

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

Financial Statements

For the Years Ended June 30, 2025 and 2024

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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, 2025 and 2024, 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, 2025 and 2024, 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.

### 2024 Financial Statements Restated

As discussed in Note 15 to the financial statements, the 2024 financial statements have been restated to correct a misstatement. Our opinion is not modified with respect to this matter.

### 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.



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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.

## **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 19, 2025

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

**Statements of Financial Position  
June 30, 2025 and 2024 (in Thousands)**

	<u>2025</u>	<u>2024</u>
<b>Assets</b>		
<b>Current Assets:</b>		
Cash	\$ 3,035	\$ 5,729
Investments	63,140	60,392
Contributions and other receivables	7,859	6,006
Notes receivable, current portion	14	11
Insurance reimbursement receivable	63	824
Prepaid expenses and other assets	1,197	1,116
	<u>75,308</u>	<u>74,078</u>
<b>Total Current Assets</b>	<b>75,308</b>	<b>74,078</b>
Endowment investments	25,803	23,706
Annuities and trusts investments	3,967	3,920
Notes receivable, less current portion and net of allowance	350	352
Net priests' pension plans asset	16,451	13,561
Net priests' health plan asset	4,918	3,669
Property and equipment, net	20,795	21,616
	<u>147,592</u>	<u>140,902</u>
<b>Total Assets</b>	<b>\$ 147,592</b>	<b>\$ 140,902</b>
<b>Liabilities and Net Assets</b>		
<b>Current Liabilities:</b>		
Revolving fund deposits	\$ 47,059	\$ 45,794
Accounts payable and accrued expenses	5,958	5,020
Deferred revenue	1,245	1,128
Insurance claims payable	31,921	21,397
Custodial liabilities	9,902	8,623
	<u>96,085</u>	<u>81,962</u>
<b>Total Current Liabilities</b>	<b>96,085</b>	<b>81,962</b>
Annuities and trusts liabilities	2,616	2,653
	<u>98,701</u>	<u>84,615</u>
<b>Total Liabilities</b>	<b>98,701</b>	<b>84,615</b>
<b>Net Assets:</b>		
Without donor restrictions-		
Undesignated surplus	8,558	17,799
Designated funds	10,835	10,206
	<u>19,393</u>	<u>28,005</u>
Total net assets without donor restrictions	19,393	28,005
With donor restrictions	29,498	28,282
	<u>48,891</u>	<u>56,287</u>
<b>Total Net Assets</b>	<b>48,891</b>	<b>56,287</b>
<b>Total Liabilities and Net Assets</b>	<b>\$ 147,592</b>	<b>\$ 140,902</b>

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, 2025 and 2024 (in Thousands)**

	<u>2025</u>	<u>2024</u>
<b>Without Donor Restrictions:</b>		
Revenue and other support-		
Parish assessments	\$ 9,195	\$ 8,703
Program fees	10,626	7,724
Investment and other income	3,646	4,191
Contributions	117	101
	<u>23,584</u>	<u>20,719</u>
Net assets released from restrictions-		
Satisfaction of time restrictions, Annual Catholic Appeal	11,405	11,087
Satisfaction of program restrictions	3,914	3,838
	<u>15,319</u>	<u>14,925</u>
<b>Total Without Donor Restrictions</b>	<b>38,903</b>	<b>35,644</b>
<b>Expenses:</b>		
Program	21,045	19,168
Management and general	17,434	16,362
Stewardship and development	1,860	1,755
	<u>40,339</u>	<u>37,285</u>
<b>Change in Net Assets Before Other Activity</b>	<b>(1,436)</b>	<b>(1,641)</b>
Insurance revenue	15,062	13,531
Insurance expense	(31,773)	(21,116)
Bequests	1,259	2,061
Gains on investments	4,138	4,173
Equity transfer		2,037
Net change in priests' pension plans	2,890	3,603
Net change in priests' health plan	1,249	923
	<u>(8,611)</u>	<u>3,571</u>
<b>Change in Net Assets Without Donor Restrictions</b>	<b>(8,611)</b>	<b>3,571</b>
<b>Net Assets With Donor Restrictions:</b>		
Contributions	15,458	13,915
Investment income	176	178
Gains on investments	900	1,004
Net assets release from restrictions-		
Satisfaction of time restrictions from the Annual Catholic Appeal	(11,405)	(11,087)
Satisfaction of the program restrictions	(3,914)	(3,838)
	<u>1,215</u>	<u>172</u>
<b>Change in Net Assets With Donor Restrictions</b>	<b>1,215</b>	<b>172</b>
<b>Total Change in Net Assets</b>	<b>(7,396)</b>	<b>3,743</b>
Net assets, beginning of year	56,287	52,544
<b>Net Assets at End of Year</b>	<b>\$ 48,891</b>	<b>\$ 56,287</b>

