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INDEPENDENT AUDITOR'S REPORT

The Most Reverend Robert M. Coerver, S.T.L., M.S.
Bishop of the Diocese of Lubbock
4620 4th Street
Lubbock, Texas 79499

We have audited the accompanying financial statements of Diocese of Lubbock-Central Administrative Office (the Diocese), which comprise the statements of financial position as of June 30, 2019 and 2018, 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.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit 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 auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Diocese of Lubbock-Central Administrative Office as of June 30, 2019 and 2018, 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.

Pena Briones McDaniel & Co

February 25, 2020
El Paso, Texas

DIOCESE OF LUBBOCK
CENTRAL ADMINISTRATIVE OFFICE

STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2019 AND 2018

	2019	2018
<u>ASSETS</u>		
Cash	\$ 1,046,888	\$ 983,506
Investments	1,738,100	1,334,044
Accounts receivable, net	205,999	255,867
Grants receivable	154,821	149,882
Loans receivable	318,811	188,162
Land, buildings, and equipment, net	3,893,699	3,330,580
TOTAL ASSETS	\$ 7,358,318	\$ 6,242,041
<u>LIABILITIES AND NET ASSETS</u>		
Liabilities		
Accounts payable and accrued expenses	\$ 931,944	\$ 346,333
Deposits payable	1,486,744	1,659,372
Health insurance reserve	73,313	73,313
Accrued priest pension plan	412,176	430,030
Line of credit	679,469	689,469
Total liabilities	3,583,646	3,198,517
Net assets		
Without donor restrictions:		
Undesignated	\$ 817,797	\$ 682,561
Unfunded pension obligation	(412,176)	(430,030)
Investment in plant assets	3,214,230	2,641,111
Total without donor restrictions net assets	3,619,851	2,893,642
With donor restrictions:		
Special programs	154,821	149,882
Total with donor restrictions net assets	154,821	149,882
Total net assets	3,774,672	3,043,524
TOTAL LIABILITIES AND NET ASSETS	\$ 7,358,318	\$ 6,242,041

See independent accountant's report and notes to financial statements

DIOCESE OF LUBBOCK
CENTRAL ADMINISTRATIVE OFFICE

STATEMENTS OF ACTIVITIES
YEARS ENDED JUNE 30, 2019 AND 2018

	<u>2019</u>	<u>2018</u>
SUPPORT AND REVENUE		
DCA and other contributions	\$ 1,017,541	\$ 1,039,137
Cathedraticum	508,771	519,569
Gifts and honorariums	1,686,871	622,652
Fees for programs and services	626,716	587,583
Interest and investment revenues	21,603	32,788
Royalties	4,008	3,791
Grants	604,753	468,272
Other revenues	153,544	149,336
Realized gain (loss) on investments	10,818	36,088
Unrealized (loss) gain on investments	105,667	48,025
Pass-through revenue	306,157	214,440
Support and revenue	<u>5,046,449</u>	<u>3,721,681</u>
Net assets released from restriction	<u>149,882</u>	<u>267,001</u>
Total support and revenue	<u>5,196,331</u>	<u>3,988,682</u>
EXPENSES		
Program		
Campus ministry	\$ 61,925	\$ 12,481.00
Claims paid to parishes	168,954	50,000
Clergy	55,513	48,421
Clergy- salary and benefits	371,449	397,565
Clergy continuing education	46,833	52,109
Communications and SPC	242,009	240,863
Convocation encuentro	1,230	16,401
DCA- reimbursement	152,507	68,959
Deacon continuing education	122,967	120,871
Deacon formation	63,373	47,551
Formation Division	87,843	70,000
John Saleh and other gifts	306,157	108,100
Office for catechesis	120,384	161,396
Office of family life	67,522	67,874
Office of worship & liturgical music	46,430	31,049
Parish sustenance	72,015	148,502
RCIA	21,383	25,000
Seminarians	175,296	215,696
Superintendent -admin	56,820	33,461
Superintendent of school - teachers	83,440	126,231
Vicar for concenrated life	3,714	-
Vicar general office	23,078	350
Vocations office	112,808	101,594
Youth and young adults	30,850	35,431
Jail ministry	289	5,231
Parish billable	3,883	-
Total program services	<u>2,498,672</u>	<u>2,185,136</u>

