Archdiocesan 403(b) Savings Plan

Financial Statements
As of and for the Years Ended December 31, 2020
and 2019

The report accompanying these financial statements was issued by

BDO USA, LLP, a Delaware limited liability partnership and the U.S. member of BDO
International Limited, a UK company limited by guarantee.

Archdiocesan 403(b) Savings Plan

Financial Statements
As of and for the Years Ended December 31, 2020 and 2019

Contents

Tel: 206-382-7777
Fax: 206-382-7700
www.bdo.com

Two Union Square, 601 Union Street
Suite 2300
Seattle, WA 98101

Independent Auditor's Report

To the Most Reverend Paul D. Etienne
Roman Catholic Archbishop of Seattle and Plan Administrator
Archdiocesan 403(b) Savings Plan
Seattle, Washington

Opinion

We have audited the financial statements of Archdiocesan 403(b) Savings Plan (the Plan), an employee benefit plan. The financial statements comprise the statements of net assets available for benefits as of December 31, 2020 and 2019, and the related statements of changes in net assets available for benefits for the years then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the net assets available for benefits of the Plan as of December 31, 2020 and 2019, and the changes in its net assets available for benefits for the years then ended, in accordance with accounting principles generally accepted in the United States of America (GAAP).

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are required to be independent of the Plan and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with GAAP, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Plan's ability to continue as a going concern within one year after the date that the financial statements are issued or available to be issued.

Management is responsible for maintaining a current plan instrument, including all plan amendments. Management is also responsible for administering the Plan and determining that the Plan's transactions that are presented and disclosed in the financial statements are in conformity with the Plan's provisions, including maintaining sufficient records with respect to each of the participants, to determine the benefits due or which may become due to such participants.

BDO

Tel: 206-382-7777
Fax: 206-382-7700
www.bdo.com

Two Union Square, 601 Union Street
Suite 2300
Seattle, WA 98101

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if, there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Plan's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Plan's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

BDO USA, LLP

February 18, 2022

Financial Statements

Archdiocesan 403(b) Savings Plan

Statements of Net Assets Available for Benefits

December 31,	**2020**	2019
Assets		
Cash	**$ 77,713**	$ 78,120
Investments, at fair value	**96,234,327**	80,897,638
Fully Benefit-Responsive Investment Contracts, at contract value:		
Guaranteed investment contract	**5,925,760**	-
Guaranteed pooled fund	**-**	4,587,504
Total Investments	**102,160,087**	85,485,142
Notes Receivable from Participants	**515,355**	358,944
Administrative Revenue Receivable	**-**	60,374
Total Assets	**102,753,155**	85,982,580
Liabilities		
Accrued Expenses	**24,599**	74,060
Net Assets Available for Benefits	**$ 102,728,556**	$ 85,908,520

See accompanying notes to financial statements.

Archdiocesan 403(b) Savings Plan

Statements of Changes in Net Assets Available for Benefits

Year Ended December 31,	**2020**	2019
Additions to Net Assets		
Investment income		
Net appreciation in fair value of investments	**$ 13,352,556**	$ 14,009,514
Dividends and interest	**764,463**	684,692
Investment income on fully benefit-responsive investment contracts	**60,798**	75,973
Total investment income	**14,177,817**	14,770,179
Interest on notes receivable from participants	**22,307**	20,911
Administrative revenue	**233,215**	240,790
Other revenue	**-**	30,000
Contributions		
Participant	**8,955,676**	8,415,203
Employer	**271,226**	257,399
Rollovers from other qualified plans	**1,444,466**	48,155
Total contributions	**10,671,368**	8,720,757
Total Additions	**25,104,707**	23,782,637
Deductions from Net Assets		
Benefits paid to participants	**7,947,299**	5,460,585
Administrative expenses		
Plan administration expenses	**240,073**	276,980
Investment fees	**22,190**	22,250
Professional services	**75,109**	59,166
Total Deductions	**8,284,671**	5,818,981
Net Increase	**16,820,036**	17,963,656
Net Assets Available for Benefits, beginning of year	**85,908,520**	67,944,864
Net Assets Available for Benefits, end of year	**$ 102,728,556**	$ 85,908,520

See accompanying notes to financial statements.

