THE ARCHDIOCESE OF SAINT PAUL AND MINNEAPOLIS CHANCERY CORPORATION
ST. PAUL, MINNESOTA

FINANCIAL STATEMENTS

YEARS ENDED JUNE 30, 2021 AND 2020

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CHANCERY CORPORATION
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INDEPENDENT AUDITORS' REPORT

Archdiocesan Finance Council
Corporate Board of The Archdiocese of Saint Paul and Minneapolis
Minneapolis, Minnesota

We have audited the accompanying financial statements of The Archdiocese of Saint Paul and Minneapolis, which comprise the statements of financial position as of June 30, 2021 and 2020, and the related statements of activities, functional expenses, and cash flows for the years ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statement

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

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Archdiocesan Finance Council
Corporate Board of The Archdiocese of Saint Paul and Minneapolis
Minneapolis, Minnesota

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of The Archdiocese of Saint Paul and Minneapolis as of June 30, 2021 and 2020, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

Minneapolis, Minnesota
November 8, 2021

THE ARCHDIOCESE OF SAINT PAUL AND MINNEAPOLIS
CHANCERY CORPORATION
STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2021 AND 2020

	2021	2020
ASSETS		
Cash - Board Designated and Without Donor Restriction	$ 16,752,463	$ 7,986,235
Cash - With Donor Restriction	858,940	1,120,493
Contributions Receivable	325,114	525,303
Estates Receivable	140,000	9,617,810
Accounts Receivable, Net of Allowances	2,327,218	2,863,669
Loans Receivable	663,066	669,066
Investments With Donor Restrictions	1,325,870	1,064,216
Beneficial Interest in Perpetual Trusts	1,831,976	1,424,738
Prepaid Expenses and Other Assets	144,840	183,642
Land, Property and Equipment	3,117,905	3,285,124
Total Assets	$ 27,487,392	$ 28,740,296
LIABILITIES AND NET ASSETS		
LIABILITIES		
Accounts Payable and Accrued Liabilities	$ 1,701,595	$ 1,722,193
Amounts Held for Others Under Agency Transactions	331,726	247,606
Deferred Revenue	382,664	262,012
Reserve for Priest Benefits Claims	101,287	266,056
Paycheck Protection Program Loan	-	1,980,300
Lease Payable	16,686	33,929
Other Liabilities	-	196,433
Deferred Rent	163,958	150,321
Note Payable Bankruptcy	-	4,000,000
Total Liabilities	2,697,916	8,858,850
NET ASSETS		
Without Donor Restrictions - Undesignated	13,416,739	5,486,755
Without Donor Restrictions - Board Designated	6,957,415	10,617,810
With Donor Restrictions		
Restricted by Time and/or Purpose	2,346,196	2,114,993
Restricted in Perpetuity	2,069,126	1,661,888
Total Net Assets	24,789,476	19,881,446
Total Liabilities and Net Assets	$ 27,487,392	$ 28,740,296

See accompanying Notes to Financial Statements.

THE ARCHDIOCESE OF SAINT PAUL AND MINNEAPOLIS
CHANCERY CORPORATION
STATEMENTS OF ACTIVITIES
YEARS ENDED JUNE 30, 2021 AND 2020

	2021			2020		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
OPERATING REVENUE						
Contributions	$ 2,240,498	$ 316,807	$ 2,557,305	$ 11,599,954	$ 383,611	$ 11,983,565
Parish Assessments	15,835,019	-	15,835,019	14,397,351	-	14,397,351
Fees and Program Revenues	2,539,989	-	2,539,989	2,542,185	-	2,542,185
Investment Income, Net	13,597	794,928	808,525	-	4,163	4,163
Other Income	105,249	-	105,249	103,500	-	103,500
Total Operating Revenue	20,734,352	1,111,735	21,846,087	28,642,990	387,774	29,030,764
NET ASSETS RELEASED FROM RESTRICTIONS	473,294	(473,294)	-	412,230	(412,230)	-
NET OPERATING INCOME (LOSS)	21,207,646	638,441	21,846,087	29,055,220	(24,456)	29,030,764
OPERATING EXPENSE						
Program Services:						
Catholic Education	1,104,053	-	1,104,053	867,124	-	867,124
Central Services	5,054,102	-	5,054,102	5,024,142	-	5,024,142
Clergy Services	5,262,238	-	5,262,238	4,842,315	-	4,842,315
Communications	2,044,528	-	2,044,528	1,929,255	-	1,929,255
Community Services	460,382	-	460,382	112,926	-	112,926
Evangelization	29,162	-	29,162	313,381	-	313,381
Marriage, Family and Life	665,085	-	665,085	979,432	-	979,432
Parish Service and Outreach	1,262,555	-	1,262,555	1,421,580	-	1,421,580
Latino Ministries	362,289	-	362,289	449,255	-	449,255
Total Program Services	16,244,394	-	16,244,394	15,939,410	-	15,939,410
Support Services:						
General and Administrative	2,389,059	-	2,389,059	2,650,175	-	2,650,175
Development and Stewardship	194,359	-	194,359	226,905	-	226,905
Total Support Services	2,583,418	-	2,583,418	2,877,080	-	2,877,080
Total Operating Expense	18,827,812	-	18,827,812	18,816,490	-	18,816,490
CHANGE IN NET ASSETS FROM FROM OPERATIONS	2,379,834	638,441	3,018,275	10,238,730	(24,456)	10,214,274
NONOPERATING ACTIVITY						
Gain on Sale of Assets	6,000	-	6,000	-	-	-
Paycheck Protection Program Revenue	1,980,300	-	1,980,300	-	-	-
General Insurance Program Expense	-	-	-	(7,532,506)	-	(7,532,506)
Priest Benefits Revenue	3,164,277	-	3,164,277	3,087,145	-	3,087,145
Priest Benefits Expense	(3,260,822)	-	(3,260,822)	(2,958,228)	-	(2,958,228)
Change in Net Assets from Nonoperating Activities	1,889,755	-	1,889,755	(7,403,589)	-	(7,403,589)
CHANGES IN NET ASSETS	4,269,589	638,441	4,908,030	2,835,141	(24,456)	2,810,685
Net Assets - Beginning of Year	16,104,565	3,776,881	19,881,446	13,269,424	3,801,337	17,070,761
NET ASSETS - END OF YEAR	$ 20,374,154	$ 4,415,322	$ 24,789,476	$ 16,104,565	$ 3,776,881	$ 19,881,446

See accompanying Notes to Financial Statements.

