

**THE PROGRAM AND ADMINISTRATIVE
OFFICES OF THE CORPORATION OF
THE CATHOLIC ARCHBISHOP OF SEATTLE**

Financial Statements

For the Years Ended June 30, 2024 and 2023

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Independent Auditor's Report

**Most Reverend Paul D. Etienne
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, 2024 and 2023, and the related statements of activities and changes in net assets, 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, 2024 and 2023, 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 for one year after the date that the financial statements are 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.

Report on Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying supplementary information 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.

Clark Nuber P.S.

Certified Public Accountants
November 15, 2024

**THE PROGRAM AND ADMINISTRATIVE OFFICES OF THE
CORPORATION OF THE CATHOLIC ARCHBISHOP OF SEATTLE**
Statements of Financial Position
June 30, 2024 and 2023
(In Thousands)

	<u>2024</u>	<u>2023</u>
Assets		
Current Assets:		
Cash	\$ 5,729	\$ 6,701
Investments	60,392	53,135
Contributions and other receivables	6,006	10,258
Notes receivable, current portion	11	21
Insurance reimbursement receivable	824	
Prepaid expenses and other assets	1,116	339
Total Current Assets	74,078	70,454
Endowment investments	23,706	21,505
Annuities and trusts investments	3,920	3,686
Notes receivable, less current portion and net of allowance	352	357
Net priests' pension plans asset	13,561	9,959
Priests' health plan assets	15,728	13,864
Property and equipment, net	21,616	20,505
Total Assets	\$ 152,961	\$ 140,330
Liabilities and Net Assets		
Current Liabilities:		
Revolving fund deposits	\$ 45,794	\$ 46,222
Accounts payable and accrued expenses	5,020	5,233
Deferred revenue	1,128	871
Insurance claims payable	21,397	13,873
Priests' health plan liability, current portion	618	609
Custodial liabilities	8,623	7,618
Total Current Liabilities	82,580	74,426
Priests' health plan liability, less current portion	11,441	10,838
Annuities and trusts liabilities	2,653	2,522
Total Liabilities	96,674	87,786
Net Assets:		
Without donor restrictions-		
Undesignated surplus	17,799	17,426
Designated funds	10,206	6,992
Total net assets without donor restrictions	28,005	24,418
With donor restrictions	28,282	28,126
Total Net Assets	56,287	52,544
Total Liabilities and Net Assets	\$ 152,961	\$ 140,330

See accompanying notes.

**THE PROGRAM AND ADMINISTRATIVE OFFICES OF THE
CORPORATION OF THE CATHOLIC ARCHBISHOP OF SEATTLE**
Statements of Activities and Changes in Net Assets
For the Years Ended June 30, 2024 and 2023
(In Thousands)

	2024	2023
Without Donor Restrictions:		
Revenue and other support-		
Parish assessments	\$ 8,703	\$ 6,683
Program fees	7,724	6,070
Investment and other income	4,191	2,768
Contributions	1,061	1,177
	21,679	16,698
Net assets released from restrictions-		
Satisfaction of time restrictions, Annual Catholic Appeal	11,087	10,807
Satisfaction of program restrictions	2,878	1,714
Total Without Donor Restrictions	35,644	29,219
Expenses:		
Program	19,168	16,179
Management and general	16,362	14,170
Stewardship and development	1,755	1,177
Total Expenses	37,285	31,526
Change in Net Assets Before Other Activity	(1,641)	(2,307)
Insurance revenue	13,531	15,271
Insurance expense	(21,116)	(15,888)
Bequests	2,061	82
Gains on investments	4,173	3,496
Equity transfer	2,037	
Net change in priests' pension plans	3,603	4,955
Net change in priests' health plan	923	1,294
Change in Net Assets Without Donor Restrictions	3,571	6,903
Net Assets With Donor Restrictions:		
Contributions	12,955	13,073
Investment income	178	193
Gains on investments	1,004	956
Net assets release from restrictions-		
Satisfaction of time restrictions from the Annual Catholic Appeal	(11,087)	(10,807)
Satisfaction of the program restrictions	(2,878)	(1,714)
Change in Net Assets With Donor Restrictions	172	1,701
Total Change in Net Assets	3,743	8,604
Net assets, beginning of year	52,544	43,940
Net Assets at End of Year	\$ 56,287	\$ 52,544

See accompanying notes.

**THE PROGRAM AND ADMINISTRATIVE OFFICES OF THE
CORPORATION OF THE CATHOLIC ARCHBISHOP OF SEATTLE**
Statement of Functional Expenses
For the Year Ended June 30, 2024
(In Thousands)

	Program Services										Supporting Services			2024 Total	
	Insurance Expenses	Archbishop's Office	Catholic Schools	CYO Camps and Athletics	Retreat Center	Vicar for Clergy	Northwest Catholic	Tribunal	Funding to Related Organizations	Other Programs	Total Program Services	Management and General	Stewardship and Development		Total Supporting Services
Salaries and benefits	\$ 511	\$ 1,998	\$ 1,441	\$ 1,565	\$ 802	\$ 2,145	\$ 459	\$ 520	\$ -	\$ 1,092	\$ 10,533	\$ 8,480	\$ 994	\$ 9,474	\$ 20,007
Professional services	1,706	80	553	277	54	323	16	48	2	81	3,140	3,375	269	3,644	6,784
Insurance	5,197		45								5,242	10		10	5,252
Insurance claims	11,461							(3)			11,458				11,458
Office and printing	3	78	149	561	236	33	440	5		63	1,568	1,971	301	2,272	3,840
Taxes and assessments	2,191	7		7	6	7	1				2,219	358		358	2,577
Other	6	179	197	321	240	75	63	10		333	1,424	835	76	911	2,335
Donations and contributions			8	177		105	25		463	560	1,338	422		422	1,760
Depreciation	37	145	105	114	58	180	33	38		79	789	620	72	692	1,481
Interest		13							1,377		1,390	2		2	1,392
Education	4	32	3	5	1	771		2		78	896	124	6	130	1,026
Rentals and leases		61	38	146						42	287	165	37	202	489
Total Expenses	21,116	2,593	2,539	3,173	1,397	3,639	1,037	620	1,842	2,328	40,284	16,362	1,755	18,117	58,401
Less insurance	(21,116)										(21,116)				(21,116)
Total Expenses Without Insurance	\$ -	\$ 2,593	\$ 2,539	\$ 3,173	\$ 1,397	\$ 3,639	\$ 1,037	\$ 620	\$ 1,842	\$ 2,328	\$ 19,168	\$ 16,362	\$ 1,755	\$ 18,117	\$ 37,285

See accompanying notes.

