different from the reported NAV. As of June 30, 2021 and 2020, there are no unfunded commitments or redemption restrictions on these investments.

Contributions and Other Receivables

Contributions and other receivables are recorded at cost and adjusted for any bad debt allowance. Management estimates allowances for bad debts based primarily on historical bad debt experience. The allowance is adjusted annually, and bad debts are written off against the allowance when management determines a balance is uncollectible. Receivables that are expected to be collected within one year are recorded at net realizable value.

Notes Receivable

Notes receivable are recorded at cost (adjusted for any bad debt allowance), and interest is recorded as earned. The Archdiocese does not charge fees for its loan programs. Management uses various factors, including the borrower's location, and the local economy, and population where the borrower is located to determine the amount of the allowance for bad debts. The allowance is adjusted annually. A note is written off against the allowance when management determines that the balance is uncollectible. Notes are considered past due when the scheduled note payments become 90 days past due. Due to the close working relationship between the Archdiocese and the borrowers, management has not established past due categories for loans. Accordingly, loans continually accrue interest while they are outstanding.

Revenue Recognition

Parish assessment and special parish billings are billed and recognized as revenue during each fiscal year. Assessments and special parish billings are involuntary payments collected from parishes based on a percentage of parish ordinary income, and as such, are not subject to Topic 606 as they do not represent exchange transactions (see "Recently Issued Accounting Pronouncements" section below). The assessment period is in line with the Archdiocese's fiscal year.

Program fees consist of athletics, summer camps, fall programs, administration fees, and advertising. Program fees are subject to Topic 606 as they represent exchange transactions, however there was no change in the timing or amount of recognition of program revenue as all revenues are recognized at a point in time when the related program takes place. Amounts received prior to the program taking place are recorded as deferred revenue. Furthermore, there are no contract assets or liabilities associated with program fees.

Contributions (including the Annual Catholic Appeal) are not subject to Topic 606 and are recorded when the unconditional promise to give is made.

Insurance program premiums are recognized as revenue, net of any associated expenses or discounts, in the period in which the coverage is provided. The Archdiocese acts as an agent and buys insurance for all parishes, schools, and other entities in the Archdiocese. Insurance revenue is subject to Topic 606 due to the Archdiocese being an agent for participating entities. While the Archdiocese follows the five-step recognition process noted in the "Recently Issued Accounting Pronouncements" section below, the period of coverage for all insurance programs is in line with the Archdiocese's fiscal year, and therefore there has been no change in the timing or amount of revenue recognized with the adoption of Topic 606.

Deferred Revenue

Deferred revenue primarily consists of program fees received in advance. Revenue from program fees is recognized as the programs take place. Deferred revenue consists of the following at June 30:

	2021	2020
Summer camp programs	$ 188,000	$ 21,000
Other	306,000	322,000
	$ 494,000	$ 343,000

Split-Interest Agreements

The Archdiocese receives contributions in the form of irrevocable split-interest agreements. These agreements include charitable annuities and charitable remainder trusts.

As the Archdiocese is the trustee, the assets are recorded at fair value and are included as part of annuity and trust investments; the estimated present value of the distributions expected to be paid to the beneficiaries over the term of the trust is recorded as a liability along with any amounts to be paid to other organizations at the termination of the agreement. The difference is recorded as contribution revenue. The discount rate used to compute the present value of the liabilities was 6.5% - 7.0%, and the discount periods are based on Internal Revenue Service actuarial tables and state of Washington required annuity calculations.

Property and Equipment

Property and equipment are recorded at cost when purchased and at fair value when contributed. The Archdiocese's policy is to capitalize assets with a cost greater than $5,000. Depreciation is computed by the straight-line method over the estimated useful lives of the assets, ranging from 3 to 45 years. Donated property and equipment are considered unrestricted property unless specifically restricted by the donor. Restricted donated property and equipment are reclassified to net assets without donor restrictions when the restrictions are met.

Income Taxes

The Archdiocese is a nonprofit organization and is exempt from federal income taxes.

Recently Issued Accounting Pronouncements

In May 2014, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2014-09, *Revenue from Contracts with Customers* (Topic 606), related to revenue recognition which replaces numerous requirements in the accounting principles generally accepted in the United States of America, including industry-specific requirements, and provides companies with a single revenue recognition model for recognizing revenue from contracts with customers. The core principle of the new standard is that a company should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the company expects to be entitled in exchange for those goods or services in accordance with the five-step model outlined in Topic 606:

1. Identify the contract with the customer,
2. Identify the performance obligations in the contract,
3. Determine the transaction price,
4. Allocate the transaction price to the performance obligations, and
5. Recognize revenue when (or as) performance obligations are satisfied.

As noted in the “Revenue Recognition” section above, only program fees and insurance revenue are subject to Topic 606.

The two permitted transition methods under the new standard are the full retrospective method, in which the standard is applied to each prior reporting period presented and the cumulative effect of applying the standard is recognized at the earliest period presented, and the modified retrospective method, in which the cumulative effect of applying the standard is recognized at the date of initial application. The Archdiocese adopted Topic 606 under the modified retrospective method, however no significant changes to revenue have occurred with the adoption.

Reclassifications

Certain amounts in the prior-year have been reclassified to conform to the current-year presentation.

Subsequent Events

Management of the Archdiocese has evaluated subsequent events through the date these financial statements were available to be issued, which was November 23, 2021.

On October 1, 2021, the ARF loan and accrued interest with Elizabeth Ann Seton High School for $5,370,000 was paid off and moved to the Parish Revolving Fund.

2. Liquidity and Availability of Resources

The Archdiocese strives to maintain liquid financial assets sufficient to cover 180 days of general expenditures. Financial assets in excess of daily cash requirements are invested in money market funds and other short-term investments.

The following table reflects the Archdiocese financial assets as of June 30, 2021 and 2020, reduced by amounts that are not available to meet general expenditures within one year of the statement of financial position date because of contractual restrictions or internal board designations. Amounts not available include custodial liabilities as more fully described in Note 8. Amounts not available to meet general expenditures within one year also may include net assets with donor restrictions.

A summary of the Archdiocese financial assets available for general expenditures within one year as of June 30, 2021 and 2020, is as follows:

	2021	2020
Cash	**$ 15,245,000**	$ 15,393,000
Investments	**46,977,000**	26,268,000
Contributions and other receivables	**4,941,000**	9,490,000
Notes receivable	**431,000**	426,000
Insurance reimbursement receivable	**1,407,000**	748,000
Total Financial Assets	**69,001,000**	52,325,000
Less: Financial assets not available for general expenditure		
Custodial liabilities not available within one year	**4,178,000**	2,731,000
Revolving fund deposits not available within one year	**10,502,000**	10,974,000
Net assets with donor restrictions for certain purposes	**5,155,000**	4,945,000
	$ 49,166,000	$ 33,675,000

3. Investments

The following tables represent a summary of the investments presented on the statement of financial position and information about the Archdiocese's assets that have been measured at fair value on a recurring basis and indicates classification by level of inputs within the fair value hierarchy described in Note 1 as of June 30, 2021 and 2020.

