

**Corporation of the Catholic Bishop of
Yakima – Diocesan Administration**

Financial Statements and
Independent Auditors' Report

June 30, 2021 and 2020



DINGUS | ZARECOR & ASSOCIATES PLLC
Certified Public Accountants

Corporation of the Catholic Bishop of Yakima – Diocesan Administration
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Certified Public Accountants

INDEPENDENT AUDITORS' REPORT

Finance Council
Corporation of the Catholic Bishop of Yakima – Diocesan Administration
Yakima, Washington

Report on the Financial Statements

We have audited the accompanying financial statements of the Corporation of the Catholic Bishop of Yakima – Diocesan Administration (the Corporation) (a nonprofit organization), which comprise the statements of financial position as of June 30, 2021 and 2020, and the related statements of activities and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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 auditors consider 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.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Corporation 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.

Dingus, Zarecor & Associates PLLC

Spokane Valley, Washington
September 1, 2021

Corporation of the Catholic Bishop of Yakima – Diocesan Administration
Statements of Financial Position
June 30, 2021 and 2020

ASSETS	2021	2020
<i>Current assets</i>		
Cash and cash equivalents	\$ 1,948,923	\$ 1,286,132
Notes receivable, net of allowance	239,427	221,962
Pledges receivable, net of allowance	77,648	92,659
Prepaid expenses	2,292	39,820
Investments	3,845,084	3,671,771
Total current assets	6,113,374	5,312,344
<i>Noncurrent assets</i>		
Investments – charitable gift annuities	211,288	193,677
Property and equipment, net	2,169,746	2,282,025
Notes receivable	553,996	625,967
Pledges receivable	-	6,100
Total noncurrent assets	2,935,030	3,107,769
Total assets	\$ 9,048,404	\$ 8,420,113
LIABILITIES AND NET ASSETS		
<i>Current liabilities</i>		
Accounts payable	\$ 93,163	\$ 83,475
Accrued liabilities	44,423	37,177
Paycheck Protection Program loan payable, current	-	135,316
Health plan reserve	130,414	205,518
Annual Catholic Appeal rebates payable	239,584	252,230
Custodial liability	164,880	56,015
Total current liabilities	672,464	769,731
<i>Noncurrent liabilities</i>		
Paycheck Protection Program loan payable, long-term	-	172,034
Reserve for annuity payments	66,606	69,743
Total noncurrent liabilities	66,606	241,777
Total liabilities	739,070	1,011,508
<i>Net assets</i>		
Without donor restrictions	5,809,435	5,006,267
With donor restrictions	2,499,899	2,402,338
Total net assets	8,309,334	7,408,605
Total liabilities and net assets	\$ 9,048,404	\$ 8,420,113

See accompanying notes to financial statements.

Corporation of the Catholic Bishop of Yakima – Diocesan Administration
Statements of Activities
Year Ended June 30, 2021

	Without Donor Restrictions	With Donor Restrictions	Total
<i>Operating revenues</i>			
Contributions:			
Annual Catholic Appeal	\$ 1,540,448	\$ 74,049	\$ 1,614,497
Special funds	-	213,786	213,786
Seminarian education fund	-	696,259	696,259
Priest retirement fund	-	240,651	240,651
Donations and bequests	30,381	-	30,381
Health plan income	2,606,212	-	2,606,212
Long-term care and supplemental plan income	174,741	-	174,741
Diocesanum	542,144	-	542,144
Grants	33,010	-	33,010
Rental income	214,650	-	214,650
Interest income	6,275	-	6,275
Investment income	166,823	-	166,823
Management and investment fees	214,343	-	214,343
Other	130,684	-	130,684
Total operating revenues	5,659,711	1,224,745	6,884,456
<i>Net assets released from restrictions</i>	1,127,184	(1,127,184)	-
<i>Operating expenses</i>	6,288,835	-	6,288,835
<i>Operating income</i>	498,060	97,561	595,621
<i>Nonoperating income (expense)</i>			
Gain on forgiveness of Paycheck Protection Program loan	307,350	-	307,350
Loss on disposal of assets	(2,242)	-	(2,242)
Total nonoperating income, net	305,108	-	305,108
Changes in net assets	803,168	97,561	900,729
Net assets, beginning of year	5,006,267	2,402,338	7,408,605
Net assets, end of year	\$ 5,809,435	\$ 2,499,899	\$ 8,309,334

See accompanying notes to financial statements.