THE ARCHDIOCESE OF SAINT PAUL AND MINNEAPOLIS
CHANCERY CORPORATION
STATEMENTS OF FUNCTIONAL EXPENSES
YEARS ENDED JUNE 30, 2021 AND 2020

	2021					
	Program Services					
	ADSM Program Services	Priest Benefits Program	Total Program	Management and General	Fundraising	Total
Salaries and Benefits	$ 10,648,511	$ -	$ 10,648,511	$ 2,176,432	$ 120,437	$ 12,945,380
Grants and Allocations	122,980	-	122,980	-	4,750	127,730
Professional Services	1,372,169	8,000	1,380,169	351,237	-	1,731,406
Supplies and Equipment	1,825,304	-	1,825,304	64,881	1,039	1,891,224
Travel and Meetings	141,913	-	141,913	17,375	36	159,324
Other and Occupancy	1,905,941	738	1,906,679	(271,032)	60,896	1,696,543
Priest Benefits Claims and Administrative Fee	-	3,252,084	3,252,084	-	-	3,252,084
Depreciation	227,576	-	227,576	50,166	7,201	284,943
Total Functional Expenses	$ 16,244,394	$ 3,260,822	$ 19,505,216	$ 2,389,059	$ 194,359	$ 22,088,634

	2020						
	Program Services						
	ADSM Program Services	General Insurance Program	Priest Benefits Program	Total Program	Management and General	Fundraising	Total
Salaries and Benefits	$ 9,972,782	$ -	$ 13,068	$ 9,985,850	$ 2,015,451	$ 137,971	$ 12,139,272
Grants and Allocations	147,588	-	-	147,588	3,000	10,300	160,888
Professional Services	1,453,486	-	7,333	1,460,819	306,206	-	1,767,025
Supplies and Equipment	1,900,247	-	-	1,900,247	108,964	969	2,010,180
Travel and Meetings	325,682	-	-	325,682	55,107	-	380,789
Other and Occupancy	1,877,294	7,532,506	735	9,410,535	105,660	69,572	9,585,767
Priest Benefits Claims and Administrative Fee	-	-	2,937,092	2,937,092	-	-	2,937,092
Depreciation	262,331	-	-	262,331	55,787	8,093	326,211
Total Functional Expenses	$ 15,939,410	$ 7,532,506	$ 2,958,228	$ 26,430,144	$ 2,650,175	$ 226,905	$ 29,307,224

See accompanying Notes to Financial Statements.

THE ARCHDIOCESE OF SAINT PAUL AND MINNEAPOLIS
CHANCERY CORPORATION
STATEMENTS OF CASH FLOWS
YEARS ENDED JUNE 30, 2021 AND 2020

	2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in Net Assets	$ 4,908,030	$ 2,810,685
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by Operating Activities:		
Depreciation	284,943	326,211
(Gain) Loss on Disposal of Equipment	(6,000)	1,113
Unrealized and Realized Gains on Investments	(766,823)	(2,019)
Paycheck Protection Program Revenue	(1,980,300)	-
Change in Reserve for Priest Benefits Claims	(164,769)	266,056
Change in Assets and Liabilities:		
Contributions Receivable	200,189	(313,040)
Estates Receivable	9,477,810	(9,617,810)
Accounts Receivable	536,451	617,955
General Insurance Program Assets	-	12,881,854
Prepaid Expenses and Other Assets	38,802	1,364
Accounts Payable and Accrued Liabilities	(20,598)	(88,286)
General Insurance Program Liabilities	-	(5,349,348)
Amounts Held for Others Under Agency Transactions	84,120	65,477
Deferred Rent	13,637	(15,441)
Deferred Revenue	120,652	63,001
Net Cash Provided by Operating Activities	12,726,144	1,647,772
CASH FLOWS FROM INVESTING ACTIVITIES		
Repayment of Loans Receivable	6,000	6,000
Purchase of Investments	(2,632)	(11,778)
Proceeds on Sales of Investments	100,563	138,787
Purchases of Property and Equipment	(111,724)	(241,447)
Net Cash Used by Investing Activities	(7,793)	(108,438)
CASH FLOWS FROM FINANCING ACTIVITIES		
Payment of Note Payable Bankruptcy	(4,000,000)	(1,000,000)
Paycheck Protection Program Loan Proceeds	-	1,980,300
Principal Payments on Leasehold Improvement	(196,433)	(16,300)
Principal Payments on Capital Lease Obligations	(17,243)	(16,242)
Net Cash Provided (Used) by Financing Activities	(4,213,676)	947,758
NET INCREASE IN CASH AND RESTRICTED CASH	8,504,675	2,487,092
Cash and Restricted Cash - Beginning of Year	9,106,728	6,619,636
CASH AND RESTRICTED CASH - END OF YEAR	$ 17,611,403	$ 9,106,728
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION		
Cash Paid During the Year for Interest	$ 11,560	$ 18,536
CASH CONSISTS OF:		
Cash - Board Designated and Without Donor Restriction	$ 16,752,463	$ 7,986,235
Cash - With Donor Restriction	858,940	1,120,493
Total Cash - End of Year	$ 17,611,403	$ 9,106,728

See accompanying Notes to Financial Statements.

NOTE 1 SUMMARY OF THE ORGANIZATION

The Archdiocese

The Archdiocese of Saint Paul and Minneapolis (the Archdiocese or Chancery Corporation) was first established as a diocese by the Holy See in 1850 (originally Minnesota and the Dakotas), and elevated to archdiocese 38 years later. Now comprising a 12-county area, there are 186 parishes and 90 Catholic schools (including elementary and high schools) within the Archdiocese. The Archdiocese is home to over 825,000 Catholics, including hundreds of clergy and religious sisters and brothers as well as thousands of lay personnel and volunteers who serve in parishes, Catholic schools and in many other ministries within the Archdiocese. The mission of The Archdiocese of Saint Paul and Minneapolis is making the name of Jesus Christ known and loved by promoting and proclaiming the Gospel in word and deed through vibrant parish communities, quality Catholic education and ready outreach to the poor and marginalized.

Nature of Organization

The financial statements include administrative and program offices and departments of the Chancery Corporation, which serves as the secular arm of the Archdiocese. Under the laws of the State of Minnesota, parishes, their related schools and other separately incorporated and operated Roman Catholic entities within the 12 county area of the Archdiocese are not under the fiscal or operating control of the Chancery Corporation and, therefore, in accordance with accounting principles generally accepted in the United States of America, are not included in the Chancery Corporation's financial statements.