These investments are presented on the statements of financial position as follows:

	2021	2020
Investments	**$ 46,977,000**	$ 26,268,000
Endowment investments	**19,895,000**	15,298,000
Annuity/trust investments	**4,462,000**	3,696,000
Priests' health plan assets	**13,317,000**	8,272,000
	$ 84,651,000	$ 53,534,000

The annuity and trust investments are restricted as follows:

		2021		2020
Annuity assets	**$**	**2,836,000**	$	2,367,000
Unitrust assets		**1,626,000**		1,329,000
	$	**4,462,000**	$	3,696,000

June 30, 2021		Investments Measured Using Level 1 Inputs		Investments Measured at Net Asset Value*		Total Fair Value
Money market accounts	$	22,307,000	$	-	$	22,307,000
Bond mutual funds		-		20,479,000		20,479,000
Value equity mutual fund		1,804,000		17,941,000		19,745,000
International equity mutual funds		-		11,018,000		11,018,000
Developed market equities		3,022,000		-		3,022,000
Small cap equity mutual fund		-		2,204,000		2,204,000
Inflation-protected bond fund		2,185,000		-		2,185,000
Ultrashort bond		2,076,000		-		2,076,000
U.S. corporate stocks		770,000		-		770,000
Growth mutual funds		506,000		-		506,000
Corporate bonds		-		180,000		180,000
Real estate		134,000		-		134,000
Fixed rate securities		-		25,000		25,000
	$	32,804,000	$	51,847,000	$	84,651,000

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June 30, 2020	Investments Measured Using Level 1 Inputs	Investments Measured at Net Asset Value*	Total Fair Value
Value equity mutual fund	$ 1,353,000	$ 13,517,000	$ 14,870,000
Bond mutual funds	-	9,893,000	9,893,000
International equity mutual funds	-	9,266,000	9,266,000
Money market accounts	6,501,000	-	6,501,000
Developed market equities	3,410,000	-	3,410,000
Growth mutual funds	487,000	2,710,000	3,197,000
Ultrashort bond	2,054,000	-	2,054,000
Inflation-protected bond fund	1,759,000	-	1,759,000
Small cap equity mutual fund	-	1,754,000	1,754,000
U.S. corporate stocks	535,000	-	535,000
Corporate bonds	-	172,000	172,000
Real estate	123,000	-	123,000
	$ 16,222,000	$ 37,312,000	$ 53,534,000

The Priests' Pension Plan is discussed in Note 10. This plan has certain benefit obligations and holds investments to meet these obligations. The investments held by this plan are netted against the benefit obligation in the statements of financial position and are categorized in the fair value hierarchy as follows:

June 30, 2021	*Total*	*Level 1*	*Level 2*	*Level 3*
Money market accounts	$ 2,184,000	$ 2,184,000	$ -	$ -
Cash surrender value of life insurance policies	1,242,000	-	-	1,242,000
Total Assets in the Fair Value Hierarchy	3,426,000	$ 2,184,000	$ -	$ 1,242,000
Investments measured at net asset value*				
Master trusts	6,382,000			
Mutual funds	17,257,000			
Total Investments, at fair value	$27,065,000			

June 30, 2020	*Total*	*Level 1*	*Level 2*	*Level 3*
Money market accounts	$ 868,000	$ 868,000	$ -	$ -
Common stocks	2,133,000	2,133,000	-	-
Cash surrender value of life insurance policies	1,248,000	-	-	1,248,000
Total Assets in the Fair Value Hierarchy	4,249,000	$ 3,001,000	$ -	$ 1,248,000
Investments measured at net asset value*				
Master trusts	5,487,000			
Mutual funds	8,385,000			
Total Investments, at fair value	$18,121,000			

* In accordance with FASB Subtopic 820-10, certain investments that were measured at NAV per unit (or its equivalent) have not been classified in the fair value hierarchy. The fair value amounts presented in this table are intended to permit reconciliation of the fair value hierarchy to the line items presented in the statements of financial position.

4. Notes Receivable and Revolving Fund Deposits

Archdiocesan Revolving Fund

The ARF is a deposit and loan fund operated by the Archdiocese for non-parish Catholic organizations. The resulting balances are included in the operating fund. Deposits are generally available for withdrawal on demand. Organizations with excess funds may deposit them and earn interest. The current savings rate is 2.0%. Loans are made based on financial status, an approved repayment plan, and the availability of funds. Payments are received monthly, quarterly, or annually over an agreed-upon payback period. Interest on loans is charged at agreed-upon rates, normally between 0% and 5%.

At June 30, 2021 and 2020, accrued interest receivable was $129,000 and $26,000, respectively. There was no accrued interest payable at June 30, 2021 or 2020. The allowance for doubtful accounts is the estimated uncollectible amount of notes receivable. All notes in this fund are due on various payment schedules and are unsecured.

Notes receivable and deposits payable for the ARF are summarized as follows as of June 30:

	2021	2020
Receivables		
Notes receivable	**$ 5,621,000**	$ 5,652,000
Less: Allowance for doubtful notes	**-**	(687,000)
	5,621,000	4,965,000
Less: Current portion	**(4,000)**	(18,000)
	5,617,000	4,947,000
Liabilities - Deposits	**$ 39,903,000**	$ 35,546,000

Of the total deposits payable as of June 30, 2021 and 2020, $29,400,000 and $27,053,000, was from ACC, respectively. ACC is separately incorporated from the Archdiocese, and the Archbishop of Seattle is the corporate sole of ACC. During the years ended June 30, 2021 and 2020, $537,000 and $634,000 of interest was paid to ACC, respectively.

At June 30, 2021 and 2020, there were eight notes receivable from eight outstanding borrowers. These notes had the following characteristics at June 30:

	2021	2020
Largest note outstanding	**$ 5,244,000**	$ 5,244,000
Largest note as a percentage of total	**93.3%**	92.8%
Number of past due notes	**None**	2
Amount of past due notes	**$ -**	$ 5,610,000
Past due notes as a percentage of total	**0.0%**	99.3%

As of June 30, 2021, the Archdiocese has one note receivable from Saint Elizabeth Ann Seton High School (Seton High School), which totaled $5,244,000, including accrued interest, or 93% of the total notes receivable amount. No payments on this note were received during the year ended June 30, 2021. See subsequent events footnote regarding full payoff and transfer to the PRF after year-end. As of June 30, 2020, two notes receivable from Seton High School were refinanced into one note, which totaled $5,244,000, including accrued interest, or 93% of the total notes receivable amount. No payments on this note were received during the year ended June 30,2020. Due to the strong financial position of Seton High School, the Archdiocese removed the provision for bad debt during the year ended June 30, 2021. See Note 7, Guarantees, for further discussion on this borrower.