**THE PROGRAM AND ADMINISTRATIVE OFFICES OF THE
CORPORATION OF THE CATHOLIC ARCHBISHOP OF SEATTLE**
Statement of Functional Expenses
For the Year Ended June 30, 2023
(In Thousands)

	Program Services										Supporting Services			2023 Total	
	Insurance Expenses	Archbishop's Office	Catholic Schools	CYO Camps and Athletics	Retreat Center	Vicar for Clergy	Northwest Catholic	Tribunal	Funding to Related Organizations	Other Programs	Total Program Services	Management and General	Stewardship and Development		Total Supporting Services
Salaries and benefits	\$ 569	\$ 1,796	\$ 1,339	\$ 921	\$ 593	\$ 2,195	\$ 453	\$ 440	\$ -	\$ 1,161	\$ 9,467	\$ 6,918	\$ 597	\$ 7,515	\$ 16,982
Professional services	1,714	119	301	162	66	211	12	41	2	102	2,730	3,964	188	4,152	6,882
Insurance	5,585		46	1							5,632	10		10	5,642
Insurance claims	5,976										5,976				5,976
Office and printing	37	80	137	333	156	40	420	3		64	1,270	1,313	282	1,595	2,865
Taxes and assessments	1,960	4	1	10	14	10	1				2,000	296		296	2,296
Other	2	232	143	211	182	113	61	7		163	1,114	616	55	671	1,785
Donations and contributions			24	182		93	25		328	653	1,305	343		343	1,648
Depreciation	53	166	124	86	55	203	42	41		107	877	640	55	695	1,572
Interest	46						3		735		784	11		11	795
Education	1	6	3	2		645				35	692	78		78	770
Rentals and leases		40	42	100						91	273	11		11	284
Bad debt expense	(55)			2							(53)	(30)		(30)	(83)
Total Expenses	15,888	2,443	2,160	2,010	1,066	3,510	1,017	532	1,065	2,376	32,067	14,170	1,177	15,347	47,414
Less insurance	(15,888)										(15,888)				(15,888)
Total Expenses Without Insurance	\$ -	\$ 2,443	\$ 2,160	\$ 2,010	\$ 1,066	\$ 3,510	\$ 1,017	\$ 532	\$ 1,065	\$ 2,376	\$ 16,179	\$ 14,170	\$ 1,177	\$ 15,347	\$ 31,526

See accompanying notes.

**THE PROGRAM AND ADMINISTRATIVE OFFICES OF THE
CORPORATION OF THE CATHOLIC ARCHBISHOP OF SEATTLE**
Statements of Cash Flows
For the Years Ended June 30, 2024 and 2023
(In Thousands)

	<u>2024</u>	<u>2023</u>
Cash Flows From Operating Activities:		
Change in net assets	\$ 3,743	\$ 8,604
Adjustments to reconcile change in net assets to cash provided by (used in) operating activities:		
Depreciation	1,481	1,572
Endowment contributions	(50)	(63)
Gains on investments	(5,177)	(4,452)
Changes in operating assets and liabilities-		
Operating receivables	3,443	(3,668)
Prepaid expenses and other assets	(777)	(137)
Revolving fund deposits	(428)	(3,017)
Accrued priests' pension plans and priests' health plan liability	(4,854)	(6,250)
Insurance claims payable	7,524	(698)
Accounts payable, accrued expenses and other liabilities	(213)	870
Deferred revenue	257	32
Custodial liabilities	158	(836)
Annuities and trusts	(103)	(24)
Equity transfer	(2,037)	
Net Cash Flows Provided by (Used in) Operating Activities	2,967	(8,067)
Cash Flows From Investing Activities:		
Purchases of investments	(29,140)	(8,029)
Proceeds from the sale of investments	25,706	3,609
Purchases of property and equipment	(1,147)	(3,476)
Net Cash Flows Used in Investing Activities	(4,581)	(7,896)
Cash Flows From Financing Activities:		
Proceeds from endowment contributions	50	63
Cash transfer from equity transfer	592	
Net Cash Flows Provided by Financing Activities	642	63
Net Change in Cash	(972)	(15,900)
Cash, at beginning of year	6,701	22,601
Cash, at End of Year	\$ 5,729	\$ 6,701
Supplementary Disclosure of Cash Flow Information:		
Cash paid during the year for interest	\$ 1,393	\$ 795
Fixed asset addition from equity transfer	\$ 1,445	\$ -

See accompanying notes.

**THE PROGRAM AND ADMINISTRATIVE OFFICES OF THE
CORPORATION OF THE CATHOLIC ARCHBISHOP OF SEATTLE**

**Notes to Financial Statements
For the Years Ended June 30, 2024 and 2023**

Note 1 - Organization and Significant Accounting Policies

Organization - The accompanying financial statements include the financial activities under direct control of the Program and Administrative Offices of the Corporation of the Catholic Archbishop of Seattle (the Archdiocese). The staff of the Program and Administrative Offices (the Chancery) 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 (PRF) 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 (CCS), Archdiocesan Housing Authority, Catholic Charities Foundation of Western Washington, Called to Serve as Christ Campaign (CTSC), St. Joseph Foundation, Associated Catholic Cemeteries (ACC), and 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 the Roman Catholic Church, 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 (U.S. GAAP) requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Actual results could differ from the estimated amounts.

Basis of Presentation - Net assets, revenues, gains, and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, the net assets of the Archdiocese and changes therein are classified and reported as follows:

Net Assets Without Donor Restrictions - Net assets on which there are no donor-imposed restrictions for use, or such donor-restrictions were temporary and expired or were met during the current or previous years.

