ARCHDIOCESE OF MIAMI ADMINISTRATIVE OFFICES

FINANCIAL STATEMENTS

JUNE 30, 2020 AND 2019

MBAF
CERTIFIED PUBLIC ACCOUNTANTS AND ADVISORS

ARCHDIOCESE OF MIAMI ADMINISTRATIVE OFFICES

TABLE OF CONTENTS

MBAF
MORRISON BROWN ARGIZ & FARRA, LLC
CERTIFIED PUBLIC ACCOUNTANTS AND ADVISORS

INDEPENDENT AUDITOR'S REPORT

The Most Reverend Thomas Wenski, Archbishop of Miami
Archdiocese of Miami Administrative Offices

Report on the Combined Financial Statements

We have audited the accompanying combined financial statements of the Archdiocese of Miami Administrative Offices (the "Organization"), (a nonprofit organization), which comprise the combined statements of financial position as of June 30, 2020 and 2019, and the related combined statements of activities, functional expenses and cash flows for the years then ended, and the related notes to the combined financial statements.

Management's Responsibility for the Combined Financial Statements

Management is responsible for the preparation and fair presentation of these combined 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 combined financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these combined 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 audits to obtain reasonable assurance about whether the combined financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the combined financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the combined 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 combined 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 combined financial statements.

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

Opinion

In our opinion, the combined financial statements referred to above present fairly, in all material respects, the combined financial position of the Organization as of June 30, 2020 and 2019, 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.

Other Matter

Our audits were conducted for the purpose of forming an opinion on the combined financial statements as a whole. The supplementary schedules on pages 26-28 are presented for purposes of additional analysis and are not a required part of the combined 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 combined financial statements. The information has been subjected to the auditing procedures applied in the audit of the combined financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the combined financial statements or to the combined 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 combined financial statements as a whole.

Emphasis of Matter – Coronavirus

As further discussed in Note 16, the Organization is subject to the current economic and health conditions in the United States, including the coronavirus which was designated as a global pandemic by the World Health Organization on March 11, 2020. Management is currently assessing the impact of these conditions and continues to explore various options to minimize the financial impact, however the ultimate outcome is not known as of the date these financial statements were available to be issued. Our opinion is not modified with respect to this matter.

Morrison, Brown, Argiz & Farra

Miami, Florida
October 21, 2020

ARCHDIOCESE OF MIAMI ADMINISTRATIVE OFFICES

COMBINED STATEMENTS OF FINANCIAL POSITION
JUNE 30,

ASSETS	2020	2019
Cash and cash equivalents	$ 86,201,740	$ 82,410,534
Investments	275,511,632	264,786,263
Receivables:		
Receivables from Archdiocesan entities	5,523,492	8,854,262
Pledges receivable – Archbishop's charities drive	4,616,110	3,969,229
Other receivables	1,039,997	987,529
Mortgage notes receivable	1,335,578	928,800
	12,515,177	14,739,820
Less: allowance for doubtful accounts	(4,570,098)	(3,838,934)
TOTAL RECEIVABLES	7,945,079	10,900,886
Prepaid insurance	8,810,868	7,684,582
Land, buildings and equipment, net	24,470,100	22,716,515
Other assets	161,353	153,994
TOTAL ASSETS	**$ 403,100,772**	**$ 388,652,774**

LIABILITIES AND NET ASSETS	2020	2019
LIABILITIES		
Savings deposits due to Archdiocesan entities	$ 247,872,701	$ 239,529,486
Self-insurance reserves	19,031,376	16,673,958
Financing payable	8,195,724	6,188,523
Other liabilities	7,220,405	8,227,172
Note payable (Note 14)	1,087,155	-
Parish ABCD rebate reserve	1,100,000	800,000
TOTAL LIABILITIES	284,507,361	271,419,139
COMMITMENTS AND CONTINGENCIES (NOTES 13 AND 15)		
NET ASSETS		
Without donor restrictions	104,038,978	102,886,502
With donor restrictions	14,554,433	14,347,133
TOTAL NET ASSETS	118,593,411	117,233,635
TOTAL LIABILITIES AND NET ASSETS	**$ 403,100,772**	**$ 388,652,774**

The accompanying notes are an integral part of these combined financial statements.

COMBINED STATEMENTS OF ACTIVITIES
FOR THE YEARS ENDED JUNE 30,

	2020	2019
CHANGE IN NET ASSETS WITHOUT DONOR RESTRICTIONS:		
SUPPORT AND REVENUE:		
Insurance contributions - health	$ 48,547,513	$ 50,956,944
Insurance contributions - property and liability	21,184,428	21,173,815
Archbishop's charities drive	12,888,868	12,729,653
Parish rebates	(979,552)	(497,763)
Investment earnings, net	11,263,642	16,663,650
General assessments	8,664,469	9,261,944
Other revenue	1,873,243	2,854,280
Rental income	229,723	215,196
Gain on sale of properties	-	368,668
Contributions and bequests	-	327,660
Net assets released from restrictions	137,315	17,161,024
TOTAL SUPPORT AND REVENUE	103,809,649	131,215,071
EXPENSES:		
Program services:		
Pastoral	5,833,220	9,344,734
Education	4,306,813	2,481,737
Deposit and loan	3,647,206	2,797,171
Persons	3,124,306	3,073,857
Social services	218,257	262,145
TOTAL PROGRAM SERVICES	17,129,802	17,959,644
Supporting services:		
Self-insurance	73,992,051	80,005,926
Administration	12,356,464	10,000,998
Property	856,656	903,051
TOTAL SUPPORTING SERVICES	87,205,171	90,909,975
TOTAL EXPENSES	104,334,973	108,869,619
CHANGE IN NET ASSETS WITHOUT DONOR RESTRICTIONS BEFORE ASSUMPTION OF ST. JOHN VIANNEY SEMINARY ASSETS	(525,324)	22,345,452
ASSUMPTION OF ST. JOHN VIANNEY SEMINARY ASSETS (NOTE 8)	1,677,800	-
CHANGE IN NET ASSETS WITHOUT DONOR RESTRICTIONS	1,152,476	22,345,452
CHANGE IN NET ASSETS WITH DONOR RESTRICTIONS:		
Contributions and bequests	171,263	158,854
Donations, grants and special collections	169,200	176,375
Interest and dividends	4,152	48,995
Net assets released from restrictions	(137,315)	(17,161,024)
CHANGE IN NET ASSETS WITH DONOR RESTRICTIONS	207,300	(16,776,800)
CHANGE IN NET ASSETS	1,359,776	5,568,652
NET ASSETS, BEGINNING OF YEAR	117,233,635	111,664,983
NET ASSETS, END OF YEAR	**$ 118,593,411**	**$ 117,233,635**

The accompanying notes are an integral part of these combined financial statements.