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, 2025 (in Thousands)**

	Program Services										Supporting Services			2025 Total	
	Insurance Expenses	Archbishop's Office	Catholic Schools	CYO Camps and Athletics	Retreat Center	Vicar for Clergy	Northwest Catholic	Tribunal	Funding to Related Organization	Other Programs	Total Program Services	Management and General	Stewardship and Development		Total Supporting Services
Salaries and benefits	\$ 518	\$ 1,900	\$ 1,452	\$ 1,901	\$ 864	\$ 2,564	\$ 487	\$ 666	\$ -	\$ 1,192	\$ 11,544	\$ 10,388	\$ 1,112	\$ 11,500	\$ 23,044
Professional services	2,237	59	550	363	56	398	9	45		125	3,842	3,238	246	3,484	7,326
Insurance	5,665										5,665				5,665
Insurance claims	21,030										21,030				21,030
Office and printing	42	82	319	495	239	28	507	5		68	1,785	1,503	290	1,793	3,578
Taxes and assessments	2,229	1		11	7	6	2				2,256	363		363	2,619
Other	19	168	223	393	223	105	79	30		259	1,499	662	109	771	2,270
Donations and contributions			60	273		99	25		774	500	1,731	408		408	2,139
Depreciation	32	117	90	118	53	159	30	41		74	714	642	69	711	1,425
Interest		15							1,386		1,401	3		3	1,404
Education	1	17	2	3		871				75	969	124	3	127	1,096
Rentals and leases		69	62	135		73				43	382	103	31	134	516
<b>Total Expenses</b>	<b>31,773</b>	<b>2,428</b>	<b>2,758</b>	<b>3,692</b>	<b>1,442</b>	<b>4,303</b>	<b>1,139</b>	<b>787</b>	<b>2,160</b>	<b>2,336</b>	<b>52,818</b>	<b>17,434</b>	<b>1,860</b>	<b>19,294</b>	<b>72,112</b>
Less insurance	(31,773)										(31,773)				(31,773)
<b>Total Expenses Without Insurance</b>	<b>\$ -</b>	<b>\$ 2,428</b>	<b>\$ 2,758</b>	<b>\$ 3,692</b>	<b>\$ 1,442</b>	<b>\$ 4,303</b>	<b>\$ 1,139</b>	<b>\$ 787</b>	<b>\$ 2,160</b>	<b>\$ 2,336</b>	<b>\$ 21,045</b>	<b>\$ 17,434</b>	<b>\$ 1,860</b>	<b>\$ 19,294</b>	<b>\$ 40,339</b>

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
<b>Total Expenses</b>	<b>21,116</b>	<b>2,593</b>	<b>2,539</b>	<b>3,173</b>	<b>1,397</b>	<b>3,639</b>	<b>1,037</b>	<b>620</b>	<b>1,842</b>	<b>2,328</b>	<b>40,284</b>	<b>16,362</b>	<b>1,755</b>	<b>18,117</b>	<b>58,401</b>
Less insurance	(21,116)										(21,116)				(21,116)
<b>Total Expenses Without Insurance</b>	<b>\$ -</b>	<b>\$ 2,593</b>	<b>\$ 2,539</b>	<b>\$ 3,173</b>	<b>\$ 1,397</b>	<b>\$ 3,639</b>	<b>\$ 1,037</b>	<b>\$ 620</b>	<b>\$ 1,842</b>	<b>\$ 2,328</b>	<b>\$ 19,168</b>	<b>\$ 16,362</b>	<b>\$ 1,755</b>	<b>\$ 18,117</b>	<b>\$ 37,285</b>

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, 2025 and 2024 (in Thousands)**

	<u>2025</u>	<u>2024</u>
<b>Cash Flows From Operating Activities:</b>		
Change in net assets	\$ (7,396)	\$ 3,743
Adjustments to reconcile change in net assets to cash provided by (used in) operating activities-		
Depreciation	1,425	1,481
Endowment contributions	(71)	(50)
Gains on investments	(5,038)	(5,177)
Changes in operating assets and liabilities:		
Operating receivables	(1,093)	3,443
Prepaid expenses and other assets	(81)	(777)
Revolving fund deposits	1,265	(428)
Accrued priests' pension plans and priests' health plan	(4,139)	(4,854)
Insurance claims payable	10,524	7,524
Accounts payable, accrued expenses, and other liabilities	938	(213)
Deferred revenue	117	257
Custodial liabilities	470	158
Annuities and trusts	(84)	(103)
Equity transfer		(2,037)
<b>Net Cash Flows (Used in) Provided by Operating Activities</b>	<b>(3,163)</b>	<b>2,967</b>
<b>Cash Flows From Investing Activities:</b>		
Purchases of investments	(100,895)	(29,140)
Proceeds from the sale of investments	101,897	25,706
Purchases of property and equipment	(604)	(1,147)
<b>Net Cash Flows Provided by (Used in) Investing Activities</b>	<b>398</b>	<b>(4,581)</b>
<b>Cash Flows From Financing Activities:</b>		
Proceeds from endowment contributions	71	50
Cash transfer from equity transfer		592
<b>Net Cash Flows Provided by Financing Activities</b>	<b>71</b>	<b>642</b>
<b>Net Change in Cash</b>	<b>(2,694)</b>	<b>(972)</b>
Cash, at beginning of year	5,729	6,701
<b>Cash, at End of Year</b>	<b>\$ 3,035</b>	<b>\$ 5,729</b>
<b>Supplementary Disclosure of Cash Flow Information:</b>		
Cash paid during the year for interest	\$ 1,404	\$ 1,393
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, 2025 and 2024**