Corporation of the Catholic Bishop of Yakima – Diocesan Administration
Statements of Activities (Continued)
Year Ended June 30, 2020

	Without Donor Restrictions	With Donor Restrictions	Total
<i>Operating revenues</i>			
Contributions:			
Annual Catholic Appeal	\$ 1,575,223	\$ 81,015	\$ 1,656,238
Special funds	-	250,852	250,852
Seminarian education fund	-	721,561	721,561
Priest retirement fund	-	198,564	198,564
Donations and bequests	594,217	-	594,217
Health plan income	2,571,599	-	2,571,599
Long-term care and supplemental plan income	165,620	-	165,620
Diocesanum	592,582	-	592,582
Grants	16,268	-	16,268
Rental income	253,012	-	253,012
Interest income	19,568	-	19,568
Investment income	153,411	-	153,411
Management and investment fees	203,532	-	203,532
Other	78,310	-	78,310
Total operating revenues	6,223,342	1,251,992	7,475,334
<i>Net assets released from restrictions</i>	1,090,682	(1,090,682)	-
<i>Operating expenses</i>	6,391,421	-	6,391,421
<i>Operating income</i>	922,603	161,310	1,083,913
<i>Nonoperating (expense)</i>			
Loss on disposal of assets	(323)	-	(323)
Changes in net assets	922,280	161,310	1,083,590
Net assets, beginning of year	4,083,987	2,241,028	6,325,015
Net assets, end of year	\$ 5,006,267	\$ 2,402,338	\$ 7,408,605

See accompanying notes to financial statements.

Corporation of the Catholic Bishop of Yakima – Diocesan Administration
Statements of Cash Flows
Years Ended June 30, 2021 and 2020

	2021	2020
<i>Increase (Decrease) in Cash and Cash Equivalents</i>		
<i>Cash flows from operating activities</i>		
Cash received from contributions and services	\$ 6,871,223	\$ 7,255,138
Cash paid to and on behalf of employees	(3,791,259)	(3,897,696)
Cash paid to suppliers and contractors	(2,389,469)	(2,324,185)
Investment income	143,930	37,656
Interest received	6,275	19,568
Interest paid	(613)	(613)
Net cash provided by operating activities	840,087	1,089,868
<i>Cash flows from investing activities</i>		
Purchase of investments	(203,405)	(794,199)
Proceeds from sale of investments	32,237	193,627
Principal payments received – notes receivable	46,464	193,238
New notes receivable issued	(7,000)	(6,439)
Proceeds from disposal of property and equipment	9,300	-
Purchase of property and equipment	(54,892)	(1,021,822)
Net cash used in investing activities	(177,296)	(1,435,595)
<i>Cash flows from financing activities</i>		
Proceeds from Paycheck Protection Program loan	-	307,350
Net increase (decrease) in cash and cash equivalents	662,791	(38,377)
Cash and cash equivalents, beginning of year	1,286,132	1,324,509
Cash and cash equivalents, end of year	\$ 1,948,923	\$ 1,286,132

See accompanying notes to financial statements.

Corporation of the Catholic Bishop of Yakima – Diocesan Administration
Statements of Cash Flows (Continued)
Years Ended June 30, 2021 and 2020