Net Assets With Donor Restrictions - Net assets restricted by donors to be used for certain purposes or future purposes, including donor-restricted endowments whose corpus is intended to be held 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.

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 nonendowment 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.

**THE PROGRAM AND ADMINISTRATIVE OFFICES OF THE
CORPORATION OF THE CATHOLIC ARCHBISHOP OF SEATTLE**

**Notes to Financial Statements
For the Years Ended June 30, 2024 and 2023**

Note 1 - Continued

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:

Perpetual Endowments - The principal of true endowments is expected to be invested for perpetuity.

Other Donor-Restricted Funds - Funds temporarily restricted by donors but included in this fund, as they are treated by the Archdiocese as long-term.

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.

Revenue Recognition -

Parish Assessment and Special Parish Billings - 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. The assessment period is the same as the Archdiocese's fiscal year.

Program Fees - Program fees consist of athletics, summer camps, facility rentals, fall programs, and administration fees. These 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.

Contributions (Including the Annual Catholic Appeal) - The Archdiocese recognizes contributions when cash, securities or other assets; an unconditional promise to give; or a notification of a beneficial interest is received. Conditional promises to give are not recognized as revenues until the conditions on which they depend have been met.

In-kind contributions of goods and services are recognized at estimated fair values if they (a) create or enhance nonfinancial assets or (b) require specialized technical skills, are provided by individuals possessing those skills, and would typically need to be purchased if not donated. 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.

**THE PROGRAM AND ADMINISTRATIVE OFFICES OF THE
CORPORATION OF THE CATHOLIC ARCHBISHOP OF SEATTLE**

**Notes to Financial Statements
For the Years Ended June 30, 2024 and 2023**

Note 1 - Continued

Insurance Program Premiums - Insurance program premiums are recognized as revenue 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.

Equity Transfer - During the year ended June 30, 2024, assets from a closed parish were transferred to the Archdiocese including cash and land and buildings for a total cost of \$2,036,535. The assets are recorded in the Archdiocese statements of financial position as of June 30, 2024.

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.

Cash - 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 and Fair Value Measurements - All investments in marketable securities are reported at fair value.

U.S. GAAP defines fair value, establishes a framework for measuring fair value, and requires disclosure about fair value measurements. To increase consistency and comparability in fair value measurements, U.S. GAAP uses a fair value hierarchy that prioritizes the inputs to valuation approaches into three broad levels. The hierarchy gives the highest priority to quoted prices in active markets (Level 1) and the lowest priority to unobservable inputs (Level 3).

Financial assets and liabilities valued using Level 1 inputs are based on unadjusted quoted market prices within active markets. Financial assets and liabilities valued using Level 2 inputs are based primarily on quoted prices for similar assets or liabilities in active or inactive markets. Financial assets and liabilities using Level 3 inputs are primarily valued using management's assumptions about the assumptions market participants would utilize in pricing the asset or liability. Valuation techniques utilized to determine fair value are consistently applied.

Following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used at June 30, 2024 and 2023.

Mutual Funds and Money Market Accounts - Valued at quoted market prices in active markets.

Equity Securities - Valued at the closing price reported on the active market on which the securities are traded.

Debt Securities - Valued using bid valuations from similar instruments in actively traded markets.

**THE PROGRAM AND ADMINISTRATIVE OFFICES OF THE
CORPORATION OF THE CATHOLIC ARCHBISHOP OF SEATTLE**

**Notes to Financial Statements
For the Years Ended June 30, 2024 and 2023**

Note 1 - Continued

Contributions and Other Receivables - Contributions and other receivables are recorded at cost and adjusted for any bad debt allowance. Management records allowances for bad debts based on specific identification. 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 expected credit loss or impairment), 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, future forecasts, and population where the borrower is located to determine the amount of the expected credit loss. The credit loss allowance is adjusted annually. A note is written off against the allowance when management determines that the balance is uncollectible. 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.

Annuities and Trusts - 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 3.75% - 6.75%, 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 \$10,000. 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 Church is exempt from federal income tax under Internal Revenue Code Section 501(c)(3) except to the extent of unrelated business taxable income, if any.

Subsequent Events - Management of the Archdiocese has evaluated subsequent events through November 15, 2024, the date on which these financial statements were available to be issued.

**THE PROGRAM AND ADMINISTRATIVE OFFICES OF THE
CORPORATION OF THE CATHOLIC ARCHBISHOP OF SEATTLE**

**Notes to Financial Statements
For the Years Ended June 30, 2024 and 2023**

Note 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, 2024 and 2023, 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 7. Amounts not available to meet general expenditures within one year also may include net assets with donor restrictions.

The Archdiocese's financial assets available within one year of the statement of financial position date to meet general expenditures include the following as of June 30:

	(In Thousands)	
	<u>2024</u>	<u>2023</u>
Cash	\$ 5,729	\$ 6,701
Investments	60,392	53,135
Contributions and other receivables	6,006	10,258
Notes receivable, current portion	11	21
Insurance reimbursement receivable	<u>824</u>	
Total financial assets	72,962	70,115
Less financial assets not available for general expenditure-		
Custodial liabilities	(8,623)	(7,618)
Revolving fund deposits	(45,794)	(46,222)
Net assets with donor restrictions for certain purposes	<u>(5,049)</u>	<u>(5,910)</u>
Financial Assets Available to Meet Cash Needs for General Operating Expenditures Within One Year	<u>\$ 13,496</u>	<u>\$ 10,365</u>

**THE PROGRAM AND ADMINISTRATIVE OFFICES OF THE
CORPORATION OF THE CATHOLIC ARCHBISHOP OF SEATTLE**

**Notes to Financial Statements
For the Years Ended June 30, 2024 and 2023**

Note 3 - Contributions and Other Receivables

Contributions and other receivables consisted of the following at June 30:

	(In Thousands)	
	<u>2024</u>	<u>2023</u>
Annual Catholic Appeal pledges	\$ 3,033	\$ 2,597
Insurance premiums receivable	319	931
Parish assessments	875	803
Receivables from related entities for payroll processing	105	3,157
Grants receivable from St. Joseph Foundation	360	552
Other	<u>2,422</u>	<u>3,310</u>
	7,114	11,350
Less allowance for credit losses	<u>(1,108)</u>	<u>(1,092)</u>
Net Contributions and Other Receivables	<u>\$ 6,006</u>	<u>\$ 10,258</u>

Note 4 - Investments and Fair Value Measurements

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 as of June 30, 2024 and 2023. These investments are presented on the statements of financial position as follows:

	(In Thousands)	
	<u>2024</u>	<u>2023</u>
Investments	\$ 60,392	\$ 53,135
Endowment investments	23,706	21,505
Annuities and trusts investments	3,920	3,686
Priests' health plan assets	<u>15,728</u>	<u>13,864</u>
Total Investments	<u>\$ 103,746</u>	<u>\$ 92,190</u>

**THE PROGRAM AND ADMINISTRATIVE OFFICES OF THE
CORPORATION OF THE CATHOLIC ARCHBISHOP OF SEATTLE**

**Notes to Financial Statements
For the Years Ended June 30, 2024 and 2023**

Note 4 - Continued

The following tables set forth by level, within the fair value hierarchy, the Archdiocese's investments measured at fair value at June 30:

	2024 (In Thousands)		
	Level 1 Inputs	Level 2 Inputs	Total Fair Value
Money market accounts	\$ 30,470	\$ -	\$ 30,470
Bond mutual funds	18,356		18,356
Equity mutual funds	51,877		51,877
Equities	2,220		2,220
Corporate bonds		562	562
Real estate equities	110		110
Total Investments in the Fair Value Hierarchy	\$ 103,032	\$ 562	103,594
Other assets, net of liabilities, in the priests' health plan assets			152
Total Investments			\$ 103,746

	2023 (In Thousands)		
	Level 1 Inputs	Level 2 Inputs	Total Fair Value
Money market accounts	\$ 26,009	\$ -	\$ 26,009
Bond mutual funds	16,877		16,877
Equity mutual funds	46,225		46,225
Equities	2,153		2,153
Corporate bonds		662	662
Real estate equities	100		100
Total Investments in the Fair Value Hierarchy	\$ 91,364	\$ 662	92,026
Other assets, net of liabilities, in the priests' health plan assets			164
Total Investments			\$ 92,190

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CORPORATION OF THE CATHOLIC ARCHBISHOP OF SEATTLE**

**Notes to Financial Statements
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Note 5 - Property and Equipment

Property and equipment consisted of the following at June 30:

	(In Thousands)	
	<u>2024</u>	<u>2023</u>
Land and improvements	\$ 11,115	\$ 9,660
Buildings	43,716	42,939
Furniture and equipment	<u>6,599</u>	<u>6,240</u>
	61,430	58,839
Less accumulated depreciation	<u>(39,814)</u>	<u>(38,334)</u>
Net Property and Equipment	<u>\$ 21,616</u>	<u>\$ 20,505</u>

Note 6 - Notes Receivable and Revolving Fund Deposits

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 savings rate is 3.0% as of June 30, 2024 and 2023. Revolving fund deposits liabilities totaled \$45,794,000 and \$46,222,000 at June 30, 2024 and 2023, respectively.

Of the total revolving fund deposits as of June 30, 2024 and 2023, \$33,995,000 and \$31,769,000, respectively, was due to ACC. ACC is separately incorporated from the Archdiocese, and the Archbishop of Seattle is the corporate sole of ACC. During the years ended June 30, 2024 and 2023, \$1,002,000 and \$470,000, respectively, of interest was paid to ACC.

Loans (notes receivable) 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%. The allowance for credit losses is the estimated uncollectible amount of notes receivable. All notes in this fund are due on various payment schedules and are unsecured. At June 30, 2024, there were two notes receivable from two outstanding borrowers. At June 30, 2023, there were three notes receivable from three outstanding borrowers. At June 30, 2024, the note portfolio consisted of maturities between 18 months and 30 years.

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CORPORATION OF THE CATHOLIC ARCHBISHOP OF SEATTLE**

**Notes to Financial Statements
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Note 7 - 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 were as follows at June 30:

	(In Thousands)	
	<u>2024</u>	<u>2023</u>
Amounts held for local and national Archdiocesan organizations	\$ 1,888	\$ 1,807
Archdiocesan parish and other Archdiocesan organization endowment funds	<u>6,735</u>	<u>5,811</u>
Total Custodial Liabilities	<u>\$ 8,623</u>	<u>\$ 7,618</u>

Note 8 - Defined Contribution Retirement Plans

The Archdiocese maintains defined contribution retirement plans that provide retirement benefits to all lay employees and priests who meet eligibility requirements.

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. The Archdiocese's expense associated with this plan for the years ended June 30, 2024 and 2023, was \$730,000 and \$589,000, 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, 2024 and 2023.

In addition, the Archdiocese contributed to retirement plans maintained by the various religious orders of women. Archdiocesan contributions to this plan were not material during the years ended June 30, 2024 and 2023.

Note 9 - Pension Plan and Trust for the Priests of the Archdiocese of Seattle

Description of the Plan - The 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.

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CORPORATION OF THE CATHOLIC ARCHBISHOP OF SEATTLE**

**Notes to Financial Statements
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Note 9 - Continued

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, referred to as the Priests' Pension Plans).

The Priests' Pension Plans are not subject to the requirements of Title I of the Employee Retirement Income Security Act of 1974.