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**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. The 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, 2025 and 2024**

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**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 it receives cash, securities, other assets, an unconditional promise to give, or notification of a beneficial interest. 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, 2025 and 2024**

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**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 and 2025.

**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.

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, 2025 and 2024.

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, 2025 and 2024**

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**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% - 7.00%, 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.

**Financial Statement Reclassifications** - Certain reclassifications have been made to the prior year financial statements to conform to the current year presentation. Such reclassifications have no effect on the change in net assets or net asset balances as previously reported.

**Subsequent Events** - Management of the Archdiocese has evaluated subsequent events through November 19, 2025, 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  
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**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, 2025 and 2024, 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>2025</u>	<u>2024</u>
Cash	\$ 3,035	\$ 5,729
Investments	63,140	60,392
Contributions and other receivables	7,859	6,006
Notes receivable, current portion	14	11
Insurance reimbursement receivable	<u>63</u>	<u>824</u>
 Total financial assets	 74,111	 72,962
 Less financial assets not available for general expenditure-		
Custodial liabilities	(9,902)	(8,623)
Revolving fund deposits	(47,059)	(45,794)
Net assets with donor restrictions for certain purposes	<u>(5,839)</u>	<u>(5,049)</u>
 <b>Financial Assets Available to Meet Cash Needs for General Operating Expenditures Within One Year</b>	 <b><u>\$ 11,311</u></b>	 <b><u>\$ 13,496</u></b>

**THE PROGRAM AND ADMINISTRATIVE OFFICES OF THE  
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**Note 3 - Contributions and Other Receivables**

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

	(in thousands)	
	<u>2025</u>	<u>2024</u>
Annual Catholic Appeal pledges	\$ 3,202	\$ 3,033
Insurance premiums and claims receivable	2,082	733
Parish assessments	839	875
Receivables from related entities for shared services	1,525	1,041
Grants receivable from St. Joseph Foundation	383	360
Other	<u>906</u>	<u>1,042</u>
	8,938	7,085
Less allowance for credit losses	<u>(1,079)</u>	<u>(1,079)</u>
<b>Net Contributions and Other Receivables</b>	<b><u>\$ 7,859</u></b>	<b><u>\$ 6,006</u></b>

**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, 2025 and 2024. These investments are presented on the statements of financial position as follows:

	(in thousands)	
	<u>2025</u>	<u>2024</u>
Investments	\$ 63,140	\$ 60,392
Endowment investments	25,803	23,706
Annuities and trusts investments	<u>3,967</u>	<u>3,920</u>
<b>Total Investments</b>	<b><u>\$ 92,910</u></b>	<b><u>\$ 88,018</u></b>

**THE PROGRAM AND ADMINISTRATIVE OFFICES OF THE  
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**Notes to Financial Statements  
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**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:

	2025 (in thousands)		
	Level 1 Inputs	Level 2 Inputs	Total Fair Value
Money market accounts	\$ 29,424	\$ -	\$ 29,424
Bond mutual funds	11,330		11,330
Equity mutual funds	48,686		48,686
Equities	2,390		2,390
Corporate bonds		970	970
Real estate equities	110		110
<b>Total Investments</b>	<b>\$ 91,940</b>	<b>\$ 970</b>	<b>\$ 92,910</b>

	2024 (in thousands)		
	Level 1 Inputs	Level 2 Inputs	Total Fair Value
Money market accounts	\$ 30,143	\$ -	\$ 30,143
Bond mutual funds	13,347		13,347
Equity mutual funds	41,636		41,636
Equities	2,220		2,220
Corporate bonds		562	562
Real estate equities	110		110
<b>Total Investments</b>	<b>\$ 87,456</b>	<b>\$ 562</b>	<b>\$ 88,018</b>

**THE PROGRAM AND ADMINISTRATIVE OFFICES OF THE  
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**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>2025</u>	<u>2024</u>
Land and improvements	\$ 11,207	\$ 11,115
Buildings	43,769	43,716
Furniture and equipment	<u>7,034</u>	<u>6,599</u>
	62,010	61,430
Less accumulated depreciation	<u>(41,215)</u>	<u>(39,814)</u>
<b>Net Property and Equipment</b>	<b><u>\$ 20,795</u></b>	<b><u>\$ 21,616</u></b>

**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, 2025 and 2024. Revolving fund deposits liabilities totaled \$47,059,000 and \$45,794,000 at June 30, 2025 and 2024, respectively.