1. Description of Plan

The following description of the Archdiocesan 403(b) Savings Plan (the Plan) provides only general information. Participants should refer to the Plan document for a more complete description of Plan provisions.

General

The Plan is a 403(b) tax deferred savings plan covering substantially all lay employees and priests actively assigned within the Corporation of the Catholic Archbishop of Seattle (the Archdiocese). The following employees are covered by the Plan: ordained or incardinated priests, employees of the parishes, schools, central agencies of the Archdiocese, and employees of the following participating employers: Associated Catholic Cemeteries, St. Elizabeth Ann Seton Catholic High School, Fulcrum Foundation, O'Dea High School, Bishop Blanchet High School, and Pope John Paul II High School (participating employers).

The Plan is not subject to the provisions of the Employee Retirement Income Security Act of 1974 (ERISA).

Plan assets are not commingled with the assets of the Archdiocese or the other plans that the Archdiocese administers.

The Benefits Services Office of the Archdiocese is designated as the Plan administrator.

CARES Act

On March 27, 2020, President Trump signed into law the Coronavirus Aid, Relief, and Economic Security (CARES) Act. The CARES Act, among other things, includes several relief provisions available to tax-qualified retirement plans and their participants. Plan management has evaluated the relief provisions available to plan participants under the CARES Act and found none to benefit the Plan; therefore the Plan did not implement any of the related provisions.

Eligibility

All employees of the Archdiocese described above are eligible to participate in the Plan immediately after starting their employment with the Archdiocese.

Contributions

Participant Contributions – Each year, participants may contribute a percentage of pretax annual compensation as defined in the Plan. Participants who have attained age 50 before the end of the Plan year are eligible to make catch up contributions. Participants may also contribute amounts representing distributions from other qualified plans (rollovers from other qualified plans).

Employer Contributions for Lay Employees – Two participating employers (Bishop Blanchet High School and the Associated Catholic Cemeteries) make matching contributions to the Plan based on the participants' contributions. Employees of these two employers become eligible to receive matching contributions when they start participating in the Plan. Employees of Bishop Blanchet High School receive employer matching contributions equal to 50% of the first 4% of compensation deferred per pay period up to a maximum of 2% of compensation per pay period. Employees of

Associated Catholic Cemeteries receive employer matching contributions equal to 100% of compensation deferred per calendar month up to a maximum of $55 per month.

Employer Contributions for Priests – Priests become eligible to receive matching contributions when they start participating in the Plan. Priests receive matching contributions from 20% to 50% of their contribution per pay period based on each priest's year of birth, up to a maximum matching contribution of $2,500 per annum.

Participant Accounts

Each participant's account is credited with the participant's contribution and allocations of (a) the participating employer's contributions and (b) Plan earnings and losses, and is charged with an allocation of administrative expenses. Allocations are based on participant eligible compensation, participant contributions, or account balances, as defined.

Participants direct the investment of their account balances into various investment options offered by the Plan. The benefit to which a participant is entitled is the benefit that can be provided from the participant's vested account.

Vesting

Participants are vested 100% in their accounts at all times, including all employer matching contributions.

Notes Receivable from Participants

Participants may borrow from their fund accounts a minimum of $1,000 up to a maximum equal to the lesser of $50,000 or 50% of their vested account balance. The loans are collateralized by the balance in the participants' accounts and bear interest at the prime rate plus 1.00%, with most loans bearing interest at 4.25% to 6.5%. Repayments of principal and interest are required through payroll deductions. Loan terms generally cannot exceed five years. The payment term can be longer when the loan proceeds are used for purchasing a primary residence. The notes are due at various dates through April 2030.

Payment of Benefits

Participants' accounts are payable upon death, disability, retirement, or termination of employment. Participants may select from various payment methods, including a partial payment, a lump-sum payment, and annuity payment plans up to the value of the participant's accrued benefit. A hardship distribution is permitted in the event of immediate and heavy financial need as defined in the Plan. The Plan also makes involuntary cash distributions of all account balances of $1,000 or less for terminated participants.