Obligations and Funded Status - Pension funding requirements are computed by an actuary and are subject to certain actuarial assumptions regarding discount rates and mortality rates. The benefits are computed using years of service and the accrued annual benefit stipulated in the Priests' Pension Plans documents. The obligations and change in benefit obligations computed by the actuary were as follows at June 30:

	(In Thousands)	
	<u>2024</u>	<u>2023</u>
Fair value of plan assets	\$ 36,412	\$ 33,469
Benefit obligation	<u>22,851</u>	<u>23,510</u>
Overfunded Pension Obligation	<u>\$ 13,561</u>	<u>\$ 9,959</u>
Accumulated Benefit Obligation	<u>\$ 22,791</u>	<u>\$ 23,435</u>

**THE PROGRAM AND ADMINISTRATIVE OFFICES OF THE
CORPORATION OF THE CATHOLIC ARCHBISHOP OF SEATTLE**

**Notes to Financial Statements
For the Years Ended June 30, 2024 and 2023**

Note 9 - Continued

Net Periodic Pension Costs and Other Components of Pension Gains and Losses - Components of net periodic benefit cost consisted of the following for the year ended June 30:

	(In Thousands)	
	2024	2023
Net periodic benefit cost-		
Service cost	\$ (555)	\$ (570)
Interest cost	(1,092)	(1,030)
Expected return on plan assets	2,131	1,900
Amortization of net loss (gain)	(262)	(419)
Amortization of prior service cost	(339)	(371)
	<u>(117)</u>	<u>(490)</u>
Net Periodic Pension Costs	(117)	(490)
Contributions to pension plans:		
Called to Serve as Christ contributions	329	1,510
Employer contributions	389	476
Memorials and bequests	314	763
Annual Catholic Appeal		400
Contributions to frozen plan	99	130
Other benefit from change in pension obligation	<u>2,589</u>	<u>2,166</u>
	<u>\$ 3,603</u>	<u>\$ 4,955</u>
Net Change in Priests' Pension Plans Presented on the Statement of Activities and Changes in Net Assets		

Actuarial Assumptions - Assumptions used by the actuary in the accounting for the above Plan were as follows for the years ended June 30:

	(In Thousands)	
	2024	2023
Weighted-average assumptions to determine net periodic benefit cost-		
Discount rate	5.26%	4.87%
Expected return on plan assets	6.50%	6.50%
Weighted-average assumption used to determine benefit obligations-		
Discount rate	5.26%	4.87%

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**Notes to Financial Statements
For the Years Ended June 30, 2024 and 2023**

Note 9 - Continued

The discount rate represents the theoretical rate at which the Priests' Pension Plans' projected benefit obligation could be settled using currently available high-quality fixed income investments and the FTSE Pension Discount Curve. The expected return on plan assets represents management's expectation of the future long-term return on the Priests' Pension Plans' assets based on the Priests' Pension Plans' investment policies and asset allocations.

Plan Investments - The Priests' Pension Plans hold investment assets separate and apart from the assets of the Archdiocese; accordingly, the Priests' Pension Plans' investments are not included in the statement of financial position of the Archdiocese. The Priests' Pension Plans' 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. The Pension Plan weighted-average asset allocations by asset category were as follow at June 30:

	(In Thousands)	
	2024	2023
Cash and cash equivalents	0%	0%
Accounts receivable	0%	0%
Domestic equity securities and mutual funds	42%	60%
International equity securities and mutual funds	21%	18%
Fixed income and cash surrender value of life insurance	15%	8%
Real estate funds	12%	8%
Mortgage-based fixed income funds	10%	6%
	100%	100%

The following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used at June 30, 2024 and 2023.

Cash and Equivalents - Valued at cost plus accrued interest, which approximates fair value.

Equity Securities - Valued at the closing price reported on the active market on which the securities are traded.

Mutual Funds - Valued at quoted market prices in active markets, which represent the Net Asset Value (NAV) of shares held at year end.

Cash Surrender Value of Life Insurance - Valued at the cash surrender value based on contractual terms as supplied by the insurance company.

Alternative Funds - Valued at the NAV of units of the funds. The NAV, as provided by management of funds, is used as a practical expedient to estimate fair value. The NAV is based on the fair value of the underlying investments held by the fund less its liabilities. This practical expedient is not used when it is determined to be probable that the fund will sell the investment for an amount different than the reported NAV.

**THE PROGRAM AND ADMINISTRATIVE OFFICES OF THE
CORPORATION OF THE CATHOLIC ARCHBISHOP OF SEATTLE**

**Notes to Financial Statements
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Note 9 - Continued

Fair values of Plan assets measured on a recurring basis were as follows at June 30:

	2024 (In Thousands)			Total
	Level 1	Level 2	Level 3	
Cash and equivalents	\$ 121	\$ -	\$ -	\$ 121
Equity securities	17,115			17,115
Mutual funds	4,150			4,150
Cash surrender value of life insurance			1,234	1,234
Total Assets in the Fair Value Hierarchy	\$ 21,386	\$ -	\$ 1,234	22,620
Investments measured at NAV ^(a)				
Master trusts				5,960
Mutual fund				7,744
Other assets, net of liabilities, at cost				88
Total Plan Assets, June 30, 2024				\$ 36,412
	2023 (In Thousands)			Total
	Level 1	Level 2	Level 3	
Cash and equivalents	\$ 1,121	\$ -	\$ -	\$ 1,121
Equity securities	9,544			9,544
Mutual funds	8,926			8,926
Cash surrender value of life insurance			1,234	1,234
Total Assets in the Fair Value Hierarchy	\$ 19,591	\$ -	\$ 1,234	20,825
Investments measured at NAV ^(a)				
Master trusts				5,984
Mutual fund				7,072
Other assets, net of liabilities, at cost				(412)
Total Plan Assets, June 30, 2023				\$ 33,469

- (a) In accordance with U.S. GAAP, certain investments that were measured at NAV per share using the practical expedient 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 net assets available for benefits.

**THE PROGRAM AND ADMINISTRATIVE OFFICES OF THE
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**Notes to Financial Statements
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Note 9 - Continued

Expected Future Contributions to the Plan - The total expected contribution to the Priests' Pension Plan from employers for the year ending June 30, 2025 is \$486,000. Amounts to be paid into the plans from the CTSC for future years are dependent on cash collected against the CTSC pledges.

The contributions to the Frozen Pension Benefit Plan for Priests is not funded by the Annual Catholic Appeal or the CTSC Campaign. Expected contributions are made as needed and range from approximately \$50,000 to \$100,000.