A significant amount of the total revolving fund deposits are held for two related organizations, ACC and St. Joseph Foundation, as further described in Note 14.

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, 2025, there were four notes receivable from four outstanding borrowers. At June 30, 2024, there were two notes receivable from two outstanding borrowers. At June 30, 2025, the note portfolio consisted of maturities between three months and 30 years.

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**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>2025</u>	<u>2024</u>
Amounts held for local and national Archdiocesan organizations	\$ 2,358	\$ 1,888
Archdiocesan parish and other Archdiocesan organization endowment funds	<u>7,544</u>	<u>6,735</u>
<b>Total Custodial Liabilities</b>	<b><u>\$ 9,902</u></b>	<b><u>\$ 8,623</u></b>

**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, 2025 and 2024, was \$843,000 and \$730,000, 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, 2025 and 2024.

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, 2025 and 2024.

**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.

**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**

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>2025</u>	<u>2024</u>
Fair value of plan assets	\$ 38,748	\$ 36,412
Benefit obligation	<u>22,297</u>	<u>22,851</u>
<b>Overfunded Pension Obligation</b>	<b><u>\$ 16,451</u></b>	<b><u>\$ 13,561</u></b>
<b>Accumulated Benefit Obligation</b>	<b><u>\$ 22,244</u></b>	<b><u>\$ 22,791</u></b>

**THE PROGRAM AND ADMINISTRATIVE OFFICES OF THE  
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**Notes to Financial Statements  
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**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)	
	<u>2025</u>	<u>2024</u>
Net periodic benefit cost-		
Service cost	\$ (527)	\$ (555)
Interest cost	(1,145)	(1,092)
Expected return on plan assets	2,312	2,131
Amortization of net (loss) gain	(52)	(262)
Amortization of prior service cost	<u>(383)</u>	<u>(339)</u>
Net periodic pension costs	205	(117)
Contributions to pension plans-		
Called to Serve as Christ contributions	363	329
Employer contributions	261	389
Memorials and bequests	279	314
Contributions to frozen plan	73	99
Other benefit from change in pension obligation	<u>1,709</u>	<u>2,589</u>
<b>Net Change in Priests' Pension Plans Presented on the Statement of Activities and Changes in Net Assets</b>	<b><u>\$ 2,890</u></b>	<b><u>\$ 3,603</u></b>

**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)	
	<u>2025</u>	<u>2024</u>
Weighted-average assumptions to determine net periodic benefit cost-		
Discount rate	5.26%	5.26%
Expected return on plan assets	6.50%	6.50%
Weighted-average assumption used to determine benefit obligations-		
Discount rate	5.29%	5.26%

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

**Notes to Financial Statements  
For the Years Ended June 30, 2025 and 2024**

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**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 follows at June 30:

	(in thousands)	
	2025	2024
Domestic equity securities and mutual funds	43%	42%
International equity securities and mutual funds	23%	21%
Fixed income and cash surrender value of life insurance	16%	15%
Real estate funds	13%	12%
Mortgage-based fixed income funds	5%	10%
	<b>100%</b>	<b>100%</b>

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, 2025 and 2024.

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  
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**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:

	2025 (in thousands)			Total
	Level 1	Level 2	Level 3	
Cash and equivalents	\$ 218	\$ -	\$ -	\$ 218
Equity securities	18,417			18,417
Mutual funds	4,412			4,412
Cash surrender value of life insurance			1,146	1,146
<b>Total Assets in the Fair Value Hierarchy</b>	<b>\$ 23,047</b>	<b>\$ -</b>	<b>\$ 1,146</b>	24,193
Investments measured at NAV <sup>(a)</sup> -				
Master trusts				6,205
Mutual fund				8,399
Other assets, net of liabilities, at cost				(49)
<b>Total Plan Assets, June 30, 2025</b>				<b>\$ 38,748</b>

  

	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
<b>Total Assets in the Fair Value Hierarchy</b>	<b>\$ 21,386</b>	<b>\$ -</b>	<b>\$ 1,234</b>	22,620
Investments measured at NAV <sup>(a)</sup> -				
Master trusts				5,960
Mutual fund				7,744
Other assets, net of liabilities, at cost				88
<b>Total Plan Assets, June 30, 2024</b>				<b>\$ 36,412</b>

(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.