Catholic Services Appeal Foundation

Effective January 1, 2014, an independent 501(c)(3) organization called the Catholic Services Appeal Foundation (CSAF) was established to solicit, collect, hold and distribute all Catholic Services Appeal (CSA) donations for the benefit of a prescribed group of Catholic organizations and Chancery Corporation ministries as outlined in the CSAF by-laws. The Chancery Corporation received contributions from the CSAF to provide for these ministries, including but not limited to Latino Ministry, Evangelization and Catechesis, Youth Ministry, Venezuela Mission, seminarian education, and chaplain services at hospitals and prisons throughout the Archdiocese. See further impact of this within contributions receivable in Note 2.

Programs and Other Activities

The Chancery Corporation accomplishes its mission in the following program areas:

Catholic Education

The Office for the Mission of Catholic Education provides vision, support, and direction to Catholic schools and parish catechetical programs so that they can achieve their mission to proclaim Christ and form authentic disciples of Jesus Christ through an integrated Catholic education developing the spirit, mind, and body.

NOTE 1 SUMMARY OF THE ORGANIZATION (CONTINUED)

Programs and Other Activities (Continued)

Catholic Education (Continued)

The Office for the Mission of Catholic Education is divided into a Department of Parish Catechesis, Department of Educational Quality and Excellence, and Department of Catholic Schools. Major responsibilities for Catholic schools and parishes are aligned with the Roadmap for Excellence in Catholic Education and include strategically assisting pastors, principals, and parish catechetical leaders; implementing a comprehensive talent management framework; encouraging and acknowledging quality and excellence in Catholic education; serving as a resource for those involved in the essential work of parish catechesis; maintaining policies that support the work of Catholic education; representing the interests of Catholic education to a diverse set of stakeholders; and working with community partners to ensure the sustainability of programs, including the Drexel Mission Schools which serves those in most need.

Central Services

Central Services provides support and services to the Chancery Corporation staff and the parishes. The Department includes Parish Accounting Service Center; Parish Standards; Parish Payroll Services Center; Metropolitan Tribunal; Records and Archives; Chancellor's Office; IT/Computer Services; Human Resources and Benefits Administration; and Printing Services.

Clergy Services

Various offices and programs of the Chancery Corporation work to provide personal and ministerial resources as well as formation and ongoing clergy education for priests and deacons to enhance the fruitfulness of their ministries. The Office of Clergy Services helps support clergy assignment at parishes and other institutions, as well as hospital and correctional facility chaplaincies. The Office of Vocations encourages prayerful discernment of call to ordained or religious life. The Saint Paul Seminary provides formation for men preparing for ordination to the priesthood. The Byrne Residence offers housing for retired priests. The Office of Clergy Services also provides oversight of victim advocacy and assistance: abuse prevention efforts, intervention on clergy misconduct, support of the work of the Clergy Review Board to ensure prompt and thorough review of clergy misconduct allegations, the Promotion of Ministerial Standards program to ensure that all priests and deacons uphold the standards expected of Catholic clergy, and are provided appropriate support for their spiritual, physical, and mental well-being.

Communications

The mission of the Office of Communications is to communicate the spiritual messages and theological teachings of the Church as articulated through the Archbishop and his auxiliary bishops. The Office of Communications is also charged with ensuring effective ongoing two-way communications between the Chancery Corporation offices and the many audiences they serve, particularly parishes, Catholic schools and the general public.

NOTE 1 SUMMARY OF THE ORGANIZATION (CONTINUED)

Programs and Other Activities (Continued)

Communications (Continued)

Office of Communications staff produce 24 issues of *The Catholic Spirit* newspaper annually, produce the weekly Practicing Catholic radio show, twice-weekly Parish Leadership Update, and bi-weekly Archdiocesan Update electronic newsletter to 1,500 parish and Catholic school leaders. The team also provides parishes and schools with crisis and communications strategy consultation and manages nearly 20 web sites, blogs and social media sites.

Community Services

Through the work of offices of the Chancery Corporation and the support of community partners, we help men, women, and children most in need, including the hungry and homeless, as well as immigrants, the elderly, those with disabilities and others with special needs.

Evangelization

The Office of Evangelization creates opportunities for people to encounter Jesus Christ and to make the truth of Christ and his Church clearly understood and accessible.

Evangelization efforts are created and experienced in cooperation with parishes and Catholic schools and the many ministry groups throughout this local Church.

Marriage, Family and Life

The mission of the Office of Marriage, Family and Life is to assist and encourage all Christians to fulfill their call to holiness. This office promotes a culture of life through programs that support the vocation of marriage, the single state and outreach to youth and young adults. Programs and advocacy efforts include marriage enrichment, marriage preparation, Early Catholic Family Life and other family outreach, respect life and prolife groups, bio-medical ethics and outreach and catechetical preparation for persons with disabilities. In addition, Archdiocesan Youth Day, World Youth Day, the Men's Conference, National Catholic Youth Conference and other events are coordinated through the staffing and support of the department. In all, the office sponsors or collaborates on over 50 events and programs annually, and coordinates with 125 prolife parish liaisons and local organizations.

Parish Services and Outreach

Several offices and programs offer services to parishes within the Archdiocese, including the Office of Parish Services, which encourages a community of sharing and collaboration in parishes and helps parishes learn from one another.

The Office of Worship supports the liturgical life of the local Church and serves as a resource on liturgical law and practice for pastors and parishes serving within the Archdiocese. The Office coordinates major Archdiocesan liturgical celebrations and provided catechetical and practical support for the full, conscious and active participation of God's Holy People in the Church's sacramental and liturgical life.

NOTE 1 SUMMARY OF THE ORGANIZATION (CONTINUED)

Programs and Other Activities (Continued)

Parish Services and Outreach (Continued)

Other ministries within Parish Services include the Deaf Ministry along with the Indian Ministry for members of the local Native American community. Through the generosity of Catholics in the Archdiocese, 65,000 people in Ciudad Guayana, Venezuela are offered access to the sacraments, food and essential services at the Jesucristo Resucitado mission parish.

Latino Ministries

The Office of Latino Ministry serves the large number of Latino Catholics in the community at more than 20 parishes with Spanish language Masses, catechetical offering and pastoral care. Latino Ministries offers outreach and diverse programs with an area of emphasis including but not limited to evangelization and formation.

Priest Benefits

The Archdiocese of St. Paul and Minneapolis coordinates a self-insured health and dental benefit fund for active clergy members, seminarians, international clergy members and religious order sisters within the Archdiocese. The Archdiocese invoices other Catholic entities for benefit premiums based on clergy assignments and pays benefit providers directly for health and dental claims.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Changes in Accounting Principles

The Chancery Corporation adopted Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2018-13 *Fair Value Measurement (Topic 820): Disclosure Framework – Changes to the Disclosure Requirements for Fair Value Measurement*. The ASU removes and modifies disclosure requirements retrospectively for nonpublic entities. The financial statements reflect the application of the ASU using a retrospective approach to each period presented.