Reclassifications

Certain items from the prior-year financial statements have been reclassified to conform to the current-year presentation. These reclassifications had no impact on net assets or changes in net assets as previously reported.

2. Summary of Accounting Policies

Basis of Accounting

The financial statements of the Plan have been prepared in accordance with accounting principles generally accepted in the United States (GAAP) using the accrual method of accounting.

Use of Estimates

The preparation of financial statements in conformity with GAAP requires the Plan administrator to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results may differ from those estimates.

Cash

The Plan maintains cash balances in a bank. At times, the Plan may have amounts deposited with a financial institution in excess of federally insured limits.

Investment Valuation and Investment Income Recognition

Investments are reported at fair value (see below), except for fully benefit responsive contracts, which are stated at contract value. Purchases and sales of securities are recorded on a trade-date basis. Dividends are recorded on the ex-dividend date. Interest income is recorded on the accrual basis. The net appreciation (depreciation) in fair value of investments consists of both the realized gains or losses and unrealized appreciation and depreciation of those investments.

Fair Value Measurements

Accounting Standards Codification (ASC) 820, *Fair Value Measurements and Disclosures,* provides for 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) and the lowest priority to unobservable inputs (Level 3). The three levels of the fair value hierarchy under ASC 820 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 Plan 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.

A financial instrument's 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 maximize the use of relevant observable inputs and minimize the use of unobservable inputs.

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 December 31, 2020 and 2019.

Mutual Funds - Valued at the daily closing price as reported by the fund. Mutual funds held by the Plan are open end mutual funds that are registered with the Securities and Exchange Commission. These funds are required to publish their daily net asset value (NAV) and to transact at that price. Most mutual funds held by the Plan are deemed to be actively traded. The fair value of these mutual funds is classified within Level 1 of the fair value hierarchy.

Common Collective Trust Funds (CCT): Valued at the NAV of units of a collective trust fund. The NAV, as provided by the trustee of the CCT, is used as a practical expedient to estimate fair value. The NAV is based on the fair value of the underlying investments held by the fund less its liabilities. This practical expedient is not used when it is determined to be probable that the fund will sell the investment for an amount different than the reported NAV. Participant transactions (purchased and sales) may occur daily. There are generally no restrictions on redemptions or the ability to sell the investments, and redemption notice periods are almost immediate. There are no unfunded commitments related to the investments.

The preceding methods described may produce a fair value calculation which may not be indicative of net realizable value or reflective of future fair values. Furthermore, although the Plan 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 tables represent information about the Plan's assets that have been measured at fair value on a recurring basis as of December 31, 2020 and 2019, and indicates classification by level of inputs within the fair value hierarchy described above:

	Fair Value Measurements			Total Fair
December 31, 2020	Level 1 Inputs	Level 2 Inputs	Level 3 Inputs	Value
Mutual funds	$ 46,528,831	$ -	$ -	$ 46,528,831
Total Investments, in the fair value hierarchy	$ 46,528,831	$ -	$ -	46,528,831
Common collective trust funds, measured at NAV as a practical expedient*				49,705,496
Total Investments, at fair value				$ 96,234,327

December 31, 2019	Fair Value Measurements Level 1 Inputs	Level 2 Inputs	Level 3 Inputs	Total Fair Value
Mutual funds	$ 38,995,281	$ -	$ -	$ 38,995,281
Total Investments, in the fair value hierarchy	$ 39,294,709	$ -	$ -	38,995,281
Common collective trust funds, measured at NAV as a practical expedient*				41,902,357
Total Investments, at fair value				$ 80,897,638

** In accordance with Subtopic 820-10, certain investments that were measured at NAV per share (or its equivalent) as a practical expedient have not been classified in the fair value hierarchy. The fair value amounts presented in this table are intended to permit reconciliation of the fair value hierarchy to the line items present in the statements of net assets available for benefits.*

Notes Receivable from Participants

Notes receivable from participants are reported at their unpaid principal balances plus any accrued but unpaid interest. Delinquent notes are recorded as distributions based on the terms of the Plan document.