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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, 2026 is \$285,000. 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 ten years:

For the Year Ending June 30, (in thousands)

2026	\$	2,037
2027	\$	2,014
2028	\$	1,911
2029	\$	1,779
2030	\$	1,747
Succeeding 5 years	\$	7,755

**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 expenses 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 for retired priests 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:

	(in thousands)	
	2025	2024
Fair value of plan assets	\$ 16,991	\$ 15,728
Benefit obligation	12,073	12,059
<b>Overfunded Health Obligation</b>	<b>\$ 4,918</b>	<b>\$ 3,669</b>

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

**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>2025</u>	<u>2024</u>
Net periodic benefit cost-		
Service cost	\$ (295)	\$ (301)
Interest cost	(624)	(545)
Amortization of net gain	237	305
Amortization of prior service cost	(2)	(2)
	<u>          </u>	<u>          </u>
<b>Net Periodic Plan Costs</b>	<b><u>\$ (684)</u></b>	<b><u>\$ (543)</u></b>
Contributions to plan-		
Called to Serve as Christ contributions	\$ 136	\$ 123
Employer contributions	1,049	1,201
Annual Catholic Appeal	836	800
Memorials and bequests	226	73
Investment return on assets designed for the plan	1,933	1,747
Benefits paid	(2,270)	(2,254)
Administrative expenses and other activity, net	(647)	(155)
Loss from change in plan obligation	(14)	(612)
	<u>          </u>	<u>          </u>
<b>Net Change in Priests' Health Plan Presented on the Statement of Activities and Changes in Net Assets</b>	<b><u>\$ 1,249</u></b>	<b><u>\$ 923</u></b>

**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>2025</u>	<u>2024</u>
Weighted-average assumptions to determine net periodic benefit cost and benefit obligation-		
Discount rate	5.47%	5.31%
Medical trend	6.4% in 2025 grading to 3.7%	19.68% in 2024 grading to 3.7%

**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 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.

**Plan Investments** - The Priests’ Health Plan holds investment assets separate and apart from the assets of the Archdiocese; accordingly, the Priests’ Health Plan investments are not included in the statement of financial position of the Archdiocese. The Priests’ Health Plan 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 Health Plan weighted-average asset allocations by asset category were as follows at June 30:

	(in thousands)	
	2025	2024
Domestic equity securities and mutual funds	45%	44%
International equity securities and mutual funds	24%	23%
Fixed income and cash surrender value of life insurance	31%	33%
	<b>100%</b>	<b>100%</b>

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, 2025 and 2024.

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

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

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**Notes to Financial Statements  
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**Note 10 - Continued**

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

	2025 (in thousands)			Total
	Level 1	Level 2	Level 3	
Cash and equivalents	\$ 186	\$ -	\$ -	\$ 186
Bond mutual funds	5,318			5,318
Equity mutual funds	11,875			11,875
<b>Total Assets in the Fair Value Hierarchy</b>	<b>\$ 17,379</b>	<b>\$ -</b>	<b>\$ -</b>	17,379
Other assets, net of liabilities, at cost				(388)
<b>Total Plan Assets, June 30, 2025</b>				<b>\$ 16,991</b>

	2024 (in thousands)			Total
	Level 1	Level 2	Level 3	
Cash and equivalents	\$ 326	\$ -	\$ -	\$ 326
Bond mutual funds	5,009			5,009
Equity mutual funds	10,241			10,241
<b>Total Assets in the Fair Value Hierarchy</b>	<b>\$ 15,576</b>	<b>\$ -</b>	<b>\$ -</b>	15,576
Other assets, net of liabilities, at cost				152
<b>Total Plan Assets, June 30, 2024</b>				<b>\$ 15,728</b>

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

For the Year Ending June 30, (in thousands)

2026	\$ 653
2027	\$ 666
2028	\$ 676
2029	\$ 684
2030	\$ 699
Succeeding 5 years	\$ 3,714

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

**Notes to Financial Statements  
For the Years Ended June 30, 2025 and 2024**

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**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.

Insurance claims payable include the following as of June 30:

	(in thousands)	
	<u>2025</u>	<u>2024</u>
Workers' compensation	\$ 2,048	\$ 3,339
Property and liability	1,273	1,048
Sexual abuse	28,550	16,960
Employment	<u>50</u>	<u>50</u>
<b>Total Insurance Claims Payable</b>	<b><u>\$ 31,921</u></b>	<b><u>\$ 21,397</u></b>

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 1950s and early 2000s. 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, 2025, the Archdiocese settled 16 sexual abuse cases for approximately \$6,896,000, net of insurance. During the year ended June 30, 2024, the Archdiocese settled four sexual abuse cases for approximately \$868,000, net of insurance.