See independent accountant's report and notes to financial statements

DIOCESE OF LUBBOCK
CENTRAL ADMINISTRATIVE OFFICE

STATEMENTS OF ACTIVITIES (Continued)
YEARS ENDED JUNE 30, 2019 AND 2018

	<u>2019</u>	<u>2018</u>
EXPENSES (Continued)		
Management and general		
Bishop emeritus	\$ 26,433	\$ 24,470
Bishop's office	180,072	180,225
Bishop's residence	76,233	39,241
Catholic pastoral center	128,205	91,121
Catholic renewal center	198,763	174,436
Chancellor	126,285	130,692
Clergy- legal and accounting	61,300	25,107
DCA	104,333	183,844
Deposit and loan	52,852	18,161
Development office	101,197	86,765
Facilities	110,031	80,626
Finance office	436,329	534,282
Marriage tribunal and canonical services	110,730	116,394
Parish administration	109,243	100,000
Social concerns	82,907	52,702
Office supplies- finance building	6,003	-
Total supporting services	<u>1,910,916</u>	<u>1,838,066</u>
Total expenses	<u>4,409,588</u>	<u>4,023,202</u>
INCREASE (DECREASE) IN NET ASSETS WITHOUT DONOR'S RESTRICTION BEFORE CAPITAL TRANSACTIONS	<u>786,743</u>	<u>(34,520)</u>
Capital transactions		
Depreciation expense	<u>(78,388)</u>	<u>(75,466)</u>
Total capital transactions	<u>(78,388)</u>	<u>(75,466)</u>
INCREASE (DECREASE) IN NET ASSETS WITHOUT DONOR'S RESTRICTIONS AFTER CAPITAL TRANSACTIONS	<u>708,355</u>	<u>(109,986)</u>
NET ASSETS WITH DONOR'S RESTRICTIONS		
Contributions	154,821	149,882
Net assets released	<u>(149,882)</u>	<u>(267,001)</u>
Total increase (decrease) in net assets with donor's restrictions	<u>4,939</u>	<u>(117,119)</u>
TOTAL INCREASE (DECREASE) IN NET ASSETS BEFORE PENSION LIABILITY	713,294	(227,105)
Other comprehensive income		
Minimum pension liability	17,854	-
NET ASSETS, Beginning of year	<u>3,043,524</u>	<u>3,270,629</u>
NET ASSETS, End of year	<u>\$ 3,774,672</u>	<u>\$ 3,043,524</u>

See independent accountant's report and notes to financial statements

DIOCESE OF LUBBOCK
CENTRAL ADMINISTRATIVE OFFICE

STATEMENTS OF CASH FLOWS
YEARS ENDED JUNE 30, 2019 AND 2018

	2019	2018
CASH FLOWS FROM OPERATING ACTIVITIES		
Net increase (decrease) in net assets	\$ 731,148	\$ (227,105)
Adjustments to reconcile net increase (decrease) in net assets to net cash provided by (used in) operating activities:		
Depreciation	78,388	75,466
Net unrealized loss (gain) on investments	(105,667)	(48,025)
Changes in operating assets and liabilities		
(Increase) decrease:		
Accounts receivable	49,868	164,930
Grants receivable	(4,939)	117,119
Loans receivable	(130,649)	27,498
Increase (decrease):		
Accounts payable and accrued expenses	585,611	(3,070)
Accrued priest pension plan	(17,854)	-
Deposits payable	(172,628)	79,713
Net cash provided by operating activities	1,013,278	186,526
CASH FLOWS FROM INVESTING ACTIVITIES		
Net purchase and sales of investments	(298,389)	19,801
Purchase of property, plant, and equipment	(641,507)	(150,406)
Net cash used in investing activities	(939,896)	(130,605)
CASH FLOWS FROM FINANCING ACTIVITIES		
Acquisition of new debt (payments of debt)	(10,000)	(140,013)
Net cash used in financing activities	(10,000)	(140,013)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	63,382	(84,092)
CASH AND CASH EQUIVALENTS, Beginning of year	983,506	1,067,598
CASH AND CASH EQUIVALENTS, End of year	\$ 1,046,888	\$ 983,506
SUPPLEMENTAL DISCLOSURES		
Cash paid during the year for interest	\$ 18,115	\$ 18,161
Minimum pension liability	\$ 412,176	\$ 430,030

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