	2021	2020
<i>Reconciliation of Change in Net Assets to Net Cash Provided by Operating Activities</i>		
Change in net assets	\$ 900,729	\$ 1,083,590
<i>Adjustments to reconcile change in net assets to net cash provided by operating activities</i>		
Depreciation	155,629	168,257
PPP loan forgiveness	(307,350)	-
Loss on investments	(19,756)	(693)
Loss on sale of asset	2,242	323
Bad debt allowance	(27,493)	(1,271)
(Increase) decrease in assets:		
Notes receivable, net of allowance	42,535	27,031
Pledges receivable, net of allowance	21,111	32,206
Prepaid expenses	37,528	(36,303)
Increase (decrease) in liabilities		
Accounts payable	9,688	12,678
Accrued liabilities	7,246	12,549
Health plan reserve	(75,104)	13,017
ACA rebates payable	(12,646)	14,119
Custodial liability	108,865	(94,197)
Deferred revenue	-	(26,376)
Reserve for annuity payments	(3,137)	(115,062)
Net cash provided by operating activities	\$ 840,087	\$ 1,089,868

See accompanying notes to financial statements.

Corporation of the Catholic Bishop of Yakima – Diocesan Administration
Notes to Financial Statements
Years Ended June 30, 2021 and 2020

1. Organization and Summary of Significant Accounting Policies:

a. Organization

The Corporation of the Catholic Bishop of Yakima – Diocesan Administration (the Corporation) (a nonprofit organization) was created June 23, 1951, and serves 40 parishes, six schools, and four missions in seven counties in the state of Washington. The parishes consist of churches, while the institutions consist primarily of schools and cemeteries. Under canonical law, the parishes and institutions are considered separate juridical persons.

Historically, the Corporation had included the investments of the parishes and institutions in its financial statements. On October 22, 2010, investments, other than those relating to gift annuities, notes receivable, and deposits payable from the parishes and institutions, were transferred from the Corporation to a new entity called the Diocese of Yakima Capital Revolving Program (CRP). This was done to clarify the civil and canonical relationships between the Diocesan Administration and the parishes and institutions and to document the equitable ownership of the assets transferred as property belonging to the separate entities. These financial statements include only the accounts of the Diocesan Administration.

b. Summary of Significant Accounting Policies

Basis of accounting – The Corporation presents its financial statements in accordance with accounting principles generally accepted in the United States of America. The full accrual basis of accounting is used to record revenues and expenses. Accordingly, all revenues and expenses are recognized when earned and incurred.

Use of estimates – The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Cash and cash equivalents – The Corporation considers all highly liquid investments with maturity dates of three months or less to be cash and cash equivalents. The Corporation maintains its cash and cash equivalent accounts at financial institutions which, at times, may exceed federally insured limits. The Corporation has not experienced any losses in such accounts.

Notes receivable – Notes receivable are related-party transactions which include the following:

- Loans and lines of credit to parishes, priests, and other Diocesan institutions
- Amounts billed to the parishes and other Diocesan institutions for clergy long-term care and supplemental health and clergy retirement
- Annual parish assessments

Based upon management's evaluation of these receivables, an allowance for doubtful accounts of approximately \$212,400 and \$239,000 was deemed necessary for the years ended June 30, 2021 and 2020, respectively.

Corporation of the Catholic Bishop of Yakima – Diocesan Administration
Notes to Financial Statements (Continued)
Years Ended June 30, 2021 and 2020

1. Organization and Summary of Significant Accounting Policies (continued):

b. Summary of Significant Accounting Policies (continued)

Pledges receivable – Unconditional promises to give are reported at fair value on the date the promise is verifiably committed. Unconditional promises to give that are expected to be collected are recorded at net realizable value. Unconditional promises to give are reported as pledges receivable. Conditional promises to give are not included as support until the conditions are substantially met.

There were no conditional promises to give at June 30, 2021 and 2020.

Pledges receivable are reflected on the statements of financial position at the full value of the contribution. Management determined an allowance for uncollectible pledges of \$5,411 and \$6,304 as of June 30, 2021 and 2020, respectively.

Investments – The Corporation is required to report investments with readily determinable fair values at fair value, with gains and losses included in the statements of activities. Fair value is determined by the open market. As a result, investments are carried at fair value as of the financial statement date.

Investments in general are exposed to various risks, such as interest rate, market, and credit risk. It is reasonably possible that, given the level of risk associated with the investment, changes in the near term could materially affect the Corporation's account balances and the amounts reported in the financial statements.

