

DIOCESE OF LUBBOCK
CENTRAL ADMINISTRATIVE OFFICE

FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2022 AND 2021

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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

Unmodified Opinion on June 30, 2022 and Qualified Opinion on June 30, 2021

We have audited the accompanying financial statements of the Diocese of Lubbock-Central Administrative Office (the Diocese), which comprise the statements of financial position as of June 30, 2022 and 2021, and the related statements of activities and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, except for the possible effects on the June 30, 2021 financial statements of the matter described in the Basis for Qualified Opinion section of our report, the financial statements referred to above present fairly, in all material respects, the financial position of the Diocese of Lubbock-Central Administrative Office as of June 30, 2022 and 2021, and the change in net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted by the United States of America.

Basis for Unmodified Opinion on June 30, 2022 and Qualified Opinion on June 30, 2021

We were unable to obtain support relating to the classification of miscellaneous expenses in the year ending June 30, 2021 statement of activities. We were unable to obtain sufficient appropriate audit evidence about the classification of miscellaneous expenditures by other auditing procedures. This was limited to classification of expenses only.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. 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 Diocese of Lubbock-Central Administrative Office 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 unmodified audit opinion for the June 30, 2022 financial statements and our qualified audit opinion for the June 30, 2021 financial statements.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, 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 Diocese of Lubbock-Central Administrative Office's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

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 generally accepted auditing standards 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 generally accepted auditing standards, 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 Diocese of Lubbock-Central Administrative Office'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 Diocese of Lubbock-Central Administrative Office'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.



May 26, 2023
El Paso, Texas

DIOCESE OF LUBBOCK
CENTRAL ADMINISTRATIVE OFFICE

STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2022 AND 2021

	<u>2022</u>	<u>2021</u>
<u>ASSETS</u>		
Cash	\$ 2,595,120	\$ 2,593,480
Investments	2,875,863	1,848,476
Accounts receivable, net	145,720	110,099
Grants receivable	-	77,500
Loans receivable	192,666	243,274
Land, buildings, and equipment, net	5,389,841	5,540,128
Other assets	<u>2,197</u>	<u>2,589</u>
TOTAL ASSETS	<u>\$ 11,201,407</u>	<u>\$ 10,415,546</u>
<u>LIABILITIES AND NET ASSETS</u>		
Liabilities		
Accounts payable and accrued expenses	\$ 201,273	\$ 291,699
Parish savings and deposits	1,673,441	1,601,486
Health insurance reserve	73,313	73,313
Accrued priest pension plan	449,136	60,647
Line of credit	-	415,696
Total liabilities	<u>2,397,163</u>	<u>2,442,841</u>
Net assets		
Without donor restrictions:		
Undesignated	\$ 3,756,834	\$ 2,831,420
Unfunded pension obligation	(449,136)	(60,647)
Investment in plant assets	<u>5,389,841</u>	<u>5,124,432</u>
Total without donor restrictions net assets	<u>8,697,539</u>	<u>7,895,205</u>
With donor restrictions:		
Special programs	<u>106,705</u>	<u>77,500</u>
Total with donor restrictions net assets	<u>106,705</u>	<u>77,500</u>
Total net assets	<u>8,804,244</u>	<u>7,972,705</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 11,201,407</u>	<u>\$ 10,415,546</u>

See independent accountant's report and notes to financial statements

DIOCESE OF LUBBOCK
CENTRAL ADMINISTRATIVE OFFICE

STATEMENTS OF ACTIVITIES
YEARS ENDED JUNE 30, 2022 AND 2021

	<u>2022</u>	<u>2021</u>
SUPPORT AND REVENUE		
Cathedralicum	1,505,100	\$ 923,827
Ministry offering	897,799	839,177
Gifts and honorariums	1,602,030	1,906,183
Fees for programs and services	559,066	433,640
Interest and investment revenues	2,929	1,499
Royalties	3,592	1,217
Grants	566,280	694,459
Other revenues	76,960	120,909
Realized gain (loss) on investments	31,447	44,414
Unrealized (loss) gain on investments	(281,369)	346,449
Pass-through revenue	306,023	483,448
Support and revenue	<u>5,269,857</u>	<u>5,795,222</u>
Net assets released from restriction	77,500	77,000
Total support and revenue	<u><u>5,347,357</u></u>	<u><u>5,872,222</u></u>
EXPENSES		
Program/ministries		
Adelante After School Program	\$ -	\$ 198
Campus ministry	76,363	43,364
Claims paid to parishes	72,609	101,110
Clergy	71,103	62,411
Communications and SPC	218,899	207,984
Deacon continuing education	123,269	87,805
Deacon formation	366	-
Diocesan High School	150,000	162,500
EF3 Conference	20,446	5,095
Formation Division	86,085	85,992
John Saleh and other gifts	118,751	162,435
Office for catechesis	69,482	71,398
Office of family life	33,253	24,655
Office of worship & liturgical music	8,321	23,831
Parish sustenance	86,275	136,738
Parish online giving	-	12,936
RCIA	13,266	18,754
Seminarians	293,816	144,544
Superintendent -admin	47,165	46,076
Superintendent of school - teachers	107,770	108,903
Vicar for consecrated life	7,069	8,689
Vicar general office	21,000	21,150
Vocations office	57,949	45,532
Youth and young adults	28,593	22,453
Jail ministry	160	64
Parish billable	3,583	72,518
Total program/ministries	<u><u>1,715,593</u></u>	<u><u>1,677,135</u></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, 2022 AND 2021