At June 30, 2021, the note portfolio consisted of maturities between 36 months and 30 years.

The following is a summary of the ARF's allowance for doubtful notes for the years ended June 30:

	2021	2020
Beginning Balance	**$ 687,000**	$ 573,000
Provision (adjustment)	**(687,000)**	114,000
Ending Balance	**$ -**	$ 687,000

Other Notes Receivable

	2021	2020
Note receivable from Kennedy High School (see Note 7)	**$ 923,000**	$ 1,150,000
Note receivable from Bishop Blanchet High School (see Note 7)	**1,388,000**	1,569,000
	$ 2,311,000	$ 2,719,000

Notes receivable are presented in the statement of financial position as follows as of June 30, 2021:

	ARF	Other	Total
Notes receivable, current portion	$ 4,000	$ 427,000	$ 431,000
Notes receivable, non-current portion	5,617,000	1,884,000	7,501,000
Total Notes Receivable	$ 5,621,000	$ 2,311,000	$ 7,932,000

Notes receivable are presented in the statement of financial position as follows as of June 30, 2020:

	ARF	Other	Total
Notes receivable, current portion	$ 18,000	$ 408,000	$ 426,000
Notes receivable, non-current portion	4,947,000	2,311,000	7,258,000
Total Notes Receivable	$ 4,965,000	$ 2,719,000	$ 7,684,000

5. Contributions and Other Receivables

Contributions and other receivables are as follows at June 30:

	2021	2020
Annual Catholic Appeal pledges	$ 2,934,000	$ 5,614,000
Insurance premiums receivable	1,278,000	3,163,000
Parish assessments	834,000	1,140,000
Accrued interest and dividends	129,000	26,000
Other	994,000	772,000
	6,169,000	10,715,000
Less: Allowance for doubtful accounts	(1,228,000)	(1,225,000)
	$ 4,941,000	$ 9,490,000

6. Property and Equipment

Property and equipment are as follows at June 30:

	2021	2020
Land and improvements	$ 8,367,000	$ 8,975,000
Buildings	41,211,000	40,894,000
Furniture and equipment	5,530,000	5,187,000
	55,108,000	55,056,000
Less: Accumulated depreciation	(35,393,000)	(33,911,000)
	$ 19,715,000	$ 21,145,000

7. Notes Payable/Guarantees

Long-Term Notes Payable

Long-term notes payable are as follows at June 30:

	2021	2020
Note payable to the Knights of Columbus in monthly installments of \$32,750, including interest at 4.91%. The note is collateralized by real property. Monthly payments started on July 1, 2017. The note is due in June 2037 and is secured by real property with a net book value of \$5,105,000.	**\$ 4,350,000**	\$ 4,524,000
Note payable to the Knights of Columbus in monthly installments of \$22,811, including interest at 4.51%. The proceeds were passed through to Kennedy High School (see Note 4). The note is due in February 2025 and is collateralized by real property of the school. The school is expected to make debt service payments.	**923,000**	1,150,000
Note payable to the Knights of Columbus in monthly installments of \$20,882, including interest at 4.66%. The proceeds were passed through to Bishop Blanchet High School (see Note 4). The note is due in November 2027 and is collateralized by real property of the school. The school is expected to make debt service payments.	**1,387,000**	1,569,000
Note payable to the Knights of Columbus in monthly installments of \$9,208 beginning on July 1, 2020, including interest at 4%. The note is due in June 2025, and is unsecured.	**408,000**	500,000
Note payable to the Knights of Columbus in monthly installments of \$1,975 beginning on October 1, 2020 and through September 1, 2022, representing interest payments at 2.37%. Beginning October 1, 2022 through the maturity date, monthly installments are \$5,236, representing principal and interest at 2.37%. The note is due in September 2040, and is secured by investments.	**1,000,000**	-
Payroll Protection Program Loan; the loan was forgiven by the Small Business Administration (SBA) on June 24, 2021.	**-**	2,695,000
Total Notes Payable	**\$ 8,068,000**	\$ 10,438,000
Less: Current portion	**(707,000)**	(675,000)
Total Long-Term Notes Payable	**\$ 7,361,000**	\$ 9,763,000

Principal payments on the long-term notes payable are as follows for the years ending June 30:

2022	$ 707,000
2023	770,000
2024	813,000
2025	759,000
2026	494,000
Thereafter	4,525,000
	$ 8,068,000

Guarantees

The Archdiocese has guaranteed a loan on behalf of Seton High School. As of June 30, 2021, the balance on the loan was $6,695,000. The Archdiocese guaranteed the entire $6,695,000 balance. In addition, there is one outstanding ARF loan to Seton High School that totaled $5,244,000 as of June 30, 2021 (see Note 4). The ARF loan is subordinate to the $6,695,000 loan.

The Pope John Paul II High School has leased property under a lease ending in June 2025. The Archdiocese has guaranteed the payments on the lease through June 2024. The estimate of the guarantee is approximately $1,009,000. In addition, there is one outstanding ARF loan to Pope John Paul II High School for $366,000 as of June 30, 2021.

8. Custodial Liabilities

The Archdiocese serves a custodial function for money due to other Catholic organizations. All custodial accounts are recorded as liabilities until remitted to the intended recipients. The custodial liabilities balances are as follows at June 30:

	2021	2020
Other amounts held for local and national Archdiocesan organizations	**$ 2,206,000**	$ 1,573,000
Archdiocesan parish and other Archdiocesan organization endowment funds	**1,972,000**	1,158,000
	$ 4,178,000	$ 2,731,000

9. Related Parties

As discussed in Note 1 of these financials, the Archdiocesan Revolving Fund (ARF) is a deposit and loan fund representing resources arising from cooperative investment and lending programs established for the mutual benefit of Catholic organizations within the Archdiocese. The ARF is a segregated portion of the Operating Fund within the Archdiocese. Parishes participate in the PRF, a separate revolving fund not included in these financial statements. The Associated Catholic

Cemeteries holds a significant portion of their investment funds in the ARF (see further discussion below). See also Note 4 for further discussion of ARF activities.