Expected Future Benefit Payments - The following pension benefit payments to Priests' Pension Plans beneficiaries used by the actuary, which reflect expected future service, as appropriate, are expected to be paid as follows during the next 10 years:

For the Year Ending June 30, (In Thousands)	<u>Total Plan</u>
2025	\$ 2,192
2026	\$ 2,123
2027	\$ 2,070
2028	\$ 1,953
2029	\$ 1,812
Succeeding 5 years	\$ 8,049

Note 10 - Priests' Health Plan

Description of the Plan - The Priests' Health Plan (the Health Plan) is 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 Health Plan is not subject to the requirements of Title I of the Employee Retirement Income Security Act of 1974.

Obligations and Funded Status - The Health Plan funding requirements are computed by an actuary and are subject to certain actuarial assumptions regarding discount rates and mortality rates. The benefits are computed using years of service and the accrued benefits stipulated in the Health Plan document. The obligations computed by the actuary was as follows at June 30:

	<u>(In Thousands)</u>	
	<u>2024</u>	<u>2023</u>
Current portion of benefit obligation	\$ 618	\$ 609
Noncurrent portion of benefit obligation	11,441	10,838
Total Benefit Obligation	<u>\$ 12,059</u>	<u>\$ 11,447</u>

**THE PROGRAM AND ADMINISTRATIVE OFFICES OF THE
CORPORATION OF THE CATHOLIC ARCHBISHOP OF SEATTLE**

**Notes to Financial Statements
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Note 10 - Continued

The Archdiocese has designed investments for funding the Health Plan totaling \$15,728,000 and \$13,864,000, as of June 30, 2024 and 2023, respectively. However, these investments are not netted against the benefit obligation liability on the statement of financial position because they are not segregated in a trust, or otherwise effectively restricted for exclusive use of the Health Plan.

Net Periodic Plan Costs and Other Components of Plan Gains and Losses - Components of net periodic benefit cost and the net change in priests' health plan presented on the statement of activities and changes in net assets consisted of the following for the year ended June 30:

	(In Thousands)	
	<u>2024</u>	<u>2023</u>
Net periodic benefit cost-		
Service cost	\$ (301)	\$ (339)
Interest cost	(545)	(514)
Amortization of net gain	305	251
Amortization of prior service cost	(2)	(2)
	<u> </u>	<u> </u>
Net Periodic Plan Costs	<u>\$ (543)</u>	<u>\$ (604)</u>
Contributions to plan:		
Called to Serve as Christ contributions	\$ 123	\$ 568
Employer contributions	1,201	1,487
Annual Catholic Appeal	800	801
Memorials and bequests	73	127
Investment return on assets designed for the plan	1,747	1,400
Benefits paid	(2,254)	(2,508)
Administrative expenses and other activity, net	(155)	(1,062)
(Loss) gain from change in plan obligation	(612)	481
	<u> </u>	<u> </u>
Net Change in Priests' Health Plan Presented on the Statement of Activities and Changes in Net Assets	<u>\$ 923</u>	<u>\$ 1,294</u>

**THE PROGRAM AND ADMINISTRATIVE OFFICES OF THE
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**Notes to Financial Statements
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Note 10 - Continued

Actuarial Assumptions - Assumptions used by the actuary in the accounting for the Health Plan were as follows for the years ended June 30:

	(In Thousands)	
	<u>2024</u>	<u>2023</u>
Weighted-average assumptions to determine net periodic benefit cost and benefit obligation-		
Discount rate	5.31%	4.89%
Medical trend	19.68% in 2024 grading to 3.7%	6.0% in 2023 grading to 3.7%

The discount rate is determined based on yields available on high-quality fixed income investments as published in the FTSE Pension Discount Curve. The medical trend rate is based on a trend model from the Society of Actuaries' published report on long-term medical trend.

Expected Future Benefit Payments - The following benefit payments for Health Plan beneficiaries used by the actuary, which reflect expected future service, as appropriate, are expected to be paid as follows during the next 10 years:

For the Year Ending June 30, (In Thousands)	<u>Total Plan</u>
2025	\$ 618
2026	\$ 695
2027	\$ 710
2028	\$ 720
2029	\$ 730
Succeeding 5 years	\$ 3,717

Note 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. 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.

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.

**THE PROGRAM AND ADMINISTRATIVE OFFICES OF THE
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**Notes to Financial Statements
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Note 11 - Continued

Insurance claims payable include the following as of June 30:

	(In Thousands)	
	<u>2024</u>	<u>2023</u>
Workers' compensation	\$ 3,339	\$ 4,629
Property and liability	1,048	3,544
Sexual abuse	16,960	5,650
Employment	<u>50</u>	<u>50</u>
	<u>\$ 21,397</u>	<u>\$ 13,873</u>

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 \$500,000 for property and liability claims.

The Archdiocese is defending claims for damages involving allegations of sexual abuse. These cases date back to abuse that happened between the 1950's and early 2000's. The Archdiocese's policy is to provide counseling assistance to everyone who reports a claim. 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. The Archdiocese is not able to estimate a liability for unreported incidents and accordingly does not record a liability prior to a claim being made.

During the year ended June 30, 2024, the Archdiocese settled 4 sexual abuse cases for approximately \$868,000, net of insurance. During the year ended June 30, 2023, the Archdiocese settled 16 sexual abuse cases for approximately \$4,550,000, net of insurance.

As of June 30, 2024, there were 30 sexual abuse cases outstanding and in litigation. Management has concluded that reasonable estimates for settlements of these cases would be \$16,960,000, which is recorded as a liability as of June 30, 2024, and \$824,000 in insurance receivables.

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.