Property and equipment – Land is recorded at cost or fair market value at the date of gift or purchase. Buildings and equipment are recorded at cost or fair market value at the date of gift or purchase. The Corporation capitalizes all expenditures that are capital in nature and are greater than \$500. The Corporation provides for depreciation of buildings and equipment using the straight-line method over the following estimated useful lives:

Buildings and improvements	20 to 40 years
Equipment	5 to 20 years

Custodial liability – Special collections occur at varying times throughout the year. As funds are collected, the amounts are accumulated by the Finance Office of the Corporation and are recorded as payable to the various funds which the collections are meant to benefit. The payable is relieved upon completion of the collection term.

Income taxes – The Corporation is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code, except for income, if any, from activities unrelated to the Corporation's exempt purpose. The Corporation evaluates uncertain tax positions whereby the effect of the uncertainty would be recorded if the outcome was considered probable and reasonably estimable. As of June 30, 2021 and 2020, the Corporation had no uncertain tax positions requiring accrual.

Net assets with donor restrictions – Net assets with donor restrictions are those whose use by the Diocese has been limited by donors to a specific time period or purpose.

Corporation of the Catholic Bishop of Yakima – Diocesan Administration
Notes to Financial Statements (Continued)
Years Ended June 30, 2021 and 2020

1. Organization and Summary of Significant Accounting Policies (continued):

b. Summary of Significant Accounting Policies (continued)

Subsequent events – Subsequent events have been evaluated through September 1, 2021, the date the financial statements were available to be issued.

Upcoming accounting standard pronouncements – In February 2016, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) No. 2016-02, *Leases* (Topic 842), which will supersede the current lease requirements in Accounting Standards Codification 840. The ASU requires lessees to recognize a right-of-use asset and related lease liability for all leases, with a limited exception for short-term leases. Leases will be classified as either finance or operating, with the classification affecting the pattern of expense recognition in the statement of activities. Currently, leases are classified as either capital or operating, with only capital leases recognized on the statements of financial position. The reporting of lease-related expenses in the statements of activities and cash flows will be generally consistent with the current guidance. The new lease guidance will be effective for the Corporation’s year ending June 30, 2023, and will be applied using a modified retrospective transition method to the beginning of the earliest period presented. The new lease standard is expected to have a significant effect on the financial statements as a result of the leases for rented office space being reported as liabilities on the statement of financial position. The effect of applying the new lease guidance on the financial statements will be to increase long-term assets and to increase short-term and long-term lease liabilities. The effects on the results of operations are not expected to be significant as recognition and measurement of expenses and cash flows for leases will be substantially the same under the new standard.

2. Liquidity and Availability of Financial Assets:

The Corporation’s financial assets available within one year of the statement of financial position date for general expenditure are as follows:

	2021	2020
Cash and cash equivalents	\$ 1,948,923	\$ 1,286,132
Notes receivable	239,427	221,962
Pledges receivable	77,648	92,659
Investments	3,845,084	3,671,771
Financial assets available within one year	6,111,082	5,272,524
Less financial assets with donor restrictions	(2,499,899)	(2,402,338)
Financial assets available to meet cash needs for general expenditures within one year	\$ 3,611,183	\$ 2,870,186

The Corporation is substantially supported by restricted contributions. Because a donor’s restriction requires resources to be used in a particular manner or in a future period, the Corporation must maintain sufficient resources to meet those responsibilities to its donors. Thus, financial assets may not be available for general expenditure within one year.

Corporation of the Catholic Bishop of Yakima – Diocesan Administration
Notes to Financial Statements (Continued)
Years Ended June 30, 2021 and 2020

3. Charitable Gift Annuities and Deferred Liabilities:

Charitable gift annuities are unrestricted irrevocable gifts under which the Corporation agrees in turn to pay a life annuity to the donor, or to the designated beneficiary. The contributed funds and the related reserve for annuity payments immediately become part of the general assets and liabilities of the Corporation.