Total funds held by the ARF attributable to ACC amounted to $27,553,000 and $24,572,000 as of June 30, 2021 and 2020, respectively. The Archdiocese incurred $558,000 and $634,000 in interest expense for the years ended June 30, 2021 and 2020, respectively, on the aforementioned revolving fund deposits.

Various high schools, which are mostly separate entities from the Archdiocese, participate in the ARF program. For both the years ended June 30, 2021 and 2020, total loans receivable attributable to the high schools amounted to $5,610,000. For the years ended June 30, 2021 and 2020, total revolving fund deposits attributable to the high schools amounted to $6,032,000 and $4,024,000, respectively.

Two high schools, Kennedy Catholic High School and Bishop Blanchet High School, have loans with the Knights of Columbus for which the Archdiocese is the borrower. The two high schools service debt and have a payable for the loan amount to the Archdiocese and the Archdiocese has a payable to the Knights of Columbus and a corresponding receivable from each of the high schools. As of June 30, 2021 and 2020, the notes receivable and associated notes payable balances for the high schools are $2,311,000 and $2,719,000, respectively.

The Fulcrum Foundation is an independent corporation from the Archdiocese that supports catholic schools in the Archdiocese of Seattle. During the year ended June 30, 2021, the Archdiocese passed through $2,000,000 of COVID-19 relief funds to the Fulcrum Foundation. The Archdiocese also awarded $222,000 and $5,000 in contributions to the Foundation during the years ended June 30, 2021 and 2020, respectively.

The Archdiocese received grants from the Foundation for the benefit of catholic schools of $371,000 and $21,000 for the years ended June 30, 2021 and 2020, respectively. In addition, the Foundation pays the Archdiocese for accounting services of $100,000 and $98,000 and for space leased for offices of $45,000 and $44,000 for the years ended June 30, 2021 and 2020, respectively. Total amounts due from the Foundation at year end were $300,000 at June 30, 2021, and $3,000 as of June 30, 2020.

The Called to Serve as Christ Capital Campaign is a separate entity from the Archdiocese. The campaign’s goal was to provide long term funding for the retirement and medical needs of priests and women’s religions that serve the Archdiocese of Seattle, as well as to support the individual parishes. During the years ended June 30, 2021 and 2020, the campaign disbursed $7,344,000 and $5,477,000, respectively, to the Priest Pension Plan and $2,757,000 and $2,057,000, respectively, to the Priest Health Plans.

The Archdiocese maintains a joint venture with the Diocese of Spokane and Yakima through the Washington State Catholic Conference. The venture is a lobbying activity in which each diocese makes payments to WSCC to cover operational costs. The Archdiocese paid the venture $286,000 for both years ended June 30, 2021 and 2020. The Archdiocese also receives lease income from the venture. For the years ended June 30, 2021 and 2020, lease income amounted to $15,000 for both years.

The Archdiocese maintains a service agreement with the Associated Catholic Cemeteries (ACC), a separate entity from the Archdiocese. The Archdiocese provides services including payroll, benefits, and related costs, which ACC reimburses the Archdiocese for. ACC reimbursed the Archdiocese $2,714,000 and $3,006,000 during the years ended June 30, 2021 and 2020, respectively. ACC also participates in the insurance program supported by the Archdiocese, of which insurance revenues totaled $139,000 and $122,000 for the years ended June 30, 2021 and 2020, respectively.

The insurance program covers all of the entities referenced in this footnote. Refer to Note 11.

10. Pension and Health Plan Benefits

The Archdiocese maintains the following separate plans, which provide retirement benefits to all lay employees and Archdiocesan priests who meet eligibility requirements:

- The Archdiocesan Pension Plan for Lay Employees (a defined contribution plan)
- Archdiocesan 403(b) Savings Plan (a defined contribution plan)
- Pension Plan and Trust for the Priests of the Archdiocese of Seattle (a defined benefit plan)
- Priests' Health Plan (a defined benefit plan)

In addition, the Archdiocese contributed to retirement plans maintained by the various religious orders of women. The assets and liabilities of these pension plans are separately managed and are not included in these financial statements.

The pension plans are not subject to the requirements of Title I of the Employee Retirement Income Security Act of 1974. A summary of each of the four plans sponsored by the Archdiocese is as follows:

The Archdiocesan Pension Plan for Lay Employees is a noncontributory defined contribution plan. The plan covers all eligible employees of the Archdiocese who are not ordained priests or members of a religious order. The costs of the plan are paid by the employing parishes, schools, and agencies. Annual contributions to the plan are made on the basis of 6% of gross annual earnings of each eligible employee.

Pension expense for the years ended June 30, 2021 and 2020, was $566,000 and $602,000, respectively. This represents the contribution by the Archdiocese on behalf of lay employees working in the Chancery.

The Archdiocesan 403(b) Savings Plan is a tax deferred savings plan covering substantially all employees of the Archdiocese. There are no matching contributions for employees at the Chancery except for eligible priests. Archdiocesan contributions to this plan were not material during the years ended June 30, 2021 and 2020.

Pension Plan and Trust for the Priests of the Archdiocese of Seattle is a noncontributory defined benefit plan covering all eligible Archdiocesan priests. Contributions from parishes, schools, and agencies employing priests outside the Archdiocese, along with contributions from the Called to Serve as Christ Campaign, are recognized as a reduction to pension expense by the Archdiocese.

On January 1, 2018, a new plan, the Frozen Pension Benefit Plan for Priests, was created for priests who are on permanent prayer and penance or have been reduced to the lay state under the Norms accompanying the charter for the Protection of Children and Youth. These Priests were removed from the Priests' Pension Plan and all related assets and liabilities were transferred into the new plan. The assets and liabilities related to the Frozen Pension Benefit Plan for Priests are included with the Pension Plan and Trust for the Priests of the Archdiocese of Seattle on the statements of financial position (collectively, the Priests' Pension Plans).

Priests' Health Plan is a plan used by the Archdiocese to provide health benefits including medical, dental, vision, and other benefits to its active, retired, and inactive priests ordained or incardinated in the Archdiocese of Seattle. Contributions from parishes, schools, and agencies employing priests outside the Archdiocese, along with contributions from the Called to Serve as Christ Campaign, are recognized as a reduction to health plan expense by the Archdiocese.

The post-retirement benefits described above are provided at the discretion of the Archbishop and may be changed in the future.