ARCHDIOCESE OF MIAMI ADMINISTRATIVE OFFICES

COMBINED STATEMENT OF FUNCTIONAL EXPENSES *
FOR THE YEAR ENDED JUNE 30, 2020 WITH COMPARATIVE TOTALS FOR 2019

	Program Services						Supporting Services						
	Pastoral Services	Worship and Spiritual	Persons	Christian Formation	Deposit and Loan	Social Services	Health Plan	Self-Insurance	Temporalities	General Services	Property	2020	2019
Insurance program claims - health	$ -	$ -	$ -	$ -	$ -	$ -	$ 41,950,231	$ -	$ -	$ -	$ -	$ 41,950,231	$ 49,978,166
Insurance program claims - property and liability	-	-	-	-	-	-	-	10,592,645	-	-	-	10,592,645	8,586,138
Insurance premiums and other costs - property and liability	28,600	1,776	8,211	8,880	-	-	4,808	10,204,294	38,336	19,500	82,852	10,397,257	9,868,954
Subsidies - operating	4,292,477	-	84,620	2,184,082	-	153,057	-	-	-	11,380	-	6,725,616	2,479,452
Professional fees - insurance programs	-	-	-	-	-	-	4,178,445	2,409,724	-	-	-	6,588,169	7,096,808
Salaries, allowances, and payroll taxes	448,342	97,383	340,225	689,200	-	53,712	311,431	-	3,294,120	1,019,521	-	6,253,934	6,332,450
Insurance premiums and other costs - health	-	-	-	-	-	-	3,902,144	-	-	-	-	3,902,144	3,920,321
Gifts and contributions	495,983	-	137,314	547,105	-	3,330	-	-	2,528,109	-	-	3,711,841	6,928,523
Interest	-	-	-	-	3,157,628	-	-	-	-	-	-	3,157,628	2,684,731
Seminarian support	-	-	2,155,451	-	-	-	-	-	-	-	-	2,155,451	2,156,459
Other expenses	3,650	46	(645)	613,710	-	-	302,958	16,804	14,787	798,578	-	1,749,888	1,685,327
Provision for uncollectible amounts, net of recoveries	-	-	-	-	276,151	-	-	2	1,082,791	8,280	-	1,367,224	960,882
Health and pension benefits	108,533	20,007	163,292	97,917	-	6,616	42,174	-	490,119	181,639	-	1,110,297	1,394,486
Professional fees and services	-	-	20,699	42,641	213,427	-	-	-	531,773	146,120	-	954,660	760,571
Postage, printing, and office supplies	33,289	(3,241)	14,959	7,042	-	-	37,091	-	589,420	243,757	-	922,317	925,760
Occupancy costs	90,040	-	-	3,657	-	915	-	-	534,894	88,066	-	717,572	718,255
Depreciation	-	-	-	-	-	-	-	-	-	-	615,762	615,762	618,008
Programs and workshops	197,033	4,597	129,882	100,045	-	-	-	420	45,659	4,127	-	481,763	680,432
Florida Catholic Conference	-	-	-	-	-	-	-	-	281,323	-	-	281,323	254,888
Repairs, maintenance, and taxes	-	-	-	-	-	-	-	-	-	-	158,042	158,042	213,145
United States Catholic Conference	-	-	-	-	-	-	-	-	117,972	-	-	117,972	111,784
Conferences, travel, and continuing education	8,061	1,210	65,713	4,230	-	-	-	-	11,600	19,064	-	109,878	170,240
Holy See	-	-	-	-	-	-	-	-	100,987	-	-	100,987	100,987
Fund raising	-	-	-	-	-	-	-	-	94,473	-	-	94,473	107,111
Dues, books, and subscriptions	99	473	2,453	6,510	-	-	-	-	21,703	8,984	-	40,222	41,881
Unemployment insurance	-	-	-	-	-	-	-	38,880	-	-	-	38,880	36,494
Auto travel and repairs	4,058	804	2,132	1,794	-	627	-	-	17,186	12,196	-	38,797	57,366
	$ 5,710,165	**$ 123,055**	**$ 3,124,306**	**$ 4,306,813**	**$ 3,647,206**	**$ 218,257**	**$ 50,729,282**	**$ 23,262,769**	**$ 9,795,252**	**$ 2,561,212**	**$ 856,656**	**$ 104,334,973**	**$ 108,869,619**

* Refer to supplementary schedule on page 28 for reconciliation between program and supporting services.

The accompanying notes are an integral part of these combined financial statements.

ARCHDIOCESE OF MIAMI ADMINISTRATIVE OFFICES

COMBINED STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2019

	Persons	Christian Formation	Deposit and Loan	Pastoral Services	Worship and Spiritual	Social Services	Health Plan	Self-Insurance	Temporalities	General Services	Property	2019
Insurance program claims - health	$ -	$ -	$ -	$ -	$ -	$ -	$ 49,978,166	$ -	$ -	$ -	$ -	$ 49,978,166
Insurance premiums and other costs - property and liability	8,225	9,702	-	26,486	2,646	-	5,292	9,666,552	40,535	18,666	90,850	9,868,954
Insurance program claims - property and liability	-	-	-	-	-	-	-	8,586,138	-	-	-	8,586,138
Professional fees - insurance programs	-	-	-	-	-	-	4,919,113	2,177,695	-	-	-	7,096,808
Gifts and contributions	15,800	-	-	6,569,196	-	40	-	-	343,487	-	-	6,928,523
Salaries, allowances, and payroll taxes	330,676	782,879	-	524,446	116,086	89,142	312,585	-	3,084,616	1,092,020	-	6,332,450
Insurance premiums and other costs - health	-	-	-	-	-	-	3,920,321	-	-	-	-	3,920,321
Interest	-	-	2,684,731	-	-	-	-	-	-	-	-	2,684,731
Subsidies - operating	105,299	758,073	-	1,565,791	-	151,369	-	-	-	(101,080)	-	2,479,452
Seminarian support	2,156,459	-	-	-	-	-	-	-	-	-	-	2,156,459
Other expenses	3,726	653,312	-	140,054	1,983	12,000	8,863	17,964	25,240	822,185	-	1,685,327
Health and pension benefits	168,365	107,860	-	138,745	24,574	7,589	311,460	-	419,871	216,022	-	1,394,486
Provision for uncollectible amounts, net of recoveries	-	(14,521)	(74,639)	-	-	-	-	-	1,022,059	27,983	-	960,882
Postage, printing, and office supplies	31,640	17,577	-	30,836	(334)	-	44,369	-	578,718	222,954	-	925,760
Professional fees and services	25,161	75,243	187,079	30	-	-	-	-	349,105	123,953	-	760,571
Occupancy costs	-	3,412	-	99,397	-	775	19	-	520,075	94,577	-	718,255
Programs and workshops	133,300	69,851	-	304,451	9,561	153	-	-	60,734	102,382	-	680,432
Depreciation	-	-	-	-	-	-	18,952	-	-	-	599,056	618,008
Florida Catholic Conference	-	-	-	-	-	-	-	-	254,888	-	-	254,888
Repairs, maintenance, and taxes	-	-	-	-	-	-	-	-	-	-	213,145	213,145
Conferences, travel, and continuing education	94,433	9,286	-	5,332	1,066	-	1,849	-	15,313	42,961	-	170,240
United States Catholic Conference	-	-	-	-	-	-	-	-	111,784	-	-	111,784
Fund raising	-	-	-	-	-	-	-	-	107,111	-	-	107,111
Holy See	-	-	-	-	-	-	-	-	100,987	-	-	100,987
Auto travel and repairs	3,939	3,630	-	8,083	2,044	1,077	94	-	21,867	16,632	-	57,366
Dues, books, and subscriptions	2,320	5,433	-	1,155	159	-	-	-	17,754	15,060	-	41,881
Unemployment insurance	-	-	-	-	-	-	-	36,494	-	-	-	36,494
	$ 3,079,343	**$ 2,481,737**	**$ 2,797,171**	**$ 9,414,002**	**$ 157,785**	**$ 262,145**	**$ 59,521,083**	**$ 20,484,843**	**$ 7,074,144**	**$ 2,694,315**	**$ 903,051**	**$ 108,869,619**

The accompanying notes are an integral part of these combined financial statements.

COMBINED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED JUNE 30,

	2020	2019
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	$ 1,359,776	$ 5,568,652
Adjustments to reconcile change in net assets to net cash used in operating activities:		
Provision for uncollectibles, net of recoveries	1,367,224	960,882
Gain on investments, net	(6,916,324)	(12,237,383)
Depreciation	615,762	618,008
Assumption of land, buildings and equipment, net	(1,677,800)	-
Gain from sale of properties	-	(368,668)
Contributions restricted for long-term investments	(171,263)	(158,854)
Changes in other assets and liabilities:		
Receivables	1,995,361	(2,316,574)
Other assets and prepaid insurance	(1,133,646)	(8,388)
Self-insurance reserves	2,357,418	84,458
Other liabilities and financing payable	1,000,435	1,213,332
Increase (reduction) in parish ABCD rebates	300,000	(700,000)
TOTAL ADJUSTMENTS	(2,262,833)	(12,913,187)
NET CASH USED IN OPERATING ACTIVITIES	(903,057)	(7,344,535)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Issuance of mortgage note receivable	(478,837)	-
Repayments on mortgage notes receivable	72,059	-
Proceeds from sale of properties	-	433,098
Purchases of land, buildings and equipment	(691,547)	(302,098)
Purchases of investment securities, net	(3,809,045)	(3,630,357)
NET CASH USED IN INVESTING ACTIVITIES	(4,907,370)	(3,499,357)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Savings accounts deposits, net	8,343,215	34,809,657
Loan from paycheck protection program (Note 14)	1,087,155	-
Proceeds from contributions restricted for investment in endowments	171,263	158,854
NET CASH PROVIDED BY FINANCING ACTIVITIES	9,601,633	34,968,511
NET INCREASE IN CASH AND CASH EQUIVALENTS	3,791,206	24,124,619
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	82,410,534	58,285,915
CASH AND CASH EQUIVALENTS AT END OF YEAR	**$ 86,201,740**	**$ 82,410,534**
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION:		
Interest paid	**$ 3,157,628**	**$ 2,684,731**
SUPPLEMENTAL DISCLOSURE OF NON-CASH INVESTING AND OPERATING ACTIVITIES:		
Transfer of property from Archdiocesan entity (Note 8)	**$ 1,677,800**	**$ -**

The accompanying notes are an integral part of these combined financial statements.