**THE PROGRAM AND ADMINISTRATIVE OFFICES OF THE
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**Notes to Financial Statements
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Note 12 - Net Assets With Donor Restrictions

Net assets with donor restrictions consist of the following balances at June 30:

	(In Thousands)	
	2024	2023
Net assets with donor restrictions for time and purpose-		
Annual Appeal Pledges restricted for next year	\$ 10,951	\$ 10,432
Contributions restricted for various purposes	5,049	5,910
Total net assets with donor restrictions for time and purpose	16,000	16,342
Donor-restricted endowment funds:		
Accumulated endowment earnings:		
Priest support and education endowments	3,322	2,953
Religious education endowments	160	126
Poor and needy endowments	153	119
Camp maintenance and development	61	50
Net assets with perpetual donor restrictions-		
Priest support and education endowments	7,398	7,348
Religious education endowments	512	512
Poor and needy endowments	501	501
Camp maintenance and development	175	175
Total donor-restricted endowment funds	12,282	11,784
Total Donor Restricted Net Assets	\$ 28,282	\$ 28,126

Note 13 - Endowment Funds

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 nonendowed funds at the discretion of the Archbishop. As required by U.S. GAAP, net assets associated with endowment funds, including quasi-endowments, are classified and reported based on the existence or absence of donor-imposed restrictions.

**THE PROGRAM AND ADMINISTRATIVE OFFICES OF THE
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**Notes to Financial Statements
For the Years Ended June 30, 2024 and 2023**

Note 13 - Continued

Interpretation of Relevant Law - Management interpreted the State of Washington Prudent Management of Institutional Funds Act (PMIFA) 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 PMIFA.

In accordance with PMIFA, 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 consisted of the following at June 30:

	2024 (In Thousands)			
	Without Donor Restrictions	With Donor Restrictions		Total
		Accumulated Earnings	Perpetual Restrictions	
Donor-restricted endowment funds	\$ -	\$ 3,696	\$ 8,586	\$ 12,282
Quasi-endowment funds	4,688			4,688
	\$ 4,688	\$ 3,696	\$ 8,586	\$ 16,970

	2023 (In Thousands)			
	Without Donor Restrictions	With Donor Restrictions		Total
		Accumulated Earnings	Perpetual Restrictions	
Donor-restricted endowment funds	\$ -	\$ 3,248	\$ 8,536	\$ 11,784
Quasi-endowment funds	3,826			3,826
	\$ 3,826	\$ 3,248	\$ 8,536	\$ 15,610

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**Notes to Financial Statements
For the Years Ended June 30, 2024 and 2023**

Note 13 - Continued

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

	(In Thousands)			Total
	Without Donor Restrictions	With Donor Restrictions		
		Accumulated Earnings	Perpetual Restrictions	
Endowment net assets, June 30, 2022	\$ 3,129	\$ 2,784	\$ 8,473	\$ 14,386
Investment return	796	1,149		1,945
Contributions			63	63
Appropriation of endowment net assets for expenditure	(99)	(685)		(784)
Endowment Net Assets, June 30, 2023	3,826	3,248	8,536	15,610
Investment return	974	1,181		2,155
Contributions			50	50
Appropriation of endowment net assets for expenditure	(112)	(733)		(845)
Endowment Net Assets, June 30, 2024	\$ 4,688	\$ 3,696	\$ 8,586	\$ 16,970

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.

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**Notes to Financial Statements
For the Years Ended June 30, 2024 and 2023**

Note 13 - Continued

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, 2024 and 2023, there were no funds with deficiencies.

Note 14 - Related Party Transactions

As discussed in Note 1 of these financials, the 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 6 for further discussion of ARF activities.

Funds held by the ARF attributable to ACC amounted to \$33,995,000 and \$31,769,000 as of June 30, 2024 and 2023, respectively. Funds held by the ARF attributable to ACC that are classified as cash in ACC's statement of financial position are \$748,000 and \$1,732,000 as of June 30, 2024 and 2023, respectively. The Archdiocese incurred \$1,002,000 and \$470,000 in interest expense for the years ended June 30, 2024 and 2023, respectively, on the aforementioned revolving fund deposits.

Various high schools, which are mostly separate entities from the Archdiocese, participate in the ARF program. For the years ended June 30, 2024 and 2023, total loans receivable attributable to the high schools amounted to \$350,000 and \$358,000, respectively. For the years ended June 30, 2024 and 2023, total revolving fund deposits attributable to the high schools amounted to \$171,000 and \$1,782,000, respectively.

The Fulcrum Foundation (the Foundation) is an independent corporation from the Archdiocese that supports catholic schools in the Archdiocese of Seattle. The Archdiocese awarded \$8,000 in contributions to the Foundation during both years ended June 30, 2024 and 2023. No amounts were owed to the Foundation at June 30, 2024 and 2023.

The Archdiocese received grants from the Foundation for the benefit of Catholic schools of \$568,000 and \$477,000 for the years ended June 30, 2024 and 2023, respectively. In addition, the Foundation pays the Archdiocese for accounting services of \$126,000 and \$116,000 and for space leased for offices of \$58,000 and \$54,000 for the years ended June 30, 2024 and 2023, respectively. Total amounts due from the Foundation at year end were \$86,000 and \$108,000 at June 30, 2024 and 2023, respectively.

The Archdiocese entered into a note payable to the PRF during the year ended June 30, 2024 for \$590,000 for a residence for one of the Archdiocese's bishops.

**THE PROGRAM AND ADMINISTRATIVE OFFICES OF THE
CORPORATION OF THE CATHOLIC ARCHBISHOP OF SEATTLE**

**Notes to Financial Statements
For the Years Ended June 30, 2024 and 2023**

Note 14 - Continued

The Archdiocese received grants from the St. Joseph Foundation for the benefit of various ministries, including lay formation, youth ministry, and Agape, totaling \$558,000 and \$836,000 for the years ended June 30, 2024 and 2023, respectively, of which \$323,000 and \$284,000, respectively, has been received and \$235,000 and \$552,000, respectively, are to be paid in future years.

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, 2024 and 2023, the campaign disbursed \$329,000 and \$1,512,000, respectively, to the Priest Pension Plan and \$123,000 and \$568,000, 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 (WSCC). 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 the years ended June 30, 2024 and 2023. The Archdiocese also receives lease income from the venture. For the years ended June 30, 2024 and 2023, lease income amounted to \$16,000 and \$11,000, respectively.