Changes to the aforementioned plans are the following for the years ended June 30:

	2021	2020
Changes in the Priests' Pension Plans		
Benefits paid and plan expenses	**$ (2,462,000)**	$ (2,487,000)
Actuarial assumption changes	**1,400,000**	(2,000,000)
Campaign contributions	**7,344,000**	5,477,000
Employer and other contributions	**1,806,000**	1,622,000
Investment gains	**5,485,000**	1,086,000
Other	**276,000**	131,000
Total Change in Priests' Pension Plans	**$ 13,849,000**	$ 3,829,000
Changes in Priests' Health Plan		
Benefits paid and plan expenses	**(657,000)**	(630,000)
Actuarial assumption changes	**473,000**	(2,373,000)
Campaign contributions	**2,757,000**	2,057,000
Employer and other contributions	**657,000**	630,000
Investment gains	**2,288,000**	855,000
Total Change in Priests' Health Plan	**$ 5,518,000**	$ 539,000

Obligations, Funded Status, and Assumptions

The following tables summarize the funded status of the Priests' pension plans and health benefits plan, as well as significant actuarial assumptions based on a June 30 measurement date:

	2021		2020	
	Priests' Pension Plans	**Priests' Health Plan**	Priests' Pension Plans	Priests' Health Plan
Benefit obligation	**$ 30,293,000**	**$ 17,573,000**	$ 31,692,000	$ 18,046,000
Fair value of plan assets	**30,571,000**	*****	18,121,000	*
Accrued asset (liability) in the statements of financial position (funded status)	**$ 278,000**	**$(17,573,000)**	$ (13,571,000)	$ (18,046,000)
Weighted-average assumptions to determine benefit obligations:				
Discount rate	**2.49%**	**2.70%**	2.30%	2.56%
Expected rate of return on plan assets	**5.50%**	**N/A**	5.50%	N/A

* As of June 30, 2021 and 2020, this plan held investment assets of $13,317,000 and $8,272,000, respectively. However, these assets are not netted against the liability, as the plan covers both active and retired priests.

Benefits payable under this plan are established at certain amounts without regard to levels of compensation paid to priests during employment. Consequently, changes in priests' compensation levels have no effect on the amount of projected or accumulated benefit obligation.

The computations assume annual rates of increase in the per-capita cost of covered health care benefits to be 4.9%, grading down to 4.0% in later years.

Changes in Actuarial Assumptions

During the year ended June 30, 2021, accrued Priests' pension and health benefit costs decreased by a total of $1,006,000 and $867,000, respectively, due to changes in the discount rate from 2.30% to 2.49% for the pension plan and from 2.56% to 2.70% for health benefits, and an update on the mortality assumptions to reflect the MP-2020 mortality improvement scale recently released by the Society of Actuaries' Retirement Plans Experience Committee.

During the year ended June 30, 2020, accrued Priests' pension and health benefit costs increased by a total of $2,818,000 and $2,020,000, respectively, due to changes in the discount rate from 3.21% to 2.30% for the pension plan and from 3.41% to 2.56% for health benefits, an update on the mortality assumptions to reflect the MP-2019 mortality improvement scale recently released by the Society of Actuaries' Retirement Plans Experience Committee, and changes in the medical trend assumption.

Contributions

The CTSC contributed $7,344,000 and $5,477,000 to the Priests' Pension Plans and $2,757,000 and $2,057,000 to the Health Benefits Plan during the years ended June 30, 2021 and 2020, respectively. In addition, donations from the Annual Catholic Appeal were used to contribute $800,000 to both the Priests' Pension Plans and Priests' Health Benefit Plan for the years ended June 30, 2021 and 2020.

Amounts to be paid into the plans from the CTSC for future years are dependent on cash collected against the CTSC pledges. The Archdiocese expects to contribute approximately $600,000 to its Priests' Pension Plan, $100,000 to the Frozen Pension Benefit Plan for Priests, and $600,000 to its Priests' Health Plan in the year ending June 30, 2022.

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Benefit Cost and Contributions

Priest pension and health benefit expenses and related contribution information is summarized as follows for the years ended June 30:

	2021		2020	
	Priests' Pension Plans	Priests' Health Plan	Priests' Pension Plans	Priests' Health Plan
Benefit Cost	$ 1,519,000	$ 1,054,000	$ 1,793,000	$ 993,000
Less:				
Contributions paid by CTSC	(7,344,000)	-	(5,477,000)	-
Contributions and bequests	(1,806,000)	-	(1,622,000)	-
Net (Benefit) Cost	(7,631,000)	1,054,000	(5,306,000)	993,000
Change in expense resulting from a change in the minimum liability	(6,218,000)	(870,000)	1,477,000	2,010,000
Total (Benefit) Expense	(13,849,000)	184,000	(3,829,000)	3,003,000
Archdiocesan Contribution to the Plan	950,000	735,000	800,000	801,000
Total Benefits Paid by the Plan	$ 2,233,000	$ 735,000	$ 2,240,000	$ 801,000
Items not yet recognized as a component of net periodic benefit cost				
Net loss	$ 11,076,000	$ 16,601,000	$ 16,995,000	$ 16,204,000
Prior service cost	2,641,000	972,000	2,940,000	(1,842,000)
	$ 13,717,000	$ 17,573,000	$ 19,935,000	$ 14,362,000
Reclassification of amounts to net periodic benefit cost				
Net loss (benefit)	$ (5,919,000)	$ (867,000)	$ 1,776,000	$ 2,020,000
Prior service cost	(299,000)	2,000	(299,000)	(10,000)
	$ (6,218,000)	$ (865,000)	$ 1,477,000	$ 2,010,000
Amounts expected to be recognized in net periodic benefit cost for the year ending June 30, 2022				
Net loss*	$ 493,000	$ (1,000)	$ 813,000	$ -
Prior service cost	299,000	(2,000)	299,000	(2,000)
	$ 792,000	$ (3,000)	$ 1,112,000	$ (2,000)

* Amount to be determined for net gain/loss for pension plan.
These plans do not allow participant contributions.

Pension Plan Assets

The Archdiocese's overall strategy is to invest in a diversified portfolio of high-grade securities and other assets to provide long-term growth through income and appreciation in excess of customized indexes and at a lower relative risk. However, market fluctuations may result in capital losses. In general, the Archdiocese's goal is to maintain the following allocation ranges:

Domestic equity securities	33.6% - 50.4%
International equity securities	14.4% - 21.6%
Fixed income and cash surrender value of life insurance	16% - 24%
Real estate and mortgage-backed fixed income funds	16% - 24%

The Archdiocese's Priests' Pension Plan weighted-average asset allocations by asset category are as follows at June 30:

	2021	2020
Cash and cash equivalents	**6%**	4%
Accounts receivables	**1%**	0%
Domestic equity securities and mutual funds	**34%**	38%
International equity securities and mutual funds	**22%**	21%
Fixed income and cash surrender value of life insurance	**20%**	17%
Real estate funds	**11%**	13%
Mortgage-backed fixed income funds	**6%**	7%
Total	**100%**	100%

The overall expected long-term rate-of-return on plan assets represents a weighted-average composite rate based on expected rates-of-return for the following individual asset categories:

	2021	2020
Cash and equivalents	**1.97%**	1.94%
Domestic equity securities and mutual funds	**6.09%**	5.65%
International equity securities and mutual funds	**7.31%**	6.70%
Fixed income and cash surrender value of life insurance	**3.59%**	2.91%
Real estate funds	**5.95%**	5.55%
Mortgage-backed fixed income funds	**4.23%**	3.09%

Such rates are estimated by adjusting historical results for each category of investment for anticipated market movement.