Basis of Presentation – Accounting for Net Assets

The financial statements of the Chancery Corporation have been prepared on the accrual basis of accounting.

The Chancery Corporation reports information regarding its financial position and activities according to two classes of net assets: Net Assets Without Donor Restrictions and Net Assets With Donor Restrictions. These classes of net assets are summarized as follows:

Net Assets Without Donor Restrictions – Net assets that are those currently available at the discretion of the Chancery Corporation for use in operations and are not subject to donor (or certain grantor) restrictions. This includes net assets designated by the board of directors for specific purposes.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Basis of Presentation – Accounting for Net Assets (Continued)

Net Assets With Donor Restrictions – Accounts for resources that are limited by donor restrictions as to either time restrictions or purpose restrictions to support certain program activities. Also includes resources that are limited by donor-imposed stipulations to invest the principal in perpetuity and to expend the income for program activities.

Cash

At times throughout the year, cash balances may exceed amounts insured by the Federal Deposit Insurance Corporation (FDIC) by a minimal amount. The Archdiocese has additional insurance up to $8,500,000 with one financial institution and funds deposited into a Money Center account with another financial institution that spreads deposits in total so they are fully insured. Cash is classified into two categories, without donor restriction and board-designated, and with donor restriction. As of June 30, 2021 and 2020, $6,957,415 and $10,617,810, respectively, were classified as board-designated funds representing estate contributions as designated below in Estates Receivable.

For purposes of the statement of cash flows, the Archdiocese considers all highly liquid investments with an initial maturity of three months or less to be cash equivalents.

Contributions Receivable

Unconditional promises to give that are expected to be collected within one year are recorded as contributions receivable at net realizable value. Unconditional promises to give that are expected to be collected in future years are recorded at the present value of their estimated future cash flows. Conditional promises to give are not included as support until the conditions are substantially met.

Contributions Receivable

Included within contributions receivable are contributions and reimbursable expenses receivable from Catholic Services Appeal Foundation of $325,114 and $380,303 at June 30, 2021 and 2020, respectively.

In addition, there was $145,000 in restricted contributions receivable from a single donor at June 30, 2020 which was received in fiscal year 2021.

Estates Receivable

The Archdiocese was the beneficiary of two estate trust gifts totaling approximately $9,617,810 as of June 30, 2020. These gifts were not restricted by the donors. As a result, an Estate Gift Receivable and Estate Gift Income in the amount of $9,617,810 was recorded as of June 30, 2020. The Archdiocese received cash payments totaling $9,420,000 during the year ended June 30, 2021. In addition, the estimated estate receivable was reduced by $57,810 as of June 30, 2021, and the Archdiocese expects to collect the residual payments totaling approximately $140,000 during the year ending June 30, 2022.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Estates Receivable (Continued)

The estate gift was board-designated for payment of the bankruptcy note payable, other guaranteed loan obligations, and capital projects. The remaining balance of $6,957,415 as of June 30, 2021 is board designated for capital projects.

Accounts Receivable

Accounts receivable are due from parishes and other Catholic entities and are non-interest bearing, unsecured and due currently. Credit terms for payment of assessments, insurance and other billings are extended to the borrowers in the normal course of operations, and no collateral is required. Approximately 96% and 86% of the outstanding receivables from parishes and other related entities are attributable to 16 parishes at June 30, 2021 and 2020, respectively. A portion of the parish assessments will be repaid over a period of several years. The aging of these receivables, as well as any extended payment terms, are factored into the allowance for doubtful accounts. The Chancery Corporation provides for an allowance for doubtful accounts, and bases its estimate of the allowance on a variety of factors including the status of the receivables, collection experience and the financial condition of the creditor. Accounts receivable are written off and charged to the allowance only under extraordinary circumstances. Because of the inherent uncertainties in estimating the allowance for doubtful accounts, it is at least reasonably possible that the estimates used will change within the near term. Approximately 90% and 83% of total accounts receivable are due from parish assessments at June 30, 2021 and 2020, respectively.

Loan Receivable

The loan is due from a parish and represents an outstanding demand note with a balance of $663,066 and $669,066 as of June 30, 2021 and 2020, respectively (to be paid on a long-term basis). Loans receivable are recorded at their net realizable values, net of an allowance for doubtful accounts, where applicable. No allowance was deemed necessary for the years ended June 30, 2021 and 2020.

The Chancery Corporation provides for an allowance for doubtful loans, and bases its estimate of the allowance on a variety of factors including the status of the receivables, collection experience and the financial condition of the borrower. Loans receivable are written off and charged to the allowance only under extraordinary circumstances, and write-offs must be approved by the Archbishop.

Investments

Investments are measured at fair value. Investments in perpetual trust assets held at The Catholic Community Foundation of Minnesota (CCF), are pooled with other organizations' funds and invested in diversified portfolios of marketable equity and fixed income securities, as well as limited marketability investments. Such assets held at CCF are reported at fair value/estimated fair value as reported to the Chancery Corporation by CCF.

The Chancery Corporation's remaining interest in perpetual trust assets held at a bank is reported based on the fair value of the underlying trust assets.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Investments (Continued)

Realized and unrealized gains and losses on investments are recorded in the statement of activities based upon the existence or absence of donor-imposed restrictions.

In general, investments are exposed to various risks, such as interest rate, credit, and overall market volatility risk. Due to the level of risk associated with certain investments, it is reasonably possible that changes in the values of the investments will occur in the near term and that such changes could materially affect the amounts reported in the statement of financial position.

Fair Value

The Chancery Corporation's accounting for fair value measurements of assets and liabilities that are recognized or disclosed at fair value in the financial statements on a recurring or nonrecurring basis adhere to the Financial Accounting Standards Board fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to measurements involving significant unobservable inputs (Level 3 measurements).

The three levels of the fair value hierarchy are as follows:

Level 1 – Inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the Chancery Corporation has the ability to access at the measurement date.

Level 2 – Inputs are inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3 – Inputs are unobservable inputs for the asset or liability.

The level in the fair value hierarchy within which a fair measurement in its entirety falls is based on the lowest level input that is significant to the fair value measurement in its entirety. The Chancery Corporation uses valuation techniques in a consistent manner from year-to-year.

Land, Property and Equipment

Land, property and equipment are recorded at their net book value. Depreciation is recorded over the estimated useful lives of the assets using the straight-line method. Maintenance and repairs are expensed as incurred; major improvements and betterments are capitalized according to the Archdiocesan capitalization policy.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Contributions and Revenue Recognition

Revenue is recognized as the performance obligations are satisfied. Performance obligations are determined based on the nature of the services provided by the Chancery Corporation. Revenue for performance obligations satisfied at a point in time is recognized when goods or services are provided, and the Chancery Corporation does not believe they are required to provide additional goods or services to the client.