EXPENSES (Continued)	2022	2021
Management/administrative		
Bishop emeritus	\$ 17,668	\$ 17,722
Bishop's office	222,908	167,075
Bishop's residence	46,978	32,564
Catholic pastoral center	84,315	151,657
Catholic renewal center	104,524	121,356
Chancellor	64,518	77,442
Clergy continuing education	37,227	20,421
Clergy- legal and accounting	7,661	54,410
Clergy- salary and benefits	258,432	534,415
DCA	66,950	55,482
Deposit and loan	19,547	60,095
Development office	18,615	65,692
Facilities	106,047	112,373
Finance office	636,601	679,918
Marriage tribunal and canonical services	72,438	56,435
Miscellaneous Expense	92,229	684,475
Parish administration	276,856	259,204
Social concerns	92,409	71,717
Office supplies- Joan Patton finance center	24,232	21,527
Total management/administrative	2,250,155	3,243,980
Total expenses	3,965,748	4,921,115
INCREASE IN NET ASSETS WITHOUT DONOR'S RESTRICTION BEFORE CAPITAL TRANSACTIONS	1,381,609	951,107
Capital transactions		
Insurance proceeds	-	1,079,795
Depreciation expense	(190,787)	(174,920)
Total capital transactions	(190,787)	904,875
INCREASE IN NET ASSETS WITHOUT DONOR'S RESTRICTIONS AFTER CAPITAL TRANSACTIONS	1,190,822	1,855,982
NET ASSETS WITH DONOR'S RESTRICTIONS		
Contributions	106,705	77,500
Net assets released	(77,500)	(77,000)
Total increase in net assets with donor's restrictions	29,205	500
TOTAL INCREASE IN NET ASSETS BEFORE PENSION LIABILITY	1,220,027	1,856,482
Other comprehensive income (loss)		
Minimum pension liability	(388,488)	628,613
NET ASSETS, Beginning of year	7,972,705	5,487,610
NET ASSETS, End of year	\$ 8,804,244	\$ 7,972,705

See independent accountant's report and notes to financial statements

DIOCESE OF LUBBOCK
CENTRAL ADMINISTRATIVE OFFICE

STATEMENTS OF CASH FLOWS
YEARS ENDED JUNE 30, 2022 AND 2021

	<u>2022</u>	<u>2021</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Net increase (decrease) in net assets	\$ 831,539	\$ 2,485,095
Adjustments to reconcile net increase (decrease) in net assets to net cash provided by (used in) operating activities:		
Depreciation	190,787	174,920
Net unrealized loss (gain) on investments	281,369	(346,449)
Changes in operating assets and liabilities		
(Increase) decrease:		
Accounts receivable	(35,621)	69,472
Grants receivable	77,500	(500)
Loans receivable	50,608	12,969
Other assets	392	(2,589)
Increase (decrease):		
Accounts payable and accrued expenses	(90,426)	99,498
Accrued priest pension plan	388,489	(628,613)
Deposits payable	71,955	141,736
Net cash provided by operating activities	<u>1,766,592</u>	<u>2,005,539</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Net purchase and sales of investments	(1,308,756)	244,294
Purchase of property, plant, and equipment	(40,500)	(709,774)
Net cash used in investing activities	<u>(1,349,256)</u>	<u>(465,480)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Acquisition of new debt (payments of debt)	(415,696)	(277,126)
Net cash provided by (used in) financing activities	<u>(415,696)</u>	<u>(277,126)</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	1,640	1,262,933
CASH AND CASH EQUIVALENTS, Beginning of year	<u>2,593,480</u>	<u>1,330,547</u>
CASH AND CASH EQUIVALENTS, End of year	<u>\$ 2,595,120</u>	<u>\$ 2,593,480</u>
SUPPLEMENTAL DISCLOSURES		
Cash paid during the year for interest	<u>\$ 19,547</u>	<u>\$ 17,958</u>
Minimum pension liability	<u>\$ 449,136</u>	<u>\$ 60,647</u>

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