1. ORGANIZATION

The Archdiocese of Miami (the "Archdiocese") is a corporation sole, which is a not-for-profit corporation existing under the laws of the State of Florida. There are no stockholders, directors, or officers in the Archdiocese other than the holder of the office of the Archbishop of Miami (the "Archbishop"). The Archbishop holds title to all assets and is liable for all indebtedness of the Archdiocese. The title to all assets and the responsibility for all indebtedness passes to the Archbishop's successor in office. The combined financial statements include the program and service activities that are under the direct administrative authority of the Archdiocese of Miami Administrative Offices (the "Organization"). Certain of these programs and services are separately incorporated under the laws of the State of Florida. The geographic territory administered by the Archdiocese is comprised of the Florida counties of Broward, Miami-Dade and Monroe.

The accompanying combined financial statements of the Organization include the assets, liabilities and net assets, and the support, revenue and expenses of all institutions and organizations providing services at the Archdiocesan level of administration, which are fiscally responsible to the Archbishop. All significant inter-organizational accounts and transactions have been eliminated. Various religious orders, lay societies, and religious organizations which operate within the Archdiocese, but which are not fiscally responsible to the Archbishop or under the administrative authority of the Organization, and the parishes and other related institutions, schools, health care entities, foundations, and cemeteries, have not been included in the accompanying combined financial statements. Such activities may or may not be separate under civil law; however, each is an operating entity distinct from the Organization maintaining separate accounting and carrying on its own services and programs.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

The combined financial statements have been prepared on the accrual basis of accounting. Net assets and revenues, gains and losses are classified into two classes of net assets based on the existence or absence of donor-imposed restrictions. The two classes of net asset categories are as follows:

Net assets without donor restrictions: Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the Organization. These net assets may be used at the discretion of the Organizations' management and the board of directors. Net assets without donor restrictions also includes amounts designated by the board of directors for specific purposes.

Net assets with donor restrictions: Net assets subject to stipulations imposed by donors and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the Organization or by the passage of time. Other donor restrictions are perpetual in nature, where the donor has stipulated the funds be maintained in perpetuity. Donor restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets are reclassified from net assets with donor restrictions to net assets without donor restrictions in the combined statements of activities.

Management Estimates

In preparing the combined financial statements, management is required to make estimates and assumptions that affect the reported amounts of assets, liabilities, support and revenue and expenses as of the dates of the combined financial statements.

Material estimates that may be susceptible to significant change in the future relate to the determination of the allowance for doubtful accounts, including pledges, the determination of self-insurance reserves, and the determination of any reserve for loan loss guarantees. Actual results could differ from those estimates.

Cash and Cash Equivalents

Cash and cash equivalents include all demand deposit accounts with an original maturity of three months or less which are used in daily operations. Investments in money market funds have been included as a component of investments in the accompanying combined statements of financial position.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Concentration of Risk

Financial instruments which potentially subject the Organization to concentrations of credit risk consist of cash and cash equivalents, investments and receivables. The Organization places its cash and cash equivalents with creditworthy, high quality financial institutions. At times, cash deposits may be in excess of the Federal Deposit Insurance Corporation's insured limits. The Organization has investments that are exposed to various risks, such as interest rate, market and credit risk. Due to the level of risk associated with certain investment securities and the level of uncertainty related to changes in the value of the investment securities, it is at least reasonably possible that changes in risks in the near term could materially affect the combined statements of activities. The Organization believes that its investment policy is prudent for its long-term welfare.

Receivables are primarily amounts due from Archdiocesan pastoral, education and social service ministries related to insurance, employee benefits and other activities. Credit risk is limited to the geographic dispersion of the various entities within the Archdiocese and the related party nature of the transactions.

Investments

Investments are recorded at fair value. Realized and unrealized gains (losses) are reflected in the combined statements of activities, net of investment expenses. The cost of investments sold is determined using the specific identification method.

Land, Buildings and Equipment, Net

The Organization capitalizes all property and equipment greater than $1,000 and with an economic useful life in excess of a year. Land, buildings and equipment have been recorded at cost, or if acquired by gift, at the fair market value on the date of the gift. Depreciation of buildings and equipment is calculated on the straight-line method over the estimated useful lives of the assets.

Impairment of Long-Lived Assets

The Organization's long-lived assets, such as land, buildings and equipment, are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Recoverability of assets to be held and used is measured by a comparison of the carrying amount of an asset to the estimated undiscounted future cash flows expected to be generated by the asset. If the carrying amount of an asset exceeds its estimated future cash flows, an impairment charge is recognized for the amount by which the carrying amount of the asset exceeds the fair value of the asset. Assets to be disposed of would be separately presented on the combined statements of financial position and reported at the lower of the carrying amount or fair value less costs to sell, and would no longer be depreciated. The assets and liabilities of a disposal group classified as held for sale would be presented separately in the appropriate asset and liability sections of the combined statements of financial position.

Prepaid Insurance

Expenditures relating to insurance programs for the next fiscal year are reported as prepaid insurance and are expensed over the policy period.

Fair Value of Financial Instruments

The fair value of the Organization's investments is estimated based on bid prices published by financial institutions, or quotations received from securities dealers, and is reflective of the interest rate environment that existed as of the close of business on June 30, 2020 and 2019. Various market factors subsequent to June 30, 2020 may affect the subsequent fair value of the Organization's investments.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Fair Value of Financial Instruments (Continued)

The carrying amount of the mortgage notes receivable and loans to pastoral, education and social service ministries approximate their fair value. The fair value of the mortgage notes receivable and loans to pastoral, education and social service ministries are determined at the present value of expected future cash flows discounted at the interest rate currently offered by the Organization, which approximates rates currently offered by local lending institutions for loans of similar terms to entities with comparable credit risk.

The carrying amount for the following categories approximate their fair values at June 30, 2020 and 2019, because of their short-term nature: cash and cash equivalents, pledges receivable – Archbishop's charities drive, receivables from Archdiocesan entities, other receivables, savings deposits, and financing payable.

Contributions

Transfers of cash or other assets or settlement of liabilities that are both voluntary and nonreciprocal are recognized as contributions. Contributions may either be conditional or unconditional. A contribution is considered conditional when the donor imposes both a barrier and a right of return. Conditional contributions are recognized as revenue on the date all donor-imposed barriers are overcome or explicitly waived by the donor. Barriers may include specific and measurable outcomes, limitations on the performance of an activity and other stipulations related to the contribution. A donor has a right of return of any assets transferred or a right of release of its obligation to transfer any assets in the event the Organization fails to overcome one or more barriers. Assets received before the barrier is overcome are accounted for as refundable advances.

Unconditional contributions may or may not be subject to donor-imposed restrictions. Donor-imposed restrictions limit the use of the donated assets but are less specific than donor-imposed conditions. Contributions received and unconditional promises to give are measured at their fair values and are reported as an increase in net assets. The Organization reports gifts of cash and other assets as restricted support if they are received with donor stipulations about the use of the donated assets, or if they are designated as support for future periods.

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 in the combined statements of activities as "Net assets released from restrictions." Donor-restricted contributions whose restrictions are met in the same reporting period in which received are reported as net assets without donor restrictions.