Parish Assessments and Priest Benefits Revenue are recognized over time, within the fiscal year, as the underlying services are rendered. Fees and Program Revenues are recognized at both a point in time and over time depending on the underlying nature of the revenue producing activity.

The Chancery Corporation reports gifts of cash and other assets as restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported as net assets released from restrictions in the statement of activities.

The Chancery Corporation reports gifts of land, buildings, and equipment as support without donor restriction unless explicit donor stipulations specify how the donated assets must be used. Gifts of long-lived assets with explicit restrictions that specify how the assets are to be used and gifts of cash or other assets that must be used to acquire long-lived assets are reported as restricted support. Absent explicit donor stipulations about how long those long-lived assets must be maintained, the Chancery Corporation reports expirations of donor restrictions when the donated or acquired long-lived assets are placed in service.

Program revenue received for services to be provided in a future period are recorded as deferred revenue at the time of receipt and earned when the services are delivered.

Accounting Estimates

Management uses estimates and assumptions in preparing these financial statements in accordance with accounting principles generally accepted in the United States of America. Those estimates and assumptions affect the reported amounts of assets, liabilities and net assets, the disclosure of contingent assets and liabilities, and the reported revenues and expenses. Actual results could differ from those estimates and estimates may change during the near term.

Pension and Medical Benefit Plans

The Chancery Corporation contributes to the Pension Plan for Priests and to the Pension Plan for Lay Employees of the Chancery Corporation, parishes and Catholic schools, and certain other Catholic entities within the Archdiocese. These contributions include normal costs, and an amount to amortize the unfunded past service liabilities of the plans. The actuarial present values of accumulated plan benefits and net assets available for benefits are not available at the individual organization level.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Pension and Medical Benefit Plans (Continued)

The plans are multiple-employer, defined benefit plans and cover substantially all priests and most full-time lay employees of participating employers operating within the boundaries of the Archdiocese. In accordance with ASC Paragraph 715-30-55-63, the Chancery Corporation accounts for its participation in the plans as multiemployer plans.

Benefits for full-time lay employees under the Pension Plan for Lay Employees were frozen January 31, 2011. The Chancery Corporation contributes to the Archdiocesan Medical Benefit Plan, which is a multiple-employer plan, providing medical, dental and other flexible benefits to the participating employer's participating employees. The Plan is a self-insured plan with stop-loss protection. In the event the Plan is terminated and all obligations to the insurers providing group benefits and to the beneficiaries of the Plan have been satisfied, any remaining trust funds shall be distributed to the Chancery Corporation and the Trust shall terminate. The Plan's Trustees have no plans to terminate the Plan.

The following is the amount charged to expense on the Archdiocese's Statement of Activities as of June 30:

	2021	2020
Lay Pension	$ 267,660	$ 267,660
Priests' Pension	438,353	382,193
Archdiocesan Medical Benefit Plan	1,586,746	1,507,628
Total	$ 2,292,759	$ 2,157,481

Income Taxes

The Chancery Corporation is exempt from Federal and state income taxes under provisions of Section 501(c)(3) of the Internal Revenue Code, and similar state statutes.

The Chancery Corporation has evaluated whether it has any significant tax uncertainties that would require recognition or disclosure. Primarily due to the exempt status, the Chancery Corporation does not have any significant tax uncertainties that would require recognition or disclosure.

NOTE 3 INVESTMENTS

The fair value and composition of investments with donor restriction consists of two funds with donor restrictions solely for the purpose of the General Seminary Endowment and the Braun Fund. Both with donor restrictions towards seminary education. As of June 30, 2021 there were no investments without donor restriction.

The Chancery Corporation is the beneficiary of the General Seminary Endowment. CCF retains variance power over these funds and can redirect the distribution of these assets at the discretion of its board.

NOTE 3 INVESTMENTS (CONTINUED)

The Braun Fund is invested with American Funds and the Chancery Corporation receives distributions annually.

Investments are carried at fair value. The balances of the General Seminary Endowment and the Braun Fund as of June 30, 2021 were $1,238,648 and $87,222, respectively.

The following is the approximate fund allocation of investments at June 30:

	2021		
	American Funds	CCF	Total
Cash and Cash Equivalents	$ -	$ 24,773	$ 24,773
Corporate Bonds	-	173,411	173,411
Corporate and International Equities	87,222	928,987	1,016,209
Alternative Investments	-	111,477	111,477
Total	$ 87,222	$ 1,238,648	$ 1,325,870

	2020		
	American Funds	CCF	Total
Cash and Cash Equivalents	$ -	$ 9,838	$ 9,838
Corporate Bonds	-	157,403	157,403
Corporate and International Equities	80,448	678,801	759,249
Alternative Investments	-	137,726	137,726
Total	$ 80,448	$ 983,768	$ 1,064,216

The following schedule summarized the investment return and its classification in the statement of activities for the year ended June 30, 2021:

	Without Donor Restrictions	With Donor Restrictions	Total
Interest and Dividends	$ 13,597	$ 35,610	$ 49,207
Unrealized and Realized Gains	-	759,318	759,318
Total	$ 13,597	$ 794,928	$ 808,525

NOTE 4 BENEFICIAL INTEREST IN PERPETUAL TRUST

The Chancery Corporation is the sole income beneficiary in three irrevocable perpetual trusts, the assets of which are not in the possession of the Chancery Corporation and for which the Chancery Corporation is not the trustee. The values of these trusts totaled $1,831,976 and $1,424,738 at June 30, 2021 and 2020, respectively. These trusts were established with specific donor intent for restricted purposes. The assets recorded on the statement of financial position represent the estimated present values of future cash flows from the trusts, which are assumed to equal the fair value of the underlying trust investments.

NOTE 4 BENEFICIAL INTEREST IN PERPETUAL TRUST (CONTINUED)

The Chancery Corporation has legally enforceable rights and claims to distributions from the trusts but not to the underlying assets themselves and receives income distributions based on the funds' income after certain trust expenses. These income distributions are received with donor restrictions for specific purposes: the Saint Paul Seminary support, support for physically disabled priests, and housing for elderly members of the Christian Brothers religious order.