The Corporation values deferred gifts of cash at face value and investments at market value. Contribution values are discounted on the basis of actuarial data. Published IRS discount rates (ranging from 3 percent to 6 percent) are employed to determine the net present value of both contributions and liabilities pertaining to these deferred-giving arrangements.

As an issuer of charitable gift annuities, Washington State requires that the Corporation has and maintains minimum net assets without donor restrictions of \$500,000. Net assets without donor restrictions are the excess of total assets over total liabilities that are not restricted by donor-imposed stipulations.

As of June 30, 2021 and 2020, charitable gift annuities of \$211,288 and \$193,677, respectively, are included in investments, and the liability for annuity payments to donors of \$66,606 and \$69,743 respectively, is included on the statements of financial position.

4. Investments:

Investments consisted of the following:

	2021	2020
Money market funds	\$ 66,695	\$ 78,401
Bond funds	143,150	120,546
Fixed income securities	61,284	54,540
Certificates of deposit	23,304	23,030
Investments in CRP	3,761,939	3,588,931
	\$ 4,056,372	\$ 3,865,448

Investments are reported in the statements of financial position as follows:

	2021	2020
Investments	\$ 3,845,084	\$ 3,671,771
Investments – charitable gift annuities	211,288	193,677
	\$ 4,056,372	\$ 3,865,448

Corporation of the Catholic Bishop of Yakima – Diocesan Administration
Notes to Financial Statements (Continued)
Years Ended June 30, 2021 and 2020

5. Fair Value Measurements:

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

- **Level 1** – Valuations for assets and liabilities traded in active exchange markets, such as the New York Stock Exchange. Level 1 also includes U.S. Treasury and federal agency securities and federal agency mortgage-backed securities, which are traded by dealers or brokers in active markets. Valuations are obtained from readily available pricing sources for market transactions involving identical assets or liabilities.
- **Level 2** – Valuations for assets and liabilities traded in less active dealer or broker markets. Valuations are obtained from third-party pricing services for identical or similar assets or liabilities.
- **Level 3** – Valuations for assets and liabilities derived from other valuation methodologies, including option pricing models, discounted cash flow models and similar techniques, and not based on market exchange, dealer, or broker traded transactions. The Corporation has no Level 3 assets or liabilities.

Financial assets are classified in their entirety based on the lowest level of input that is significant to the fair value measurement. The Corporation's assessment of the significance of a particular input to fair value measurement requires judgment and may affect the valuation of fair value assets and their placement within the fair value hierarchy levels.

Money market funds, equity securities, bond funds, certificates of deposit, and fixed income securities are stated at fair value, which is determined by using market quotations and other information available at the valuation date.

A significant portion of the Corporation's investments are in the CRP investments. The CRP invests in money market funds, certificates of deposit, bond funds, fixed income securities, and equity securities. A significant portion of the CRP investments is held with Christian Brothers Investment Services (CBIS). CBIS is a specialized investment asset management firm that works exclusively with Catholic institutions and their fiduciaries. Assets held by CBIS are exempt from filing with the Securities and Exchange Commission, and as a result are not considered actively traded in public markets. CRP investments also include cash sweep account investments. As the Diocese's investments are in CRP and not directly in the underlying investments, they are considered Level 2 investments.

Corporation of the Catholic Bishop of Yakima – Diocesan Administration
Notes to Financial Statements (Continued)
Years Ended June 30, 2021 and 2020

5. Fair Value Measurements (continued):

The following tables disclose, by level within the fair value hierarchy, the Corporation's assets measured and reported on the statements of financial position, at fair value on a recurring basis:

	2021			
	Level 1	Level 2	Level 3	Total
Money market funds	\$ 66,695	\$ -	\$ -	\$ 66,695
Bond funds	143,150	-	-	143,150
Fixed income securities	61,284	-	-	61,284
Certificates of deposit	-	23,304	-	23,304
Investments in CRP	-	3,761,939	-	3,761,939
Total	\$ 271,129	\$ 3,785,243	\$ -	\$ 4,056,372

