

**Church of the Resurrection of the Lord
Emmaus Catholic Parish
Lakeway, Texas**

**Unaudited Financial Statements
June 30, 2023 and 2022**

**Emmaus Catholic Parish
Lakeway, Texas**

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Emmaus Catholic Parish
Statements of Financial Position
As of June 30, 2023 and 2022

	<u>2023</u>	<u>2022</u>
Assets		
Cash in Commercial Checking Accounts	\$ 2,301,548	\$ 1,913,470
Cash Deposits held by Diocese	2,017	3,029
	<u>2,303,565</u>	<u>1,916,499</u>
Gift Card Inventory	64,728	173,120
Account Receivable & Prepaid Expenses	29,586	27,371
Land and Building at Cost	<u>22,523,527</u>	<u>22,515,884</u>
 Total Assets	 <u><u>\$ 24,921,406</u></u>	 <u><u>\$ 24,632,874</u></u>
Liabilities and Net Assets		
Liabilities:		
Accounts Payable	\$ 27,018	\$ 7,206
Collections held for Transmittal	14,479	11,986
Funds held in Trust	521,235	562,696
Diocesan Term Loan Payable	<u>2,602,729</u>	<u>3,127,283</u>
 Total Liabilities	 <u>3,165,461</u>	 <u>3,709,171</u>
Net Assets:		
Temporarily Restricted	521,235	562,696
Unrestricted	<u>21,234,711</u>	<u>20,361,007</u>
 Total Net Assets	 <u>21,755,946</u>	 <u>20,923,703</u>
 Total Liabilities and Net Assets	 <u><u>\$ 24,921,406</u></u>	 <u><u>\$ 24,632,874</u></u>

Emmaus Catholic Parish
Statements of Activities
Years Ended June 30, 2023 and 2022

	<u>2023</u>	<u>2022</u>
Revenue		
Offertory and Other Collections	\$ 2,579,327	\$ 2,465,891
Capital Campaign and Building Fund Collections	150	169,688
Religious Education Programs	520,270	380,677
Income from Fundraising Activities	93,716	54,489
Fees, Rentals and Other Income	<u>200,387</u>	<u>225,887</u>
Total Revenue	<u>3,393,850</u>	<u>3,296,632</u>
Expenses		
Religious Education	505,695	314,842
Payroll and Program Services	923,373	829,835
Facilities Operation and Maintenance	415,762	579,832
Utilities	135,700	122,836
Insurance and Risk Management	112,386	106,775
General and Administrative	157,958	131,359
Diocesan Assessments	222,942	236,695
Interest and Other Loan Expenses	<u>87,792</u>	<u>125,472</u>
Total Expenses	<u>2,561,608</u>	<u>2,447,647</u>
Change in Net Assets	832,242	848,985
Net Assets at Beginning of Year	20,923,703	20,161,483
Elimination of Unamortized Bond Issue and Other Costs	<u>-0-</u>	<u>(86,765)</u>
Net Assets at End of Year	<u><u>\$ 21,755,946</u></u>	<u><u>\$ 20,923,703</u></u>

Emmaus Catholic Parish
Statements of Cash Flows
Years Ended June 30, 2023 and 2022

	<u>2023</u>	<u>2022</u>
Change in net assets	\$ 832,242	\$ 848,985
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Changes in operating assets and liabilities:		
(Increase) decrease in gift card inventory	108,392	(34,286)
(Increase) decrease in accounts receivable	(2,215)	2,187
Increase (decrease) in accounts payable	19,812	(7,744)
Increase (decrease) in collections held	2,493	(839)
Increase (decrease) in funds held in trust	(41,461)	202,754
Net cash provided by operating activities	<u>\$ 919,263</u>	<u>\$ 1,011,057</u>
Cash from investing activities:		
Property improvements and additions	(7,643)	(618,092)
Net cash provided by investing activities	<u>(7,643)</u>	<u>(618,092)</u>
Cash from financing activities:		
Principal payments on bonds	-0-	(2,911,667)
Principal payments on PLC term loan	(524,554)	(720,043)
Issuance of Church & PLC term loan	-0-	3,406,363
Principal payments on Church & PLC term loan	-0-	(279,080)
Net cash used in financing activities	<u>(524,554)</u>	<u>(504,427)</u>
Net increase (decrease) in cash	387,066	(111,462)
Cash at beginning of year	<u>1,916,499</u>	<u>2,027,961</u>
Cash at end of year	<u><u>\$ 2,303,565</u></u>	<u><u>\$ 1,916,499</u></u>