The Organization receives donations from several sources including private foundations and other donors. Donations are evaluated as to whether they qualify as exchange transactions or contributions as defined by accounting principles generally accepted in the United States of America ("U.S. GAAP").

Receivables and Allowance for Doubtful Accounts

Receivables are recorded at the stated amount of the transaction. The allowance for doubtful accounts represents amounts which, in management's judgment, will be adequate to absorb write-offs of existing receivable balances which may become uncollectible. Additions to the allowance for doubtful accounts are based on several factors which include, but are not limited to, analytical review of loss experience in relation to outstanding receivables, a continuing review of subsidized entities and other entities which are currently unable to meet their financial obligations, and overall adequacy of collateral and judgment with respect to the impact of current economic conditions on the existing receivable balances. Management of the Organization believes that the allowance for doubtful accounts is adequate.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Mortgage Notes Receivable

Mortgage notes receivable are reported at their recorded investment, which is the outstanding principal balance plus accrued income. Interest on mortgage notes receivable is recognized over the term of the loan and is calculated on principal amounts outstanding.

Functional Allocation of Expenses

Functional expenses are those expenses incurred by the Organization in the accomplishment of their mission. The cost of providing various programs and other activities has been summarized on a functional basis in the accompanying combined statements of activities. Expenses that can be identified with the program or supporting are reported as expenses of those functional areas. Accordingly, costs have been directly identified among the programs and supporting services benefited.

Reclassifications

Certain items in the 2019 combined financial statements have been reclassified to conform to the 2020 presentation.

Income Taxes

In an annually updated ruling, the Internal Revenue Service holds that the agencies and instrumentalities and all educational, charitable, and religious institutions operated, supervised, or controlled by or in connection with the Roman Catholic Church in the United States, its territories or possessions appearing in the Official Catholic Directory are entitled to exemption from federal income tax under the provision of Section 501(c)(3) of the Internal Revenue Code. The Archdiocese is listed in the Official Catholic Directory for 2020 and 2019 and, therefore, is exempt from federal income tax.

The U.S. Federal jurisdiction and the state of Florida are the major tax jurisdictions where the Organization would file income tax returns. The Organization is generally no longer subject to U.S. Federal or State examinations by tax authorities for years before 2017.

Adopted Accounting Pronouncements

Accounting Guidance for Contributions Received and Contributions Made

During the fiscal year ended June 30, 2020, the Organization adopted Accounting Standards Update 2018-08, Not-for-Profit Entities (Topic 958) – Clarifying the Scope and Accounting Guidance for Contributions Received and Contributions Made. The update provides guidance in evaluating whether transactions should be accounted for as contributions or as an exchange transaction and determining whether a contribution is conditional or not. The adoption of this update had no effect on the Organization's combined financial position and changes in net assets.

Classification of Certain Cash Receipts and Cash Payments

In August 2016, the Financial Accounting Standards Board ("FASB") issued an accounting standard update to reduce diversity in practice on eight specific statement of cash flows issues. The update is effective retrospectively for financial statements issued for fiscal years beginning after December 15, 2018, and interim periods within fiscal years beginning after December 15, 2019, with early adoption permitted. The adoption of this update had no effect on the Organization's combined financial statements.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Recent Accounting Pronouncement

Revenue from Contracts with Customers

In May 2014, the FASB issued an accounting standard update which affects the revenue recognition of entities that enter into either (1) certain contracts to transfer goods or services to customers or (2) certain contracts for the transfer of nonfinancial assets. The update indicates an entity should recognize revenue in an amount that reflects the consideration the entity expects to be entitled to in exchange for the goods or services transferred by the entity. The update is to be applied to the beginning of the year of implementation or retrospectively and is effective for annual periods beginning after December 15, 2019 and in interim periods in annual periods beginning after December 15, 2020. Early application is permitted, but no earlier than annual reporting periods beginning after December 15, 2016. The Organization is currently evaluating the effect the update will have on its combined financial statements.

Subsequent Events

The Organization has evaluated subsequent events through October 21, 2020, which is the date the combined financial statements were available to be issued.

3. LIQUIDITY MANAGEMENT AND AVAILABILITY OF RESOURCES

The Organization maintains a policy of structuring its financial assets to be available as general expenditures, liabilities and other obligations come due. The Organization invests excess cash net of working capital in instruments as stipulated under the investment policy. The policy is reviewed annually or as necessary by the Investment Committee. Market performance is monitored continuously including review of quarterly reports and watch list of invested funds. Furthermore, the Finance and Audit Committee reviews the combined statements of financial position and combined statements of activities results periodically. The Organization has established lines of credit with several banks that are available for itself and other Archdiocesan entities.

The Organization's financial assets available within one year of the combined statement of financial position date for general expenditures as of June 30, 2020 and 2019 are as follows:

	2020	2019
Cash and cash equivalents	$ 86,201,740	$ 82,410,534
Investments	275,511,632	264,786,263
Receivables	7,945,079	10,900,886
Total financial assets	369,658,451	358,097,683
Less amounts not available to be used within one year due to:		
Restricted by donors with purpose restrictions	(14,554,433)	(14,347,133)
Self-designated funds	(13,016,077)	(13,016,077)
Savings deposits due to Archdiocesan entities held in cash and investment accounts	(247,872,701)	(239,529,486)
Total financial assets available to management for general expenditures within one year	**$ 94,215,240**	**$ 91,204,987**

4. INVESTMENTS

The following summarizes the cost basis and fair value of investments at June 30:

	2020		2019	
	Cost Basis	Fair Value	Cost Basis	Fair Value
Mutual funds:				
International equity	$ 54,208,237	$ 50,093,821	$ 54,363,086	$ 52,889,888
Domestic equity	88,248,544	102,170,810	88,287,227	95,720,423
Fixed income	81,266,537	83,418,174	78,506,842	78,564,729
Corporate bonds	37,571,050	39,377,680	36,621,031	37,133,395
Money market funds	451,147	451,147	477,828	477,828
	$ 261,745,515	**$ 275,511,632**	**$ 258,256,014**	**$ 264,786,263**

The Organization's investment earnings, net, for the years ended June 30, 2020 and 2019 are as follows:

	2020	2019
Unrealized gains on investments	$ 6,786,549	$ 11,834,040
Realized gains on investments	91,841	497,160
Interest and dividends	4,563,578	4,486,406
Investment fees	(178,326)	(153,956)
	$ 11,263,642	**$ 16,663,650**

The savings deposits (Note 6) represent deposits made by Archdiocesan entities placed in the Organization's cooperative investment and lending program established for the mutual benefit of the participants.

5. FAIR VALUE MEASUREMENTS

The FASB established a framework for measuring fair value. That framework provides a 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 unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy are described as follows:

Level 1 Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Organization has the ability to access.

Level 2 Inputs to the valuation methodology include:

- quoted prices for similar assets or liabilities in active markets;
- quoted prices for identical or similar assets or liabilities in inactive markets;
- inputs other than quoted prices that are observable for the asset or liability;
- inputs that are derived principally from or corroborated by observable market data by correlation or other means.

If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.

Level 3 Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The asset's or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

5. FAIR VALUE MEASUREMENTS (CONTINUED)

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, 2020 and 2019.

Mutual funds: A portion of the Organization's mutual funds are valued at quoted active market prices, which represent the net asset value of shares held by the Organization. The majority of the Organization's investment in mutual funds are measured at fair value using the net asset value per unit practical expedient and, accordingly, have not been classified in the fair value hierarchy.

Corporate bonds: Carried at fair value as of the financial statement date. Fair values are based on quoted market prices on the last day of the fiscal year.

Money market funds: Carried at cost, which approximates fair value.

The preceding methods described may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, although the Organization believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

The following table sets forth by level, within the fair value hierarchy, the Organization's assets at fair value as of June 30, 2020 and 2019, respectively.