	2020			
	Level 1	Level 2	Level 3	Total
Money market funds	\$ 78,401	\$ -	\$ -	\$ 78,401
Bond funds	120,546	-	-	120,546
Fixed income securities	54,540	-	-	54,540
Certificates of deposit	-	23,030	-	23,030
Investments in CRP	-	3,588,931	-	3,588,931
Total	\$ 253,487	\$ 3,611,961	\$ -	\$ 3,865,448

6. Property and Equipment:

Property and equipment as of June 30 were as follows:

	2021	2020
Buildings and improvements	\$ 4,495,985	\$ 4,483,775
Equipment	261,414	231,164
	4,757,399	4,714,939
Less accumulated depreciation	(3,055,373)	(2,900,634)
	1,702,026	1,814,305
Land	467,720	467,720
Property and equipment, net	\$ 2,169,746	\$ 2,282,025

Corporation of the Catholic Bishop of Yakima – Diocesan Administration
Notes to Financial Statements (Continued)
Years Ended June 30, 2021 and 2020

7. Net Assets with Donor Restrictions:

Net assets with donor restrictions were available for the following purposes:

	2021	2020
Annual Catholic Appeal	\$ 74,053	\$ 81,015
Priest retirement fund	583,954	634,428
Seminarian education fund	1,201,700	1,025,228
Special funds	640,192	661,667
Total net assets with donor restrictions	\$ 2,499,899	\$ 2,402,338

8. Risk Management and Contingencies:

Litigation – Occasionally, in the normal course of business, there are various claims, lawsuits, and pending actions involving the Corporation. When such matters arise, the Corporation intends to defend its position vigorously. The Corporation carries commercial insurance for these risks of loss. Settled claims resulting from these risks have not exceeded the commercial insurance coverage in any of the three preceding years. The liability, if any, associated with these matters is not determinable at June 30, 2021 and 2020; however, the results of these matters could have a material effect on the Corporation’s financial position, changes in net assets, or cash flows. No amounts have been recorded in the financial statements related to these risks.

Self-insurance – The Corporation began self-insuring for its healthcare benefits provided to its employees and the employees of the parishes and institutions of the Corporation during the year ended June 30, 2017. Employee medical claims are paid by the Corporation through a third-party plan administrator. Employees file their claims with the administrator. The administrator pays the claims out and is then reimbursed by the Corporation. Expenses for self-insured healthcare benefits coverage totaled \$2,067,707 and \$2,336,403, for the years ended June 30, 2021 and 2020, respectively. The Corporation accrued a liability of \$130,414 and \$205,518 at June 30, 2021 and 2020, respectively, for estimated claims incurred but not reported. The plan includes \$135,000 of stop-loss insurance coverage per individual per year.

9. Paycheck Protection Program Loan (PPP):

The Corporation applied for PPP loan forgiveness in October 2020, and forgiveness was approved. The loan forgiveness is recorded as gain on forgiveness of Paycheck Protection Program loan in the statements of activities.

Corporation of the Catholic Bishop of Yakima – Diocesan Administration
Notes to Financial Statements (Continued)
Years Ended June 30, 2021 and 2020

10. Expenses by Function and Natural Classification:

The Corporation provides various programs to the individual parishes, schools, and missions under its management. Expenses related to providing these services by functional classification for the years ended June 30, 2021 and 2020, are as follows:

	2021			
	Program Activities	Supporting Activities		Total Expenses
	Program Support	Management and General	Fundraising	
Seminarian education fund expense	\$ 519,791	\$ -	\$ -	\$ 519,791
Special funds (includes faith formation)	235,247	-	-	235,247
Priest retirement fund expense	291,128	-	-	291,128
Annual Catholic Appeal - Restricted	81,014	-	-	81,014
Health plan expense	2,067,707	-	-	2,067,707
Long-term care and supplemental plan expenses	4,142	16,720	-	20,862
Employee salaries and benefits	408,632	684,702	204,552	1,297,886
Clergy salaries and benefits	151,913	185,033	-	336,946
Property insurance	5,158	212,322	-	217,480
Bad debt allowance	-	(26,600)	(893)	(27,493)
Depreciation expense	-	155,629	-	155,629
Legal and professional fees	22,200	58,529	-	80,729
Repairs and maintenance	62,277	87,620	-	149,897
Continuing education and conferences	6,810	12,024	472	19,306
Office supplies and expense	19,745	85,694	2,339	107,778
Printing and publications	21,819	1,973	55,434	79,226
Utilities	18,119	43,408	-	61,527
Clergy continuing education and retreats	60,969	16,615	-	77,584
Dues and memberships	1,447	115,012	1,371	117,830
Program expense	31,666	-	18,744	50,410
Contractual services	69,778	41,855	13,549	125,182
Disbursements to other Catholic organizations	-	95,958	-	95,958
Institution subsidy	-	41,558	-	41,558
Property taxes	(75)	23,300	-	23,225
Travel - mileage	17,372	9,575	646	27,593
Postage	858	5,473	17,981	24,312
Finance charges and bank fees	-	14,796	18,275	33,071
Lease expense	6,014	2,021	-	8,035
Telephone and communications	4,835	8,010	-	12,845
Safe environment expense	-	26,651	-	26,651
Books and periodicals	539	6,158	-	6,697
Advertising	-	1,928	-	1,928
Brokerage fees	1,697	-	-	1,697
Interest expense	613	-	-	613
ACA funds transferred to restricted	(81,014)	-	-	(81,014)
Total expenses	\$ 4,030,401	\$ 1,925,964	\$ 332,470	\$ 6,288,835

Corporation of the Catholic Bishop of Yakima – Diocesan Administration
Notes to Financial Statements (Continued)
Years Ended June 30, 2021 and 2020

10. Expenses by Function and Natural Classification (continued):

	2020			
	Program Activities	Supporting Activities		Total Expenses
	Program Support	Management and General	Fundraising	
Seminarian education fund expense	\$ 589,312	\$ -	\$ -	\$ 589,312
Special funds (includes faith formation)	268,551	-	-	268,551
Priest retirement fund expense	127,995	-	-	127,995
Annual Catholic Appeal - Restricted	104,820	-	-	104,820
Health plan expense	2,336,403	-	-	2,336,403
Long-term care and supplemental plan expenses	65,231	11,225	-	76,456
Employee salaries and benefits	504,775	570,721	175,089	1,250,585
Clergy salaries and benefits	116,512	143,306	-	259,818
Property insurance	5,018	194,169	-	199,187
Bad debt allowance	-	2,000	(3,271)	(1,271)
Depreciation expense	-	168,257	-	168,257
Legal and professional fees	18,100	97,810	-	115,910
Repairs and maintenance	26,480	146,940	-	173,420
Continuing education and conferences	14,428	15,173	3,643	33,244
Office supplies and expense	6,307	91,180	1,738	99,225
Printing and publications	25,833	1,434	38,772	66,039
Utilities	17,250	43,464	-	60,714
Clergy continuing education and retreats	17,527	25,510	-	43,037
Dues and memberships	1,700	83,714	90	85,504
Program expense	32,840	189	28,701	61,730
Contractual services	55,881	3,000	13,147	72,028
Disbursements to other Catholic organizations	-	54,480	-	54,480
Institution subsidy	-	47,400	-	47,400
Property taxes	11,538	20,679	-	32,217
Travel - mileage	21,991	8,920	4,352	35,263
Postage	600	7,939	14,141	22,680
Finance charges and bank fees	-	9,209	15,856	25,065
Lease expense	4,525	8,109	-	12,634
Telephone and communications	2,379	8,119	-	10,498
Safe environment expense	-	43,962	-	43,962
Books and periodicals	2,935	7,270	25	10,230
Advertising	-	5,616	-	5,616
Brokerage fees	4,619	-	-	4,619
Interest expense	613	-	-	613
ACA funds transferred to restricted	(104,820)	-	-	(104,820)
Total expenses	\$ 4,279,343	\$ 1,819,795	\$ 292,283	\$ 6,391,421

Functional expense allocation – The Corporation directly assigns all expense accounts to the functional expense categories based on the type and purpose of each account.