Emmaus Catholic Parish
Notes to Unaudited Financial Statements
June 30, 2023 and 2022

1. Organization.

The accompanying financial statements are those of the Church of the Resurrection of the Lord (Emmaus Catholic Parish or the “Parish”) of the Diocese of Austin (“Diocese”). The Parish includes the accounts of the Queen of Angels Chapel in Spicewood, TX with those of its main campus in Lakeway, TX.

All parishes in the Diocese are separately incorporated as non-profit organizations. The accompanying statements include only the assets, liabilities, net assets, and financial activities of the Parish. The statements may not include recognition of certain costs and capital transactions related to its separate organizational structure.

2. Significant Accounting Policies.

(a) Basis of Presentation

The accompanying financial statements are presented on a modified cash basis of accounting and are therefore not prepared in accordance with generally accepted accounting principles. With limited exception of certain deferred revenue liabilities, all revenue and expense amounts are generally recognized when received or paid, respectively. Fixed asset amounts are carried on an unadjusted historical cost basis without deduction for depreciation or amortization.

Net assets within the Parish’s Statement of Financial Position are classified based upon the existence or absence of donor-imposed stipulations, as follows:

Unrestricted Net Assets – Includes all resources and contributions that are not subject to donor-imposed restrictions.

Temporarily Restricted Net Assets – Includes contributions or other support whose use by the Parish is limited to specific purposes according to donor-imposed stipulations. When donor stipulations attached to such contributions are fulfilled, temporarily restricted net assets related thereto are reclassified to unrestricted net assets.

(b) Cash and Cash Equivalents

All of the Parish’s cash is maintained in either checking accounts at commercial banks or in accounts maintained by the Diocese.

(c) Cash Concentration

As of June 30, 2023, the Parish maintained cash balances at several financial institutions, a portion of which was in excess of insurance limits provided by the Federal Deposit Insurance Corporation (FDIC). If these financial institutions were not to honor their contractual liability, the Parish would incur loss. The Parish is of the opinion there is minimal risk of loss because of the financial strength of these financial institutions. However, given the recent impacts of rising interest rates on the capital position of the banking industry, the parish has subsequently realigned its banking relationships so that all of its cash deposits maintained in commercial banks are covered by FDIC insurance.

(d) Accounts Receivable and Prepaid Expenses

Accounts receivable and prepaid expenses consist primarily of prepaid employer payroll-related liabilities.

(e) Collections Held for Transmittal

The Parish takes up collections for specific charities and organizations within the Diocese. Such receipts are classified as a liability until the funds are remitted to the Diocese or designated charity.

(f) Restricted Contributions

Unrestricted contributions and bequests are recognized as revenue when they are received. Contributions subject to donor restrictions are recorded as temporarily restricted revenue, temporarily restricted net assets or deferred revenue liabilities (Funds held in Trust), depending on the existence and/or nature of donor restrictions. Donor restrictions relating to the contributions are released and the corresponding amounts reclassified when the purpose set forth by the donor has been substantially achieved, generally by making improvements, reducing debt, or incurring expenses in conformity with the stated purpose of the contributions.