Estimated Future Benefit Payments

The following benefit payments, which reflect expected future service for the current population of priests, are expected to be paid for the years ending June 30:

	Priests' Pension Plans	Priests' Health Plan
2022	$ 2,255,000	$ 677,000
2023	2,172,000	691,000
2024	2,078,000	718,000
2025	1,944,000	731,000
2026	1,886,000	739,000
2027 - 2031	8,242,000	3,754,000
	$ 18,577,000	$ 7,310,000

11. Insurance Program

Property, liability, and workers' compensation insurance coverage is purchased by the Archdiocese on behalf of all parts of the Archdiocese including the parishes, schools, ACC, CCS, Archdiocesan Housing Authority, and Catholic Charities Foundation of Western Washington. Because the Archdiocese acts as an agent for the insurance program, revenue and expenses are presented net in the statement of activities and changes in net assets. The liability insurance includes coverage for sexual misconduct liabilities. The Archdiocese administers the insurance program for the administrative offices, parishes, and other Archdiocesan organizations. It collects premiums from the affected organizations and pays insurance policy premiums and certain claim costs.

Insurance revenue and related expense are the following for the years ending June 30:

	2021	2020
Insurance revenue	**$ 13,400,000**	$ 13,530,000
Insurance expense	**(11,051,000)**	(15,840,000)
Net Insurance Revenue (Expense)	**$ 2,349,000**	$ (2,310,000)

Further details on insurance program expenses are presented in the statement of functional expenses.

The Archdiocese is self-insured for specific amounts. Coverage for losses in excess of the self-insured limits of liabilities is also purchased. Estimated unpaid claim costs that are self-insured have been recorded as a liability in these financial statements.

12. Insurance Claims Payable and Contingencies

Insurance claims payable include the following as of June 30:

	2021	2020
Workers' compensation	**$ 6,754,000**	$ 6,056,000
Property and liability	**457,000**	1,414,000
Sexual abuse	**4,103,000**	6,400,000
Employment	**50,000**	50,000
	$ 11,364,000	$ 13,920,000

Property and liability and workers’ compensation liabilities represent exposure based on actuarially determined case reserves and incurred but not reported claims for losses up to the Archdiocese’s self-insurance level. The Archdiocese is self-insured up to $500,000 for workers’ compensation claims and $250,000 for property and liability claims.

The Archdiocese is defending claims for damages involving allegations of sexual abuse of minors. These cases date back to abuse that happened between the 1960’s and early 1990’s. The Archdiocese’s policy is to provide counseling assistance to all victims regardless of fault. However, it is also the Archdiocese’s policy to ensure that it has competent legal representation in every claim made against it. Liabilities are assessed at the time a claim is reported.

During the year ended June 30, 2021, the Archdiocese settled 14 sexual abuse cases for approximately $3,069,000, net of insurance. During the year ended June 30, 2020, the Archdiocese settled 13 sexual abuse cases for approximately $2,196,000, net of insurance.

As of June 30, 2021, there were 14 sexual abuse cases outstanding and in litigation. Management has concluded that reasonable estimates for settlements of these cases would be $4,103,000, which is recorded as a liability as of June 30, 2021. Additionally, management reviewed the Archdiocese’s insurance coverage for each case and has estimated that approximately $1,407,000 of the estimated settlement liability will be covered by insurance carriers; this amount has been recorded in accounts receivable.

Management considers estimates of settlements of sexual abuse claims and related insurance recoveries to be significant estimates, and it is reasonably possible that the amounts will change in the near term based on further settlements and claims activity. The changes could have a material effect on the financial statements.

13. Endowment

Archdiocesan Endowment

The Archdiocesan endowments consist of 12 individual funds established for a variety of purposes. The endowments include eight donor-restricted endowment funds and four funds designated by the Archbishop to function as endowments (quasi-endowments). Five of the 12 individual funds, or 78% of the endowment fund balance, are restricted for seminarian support. Designated endowments may be re-designated as non-endowed funds at the discretion of the Archbishop. As required by accounting principles generally accepted in the United States of America, net assets associated with endowment funds, including quasi-endowments, are classified and reported based on the existence or absence of donor-imposed restrictions.

Interpretation of Relevant Law

Management interpreted the State of Washington Uniform Prudent Management of Institutional Funds Act (UPMIFA) as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, the Archdiocese classifies (a) the original value of gifts donated to the permanent endowment plus (b) the original value of subsequent gifts to the permanent endowment as net assets with donor restrictions to be held in perpetuity. The remaining portion of the donor-restricted endowment fund that is not classified in donor-restricted net assets to be held in perpetuity is classified as donor-restricted net assets until those amounts are appropriated for

expenditure by the Archdiocese in a manner consistent with the standard of prudence described by UPMIFA. In accordance with UPMIFA, the Archdiocese considers the following factors in making a determination to appropriate or accumulate donor-restricted funds:

- The duration and preservation of the endowment fund
- The purposes of the donor-restricted endowment fund
- General economic conditions
- The possible effect of inflation or deflation
- The expected total return from income and the appreciation of investments
- Other resources of the Archdiocese
- The investment policies of the Archdiocese

Endowment net assets consist of the following at June 30:

		With Donor Restrictions		
Year Ended June 30, 2021	Without Donor Restrictions	Accumulated Earnings	Perpetual Restrictions	Total
Donor-restricted endowment funds	$ -	$ 4,786,000	$ 8,471,000	$ 13,257,000
Quasi-endowment funds	4,659,000	-	-	4,659,000
Total	$ 4,659,000	$ 4,786,000	$ 8,471,000	$ 17,916,000

		With Donor Restrictions		
Year Ended June 30, 2020	Without Donor Restrictions	Accumulated Earnings	Perpetual Restrictions	Total
Donor-restricted endowment funds	$ -	$ 2,853,000	$ 8,386,000	$ 11,239,000
Quasi-endowment funds	2,895,000	-	-	2,895,000
Total	$ 2,895,000	$ 2,853,000	$ 8,386,000	$ 14,134,000