		Fair Value Measurements at Reporting Date Using:		
Description	**Fair Value 6/30/2020**	**Quoted Prices in Active Markets for Identical Assets (Level 1)**	**Significant Other Observable Inputs (Level 2)**	**Significant Unobservable Inputs (Level 3)**
Assets:				
Mutual funds	$ 83,106,353	$ 83,106,353	$ -	$ -
Corporate bonds	39,689,501	2,403,658	37,285,843	-
Money market funds	451,147	451,147	-	-
Total assets in the fair value hierarchy	123,247,001	85,961,158	37,285,843	-
Assets measured at NAV	152,264,631	-	-	-
Total assets at fair value	**$ 275,511,632**	**$ 85,961,158**	**$ 37,285,843**	**$ -**

		Fair Value Measurements at Reporting Date Using:		
Description	**Fair Value 6/30/2019**	**Quoted Prices in Active Markets for Identical Assets (Level 1)**	**Significant Other Observable Inputs (Level 2)**	**Significant Unobservable Inputs (Level 3)**
Assets:				
Mutual funds	$ 78,564,729	$ 78,564,729	$ -	$ -
Corporate bonds	37,133,395	-	37,133,395	-
Money market funds	477,828	477,828	-	-
Total assets in the fair value hierarchy	116,175,952	79,042,557	37,133,395	-
Assets measured at NAV	148,610,311	-	-	-
Total assets at fair value	**$ 264,786,263**	**$ 79,042,557**	**$ 37,133,395**	**$ -**

6. ACTIVITY WITH ARCHDIOCESAN ENTITIES

Savings Deposits due to Archdiocesan Entities

Savings deposits due to Archdiocesan entities which are held in the Organization's cash and investment accounts were $247,872,701 and $239,529,486 as of June 30, 2020 and 2019, respectively. Savings on deposit of less than $100,000 accrue interest at 1.07% and 1.59%, and savings on deposit of $100,000 or greater accrue interest at 1.34% and 1.65% as of June 30, 2020 and 2019, respectively. Interest is credited to savings accounts on a quarterly basis, and interest has been credited through June 30, 2020 and 2019. Interest expense on such deposits amounted to $3,157,628 and $2,684,731 for the years ended June 30, 2020 and 2019, respectively.

Receivables from Archdiocesan Entities

Receivables from Archdiocesan entities consist of the following at June 30, 2020 and 2019:

	2020	2019
Other receivables	$ 3,130,035	$ 3,712,185
Health plan contributions	892,017	2,635,559
Property and liability insurance contributions	697,411	713,098
Archdiocesan fees and assessments	454,218	1,392,490
Notes receivable	257,470	257,460
Interest bearing advances	92,341	143,470
	$ 5,523,492	**$ 8,854,262**

Notes receivable due from parishes generally bear interest between commercial bank prime lending rates and 3.00% and are due over periods ranging up to 15 years. Currently, the notes receivable require interest only payments, with principal due on maturity or upon certain events occurring. Total interest income associated with these notes for the years ended June 30, 2020 and 2019 was approximately $9,000 and $12,000, respectively.

Other receivables at June 30, 2020 and 2019, consist primarily of non-interest-bearing advances to Archdiocesan parishes and entities.

Archbishop's Charities and Development Drive Reserve

Pledges receivable-Archbishop's charities drive is due from donors as of June 30, 2020 and 2019 in the amount of $4,616,110 and $3,969,229, respectively.

In January 2011, the Organization redesigned the Archbishop's Charities and Development Drive ("ABCD") campaign goal methodology so that new goals would be more in line with each parish community's capacity to give and to reward parishes who exceeded their goals. This redesign of the ABCD has resulted in ABCD support of approximately $12,900,000 and $12,700,000 for the years ended June 30, 2020 and 2019, respectively. It is estimated that at the conclusion of the 2020 and 2019 ABCD, approximately $1,100,000 and $800,000, respectively, will be returned to parish communities who exceed their goal and such amount has been recorded in these combined financial statements as the Parish ABCD rebate reserve. The rebate is an estimate and the ultimate rebate could be different. For those parishes who do not achieve their ABCD goal, the amount of such shortfalls will be billed to those parishes as an additional general assessment. As of June 30, 2019, included in archdiocesan fees and assessments in these combined financial statements is approximately $500,000 related to estimated parish ABCD goal shortfall billings.

Allowance for Doubtful Accounts

Amounts due from Archdiocesan entities are subject to the Organization's normal collection policies. In assessing the collectability of these receivables, an allowance for doubtful accounts has been recorded. Bad debt expense amounted to approximately $1,367,000 and $961,000 for the years ended June 30, 2020 and 2019, respectively.

7. MORTGAGE NOTES RECEIVABLE

The Organization has a non-interest bearing promissory note due from an unrelated third party with a balance of $250,000 as of June 30, 2020 and 2019. The mortgage note receivable is due upon certain events occurring.

On April 30, 2015, the Organization entered into a promissory note with an archdiocesan entity for $588,000 whereby the unrelated party promises to pay the Organization monthly interest payments at a fixed rate of 3% over a term of twenty years. On the maturity date, June 1, 2035, the entire unpaid principal balance plus any accumulated unpaid interest shall be due and payable. The mortgage note was executed to finance the sale of property. Currently, the mortgage note receivable requires interest only payments, with principal due on maturity or upon certain events occurring. The balance on the mortgage note receivable was $387,337 and $402,263 as of June 30, 2020 and 2019, respectively.

On October 1, 2017, the Organization entered into a promissory note with an archdiocesan entity for $291,000 whereby the archdiocesan entity promises to pay the Organization monthly interest payments at a fixed rate of 3% over a term of twenty-five years. On the maturity date, March 1, 2042, the entire unpaid principal balance plus any accumulated unpaid interest shall be due and payable. The mortgage note was executed to finance the sale of property. The balance on the mortgage note receivable was $267,929 and $276,537 as of June 30, 2020 and 2019, respectively.

On August 22, 2019, the Organization entered into a promissory note with an archdiocesan entity for $478,837 whereby the archdiocesan entity promises to pay the Organization monthly interest payments at the rate of one-month LIBOR plus 1.50% over a term of seven years. On the maturity date, July 30, 2027, the entire unpaid principal balance plus any accumulated unpaid interest shall be due and payable. The mortgage note was executed to provide financing to the archdiocesan entity for the purchase of real estate. The balance on the mortgage note receivable as of June 30, 2020 was $430,312.

8. LAND, BUILDINGS AND EQUIPMENT, NET

Land, buildings and equipment, net, consist of the following at June 30:

	2020	2019	Estimated useful lives
Buildings and improvements	$ 29,634,024	$ 27,264,677	50 years
Land sites for new parishes and institutions	9,566,525	9,566,525	-
Furnishings, equipment and motor vehicles	4,625,760	4,625,760	3-10 years
	43,826,309	41,456,962	
Less: accumulated depreciation	(19,356,209)	(18,740,447)	
	$ 24,470,100	**$ 22,716,515**	

Depreciation expense amounted to approximately $616,000 and $618,000 for the years ended June 30, 2020 and 2019, respectively. During the year ended June 30, 2020, the Organization assumed the building and improvements of St. John Vianney Seminary amounting to $1,677,800.

9. PREPAID INSURANCE AND RELATED FINANCING PAYABLE

In connection with the self-insurance programs (NOTE 10), the Organization maintains excess insurance coverage which it purchases annually at the start of the covered period which begins in April of each year. The Organization finances the coverage with an independent third-party financing company with interest of approximately 2.5% and 4.0% for the insurance terms beginning April 1, 2020 and 2019, respectively. The prepaid insurance balance was $8,810,868 and $7,684,582 as of June 30, 2020 and 2019, respectively. The related financing payable was $8,195,724 and $6,188,523 as of June 30, 2020 and 2019, respectively.

10. SELF-INSURANCE PROGRAMS

The self-insurance reserve consists of the following at June 30:

	2020	2019
Property and liability	$ 15,383,876	$ 12,773,958
Health plan	3,647,500	3,900,000
	$ 19,031,376	**$ 16,673,958**

Property and Liability

The Organization maintains self-insurance programs for property, general liability, workers' compensation, and unemployment compensation insurance of Archdiocesan entities.