NOTE 5 FAIR VALUE

The following tables set forth the balance of assets by level, within the fair value hierarchy, carried at fair value as of June 30:

	2021			
	Fair Value Measurement Using			Fair Value
	Level 1	Level 2	Level 3	Amount
Assets:				
Investments:				
Mutual Funds - American Funds	$ 87,222	$ -	$ -	$ 87,222
Investments Held at CCF	-	-	1,238,648	1,238,648
Beneficial Interest in Perpetual Trusts	-	-	1,831,976	1,831,976
Total	$ 87,222	$ -	$ 3,070,624	$ 3,157,846

	2020			
	Fair Value Measurement Using			Fair Value
	Level 1	Level 2	Level 3	Amount
Assets:				
Investments:				
Mutual Funds - American Funds	$ 80,448	$ -	$ -	$ 80,448
Investments Held at CCF	-	-	983,768	983,768
Beneficial Interest in Perpetual Trusts	-	-	1,424,738	1,424,738
Total	$ 80,448	$ -	$ 2,408,506	$ 2,488,954

	Fair Value			
Instrument	2021	2020	Principal Valuation Technique	Unobservable Inputs
Community Foundation Holdings	$ 1,238,648	$ 983,768	Net Asset Value	Value of Underlying Assets
Beneficial Interest in Perpetual Trusts	$ 1,831,976	$ 1,424,738	FMV of Trust Investments	Time Period of Trust

For the years ended June 30, 2021 and 2020, there were only distributions (sales) out of the Community Foundation and Beneficial Interest in Perpetual Trust. These totaled $39,500 for the Community Foundation holdings for both the years ended June 30, 2021 and 2020. For the Beneficial Interest in Perpetual Trust, distributions totaled $57,700 and $57,600 for the years ended June 30, 2021 and 2020, respectively.

NOTE 6 LAND, PROPERTY, AND EQUIPMENT

Land, property, and equipment consisted of the following at June 30:

	Life in Years	2021	2020
Buildings	20-400	$ 3,269,815	$ 3,269,815
Furniture, Equipment and Technology	3-10	2,544,809	2,461,080
Vehicles	3-5	102,305	133,185
Leasehold Improvements	See Below	1,435,040	1,402,172
Right to Use Asset	See Below	1,721,613	1,721,613
Subtotal		9,073,582	8,987,865
Less: Accumulated Depreciation		(5,955,677)	(5,702,741)
Net Land, Property and Equipment		$ 3,117,905	$ 3,285,124

Certain facilities owned by the Chancery Corporation are utilized and subject to third party mortgages. The Chancery Corporation has a lease agreement with the Cathedral of Saint Paul with a base rent of $1 per year. The lease agreement matured in May 2021 and has a renewal option for an additional 20 years. As of June 30, 2021 the lease is on a month to month bases until renewal is complete.

The Chancery Corporation has a long-term lease agreement with the St. Paul Seminary for the rent-free use of the Byrne Residence property. The lease agreement matures in 2094 and automatically renews for 25-year terms unless the Chancery Corporation provides a notice prior to the expiration of the lease.

NOTE 7 GENERAL INSURANCE PROGRAM

Effective September 1, 1980 a trust was established for the benefit of the Archdiocese, all of the parishes, and certain other Catholic entities, commonly referred to as the "General Insurance Fund" (GIF). The GIF provides comprehensive and uniform insurance coverage for the participants. The coverage provided by the GIF includes commercial property, casualty, general liability and workers' compensation insurance. The GIF is maintained for the benefit of the participants who have contributed funds in exchange for obtaining insurance coverage. Effective July 1, 2019, the General Insurance Program was renamed the "Archdiocese of Saint Paul and Minneapolis Participants' Restated and Amended Irrevocable Trust" (Trust) and as a result all assets totaling $12,881,854 and liabilities totaling $5,349,348 were transferred to the new trustee. The net impact to the fiscal year ended June 30, 2020 Statement of Activities is a nonoperating loss of $7,532,506. The Trust assumed certain obligations of the Archdiocese under the Joint Chapter 11 Plan of Reorganization and all disputes related to the Trust were resolved and the funds then held in trust, not distributed as part of the Plan, are to continue to be held in trust to be used for the benefit of all such participating entities consistent with past practices.

NOTE 7 GENERAL INSURANCE PROGRAM (CONTINUED)

On August 14, 2014, The Archdiocese entered into a Custodial Agreement with Bremer and the Commissioner of Commerce for the State of Minnesota (Commissioner) related to the self-insured workers' compensation obligations of the Archdiocese with an initial deposit of $3,846,684. Bremer agreed to hold the security until written authorization is received by the Commissioner.

For various legal reasons the 2014 Custodial Agreement cannot be assigned to the Trust. It must remain with the Archdiocese as the self-insured employer. An agreement has been put into place between the Archdiocese and the Trust insofar that any future increases or decreases to the amount on deposit at Bremer as required by the Commissioner will be funded between the Trust and the Archdiocese. The balance as of June 30, 2021 of $4,155,647 is not presented on the Statement of Financial Position as it is not an asset or liability of the Archdiocese.

NOTE 8 AMOUNTS HELD FOR OTHERS UNDER AGENCY TRANSACTIONS

Amounts held for others under agency transactions consist of charitable collection accounts and funds held for others totaling $331,726 and $247, 606 at June 30, 2021 and 2020, respectively.

NOTE 9 NOTE PAYABLE BANKRUPTCY

In accordance with the Chapter 11 Plan of Reorganization and Confirmation Order from the court closing the bankruptcy, the Archdiocese of St. Paul and Minneapolis Trust "Plan Trust" was established on October 11, 2018, for the benefit of claimants and the holders of future claims. The Archdiocese has no rights or interests in the Plan Trust or its assets.

As a condition of the Plan, the Archdiocese entered into a noninterest bearing Promissory Note with the Plan Trust in the amount of $5,000,000 to be payable in five equal annual installments of $1,000,000 commencing on the 365th day after the Effective Date. The note may be prepaid at any time at the option of the Archdiocese. The Archdiocese made the first annual payment of $1,000,000 on October 10, 2019, the second annual payment of $1,000,000 on October 9, 2020, and paid off the remaining $3,000,000 on June 2, 2021. As of June 30, 2021, the note is paid in full.

NOTE 10 NET ASSETS

Net assets with donor restrictions whether restricted by time or purpose consist of the following at June 30:

	2021	2020
Clergy Services	$ 734,670	$ 740,985
Catholic Education	286,557	234,210
Parish Services	49,381	49,803
Marriage, Family and Life	119,595	117,244
Other	106,437	178,313
Total	$ 1,296,640	$ 1,320,555

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purposes, by the occurrence of other events specified by donors, or by the passage of time. Net assets released from restrictions are as follows for the years ended June 30:

	2021	2020
Clergy Services	$ 237,736	$ 212,347
Catholic Education	63,850	11,560
Parish Services	423	8,401
Marriage, Family and Life	24,348	44,377
Other	146,937	135,545
Total	$ 473,294	$ 412,230

Net assets with donor restrictions on accumulated endowment earnings consist of the following at June 30:

	2021	2020
Clergy Services	$ 1,006,498	$ 751,619
Marriage, Family and Life	43,058	42,819
Total	$ 1,049,556	$ 794,438

Net assets with donor restrictions that are restricted in perpetuity consist of the following at June 30:

	2021	2020
Clergy Services	$ 2,064,126	$ 1,656,888
Other	5,000	5,000
Total	$ 2,069,126	$ 1,661,888

NOTE 11 ENDOWMENT FUNDS

The Chancery Corporation's endowment consists of endowment funds with donor restrictions established for a variety of purposes. As required by generally accepted accounting principles, net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions. The Chancery Corporation receives distributions from these endowments each year based on the spending policies of the financial institution where these endowment funds are held.