As of June 30, 2025, there were 28 sexual abuse claims outstanding. Management has concluded that reasonable estimates for settlements of these cases would be \$28,550,000, which is recorded as a liability as of June 30, 2025, and \$63,000 in insurance receivables. One case recorded as of June 30, 2025, was settled after year end for approximately \$3,500,000.

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**Notes to Financial Statements  
For the Years Ended June 30, 2025 and 2024**

**Note 11 - Continued**

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.

**Note 12 - Net Assets With Donor Restrictions**

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

	(in thousands)	
	<u>2025</u>	<u>2024</u>
Net assets with donor restrictions for time and purpose-		
Annual Appeal Pledges restricted for next year	\$ 11,010	\$ 10,951
Contributions restricted for various purposes	<u>5,839</u>	<u>5,049</u>
Total net assets with donor restrictions for time and purpose	16,849	16,000
Donor-restricted endowment funds-		
Accumulated endowment earnings:		
Priest support and education endowments	3,558	3,322
Religious education endowments	186	160
Poor and needy endowments	179	153
Camp maintenance and development	69	61
Net assets with perpetual donor restrictions:		
Priest support and education endowments	7,469	7,398
Religious education endowments	512	512
Poor and needy endowments	501	501
Camp maintenance and development	<u>175</u>	<u>175</u>
Total donor-restricted endowment funds	<u>12,649</u>	<u>12,282</u>
<b>Total Donor Restricted Net Assets</b>	<b><u>\$ 29,498</u></b>	<b><u>\$ 28,282</u></b>

**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.

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**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:

	2025 (in thousands)			
	Without Donor Restrictions	With Donor Restrictions		Total
		Accumulated Earnings	Perpetual Restrictions	
Donor-restricted endowment funds	\$ -	\$ 3,992	\$ 8,657	\$ 12,649
Quasi-endowment funds	5,611			5,611
<b>Total Endowment Funds</b>	<b>\$ 5,611</b>	<b>\$ 3,992</b>	<b>\$ 8,657</b>	<b>\$ 18,260</b>

	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
<b>Total Endowment Funds</b>	<b>\$ 4,688</b>	<b>\$ 3,696</b>	<b>\$ 8,586</b>	<b>\$ 16,970</b>

**THE PROGRAM AND ADMINISTRATIVE OFFICES OF THE  
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**Notes to Financial Statements  
For the Years Ended June 30, 2025 and 2024**

**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, 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	<u>(112)</u>	<u>(733)</u>		<u>(845)</u>
<b>Endowment Net Assets, June 30, 2024</b>	<b>4,688</b>	<b>3,696</b>	<b>8,586</b>	<b>16,970</b>
Investment return	1,046	1,076		2,122
Contributions			71	71
Appropriation of endowment net assets for expenditure	<u>(123)</u>	<u>(780)</u>		<u>(903)</u>
<b>Endowment Net Assets, June 30, 2025</b>	<b><u>\$ 5,611</u></b>	<b><u>\$ 3,992</u></b>	<b><u>\$ 8,657</u></b>	<b><u>\$ 18,260</u></b>

**THE PROGRAM AND ADMINISTRATIVE OFFICES OF THE  
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**Notes to Financial Statements  
For the Years Ended June 30, 2025 and 2024**

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**Note 13 - Continued**

**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, 2025 and 2024, 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 \$34,892,000 and \$33,995,000 as of June 30, 2025 and 2024, respectively. Funds held by the ARF attributable to ACC that are classified as cash in ACC's statement of financial position are \$770,000 and \$748,000 as of June 30, 2025 and 2024, respectively. The Archdiocese incurred \$1,033,000 and \$1,002,000 in interest expense for the years ended June 30, 2025 and 2024, respectively, on the aforementioned revolving fund deposits.

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**Notes to Financial Statements  
For the Years Ended June 30, 2025 and 2024**

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**Note 14 - Continued**

Various high schools, which are mostly separate entities from the Archdiocese, participate in the ARF program. For the years ended June 30, 2025 and 2024, total loans receivable attributable to the high schools amounted to \$341,000 and \$350,000, respectively. For the years ended June 30, 2025 and 2024, total revolving fund deposits attributable to the high schools amounted to \$513,000 and \$171,000, 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 \$10,000 and \$8,000 in contributions to the Foundation for the years ended June 30, 2025 and 2024, respectively. No amounts were owed to the Foundation at June 30, 2025 and 2024.

The Archdiocese received grants from the Foundation for the benefit of Catholic schools of \$592,000 and \$568,000 for the years ended June 30, 2025 and 2024, respectively. In addition, the Foundation pays the Archdiocese for accounting services of \$152,000 and \$126,000 and for space leased for offices of \$58,000 for both the years ended June 30, 2025 and 2024. Total amounts due from the Foundation at year end were \$558,000 and \$86,000 at June 30, 2025 and 2024, 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 amount due totals \$578,000 as of June 30, 2025. Archdiocese had receivables from the PRF totaling \$488,000 and \$480,000 as of June 30, 2025 and 2024, respectively.