The self-insurance coverage includes an excess of loss insurance coverage purchased from outside insurance carriers. Generally, amounts are recoverable under this coverage after the amount of a specific claim has exceeded a specified retention limit. The self-insurance program for property, general liability, and workers' compensation also participates in an aggregate excess loss sharing arrangement ("sharing agreement") with five other dioceses in Florida. The sharing agreement provides that each diocese will reimburse the others for losses in a particular claim year, which are deemed excessive relative to the experience of the other participants. The sharing agreement is to provide each of the participants an additional layer of coverage from abnormally large or catastrophic losses during a given claim year.

Provision has been made for the settlement of all incurred claims, both reported and unreported, for each open claim year. Certain coverage is only available on a claims-made basis. A claims-made insurance policy only covers claims for losses reportable to the insurer during the policy term. Therefore, for such claims, the actuarial calculation only factors in claims that have been made as of June 30, 2020 and 2019.

The reserves for unpaid claims are estimates of the costs of claims incurred but not settled. Reserve estimates for reported claims are primarily determined by evaluation of individual reported claims by the plan's independent actuary. Reserve estimates for claims incurred but not reported are based on an actuarial evaluation. The methods for making such estimates and for establishing the resulting liabilities are periodically reviewed and updated. Any adjustments resulting are reflected in the combined statements of activities when they become known.

The actuarial calculation includes a low, mid, and high estimate in determining the reserve. The high estimate was utilized as of June 30, 2020 and 2019. In the opinion of management, the reserve for insurance claims represents an adequate provision for unpaid losses, which have been incurred as of June 30, 2020 and 2019.

<u>Hurricane Irma</u>

As a result of Hurricane Irma in September 2017, numerous Archdiocesan entities incurred property damage. The Organization maintains excess insurance coverage for amounts exceeding a specified retention limit for the Organization and its Archdiocesan entities. The Organization has $100,000,000 of coverage per occurrence with a $1,000,000 minimum and 4% deductible per affected property structure.

At June 30, 2020 and 2019, the Organization has recovered approximately $17,519,000 and $15,662,000, respectively, from its insurance providers with approximately $11,004,000 and $7,954,000, respectively, for repair expenditures incurred on behalf of the Archdiocesan entities affected. The remaining recovered amount of approximately $6,515,000 and $7,708,000, respectively, is reflected within the savings deposits due to Archdiocesan entities caption in the accompanying combined statements of financial position and are to be spent for the Archdiocesan entity damages caused by Hurricane Irma with no impact to the Organization's combined statements of activities.

10. SELF-INSURANCE PROGRAMS (CONTINUED)

Health Plan

The Archdiocese of Miami Health Plan Trust (the “Health Plan”) provides defined health benefits (dental and major medical) covering active and retired brothers, sisters, and priests on official assignment in the Archdiocese of Miami.

Medical benefits are also provided to full-time lay employees, eligible part-time lay employees and eligible retirees; and eligible dependents of covered full-time employees, part-time employees and retirees of the Archdiocese. The maximum allowed benefits for major medical is unlimited for the lifetime of each participant in the Preferred Provider Organization Plan (the “PPO”) and the Health Maintenance Organization (the “HMO”). The Plan Dental benefits are limited to $2,000 per calendar year for each eligible participant in the PPO Dental Plan and unlimited in the HMO Dental Plan.

Benefits received for PPO network provider services are substantially higher than for non-network services. There are no out of network benefits available to HMO participants except in the case of emergency. The Health Plan has independent stop loss insurance coverage per participant per plan year occurrence in excess of $600,000.

The pastoral, educational and social service ministries, and lay and religious employees make monthly contributions for the health, life, long-term disability, vision and dental portions of the Health Plan. A covered employee may contribute additional amounts to extend medical, dental, and life insurance coverage to eligible dependents of the employee and to obtain short-term disability insurance, vision and additional life insurance. Eligible retired and religious employees make monthly contributions for the health, vision, dental and life portions of the Health Plan. A covered retiree may contribute additional amounts to extend medical and dental coverage to eligible dependents of the retiree.

The Health Plan provides death benefits for eligible employees. The Health Plan is insured by Hartford Life for all benefits provided to eligible participants for life insurance and accidental death and dismemberment insurance. These coverages are on a noncontributory basis. The basic life insurance and accidental death and dismemberment policy coverage is $15,000 for all full-time employees under the age of 65 and is reduced for full-time employees over the age of 65 and again at age 70. In addition, full-time employees are covered under a long-term disability plan on a noncontributory basis.

The Health Plan offers additional death benefits for eligible employees, retirees and dependents on a voluntary basis through a policy issued by Hartford Life. Short-term disability coverage is available to participants on a contributory basis through a policy insured by Hartford Life. Critical illness and group accident insurance is available to participants on a contributory basis through policies insured by Chubb. Hospital indemnity insurance is available to participants on a contributory basis through a policy insured by Voya.

Plan liabilities for estimated health claims and related items, including accruals for claims incurred but not reported at June 30, 2020 and 2019, are actuarially estimated. Management believes that the amounts accrued are adequate to cover claims incurred as of June 30, 2020 and 2019.

FEMA

In connection with Hurricanes Katrina and Wilma during 2005, the Organization has received various funds from the Federal Emergency Management Agency (“FEMA”) held on behalf of Archdiocesan entities. As of June 30, 2019, the Organization was working with FEMA to close out the related claims. During the year ended June 30, 2019, FEMA closed out the related claims.

11. NET ASSETS

Net assets without donor restrictions are available for the following purposes at June 30:

	2020	2019
General services	$ 91,022,901	$ 89,870,425
Self-designated	13,016,077	13,016,077
	$ 104,038,978	**$ 102,886,502**

Net assets with donor restrictions are available for the following purposes at June 30:

	2020	2019
Burse fund	$ 13,825,669	$ 13,654,406
Needy parish fund	391,572	387,420
Black and indian missions	269,986	290,301
Ecumenical commission	67,206	15,006
	$ 14,554,433	**$ 14,347,133**

Endowment

The Organization's endowment consists of the Burse fund which is to be used for the education of priests. The endowment includes donor-restricted endowment funds. As required by U.S. GAAP, net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions.

The State of Florida adopted the Florida Uniform Prudent Management of Institutional Funds Act ("FUPMIFA"). The Organization has interpreted the FUPMIFA 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 Organization classifies perpetual gifts as net assets with donor restrictions (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment and (c) accumulations to the permanent endowment 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 not held in perpetuity is classified as net assets with donor restrictions until those amounts are appropriated for expenditure by the Organization in a manner consistent with the standard of prudence prescribed by FUPMIFA.

The Organization considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment fund earnings:

(1) The duration and preservation of the fund
(2) The purposes of the Organization and the donor-restricted endowment fund
(3) General economic conditions
(4) The expected total return from income and the appreciation of investments
(5) Other resources of the Organization
(6) The investment policies of the Organization

Summary of Endowment Assets

The Organization's donor-restricted endowment funds classified within net assets with donor restrictions were $13,825,669 and $13,654,406 at June 30, 2020 and 2019, respectively. The endowment assets are reflected in the investments caption of the combined statements of financial position and such assets earn a pro rata share of the investment portfolio return.

11. NET ASSETS (CONTINUED)

Changes in Endowment Net Assets

	2020	2019
Endowment net assets, beginning	$ 13,654,406	$ 13,495,552
Contributions and bequests	171,263	158,854
Endowment net assets, ending	**$ 13,825,669**	**$ 13,654,406**

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 the Organization to retain as a fund of perpetual duration. There were no such deficiencies as of June 30, 2020 and 2019.

Return Objectives and Risk Parameters

The Organization has adopted investment and spending policies that define and assign responsibilities of all involved parties, establish specific asset allocation and rebalancing procedures, and establish a client understanding for all parties of the investment goals and objections of the Organization's assets.

Strategies Employed for Achieving Objectives

To satisfy its long-term rate-of-return objectives, the Organization 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 Organization targets a diversified asset allocation that places emphasis on investments in mutual funds and corporate bonds to achieve its long-term return objectives with prudent risk constraints.

Spending Policy

On Organization held investments, the amounts earned are permitted to be expended.

12. PENSION PLAN

The Archdiocese participates in a defined benefit pension plan (the "Plan"). The Plan covers substantially all employees of the Organization, which includes priests, sisters, brothers and lay employees. After June 30, 1985, no religious priest, sister or brother who was not a member of the Plan on June 30, 1985 shall be eligible to become a member of the Plan. Since the computed value of vested benefits and Plan assets for employees of the Organization cannot be segregated from those of other entities participating in the Plan, it is not possible to determine that portion of the excess which may be attributable to the Organization.