Interpretation of Relevant Law

The Archdiocesan Corporate Board has interpreted the Minnesota Uniform Prudent Management of Institutional Funds Act (UPMIFA) as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, the Chancery Corporation classifies these net assets with donor restrictions in perpetuity at the original value of gifts donated to the endowment, (b) the original value of subsequent gifts to the endowment with donor restrictions, and (c) accumulations to the endowment with donor restrictions made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund.

The remaining portion of the donor-restricted endowment fund that is not classified as donor restricted in perpetuity is classified as net assets with donor restrictions by time and/or purpose until those amounts are appropriated for expenditure by the Chancery Corporation in a manner consistent with the standard of prudence prescribed by UPMIFA.

Return Objectives and Risk Parameters

As approved by the Corporate Board, a majority of the Chancery Corporation's endowment funds are held at CCF. Those funds are managed according to CCF’s investment and spending policies. These policies attempt to provide a consistent return on assets, preserve capital and the purchasing power of the endowment assets, while providing a predictable funding stream to support programs. Endowment assets held at CCF include those assets with donor restrictions that the Chancery Corporation must hold in perpetuity. Under these policies, these assets are invested by CCF in a manner to achieve a return over a rolling 10-year period which exceeds the rate of inflation by 5% to 7%, while outperforming a passive market index portfolio consisting of similar asset allocations over a rolling 5-year period.

The endowment funds held and managed by the Chancery Corporation are subject to similar policies as directed by the Chancery Corporation Corporate Board.

NOTE 11 ENDOWMENT FUNDS (CONTINUED)

Return Objectives and Risk Parameters (Continued)

To satisfy its long-term rate-of-return objectives, the Chancery Corporation rely 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 Chancery Corporation targets diversified asset allocations that seek to achieve its long-term return objectives within prudent risk constraints. CCF targets a diversified asset allocation that places a greater emphasis on equity-based investments to achieve its long-term objectives within prudent risk constraints.

Spending Policy and How the Investment Objectives Relate to Spending Policy

As approved by the Chancery Corporation Corporate Board, the endowment assets invested by CCF are managed according to CCF’s investment and spending policies. The Chancery Corporation receives distributions from these endowments each year based on CCF's spending policies. CCF has a policy of appropriating for distribution each year a board-determined percentage of its endowment fund's average fair value over a designated measurement period. CCF’s board-determined distribution percentage was 4% for 2019. In establishing this policy, CCF considered the long-term expected return on its endowment.

With respect to endowment funds held and managed by the Chancery Corporation, the board has an informal policy of appropriating for distribution sufficient funds to achieve program objectives while considering the long-term expected return on its investment assets, considering the nature and duration of the individual endowment funds, and the possible effects of inflation.

These spending policies are consistent with the Chancery Corporation's objective to maintain the purchasing power of endowment assets held in perpetuity, to provide a consistent and predictable funding stream to support the endowment purposes specified, as well as to provide additional growth through investment return.

Endowment Net Assets – Composition of Type of Fund

	June 30, 2021		
	Without Donor Restrictions	With Donor Restrictions	Total
Endowment Funds with Donor Restrictions	$ -	$ 1,286,707	$ 1,286,707

	June 30, 2020		
	Without Donor Restrictions	With Donor Restrictions	Total
Endowment Funds with Donor Restrictions	$ -	$ 1,031,588	$ 1,031,588

NOTE 11 ENDOWMENT FUNDS (CONTINUED)

Changes in endowment net assets:

	June 30, 2021		
	Without Donor Restrictions	With Donor Restrictions	Total
Endowment Net Assets, Beginning of Year	$ -	$ 1,031,588	$ 1,031,588
Investment Return:			
Investment Income, Net of Fees	-	2,974	2,974
Net Appreciation (Realized and Unrealized)	-	291,645	291,645
Total Investment Income	-	294,619	294,619
Appropriations of Funds	-	(39,500)	(39,500)
Endowment Net Assets, End of Year	$ -	$ 1,286,707	$ 1,286,707

	June 30, 2020		
	Without Donor Restrictions	With Donor Restrictions	Total
Endowment Net Assets Beginning of Year (Unaudited)	$ -	$ 1,078,809	$ 1,078,809
Investment Return:			
Investment Income, Net of Fees	-	6,444	6,444
Net Appreciation (Realized and Unrealized)	-	(14,742)	(14,742)
Total Investment Income	-	(8,298)	(8,298)
Appropriations of Funds	-	(38,923)	(38,923)
Endowment Net Assets, End of Year	$ -	$ 1,031,588	$ 1,031,588

From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor or UPMIFA requires the Chancery Corporation to retain as a fund of perpetual duration. In accordance, with accounting principles generally accepted in the United States of America, deficiencies of this nature are reported in net assets with donor restriction. As of June 30, 2021 and 2020, no endowments had deficiencies.

NOTE 12 PENSION AND MEDICAL BENEFIT PLANS

Pension Plans

Effective January 31, 2011, the Pension Plan for Lay Employees (Lay Pension Plan) was frozen. Due to the frozen status of the plan, active plan participants are no longer earning benefits, are no longer accruing additional credited years of service, and pension benefits upon participant retirement will be based upon the participant's credited years of service and salary history as of January 31, 2011. Participants in the plan who were not vested as of the freeze date will continue to earn vesting service after January 31, 2011, for each year in which they work in a full-time capacity until these participants become fully vested by reaching five years of full-time service. Employees who terminate with five or more years of credited service are generally entitled to annual pension benefits as defined by the Lay Employee Plan. Pension benefits are based primarily on years of service and final average earnings calculated as the average of the employee's five highest earning years.

The Pension Plan for Priests (Priest Pension Plan) covers substantially all incardinated priests, or those beginning the process of incardination established by the Chancery Corporation or one of the participating employers. Priest retirement benefits are computed in accordance with the plan document, which can be changed by the trustees of the plan.