The Archdiocese maintains a service agreement with ACC, a separate entity from the Archdiocese. The Archdiocese provides services including payroll, benefits, and related costs for which ACC reimburses the Archdiocese. ACC reimbursed the Archdiocese \$602,000 and \$453,000 during the years ended June 30, 2024 and 2023, respectively. ACC also participates in the Archdiocesan insurance program, of which insurance revenues totaled \$143,000 and \$154,000 for the years ended June 30, 2024 and 2023, respectively.

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 2025. The total amount of the guarantee is approximately \$416,000.

The Archdiocese process payroll for all the parishes, schools, and other related entities.

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

SUPPLEMENTARY INFORMATION

**THE PROGRAM AND ADMINISTRATIVE OFFICES OF THE
CORPORATION OF THE CATHOLIC ARCHBISHOP OF SEATTLE**
Statement of Financial Position by Fund
June 30, 2024
(In Thousands)

	Operating Fund	Archdiocesan Revolving Fund	Plant Fund	Endowment and Similar Funds	Total
Assets					
Current Assets:					
Cash	\$ 5,729	\$ -	\$ -	\$ -	\$ 5,729
Investments	60,392				60,392
Contributions and other receivables	6,006				6,006
Notes receivable, current portion		11			11
Insurance reimbursement receivable	824				824
Prepaid expenses and other assets	1,116				1,116
Total Current Assets	74,067	11			74,078
Endowment investments				23,706	23,706
Annuities and trusts investments	3,920				3,920
Notes receivable, less current portion and net of allowance		352			352
Net priests' pension plan asset	13,561				13,561
Priests' health plan assets	15,728				15,728
Property and equipment net			21,616		21,616
Other interfund balance	(45,431)	45,431			
Total Assets	\$ 61,845	\$ 45,794	\$ 21,616	\$ 23,706	\$ 152,961

See independent auditor's report.

**THE PROGRAM AND ADMINISTRATIVE OFFICES OF THE
CORPORATION OF THE CATHOLIC ARCHBISHOP OF SEATTLE**
Statement of Financial Position by Fund (Continued)
June 30, 2024
(In Thousands)

	Operating Fund	Archdiocesan Revolving Fund	Plant Fund	Endowment and Similar Funds	Total
Liabilities and Net Assets					
Current Liabilities:					
Revolving fund deposits	\$ -	\$ 45,794	\$ -	\$ -	\$ 45,794
Accounts payable and accrued expenses	5,020				5,020
Deferred revenue	1,128				1,128
Insurance claims payable	21,397				21,397
Priests' health plan liability	618				618
Custodial liabilities	1,889			6,734	8,623
Total Current Liabilities	30,052	45,794		6,734	82,580
Net priests' health plan liability, less current portion	11,441				11,441
Annuities and trusts liabilities	2,653				2,653
Total Liabilities	44,146	45,794		6,734	96,674
Net Assets:					
Without donor restrictions-					
Undesignated funds surplus (deficit)	(5,667)		21,369	2,097	17,799
Designated funds	7,366		247	2,593	10,206
Total net assets without donor restrictions	1,699		21,616	4,690	28,005
With donor restrictions	16,000			12,282	28,282
Total Net Assets	17,699		21,616	16,972	56,287
Total Liabilities and Net Assets	\$ 61,845	\$ 45,794	\$ 21,616	\$ 23,706	\$ 152,961

See independent auditor's report.

**THE PROGRAM AND ADMINISTRATIVE OFFICES OF THE
CORPORATION OF THE CATHOLIC ARCHBISHOP OF SEATTLE**
Statement of Activities and Changes in Net Assets by Fund
For the Year Ended June 30, 2024
(In Thousands)

	Operating Fund	Archdiocesan Revolving Fund	Plant Fund	Endowment and Similar Funds	Total
Net Assets Without Donor Restrictions:					
Revenue and other support-					
Parish assessments	\$ 8,703	\$ -	\$ -	\$ -	\$ 8,703
Program fees	7,724				7,724
Interest, dividends and other income	4,036	9		146	4,191
Contributions	1,061				1,061
	21,524	9		146	21,679
Net assets released from restrictions-					
Satisfaction of time restrictions, Annual Catholic Appeal	11,087				11,087
Satisfaction of program restrictions	2,145			733	2,878
Total Revenue and Other Support	34,756	9		879	35,644
Expenses:					
Program	18,377		791		19,168
Management and general	15,745		617		16,362
Stewardship and development	1,683		72		1,755
Total Expenses	35,805		1,480		37,285
Change in Net Assets Before Other Activities	(1,049)	9	(1,480)	879	(1,641)

See independent auditor's report.

**THE PROGRAM AND ADMINISTRATIVE OFFICES OF THE
CORPORATION OF THE CATHOLIC ARCHBISHOP OF SEATTLE**
Statement of Activities and Changes in Net Assets by Fund (Continued)
For the Year Ended June 30, 2024
(In Thousands)

	Operating Fund	Archdiocesan Revolving Fund	Plant Fund	Endowment and Similar Funds	Total
Insurance revenue	13,531				13,531
Insurance expense	(21,116)				(21,116)
Bequests	2,061				2,061
Gains on investments	3,345			828	4,173
Equity transfer	2,037				2,037
Net change in priests' pension plan	3,603				3,603
Net change in priests' health plan	923				923
Internal transfers of net assets without donor restrictions	(1,737)	(9)	2,591	(845)	
Change in Net Assets Without Donor Restrictions	1,598		1,111	862	3,571
Net Assets With Donor Restrictions:					
Contributions	12,905			50	12,955
Investment income				178	178
Gains on investments				1,004	1,004
Net assets release from restrictions-					
Satisfaction of time restrictions from the Annual Catholic Appeal	(11,087)				(11,087)
Satisfaction of the program restrictions	(2,145)			(733)	(2,878)
Change in Net Assets With Donor Restrictions	(327)			499	172
Total Net Assets:					
Change in net assets without donor restrictions	1,598		1,111	862	3,571
Change in net assets with donor restrictions	(327)			499	172
Total Change in Net Assets	1,271		1,111	1,361	3,743
Net assets, beginning of year	16,428		20,505	15,611	52,544
Net Assets at End of Year	\$ 17,699	\$ -	\$ 21,616	\$ 16,972	\$ 56,287

See independent auditor's report.