The following information pertains to the total Plan only, in which the Organization is a participant. Additional information related to the Plan is disclosed in the Plan's separate financial statements.

Eligible lay employees, as defined in the Plan document, with five or more years of credited service, are entitled to annual pension benefits beginning at normal retirement, which is age 65 or the rule of 85 for benefits accrued before January 1, 2010, and Social Security Normal Retirement Age for benefits accrued from January 1, 2010 forward. The Plan permits early retirement for lay employees with ten years of credited service who have reached age 55.

Effective January 1, 2013, normal retirement age for priests is age 68 with 5 years of service, with early retirement available at age 66. Benefits accrued prior to January 1, 2013 are payable at retirement age 65. The normal retirement benefit for priests is $77.31 per month for each year of credited service up to 30 years. Priests who were at least age 50 as of January 1, 2013 will continue to accrue $54.12 for each year of service beyond 30 years, but not beyond age 68. Normal retirement date for brothers and sisters is age 65 with 5 years of credited service. The normal retirement benefit for sisters and brothers is $26.22 per month for each year of credited service.

12. PENSION PLAN (CONTINUED)

For lay employees, benefits under the Plan through December 31, 2012 are based on their average monthly earnings times years of credited service subject to a maximum benefit of 50% of average monthly earnings, as defined, regardless of length of service. Benefits under the Plan from January 1, 2013 forward accrue on a cash balance basis.

There are no death benefits for priests. A lay employee or sister or brother who has a non-forfeitable (vested) right to any portion of the accrued benefit and dies prior to commencement of benefits shall have a survivor benefit paid to the member's designated beneficiary. The amount of the survivor benefit shall be equal to 60% of the actuarially equivalent single sum value of the member's vested accrued annuity benefit plus the cash balance account as of the date of death. If the single sum amount is less than $25,000, it shall be paid in a lump sum. If the single sum amount exceeds $25,000, the benefit shall be paid in the form of an immediate monthly survivor annuity unless the beneficiary and the board of trustees agree to an alternative actuarially equivalent form of benefit.

Employees may elect to receive their pension benefits in the form of a joint and survivor annuity or a ten-year certain and life thereafter annuity. Employees may elect to have the cash balance portion of their benefits paid as an annuity or as a lump sum. A distributee may elect to have any portion of an eligible rollover distribution paid directly to an eligible retirement plan specified by the distributee employee in a direct rollover.

The Plan clarified its definition of earnings to be total compensation, including wages, salary, bonuses, and overtime payments but only to the extent paid while the participant is a member. The expected rate of compensation increase was 6% - 7.5% for years of service less than five and 5.5% for years of service of five or more for 2020 and 2019.

For purposes of determining the member's accrued benefit under the Plan, the Plan shall disregard service performed by the member with respect to which the member has received a distribution of the present value of the member's entire non-forfeitable benefit attributable to such service.

A vested member who is a priest and who remains in active ministry following his normal retirement date may elect to be treated as a retiree as of the first day of the month following such normal retirement date, while continuing to accrue additional retirement benefits for years of credited service completed thereafter.

The amount of normal retirement benefit for such a member shall be recalculated each July 1 thereafter taking into account any additional years of credited service and any cost-of-living increase, if any. If the member does not elect to be treated as a retiree on his normal retirement date, the member shall have delayed retirement date of the first month coincident with or next following the date on which the member retires.

The expected long-term rate of return on assets assumption was 6.5% for 2020 and 2019. The expected long-term rate of return on assets assumption was developed considering historical and future expectations for returns for each asset class.

The asset allocation for the Plan at June 30, 2020 and 2019, by asset category are as follows:

	2020	**2019**
Mutual funds	37.0%	37.9%
Real estate funds and limited partnerships	20.0%	23.4%
Corporate stocks	14.9%	15.3%
Bonds	13.0%	9.5%
U.S. Treasury obligations	3.2%	5.8%
Pooled separate accounts	5.3%	5.6%
Cash and cash equivalents	3.9%	2.0%
Receivables	2.7%	0.5%
	100.0%	**100.0%**

12. PENSION PLAN (CONTINUED)

As of June 30, 2020, the following is a summary of the accumulated Plan benefits:

Vested benefits:		
Participants currently receiving payments	$	247,602,249
Other participants		139,448,181
Terminated vested participants		93,496,757
Total vested benefits		480,547,187
Non-vested benefits		6,612,409
Total actuarial present value of accumulated plan benefits	**$**	**487,159,596**
Net assets available for benefits	**$**	**465,226,903**

The actuarial determination of accumulated Plan benefits is performed annually as of January 1. The actuarial present values of accumulated Plan benefits at June 30, 2020 and 2019, and the changes therein for the years then ended, have been estimated by the Plan's actuary based on the actuarial valuations as of January 1, 2020 and 2019, respectively. Plan net assets available for benefits as of June 30, 2020 and 2019 were $465,226,903 and $476,605,320, respectively.

Contributions made to the Plan in the years ended June 30, 2020 and 2019 were approximately $12,531,000 and $14,474,000, respectively. The pension costs of the Organization for the years ended June 30, 2020 and 2019 were $278,702 and $302,856, respectively, which represents approximately 2.2% of total Plan contributions for the year.

Effective November 15, 2016, any Lay Employee who terminates employment prior to being eligible for early, normal, or delayed retirement but who has a vested interest at time of termination and whose cash balance account is less than $5,000 shall be permitted to receive such account balance as a lump sum as soon as practicable after termination. Effective January 1, 2013, the Organization froze the Lay Plan benefits, and employees will receive the benefits already accrued, but new benefits that accrue after January 1, 2013 will be on a cash balance basis. Therefore, each participant will receive a pay credit based on total years of service with the Organization and based on 2% of pay for 1-10 years, 2.5% of pay for 11-20 years and 3.0% of pay for 21+ years, where one year of service is defined as 1,000 hours if hired before January 1, 2010 and 1,500 hours if hired after January 1, 2010. The Organization will continue to make contributions to the Plan to maintain the required funding levels.

The Archdiocese participation in the Plan for the years ended June 30, 2020 and 2019 is outlined in the table below. The "EIN" column provides the nine-digit Employer Identification Number (EIN). Unless otherwise noted, the most recent Pension Protection Act (PPA) zone status available in 2020 and 2019 is for the plan years beginning July 1, 2019 and July 1, 2018, respectively. The zone status is based on information that the Archdiocese received from the Plan and is certified by the Plan's actuary. Among other factors, plans in the red zone are generally less than 65% funded, plans in the yellow zone are less than 80% funded, and plans in the green zone are at least 80% funded. The "FIP/RP Status Pending/Implemented" column indicates plans for which a financial improvement plan (FIP) or a rehabilitation plan (RP) is either pending or has been implemented. For the plans in the green zone, which represents at least 80% funded, an FIP or RP is not required. Such information related to the Plan is comprised of the following:

Pension Fund	EIN	PPA Zone Status 2020	PPA Zone Status 2019	FIP/RP Status Pending/ Implemented	Contributions 2020	Contributions 2019	Surcharge Imposed	Expiration Date of Collective Bargaining Agreement
Archdiocese of Miami Pension Plan	59-6220547	Green	Green	N/A	$278,702	$302,856	No	N/A

Effective January 1, 2013, the Organization is participating in a newly established Cash Balance Plan for all eligible employees in the Archdiocese, as well as making matching contributions to the Archdiocese of Miami's 403(b) plan for eligible employees. The Organization made contributions of approximately $127,000 and $110,000 as of June 30, 2020 and 2019, respectively.

13. LINES OF CREDIT, COMMITMENTS AND CONTINGENCIES

Lines of Credit

The Archdiocese has established lines of credit with several banks for itself and other Archdiocesan entities. These credit extensions bear interest based on one-month LIBOR plus 1.50%.