Contributions subject to donor restrictions (Funds held in Trust) at June 30, 2023 and 2022 consist of:

	<u>2023</u>	<u>2022</u>
Benevolence Fund	35,306	666
Restricted Gala Contributions	173,815	201,118
Cemetery Plot Deposits	178,703	181,541
Other Designated Donations	134,040	179,372
	<u>\$ 521,235</u>	<u>\$ 562,697</u>

(g) Land, Building and Equipment

Consistent with Diocesan accounting guidelines, buildings, and equipment are recorded at cost without deduction for depreciation expense or other reduction in value until retired or replaced. Expenditures that significantly increase values or extend useful lives are capitalized. Repair and maintenance costs are expensed as incurred.

Land, building, and equipment consist of the following at June 30, 2023:

Land	\$ 971,119
Church Building	10,087,219
Parish Life Center	6,474,437
Queen of Angels Chapel	935,820
Former Office Building	387,263
Rectory	241,587
Pastoral Center	<u>3,426,082</u>
	<u>\$ 22,523,527</u>

In February 2021, below freezing temperatures from a severe winter storm caused a fire suppression line in the Parish's main church building to burst, resulting in extensive flooding and water damage throughout the building. The Parish undertook a comprehensive program of restoration (demolition, repair, and replacement) of the parts of the church that were damaged or lost and elected to renovate certain components and fixtures during this process. The cost of the restoration work is covered by the Parish's property insurance (see note 6. Insurance, below), while renovation costs are funded through parishioner contributions and proceeds from fundraising programs designated for that purpose and general operating funds. The restoration and renovation of the Parish's main church building was completed in 2023.

(h) Reclassification.

Certain prior year amounts have been reclassified to conform with the current year presentation.

3. Capital Campaigns

The Parish participates in the Diocese's "*Encountering Christ*" capital campaign in which the parish completed a 6-month fundraising phase in December 2019. Following the fundraising phase of the campaign, there is a five-year phase for parishioners to fulfill their pledges. Thirty percent (30%) of all funds collected from pledge payments and one-time gifts by parishioners to this campaign are returned to the Parish, the use for which was initially designated to fund costs of the Parish's property additions and subsequently designated to reduce Parish debt. As of June 30, 2023, parishioners have pledged a total of \$2,401,205 of which \$1,347,046 had been received. Included in the June 30, 2023 Statement of Activities are \$49,988 in Parish rebates related to this campaign.

The financial statements do not include recognition of any pledge payments receivable for this capital campaign.

4. Loans

In January 2022, the Parish refinanced its bonded debt and diocesan term loan into a new term loan with the Diocese in the original amount of \$3,406,363. The initial interest rate of the loan was set at 3.00% and is to be amortized over a 9-year term with monthly payments

of \$36,029. The Loan Agreement with the Diocese provides that the interest rate on the loan is subject to adjustment as market conditions dictate.

The Parish periodically makes additional principal-reduction payments on its debt from parishioner contributions designated for that purpose. During the year ended June 30, 2023, the Parish made additional payments of \$180,000 to reduce the principal balance of the new diocesan term loan, which as of June 30, 2023 was \$2,602,729.

None of the Parish's properties is encumbered by a mortgage or other lien.

5. Diocesan Assessment and Subsidies

On a calendar year basis, Cathedraticum assessments are made by the Diocese on the Parish at the rate of 10% of parish collections and other assessable revenue. The Parish is also required to contribute a subsidy to help support the cost of Catholic schools in other parishes.

6. Insurance

The Parish participates in the Diocese's insurance program for its property, liability, automobile, and workers compensation insurance coverages. The Parish also participates in the Diocese's health care, life insurance and pension programs for its eligible employees. Premium costs as established by the Diocese are paid directly to the Diocese by the Parish for all such coverage.

7. Income Taxes

The Parish is exempt from Federal income tax under provisions of Section 501(c)(3) of the Internal Revenue Code. However, the Parish is subject to tax under Section 511(a) to the extent it has unrelated business taxable income. The Parish had no material unrelated business taxable income during fiscal years ended June 30, 2023 or 2022.