Changes in endowment net assets are as follows for the years ended June 30:

		With Donor Restrictions		
	Without Donor Restrictions	Accumulated Earnings	Perpetual Restrictions	Total
Endowment Net Assets, June 30, 2019	$ 2,789,000	$ 3,206,000	$ 8,333,000	$ 14,328,000
Investment return				
Investment income	70,000	98,000	-	168,000
Net appreciation (realized and unrealized)	126,000	179,000	-	305,000
Total investment return	196,000	277,000	-	473,000
Contributions	-	-	53,000	53,000
Appropriation of endowment net assets for expenditure	(90,000)	(630,000)	-	(720,000)
Endowment Net Assets, June 30, 2020	2,895,000	2,853,000	8,386,000	14,134,000
Investment return				
Investment income	65,000	94,000	-	159,000
Net appreciation (realized and unrealized)	1,816,000	2,653,000	-	4,469,000
Total investment return	1,881,000	2,747,000	-	4,628,000
Contributions	-	-	85,000	85,000
Appropriation of endowment net assets for expenditure	(117,000)	(814,000)	-	(931,000)
Endowment Net Assets, June 30, 2021	$ 4,659,000	$ 4,786,000	$ 8,471,000	$ 17,916,000

Return Objectives and Risk Parameters

The Archdiocese has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment while seeking to maintain the purchasing power of the endowment assets and maintaining compliance with socially responsible investment guidelines of the Church. Endowment assets include those assets of donor-restricted funds that the organization must hold in perpetuity or for a donor-specified period(s), as well as quasi-endowment funds. Under this policy, as approved by the Archbishop, the endowment investment objectives will be for the asset value, exclusive of contributions or withdrawals, to grow over time and earn, through a combination of investment income and capital appreciation, a rate-of-return (time-weighted total return) in excess of inflation, as measured by the Consumer Price Index and defined benchmarks. Allocations of endowment investments will change over time as circumstances, investment performance, economic, and other conditions change.

Strategies Employed for Achieving Objectives

To satisfy its long-term rate-of-return objectives, the Archdiocese relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). The Archdiocese targets a diversified asset allocation that places a greater emphasis on equity-based investments to achieve its long-term return objectives within prudent risk constraints.

Spending Policy and How the Investment Objectives Relate to the Spending Policy

The Archdiocese has a policy of appropriating for distribution each year no more than 5% of its endowment fund's fair value at June 30. This is consistent with the Archdiocese's objective to maintain the purchasing power of the endowment assets held in perpetuity for a specified term, as well as to provide additional real growth through new gifts and investment return. Investment returns depend on many factors, and there can be no assurance that the planned returns will be achieved.

Funds with Deficiencies

From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor requires. As of June 30, 2021 and 2020, there were no funds with deficiencies.

14. COVID-19

On January 30, 2020, the World Health Organization (WHO) announced a global health emergency because of a new strain of coronavirus originating in Wuhan, China (the COVID-19 outbreak) and the risks to the international community as the virus spreads globally beyond its point of origin. In March 2020, the WHO classified the COVID-19 outbreak as a pandemic, based on the rapid increase in exposure globally.

The CARES Act, signed into law by President Trump on March 27, 2020, appropriated funds for the Small Business Administration (SBA) Paycheck Protection Program (PPP) loans that are forgivable in certain situations to promote continued employment, as well as Economic Injury Disaster Loans to provide liquidity to small business and nonprofits harmed by COVID-19. The Archdiocese applied for and received a PPP loan in the amount of $2,695,000, which was then forgiven by the SBA on June 24, 2021. The Small Business Administration has stated that all PPP loans in excess of $2 million, and other PPP loans as appropriate, will be subject to review by the SBA for compliance with program requirements. If the SBA determines in the course of its review that a borrower lacked an adequate basis for the required certification concerning the necessity of the loan request or the subsequent use of loan proceeds, the SBA will seek repayment of the PPP loan, including interest and potential penalties. While we believe our loan was properly obtained and forgiven, there can be no assurance regarding the outcome of an SBA review. We have not accrued any liability associated with the risk of an adverse SBA review.

The full impact of the COVID-19 outbreak continues to evolve as of the date of this report. Certain programs at the Archdiocese were deemed too risky to operate during the COVID-19 outbreak, including the retreat center, summer camps, and CYO athletics, and are currently operating with limited in-person events or programs. The closure of these programs resulted in a loss of revenue for the Archdiocese, however, this loss was mitigated by furloughing the majority of staff who worked on these programs and maintaining only essential maintenance and business continuity staff. Other programs and services of the Archdiocese continue to operate; however, many employees are now working from home.

The Annual Catholic Appeal (the Appeal) is the Archdiocese primary fundraising event. The Archdiocese pledged 10% of the Appeal revenue from the year ended June 30, 2021, to the Parish Solidarity Fund for COVID Relief, along with other donations specifically to support COVID-19 relief at the parishes. Total funds raised for the Solidarity Fund were $1,160,000 from the Annual Catholic Appeal and $872,000 from individual donations; $660,000 has been funded to parishes as of June 30, 2021, for COVID-19 support with $1,372,000 remaining for the next fiscal year.

Parish giving has been negatively impacted by the COVID-19 outbreak and future revenue from parish assessments and Annual Catholic Appeal are based on a percentage of parish ordinary income. Management continues to examine the impact that the CARES Act may have on the Archdiocese.

Given the daily evolution of the COVID-19 outbreak and the global responses to curb its spread, the Archdiocese is not able to estimate the effects of the pandemic on its future operations, financial condition or liquidity for fiscal year 2022. Management is actively monitoring the impact of the global situation on its financial condition, liquidity, operations, supplies, industry, and workforce.