Contributions

Contributions from participants are recorded in the period in which they are withheld from the participant's compensation. Employer contributions are recorded in the period in which the related participant contribution is received.

Payment of Benefits

Benefits to participants are recorded when paid.

Administrative Revenue

Administrative revenue is a per participant fee charged to the parishes, schools, and central agencies of the Archdiocese to cover the administrative expenses of the Plan.

Administrative Expenses

Administrative expenses relate to the Plan administration (including legal and consulting expense) and custodianship of investments. All expenses are paid by the Plan as funded by the administrative revenue charged to participating employers.

In addition to the 403b Savings Plan, the administrator of the Plan concurrently administers the following benefit plans:

- Archdiocesan Pension Plan for Lay Employees

- Pre 2009 Accounts 403(b) Plan
- Archdiocesan Health and Welfare Plan for Lay Employees
- Pension Plan and Trust for the Priests of the Archdiocese of Seattle
- Priest Health Plan of the Archdiocese of Seattle
- Frozen Priest Benefit Plan

General expenses not attributable directly to a plan are split proportionately among all plans administered by the Benefits Services Office of the Archdiocese. The Plan's share of expenses was $147,237 and $131,182 for 2020 and 2019, respectively. These amounts are included in administrative expenses in the statements of changes in net assets available for benefits.

Subsequent Events

The Plan has evaluated subsequent events through the date these financial statements were available to be issued, which was February 18, 2022.

3. Fully Benefit Responsive Investment Contracts

Guaranteed Investment Fund: Investment contract issued by Transamerica Life Insurance Company (TLIC) is a fully benefit responsive investment contract and is reported at contract value. This is a traditional investment contract. Contract value is the relevant measure for fully benefit responsive investment contracts because this is the amount participants would receive if they were to initiate permitted transactions under the terms of the Plan. Contract value represents contributions made under each contract, plus earnings, less participant withdrawals and administrative expenses.

TLIC is contractually obligated to repay the principal and interest at a specified interest rate that is guaranteed to the Plan. The contract has a guarantee of principal, a guarantee minimum, and the potential for additional interest if declared by TLIC. The declared interest rate on this contract was 1.50% as of December 31, 2020. The crediting rate is determined annually for existing assets and new deposits made during a calendar year, which is at least 1%. The Plan's ability to receive amounts due in accordance with fully benefit responsive investment contract is dependent on TLIC's ability to meet its financial obligations. The issuer's ability to meet its contractual obligations may be affected by future economic and regulatory developments.

Guaranteed Pooled Fund: Investment contracts sponsored by Transamerica Financial Life Insurance Company (TFLIC) are fully benefit responsive investment contracts and are reported at contract value. These are synthetic investment contracts. Contract value is the relevant measure for fully benefit responsive investment contracts because this is the amount participants would receive if they were to initiate permitted transactions under the terms of the Plan. Contract value represents contributions made under each contract, plus earnings, less participant withdrawals and administrative expenses.

These contracts held by the Plan are guaranteed investments contracts. TFLIC is contractually obligated to repay the principal and interest at a specified interest rate that is guaranteed to the Plan. These contracts have a guarantee of principal, a guarantee minimum, and the potential for additional interest if declared by TFLIC. The crediting interest rate on these contracts averaged 1.50% and 1.75% during 2020 and 2019, respectively. The crediting rate is determined annually for existing assets and new deposits made during a calendar year, which is at least 1%. The Plan's ability to receive amounts due in accordance with fully benefit responsive investment contracts is dependent on TFLIC's ability to meet its financial obligations. The issuer's ability to meet its contractual obligations may be affected by future economic and regulatory developments. As of the year ended December 31, 2020, the Plan no longer is invested in the Guaranteed Pooled Fund.

Certain events might limit the ability of the Plan to transact at contract value with Transamerica, such as premature termination of the contract by the Plan or termination of the Plan. Such events are not probable. There are no unfunded commitments and no restrictions on redemptions, except for the following:

Guaranteed Investment Contract

- The Plan participants cannot transfer their balances to competing fixed income funds. Balances transferred from this investment to non-competing funds cannot be transferred to competing fixed income funds for 90 days but may be transferred back to this fund at any time.
- Withdrawals due to Plan sponsor-initiated events may be subject to restriction.