The Archdiocese received grants from the St. Joseph Foundation for the benefit of various ministries, including lay formation, youth ministry, and Agape, totaling \$576,000 and \$558,000 for the years ended June 30, 2025 and 2024, respectively, of which \$426,000 and \$323,000, respectively, has been received and \$150,000 and \$235,000, respectively, are to be paid in future years. During the year ended June 30, 2025, the Archdiocese contributed \$572,000 to St. Joseph Foundation for the creation of the Mission Essential Parish Family Fund. Funds held by the ARF attributable to St. Joseph Foundation amounted to \$6,668,000 and \$6,620,000 as of June 30, 2025 and 2024, respectively. The Archdiocese incurred \$199,000 and \$220,000 in interest expense for the years ended June 30, 2025 and 2024, respectively, on the aforementioned revolving fund deposits. St. Joseph Foundation paid the Archdiocese \$100,000 and \$36,000 for accounting services for the years ended June 30, 2025 and 2024, respectively.

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, 2025 and 2024, the campaign disbursed \$468,000 and \$329,000, respectively, to the Priest Pension Plan and \$176,000 and \$123,000, 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, 2025 and 2024. The Archdiocese also receives lease income from the venture. For the years ended June 30, 2025 and 2024, lease income amounted to \$15,000 and \$16,000, respectively.

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**Notes to Financial Statements  
For the Years Ended June 30, 2025 and 2024**

**Note 14 - Continued**

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 \$490,000 and \$602,000 during the years ended June 30, 2025 and 2024, respectively. ACC also participates in the Archdiocesan insurance program, of which insurance revenues totaled \$143,000 for both the years ended June 30, 2025 and 2024.

The Pope John Paul II High School has leased property under a lease that the Archdiocese had previously guaranteed the payments on until the guaranty expired in June 2025.

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 ( Note 11).

**Note 15 - Prior Period Restatement**

During the year ended June 30, 2025, the Organization has restated 2024 to reflect the Priests' Health Plan as being part of a Trust. The results of this restatement are primarily to combine the asset and liability on the statements of financial position to present the net overfunded health plan obligation. The effect of this restatement on the previously reported June 30, 2024, balances is summarized in the table below:

	2024 (in thousands)		
	Balances As Previously Reported	Restatement	Balances Restated
<b>Impacted Lines - Statement of Financial Position</b>			
<b>Assets:</b>			
Priests' health plan assets	\$ 15,728	\$ (12,059)	\$ 3,669
<b>Total Assets</b>	<b>\$ 152,961</b>	<b>\$ (12,059)</b>	<b>\$ 140,902</b>
<b>Current Liabilities:</b>			
Priests' health plan liability, current portion	\$ 618	\$ (618)	\$ -
<b>Total Current Liabilities</b>	<b>\$ 82,580</b>	<b>\$ (618)</b>	<b>\$ 81,962</b>
Priests' health plan liability, less current portion	\$ 11,441	\$ (11,441)	\$ -
<b>Total Liabilities</b>	<b>\$ 96,674</b>	<b>\$ (12,059)</b>	<b>\$ 84,615</b>
<b>Total Liabilities and Net Assets</b>	<b>\$ 152,961</b>	<b>\$ (12,059)</b>	<b>\$ 140,902</b>

**SUPPLEMENTARY INFORMATION**

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

**Statement of Financial Position by Fund  
June 30, 2025 (in Thousands)**

	Operating Fund	Archdiocesan Revolving Fund	Plant Fund	Endowment and Similar Funds	Total
<b>Assets</b>					
<b>Current Assets:</b>					
Cash	\$ 3,035	\$ -	\$ -	\$ -	\$ 3,035
Investments	63,140				63,140
Contributions and other receivables	7,859				7,859
Notes receivable, current portion		14			14
Insurance reimbursement receivable	63				63
Prepaid expenses and other assets	1,197				1,197
Other interfund balance	(46,695)	46,695			
<b>Total Current Assets</b>	<b>28,599</b>	<b>46,709</b>			<b>75,308</b>
Endowment investments				25,803	25,803
Annuities and trusts investments	3,967				3,967
Notes receivable, less current portion and net of allowance		350			350
Net priests' pension plan asset	16,451				16,451
Net priests' health plan assets	4,918				4,918
Property and equipment net			20,795		20,795
<b>Total Assets</b>	<b>\$ 53,935</b>	<b>\$ 47,059</b>	<b>\$ 20,795</b>	<b>\$ 25,803</b>	<b>\$ 147,592</b>

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**THE PROGRAM AND ADMINISTRATIVE OFFICES OF THE  
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**Statement of Financial Position by Fund (Continued)  
June 30, 2025 (in Thousands)**