Supplemental Information

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Independent Auditor's Report on Supplemental Information

Most Reverend Paul D. Etienne
Roman Catholic Archbishop of Seattle
The Program and Administrative Offices of the
Corporation of the Catholic Archbishop of Seattle
Seattle, Washington

We have audited the financial statements of the Program and Administrative Offices of the Corporation of the Catholic Archbishop of Seattle as of and for the year ended June 30, 2021, and our report thereon dated November 23, 2021, which expressed an unmodified opinion on those financial statements, appears on pages 3 and 4. Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The 2021 fund information in Schedules I and II is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

BDO USA, LLP

November 23, 2021

The Program and Administrative Offices of the Corporation of the Catholic Archbishop of Seattle

Schedule I - Statement of Financial Position by Fund

June 30, 2021	Operating Fund	Archdiocesan Revolving Fund	Plant Fund	Endowment and Similar Funds	Total
Assets					
Cash	$ 15,245,000	$ -	$ -	$ -	$ 15,245,000
Investments	46,977,000	-	-	-	46,977,000
Contributions and other receivables	4,812,000	129,000	-	-	4,941,000
Notes receivable	427,000	4,000	-	-	431,000
Insurance reimbursement receivable	1,407,000	-	-	-	1,407,000
Prepaid expenses and other assets	378,000	-	-	-	378,000
Total Current Assets	69,246,000	133,000	-	-	69,379,000
Endowment investments	-	-	-	19,895,000	19,895,000
Annuity/trust investments	4,462,000	-	-	-	4,462,000
Notes receivable, less current portion and allowance	1,884,000	5,617,000	-	-	7,501,000
Net priests' pension plans asset	278,000	-	-	-	278,000
Priests' health plan assets	13,317,000	-	-	-	13,317,000
Property and equipment, net	-	-	19,715,000	-	19,715,000
Other interfund balance	(34,146,000)	34,153,000	-	(7,000)	-
Total Assets	$ 55,041,000	$ 39,903,000	$ 19,715,000	$ 19,888,000	$ 134,547,000

The Program and Administrative Offices of the Corporation of the Catholic Archbishop of Seattle

Schedule I - Statement of Financial Position by Fund

June 30, 2021	Operating Fund	Archdiocesan Revolving Fund	Plant Fund	Endowment and Similar Funds	Total
Liabilities and Net Assets					
Revolving fund deposits	$ -	$ 39,903,000	$ -	$ -	$ 39,903,000
Notes payable, current portion	707,000	-	-	-	707,000
Accounts payable and accrued expenses	3,041,000	-	4,000	-	3,045,000
Deferred revenue	494,000	-	-	-	494,000
Insurance claims payable	11,364,000	-	-	-	11,364,000
Priests' health plan liability	677,000	-	-	-	677,000
Custodial liabilities	2,206,000	-	-	1,972,000	4,178,000
Total Current Liabilities	18,489,000	39,903,000	4,000	1,972,000	60,368,000
Notes payable, less current portion	7,361,000	-	-	-	7,361,000
Net priests' health plan liability, less current portion	16,896,000	-	-	-	16,896,000
Annuity/trust liabilities	3,047,000	-	-	-	3,047,000
Total Liabilities	45,793,000	39,903,000	4,000	1,972,000	87,672,000
Net Assets					
Without donor restrictions					
Undesignated funds surplus (deficit)	(14,627,000)	-	19,464,000	2,230,000	7,067,000
Designated funds	8,110,000	-	247,000	2,429,000	10,786,000
Total net assets without donor restrictions	(6,517,000)	-	19,711,000	4,659,000	17,853,000
With donor restrictions	15,765,000	-	-	13,257,000	29,022,000
Total Net Assets	9,248,000	-	19,711,000	17,916,000	46,875,000
Total Liabilities and Net Assets	$ 55,041,000	$ 39,903,000	$ 19,715,000	$ 19,888,000	$ 134,547,000

The Program and Administrative Offices of the Corporation of the Catholic Archbishop of Seattle

Schedule II – Statement of Activities and Changes in Net Assets by Fund

Year Ended June 30, 2021	Operating Fund	Archdiocesan Revolving Fund	Plant Fund	Endowment and Similar Funds	Total
Net Assets without Donor Restrictions					
Revenue and other support					
Parish assessments	$ 7,780,000	$ -	$ -	$ -	$ 7,780,000
Program fees	3,660,000	-	-	-	3,660,000
Interest, dividends, and other income	740,000	113,000	-	65,000	918,000
Contributions	1,237,000	-	-	-	1,237,000
	13,417,000	113,000	-	65,000	13,595,000
Net assets released from restrictions					
Satisfaction of time restrictions from the Annual Catholic Appeal	11,601,000	-	-	-	11,601,000
Satisfaction of program restrictions	487,000	-	-	814,000	1,301,000
Total Revenue and Other Support	25,505,000	113,000	-	879,000	26,497,000
Expenses					
Program	14,445,000	-	-	-	14,445,000
Management and general	10,629,000	-	1,509,000	-	12,138,000
Stewardship and development	1,401,000	-	-	-	1,401,000
Total Expenses	26,475,000	-	1,509,000	-	27,984,000
Change in net assets before insurance, other gains and losses, bequests, and COVID relief related activities	(970,000)	113,000	(1,509,000)	879,000	(1,487,000)

The Program and Administrative Offices of the Corporation of the Catholic Archbishop of Seattle

Schedule II – Statement of Activities and Changes in Net Assets by Fund

Year Ended June 30, 2021	Operating Fund	Archdiocesan Revolving Fund	Plant Fund	Endowment and Similar Funds	Total
Insurance revenue and expense, net	$ 2,349,000	$ -	$ -	$ -	$ 2,349,000
Bequests	3,368,000	-	-	-	3,368,000
Gains on investments	5,924,000	-	-	1,815,000	7,739,000
Net change in priests' pension plans	13,849,000	-	-	-	13,849,000
Net change in priests' health plan	5,518,000	-	-	-	5,518,000
Realized gains on sale of property	1,578,000	-	-	-	1,578,000
PPP loan forgiveness	2,695,000	-	-	-	2,695,000
Contributions for COVID relief	1,000,000	-	-	-	1,000,000
Internal transfers of net assets without donor restrictions	956,000	(113,000)	87,000	(930,000)	-
Change in Net Assets without Donor Restrictions	36,267,000	-	(1,422,000)	1,764,000	36,609,000
Net Assets with Donor Restrictions					
Contributions	12,002,000	-	-	85,000	12,087,000
Investment income	-	-	-	94,000	94,000
Gains on investments	-	-	-	2,653,000	2,653,000
Net assets released from restrictions					
Satisfaction of time restrictions from the Annual Catholic Appeal	(11,601,000)	-	-	-	(11,601,000)
Satisfaction of program restrictions	(487,000)	-	-	(814,000)	(1,301,000)
Change in Net Assets with Donor Restrictions	(86,000)	-	-	2,018,000	1,932,000
Total Net Assets					
Change in Net Assets without Donor Restrictions	36,267,000	-	(1,422,000)	1,764,000	36,609,000
Change in Net Assets with Donor Restrictions	(86,000)	-	-	2,018,000	1,932,000
Total Change in Net Assets	36,181,000	-	(1,422,000)	3,782,000	38,541,000
Net Assets, beginning of year	(26,933,000)	-	21,133,000	14,134,000	8,334,000
Net Assets, end of year	$ 9,248,000	$ -	$ 19,711,000	$ 17,916,000	$ 46,875,000