Guaranteed Pooled Fund

- The Plan participants cannot transfer their balances to competing fixed income funds. Balances transferred from this investment to non-competing funds cannot be transferred to competing fixed income funds for 90 days but may be transferred back to this fund at any time.
- Withdrawals due to Plan sponsor-initiated events may be subject to restriction and/or a 5% charge.

4. Tax Status

The Plan is a non-electing church plan within the meaning of Sections 414(e) and 410(d) of the Internal Revenue Code of 1986 as amended (the Code). The Plan is exempt from all of the provisions of Title I of ERISA. The Plan does not file Form 5500.

The Plan terms have been drafted in reliance on the sample language provided by the Internal Revenue Service in Revenue Procedures 2007-71. The Plan has adopted a prototype sponsored by its third-party administrators. During 2013, the Internal Revenue Service (IRS) issued Revenue Procedure 2013-22, which contains details of the 403(b) Pre-Approved Plan Program. The third-party administrators have applied for the 403(b) Pre-Approved Plan Program to obtain a letter from the IRS in which the IRS states that the prototype, as then designed, is in compliance with IRC Section 403(b). A response to the application has not been received. The IRS currently does not intend to establish a determination program for individually designed 403(b) plans. The Plan is required to operate in conformity with the Internal Revenue Code to maintain its tax exemption. The Plan sponsor believes the Plan is designed and is currently operated in compliance with the applicable requirements of the Code. Therefore, no provision for income tax has been included in the Plan's financial statements.

GAAP requires plan management to evaluate tax positions taken by the Plan and recognize a tax liability (or asset) if the Plan has taken an uncertain position that more likely than not would not be sustained upon examination by the IRS. The Plan is subject to routine audits by taxing jurisdictions; however, there are currently no IRS examinations for any tax periods in progress.

5. Party-in-Interest Transactions

Certain Plan investments are managed by the Plan's custodians as defined by the Plan. Also, Transamerica Retirement Solutions Corporation, the recordkeeper of the Plan, TLIC, the manager of the guaranteed investment fund, and TFLIC, the manager of the guaranteed pooled fund, are related by common ownership. The Plan also issues loans to participants which are secured by the vested balance of the participants' accounts. Certain management fees in the form of an expense ratio charged to each investment option are paid by the Plan and deducted from earnings on investments. Therefore, these transactions qualify as exempt party-in-interest transactions.

6. Risks and Uncertainties

The Plan holds various investment securities. Investment securities, in general, are exposed to various risks, such as interest rate risk, credit risk and overall market volatility. Due to the level of risk associated with certain investment securities, it is reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect the amounts reported in the financial statements and participant account balances.

On January 30, 2020, the World Health Organization (WHO) announced a global health emergency because of a new strain of coronavirus originating in Wuhan, China (the COVID-19 outbreak) and the risks to the international community as the virus spread globally beyond its point of origin. In March 2020, the WHO classified the COVID-19 outbreak as a pandemic, based on the rapid increase in exposure globally.

The full impact of the COVID-19 outbreak continues to evolve as of the date of this report. This pandemic has adversely affected global economic activity and greatly contributed to volatility and instability in financial markets. Because the values of the Plan's individual investments have and will fluctuate in response to changing market conditions, the amount of losses that will be recognized in subsequent periods, if any, and related impact on the Plan's liquidity cannot be determined at this time.

7. Plan Termination

The Archdiocese expects to continue the Plan indefinitely but reserves the right to terminate or amend the Plan at any time. However, no such amendment or termination shall deprive any participant of any vested interest in the Plan. Upon termination, the obligation of the Archdiocese to make contributions to the Plan shall cease and all amounts credited to the participants' accounts shall be fully vested. The Archdiocese may then direct management of the Plan to either distribute the funds to the participants or continue the trust, with distributions to be made pursuant to the Plan.