	Operating Fund	Archdiocesan Revolving Fund	Plant Fund	Endowment and Similar Funds	Total
<b>Liabilities and Net Assets</b>					
<b>Current Liabilities:</b>					
Revolving fund deposits	\$ -	\$ 47,059	\$ -	\$ -	\$ 47,059
Accounts payable and accrued expenses	5,958				5,958
Deferred revenue	1,245				1,245
Insurance claims payable	31,921				31,921
Custodial liabilities	2,359			7,543	9,902
<b>Total Current Liabilities</b>	<b>41,483</b>	<b>47,059</b>		<b>7,543</b>	<b>96,085</b>
Annuities and trusts liabilities	2,616				2,616
<b>Total Liabilities</b>	<b>44,099</b>	<b>47,059</b>		<b>7,543</b>	<b>98,701</b>
<b>Net Assets:</b>					
Without donor restrictions-					
Undesignated funds surplus (deficit)	(14,237)		20,548	2,247	8,558
Designated funds	7,223		247	3,365	10,835
Total net assets without donor restrictions	(7,014)		20,795	5,612	19,393
With donor restrictions	16,850			12,648	29,498
<b>Total Net Assets</b>	<b>9,836</b>		<b>20,795</b>	<b>18,260</b>	<b>48,891</b>
<b>Total Liabilities and Net Assets</b>	<b>\$ 53,935</b>	<b>\$ 47,059</b>	<b>\$ 20,795</b>	<b>\$ 25,803</b>	<b>\$ 147,592</b>

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, 2025 (in Thousands)**

	Operating Fund	Archdiocesan Revolving Fund	Plant Fund	Endowment and Similar Funds	Total
<b>Net Assets Without Donor Restrictions:</b>					
Revenue and other support-					
Parish assessments	\$ 9,195	\$ -	\$ -	\$ -	\$ 9,195
Program fees	10,626				10,626
Interest, dividends, and other income	3,467	8		171	3,646
Contributions	117				117
	<u>23,405</u>	<u>8</u>		<u>171</u>	<u>23,584</u>
Net assets released from restrictions-					
Satisfaction of time restrictions, Annual Catholic Appeal	11,405				11,405
Satisfaction of program restrictions	3,133			781	3,914
	<u>37,943</u>	<u>8</u>		<u>952</u>	<u>38,903</u>
<b>Total Revenue and Other Support</b>	<b>37,943</b>	<b>8</b>		<b>952</b>	<b>38,903</b>
<b>Expenses:</b>					
Program	20,330		715		21,045
Management and general	16,794		640		17,434
Stewardship and development	1,792		68		1,860
	<u>38,916</u>		<u>1,423</u>		<u>40,339</u>
<b>Total Expenses</b>	<b>38,916</b>		<b>1,423</b>		<b>40,339</b>
<b>Change in Net Assets Before Other Activities</b>	<b>(973)</b>	<b>8</b>	<b>(1,423)</b>	<b>952</b>	<b>(1,436)</b>

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, 2025 (in Thousands)**

	Operating Fund	Archdiocesan Revolving Fund	Plant Fund	Endowment and Similar Funds	Total
Insurance revenue	15,062				15,062
Insurance expense	(31,773)				(31,773)
Bequests	1,259				1,259
Gains on investments	3,263			875	4,138
Net change in priests' pension plan	2,890				2,890
Net change in priests' health plan	1,249				1,249
Internal transfers of net assets without donor restrictions	311	(8)	602	(905)	
<b>Change in Net Assets Without Donor Restrictions</b>	<b>(8,712)</b>		<b>(821)</b>	<b>922</b>	<b>(8,611)</b>
<b>Net Assets With Donor Restrictions:</b>					
Contributions	15,387			71	15,458
Investment income				176	176
Gains on investments				900	900
Net assets release from restrictions-					
Satisfaction of time restrictions					
from the Annual Catholic Appeal	(11,405)				(11,405)
Satisfaction of the program restrictions	(3,133)			(781)	(3,914)
<b>Change in Net Assets With Donor Restrictions</b>	<b>849</b>			<b>366</b>	<b>1,215</b>
<b>Total Net Assets:</b>					
Change in net assets without donor restrictions	(8,712)		(821)	922	(8,611)
Change in net assets with donor restrictions	849			366	1,215
<b>Total Change in Net Assets</b>	<b>(7,863)</b>		<b>(821)</b>	<b>1,288</b>	<b>(7,396)</b>
Net assets, beginning of year	17,699		21,616	16,972	56,287
<b>Net Assets at End of Year</b>	<b>\$ 9,836</b>	<b>\$ -</b>	<b>\$ 20,795</b>	<b>\$ 18,260</b>	<b>\$ 48,891</b>

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