The outstanding balances of these lines of credit at June 30, 2020 and 2019 were:

	2020	2019
Total amounts available on lines of credit	$ 124,312,000	$ 168,500,000
Amounts drawn by the Organization	$ -	$ -
Drawn by various pastoral, education and social service ministries	$ 70,345,138	$ 72,913,530

Other Guarantees

The Archdiocese has guaranteed the debt of St. Thomas University, Catholic Health Services and Catholic Charities in the amount of $76,946,218 and $84,499,064 at June 30, 2020 and 2019, respectively. The Archdiocese has also guaranteed the debt of other Catholic institutions. The amounts drawn from St. Thomas University, Catholic Health Services and Catholic Charities are not on the combined financial statements of the Archdiocese. The Archdiocese has determined under U.S. GAAP that the debt is to be reflected on the books of the respective institutions. In management's opinion, the underlying assets of these institutions are sufficient to satisfy the debt.

Commitments and Contingencies

The Organization's combined financial statements do not reflect various commitments and contingent liabilities which arise in the normal course of business and which involve elements of credit, interest rate and liquidity risk. Such off-balance sheet financial instruments primarily consist of standby letters of credit. At June 30, 2020 and 2019, the notional amount outstanding on the standby letters of credit was approximately $359,000 and $309,000, respectively.

14. PAYCHECK PROTECTION PROGRAM LOAN

On May 15, 2020, the Organization executed a loan of $1,087,155 under the Paycheck Protection Program authorized by the CARES Act that was signed into law on March 27, 2020. The loan bears interest at 1%. Seven months after the effective date, principal payments are due in equal amounts over an eighteen-month period. The loan matures on May 15, 2022. Under the Paycheck Protection Program, loan funds are eligible for forgiveness to the extent that they are used to cover certain payroll, rent and utility costs and if the Organization retains employees during a specified period of time. Management estimates that a portion of the loan funds will be eligible for forgiveness.

15. LEGAL PROCEEDINGS

The Organization is subject to various asserted and unasserted claims and legal actions arising in the ordinary course of operations. In the opinion of management, the ultimate disposition of these matters will not have a material adverse effect on the Organization's combined statements of financial position or combined statements of activities. A reserve for losses has been established as a component of the self-insurance program (see NOTE 10, Property and Liability).

16. COVID-19

Since January 2020, the coronavirus (COVID-19) outbreak has caused substantial disruption in international and U.S. economies and markets. The coronavirus and fear of further spread of the coronavirus has caused quarantines, cancellation of events, and overall reduction in business and economic activity. On March 11, 2020, the World Health Organization designated the coronavirus outbreak a pandemic. Management and the Board of Directors are evaluating the potential adverse effect this will have on their financial position, operations, and cash flows. Additionally, the coronavirus has caused volatility in global financial markets. Due to the current volatility in the market, the Organization may experience future losses on its investment portfolio.

SUPPLEMENTARY SCHEDULES

ARCHDIOCESE OF MIAMI ADMINISTRATIVE OFFICES

COMBINED STATEMENTS OF ACTIVITIES
FOR THE YEARS ENDED JUNE 30,

	2020	2019
CHANGE IN NET ASSETS WITHOUT DONOR RESTRICTIONS:		
SUPPORT AND REVENUE:		
Insurance contributions - health	$ 48,547,513	$ 50,956,944
Insurance contributions - property and liability	21,184,428	21,173,815
Archbishop's charities drive	12,888,868	12,729,653
Parish rebates	(979,552)	(497,763)
Investment earnings, net	11,263,642	16,663,650
General assessments	8,664,469	9,261,944
Other revenue	1,873,243	2,854,280
Rental income	229,723	215,196
Gain on sale of properties	-	368,668
Contributions and bequests	-	327,660
Net assets released from restrictions	137,315	17,161,024
TOTAL SUPPORT AND REVENUE	103,809,649	131,215,071
EXPENSES:		
Insurance program claims - health	41,950,231	49,978,166
Insurance programs claims – property and liability	10,592,645	8,586,138
Insurance premiums and other costs – property and liability	10,397,257	9,868,954
Subsidies - operating	6,725,616	2,479,452
Professional fees - insurance programs	6,588,169	7,096,808
Salaries, allowances, and payroll taxes	6,253,934	6,332,450
Insurance premiums and other costs – health	3,902,144	3,920,321
Gifts and contributions	3,711,841	6,928,523
Interest	3,157,628	2,684,731
Seminarian support	2,155,451	2,156,459
Other expenses	1,749,888	1,685,327
Provision for uncollectible amounts	1,367,224	960,882
Health and pension benefits	1,110,297	1,394,486
Professional fees and services	954,660	760,571
Postage, printing, and office supplies	922,317	925,760
Occupancy costs	717,572	718,255
Depreciation	615,762	618,008
Programs and workshops	481,763	680,432
Florida Catholic Conference	281,323	254,888
Repairs, maintenance, and taxes	158,042	213,145
United States Catholic Conference	117,972	111,784
Conferences, travel, and continuing education	109,878	170,240
Holy See	100,987	100,987
Fundraising	94,473	107,111
Dues, books, and subscriptions	40,222	41,881
Unemployment insurance	38,880	36,494
Auto travel and repairs	38,797	57,366
TOTAL EXPENSES	104,334,973	108,869,619
CHANGE IN NET ASSETS WITHOUT DONOR RESTRICTIONS BEFORE GAIN ON ASSUMPTION OF ST. JOHN VIANNEY SEMINARY ASSETS AND LIABILITIES	(525,324)	22,345,452
ASSUMPTION OF ST. JOHN VIANNEY SEMINARY ASSETS AND LIABILITIES	1,677,800	-
CHANGE IN NET ASSETS WITHOUT DONOR RESTRICTIONS	1,152,476	22,345,452

COMBINED STATEMENTS OF ACTIVITIES (CONTINUED)
FOR THE YEARS ENDED JUNE 30,

	2020	2019
CHANGE IN NET ASSETS WITH DONOR RESTRICTIONS:		
Contributions and bequests	171,263	158,854
Donations, grants and special collections	169,200	176,375
Interest and dividends	4,152	48,995
Net assets released from restrictions	(137,315)	(17,161,024)
CHANGE IN NET ASSETS WITH DONOR RESTRICTIONS	207,300	(16,776,800)
CHANGE IN NET ASSETS	1,359,776	5,568,652
NET ASSETS, BEGINNING OF YEAR	117,233,635	111,664,983
NET ASSETS, END OF YEAR	**$ 118,593,411**	**$ 117,233,635**

ARCHDIOCESE OF MIAMI ADMINISTRATIVE OFFICES

COMBINED SCHEDULE OF PROGRAM AND SUPPORT SERVICES
FOR THE YEAR ENDED JUNE 30, 2020 WITH COMPARATIVE TOTALS FOR 2019

	Program Services					Supporting Services			Total	
	Pastoral	Persons	Education	Deposit and loan	Social Services	Self-Insurance	Administration	Property	2020	2019
Health Plan	$ -	$ -	$ -	$ -	$ -	$ 50,729,282	$ -	$ -	$ 50,729,282	$ 59,521,083
Self-Insurance	-	-	-	-	-	23,262,769	-	-	23,262,769	20,484,843
Temporalities	-	-	-	-	-	-	9,795,252	-	9,795,252	7,074,144
Pastoral Services	5,710,165	-	-	-	-	-	-	-	5,710,165	9,414,002
Christian Formation	-	-	4,306,813	-	-	-	-	-	4,306,813	2,481,737
Deposit and Loan	-	-	-	3,647,206	-	-	-	-	3,647,206	2,797,171
Persons	-	3,124,306	-	-	-	-	-	-	3,124,306	3,079,343
General Services	-	-	-	-	-	-	2,561,212	-	2,561,212	2,694,315
Property	-	-	-	-	-	-	-	856,656	856,656	903,051
Social Services	-	-	-	-	218,257	-	-	-	218,257	262,145
Worship and Spiritual	123,055	-	-	-	-	-	-	-	123,055	157,785
Grand Total	**$ 5,833,220**	**$ 3,124,306**	**$ 4,306,813**	**$ 3,647,206**	**$ 218,257**	**$ 73,992,051**	**$ 12,356,464**	**$ 856,656**	**$ 104,334,973**	**$ 108,869,619**