Pension benefits are calculated primarily based on age at the date of retirement and years of service, not to exceed 40. Active participants who become totally and permanently disabled receive disability benefits computed as though they had been employed to normal retirement age. The board of trustees has the discretionary authority to pay the cost of medical and dental insurance for participants who retire or become disabled.

The risks of participating in these multiple-employer plans are shared with the other employers participating in the plans. Because this is a multiple-employer plan, valuation information is not available specific to each individual or participating employer. The Chancery Corporation's contribution to the Lay Pension Plan is a fixed amount based on a percentage of qualified salaries and the contribution to the Priest Pension Plan are a fixed amount per priest established by the trustees of the Priest Pension Plan.

NOTE 13 RISKS AND UNCERTAINTIES

During the fiscal year ended June 30, 2020, the World Health Organization declared the spread of Coronavirus Disease (COVID-19) a worldwide pandemic. The COVID-19 pandemic continues to have significant effects on global markets, supply chains, businesses, and communities. Specific to the Chancery Corporation, COVID-19 has impacted various parts of its fiscal year 2021 operations and financial results and may impact fiscal year 2022 as well. Most significantly impacted during fiscal year 2021 was the ability to hold in person events, trainings and travel. Management believes the Chancery Corporation is taking appropriate actions to mitigate the negative impact. However, the full impact of COVID-19 is still unknown.

NOTE 14 PAYCHECK PROTECTION PROGRAM

On April 14, 2020, the Chancery Corporation received a loan from Bremer Bank totaling $1,980,300 to fund payroll, rent, utilities, and interest on mortgages and existing debt through the Paycheck Protection Program (the "PPP Loan"). The PPP Loan bears interest at a fixed rate of 1.0% per annum, has a term of two years, and is unsecured and guaranteed by the U.S. Small Business Administration (SBA). Payment of principal and interest is deferred until the date on which the amount of forgiveness is remitted by the SBA to the lender or, if the Chancery Corporation fails to apply for forgiveness within 10 months after the covered period, then payment of principal and interest shall begin on that date. These amounts are subject to forgiveness based on compliance with program requirements and approval by the SBA.

The Chancery Corporation followed ASC 470, Debt, to account for the initial receipts related to the PPP Loan. On June 10, 2021, the SBA processed the Chancery Corporation's PPP Loan forgiveness application and notified Bremer Bank the PPP Loan qualified for full forgiveness. Loan proceeds were received by the bank from the SBA on this date. Therefore, the Chancery Corporation was legally released from the debt and the loan forgiveness has been recorded as a gain on extinguishment of debt, which is included in revenue during the year ended June 30, 2021.

The SBA may review funding eligibility and usage of funds for compliance with program requirements based on dollar thresholds and other factors. The amount of liability, if any, from potential noncompliance cannot be determined with certainty; however, management is of the opinion that any review will not have a material adverse impact on the Chancery Corporation's financial position.

NOTE 15 CONTINGENCIES AND COMMITMENTS

Loan Guarantees

Loan guarantees are typically given to enable Parishes and schools to finance property additions or refinance existing debt.

At June 30, 2021, the Chancery Corporation was contingently liable as guarantor for approximately $18,000,000 on four loans with three Catholic institutions operating within the boundaries of the Archdiocese. A single institution makes up 82% of the total guaranteed loan balances. Of this, the Chancery Corporation guaranteed approximately $2,300,000 lent by a related financial institution. Included in the total amount above are two guaranteed loans covered under a blanket indemnification from a certain organization, which covers a maximum of $1,000,000 between the two loans. Also included in this amount are guarantees in which the Chancery Corporation is liable under replenishment agreements. Those replenishment agreements have no stated length for covering the payment; therefore, the entire value of the loan is included. These guarantees pertain to loans with maturity dates ranging from July 2026 to January 2035.

NOTE 15 CONTINGENCIES AND COMMITMENTS (CONTINUED)

Loan Guarantees (Continued)

Although generally not specifically limited, the maximum potential amount of future payments (undiscounted) the Chancery Corporation could be required to make under these guarantees would be the outstanding amount plus stated interest. The Chancery Corporation would be required to perform under a guarantee only in the event of default, which is generally nonpayment of installments when due. In certain cases, the requirements of the guarantee call for the Chancery Corporation to continue making debt payments while others become due on demand. Management believes the fair value of such assets are in excess of any guaranteed amounts and that material payments will not be required under these guarantees.

Lease Guarantee

In 2017, the Chancery Corporation entered into a lease agreement for office space located at 777 Forest Street, Saint Paul, Minnesota known as the Catholic Center. As stipulated by the lease agreement, a revolving letter of credit was obtained by the Chancery Corporation effective June 4, 2019. The letter of credit had a maximum principal amount of $2,500,000 and was utilized to provide a letter for credit to the property owner. This line of credit had a floating interest rate equal to one-half of one percent (0.50%) per annum below the prime rate of interest.

As of June 14, 2021, this letter of credit was no longer required and closed as the Archdiocese net worth was shown to be greater than the credit requirement provided in the lease agreement.

Cathedral of Saint Paul

In 2001, the Cathedral of Saint Paul Parish (the Parish) took out a loan for improvements to the Cathedral property that the Parish leases and which the Chancery Corporation owns. The Chancery Corporation approved the property to be mortgaged at that time. In August 2011, the Parish loan was refinanced to an interest only loan with principal due at maturity in August 2017.

In August 2016, the loan was refinanced, requiring accrued interest payments monthly by the Parish and interest and principal due at maturity in August 2021. In August 2021, the loan was refinanced under the same conditions as above until maturity in August 2025. The amount outstanding on this loan was $3,940,225 and $3,959,082 as of June 30, 2021 and 2020, respectively.

The Chancery Corporation is not a legal guarantor of the loan. In the event of a default by the Parish, the lender would have the right to foreclose on the property owned by the Chancery Corporation.

NOTE 16 LIQUIDITY DISCLOSURE

Liquidity Disclosure

As part of its liquidity management, the Chancery Corporation structures its financial assets to be available as general expenditures, liabilities and other obligations become due. Financial assets available for these purposes totaled the following at June 30:

	2021	2020
Cash - Without Donor Restriction and Board Designated	$ 16,752,463	$ 7,986,235
Contributions Receivable	325,114	525,303
Estates Receivable	140,000	9,617,810
Accounts Receivable, Net of Allowances	2,327,218	2,863,669
Total Financial Assets Available for General Expenditure	$ 19,544,795	$ 20,993,017

NOTE 17 SUBSEQUENT EVENTS

Subsequent to June 30, 2021, the Chancery Corporation pledged $1,000,000 to the St. Paul Seminary Capital Campaign. This pledge is payable over a period of five years starting in fiscal year 2022.