

**CENTRAL ADMINISTRATIVE OFFICE
OF THE DIOCESE OF AUSTIN**

**Financial Statements with
Supplementary Information**

June 30, 2022 and 2021
(With Independent Auditors' Report)

**CENTRAL ADMINISTRATIVE OFFICE
OF THE DIOCESE OF AUSTIN**

C O N T E N T S

	<u>Page</u>
Independent Auditors' Report	1
Financial Statements	
Statements of Financial Position	3
Statement of Activities	
Year Ended June 30, 2022	4
Year Ended June 30, 2021	5
Statement of Functional Expenses	
Year Ended June 30, 2022	6
Year Ended June 30, 2021	7
Statements of Cash Flows	8
Notes to Financial Statements	9
Supplementary Information (Unaudited)	
Summary Financial Information for Parishes and Missions in the Austin Diocese (exclusive of the Central Administrative Office)	25



Independent Auditors' Report

Most Reverend Joe Vásquez and Finance Council
Central Administrative Office of the Diocese of Austin

Opinion

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Diocese as of June 30, 2022 and 2021, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

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 Diocese 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 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.

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's ability to continue as a going concern within one year after the date that the financial statements are issued.

Auditors' Responsibility 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 auditors' 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 Diocese'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'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.

Other Matter

Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying supplementary information is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. This information has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.



Austin, Texas

October 18, 2022

**CENTRAL ADMINISTRATIVE OFFICE
OF THE DIOCESE OF AUSTIN**
Statements of Financial Position
June 30, 2022 and 2021

	<u>2022</u>	<u>2021</u>
Assets		
Cash and cash equivalents, primarily interest-bearing	\$ 5,464,127	\$ 6,682,613
Short-term investments - money market mutual funds	39,099,800	46,764,733
Receivables from parishes and schools	1,176,249	799,812
Prepaid and other expenses	1,047,163	906,656
Other receivables	2,441,050	794,167
Pledges receivable, net	15,070,640	26,933,226
Long-term investments	56,777,073	52,498,875
DIAL notes receivable	38,656,470	42,269,014
Land, buildings, and equipment, net	19,393,371	20,581,983
Total Assets	<u>\$179,125,943</u>	<u>\$ 198,231,079</u>
Liabilities and Net Assets		
Accounts payable and accrued expenses	\$ 3,471,742	\$ 2,617,305
Collections held for transmittal	2,137,886	1,646,481
DIAL deposits	42,182,964	41,592,700
Self-insurance reserve	2,405,000	2,790,000
Total Liabilities	<u>50,197,592</u>	<u>48,646,486</u>
NET ASSETS		
Without donor restriction	95,328,991	99,819,451
With donor restriction	33,599,360	49,765,142
Total Net Assets	<u>128,928,351</u>	<u>149,584,593</u>
Total Liabilities and Net Assets	<u>\$179,125,943</u>	<u>\$ 198,231,079</u>

The accompanying notes are an integral part of these financial statements.

**CENTRAL ADMINISTRATIVE OFFICE
OF THE DIOCESE OF AUSTIN**

Statement of Activities
Year Ended June 30, 2022

	Without donor restriction	With donor restriction	Total
Revenues, gains, and other support:			
Catholic Services Appeal	\$ 6,290,307	\$ 4,200	\$ 6,294,507
Cathedraticum assessments	6,710,039	299,550	7,009,589
Contributions and bequests	978,210	2,295,929	3,274,139
Encountering Christ Campaign	-	5,546,168	5,546,168
Special collections	-	574,432	574,432
Interest income from DIAL notes	1,468,177	-	1,468,177
Investment return, net	(7,284,754)	5,991	(7,278,763)
Insurance premiums	16,660,138	-	16,660,138
Program service fees	941,901	47,173	989,074
Catholic Spirit	459,719	-	459,719
Retreat center	468,775	86,886	555,661
Other	1,428,143	-	1,428,143
Total revenues, gains, and other support	28,120,655	8,860,329	36,980,984
Net assets released from restrictions	25,026,111	(25,026,111)	-
Total revenues and release of restrictions	53,146,766	(16,165,782)	36,980,984
Expenses:			
Program			
Pastoral	7,833,722	-	7,833,722
Educational	2,296,707	-	2,296,707
Parish support programs	15,368,771	-	15,368,771
Communications / Catholic Spirit	724,073	-	724,073
Tribunal	671,966	-	671,966
Cedarbrake Retreat Center	896,423	-	896,423
Administrative	5,741,846	-	5,741,846
Fundraising	1,839,822	-	1,839,822
Conveyance of assets	10,000,000	-	10,000,000
Encountering Christ Campaign	12,263,896	-	12,263,896
Total expenses	57,637,226	-	57,637,226
Change in net assets	(4,490,460)	(16,165,782)	(20,656,242)
Net assets at beginning of year	99,819,451	49,765,142	149,584,593
Net assets at end of year	\$ 95,328,991	\$ 33,599,360	\$ 128,928,351

The accompanying notes are an integral part of these financial statements.

**CENTRAL ADMINISTRATIVE OFFICE
OF THE DIOCESE OF AUSTIN**

Statement of Activities
Year Ended June 30, 2021

	Without donor restriction	With donor restriction	Total
Revenues, gains, and other support:			
Catholic Services Appeal	\$ 5,655,315	\$ 2,500	\$ 5,657,815
Cathedraticum assessments	7,419,958	276,466	7,696,424
Contributions and bequests	413,807	1,820,335	2,234,142
Encountering Christ Campaign	-	2,239,749	2,239,749
Special collections	-	280,170	280,170
Interest income from DIAL notes	1,831,122	-	1,831,122
Investment return, net	12,740,794	-	12,740,794
Insurance premiums	16,545,468	-	16,545,468
Program service fees	659,230	36,846	696,076
Catholic Spirit	448,034	-	448,034
Retreat center	306,155	42,680	348,835
Other	1,674,744	-	1,674,744
Total revenues, gains, and other support	47,694,627	4,698,746	52,393,373
Net assets released from restrictions	16,753,536	(16,753,536)	-
Total revenues and release of restrictions	64,448,163	(12,054,790)	52,393,373
Expenses:			
Program			
Pastoral	7,720,555	-	7,720,555
Educational	1,972,515	-	1,972,515
Parish support programs	18,668,961	-	18,668,961
Communications / Catholic Spirit	582,508	-	582,508
Tribunal	754,308	-	754,308
Cedarbrake Retreat Center	917,084	-	917,084
Administrative	5,163,348	-	5,163,348
Fundraising	1,300,264	-	1,300,264
Conveyance of assets	-	-	-
Encountering Christ Campaign	12,806,106	-	12,806,106
Total expenses	49,885,649	-	49,885,649
Change in net assets	14,562,514	(12,054,790)	2,507,724
Net assets at beginning of year	85,256,937	61,819,932	147,076,869
Net assets at end of year	\$ 99,819,451	\$ 49,765,142	\$ 149,584,593

The accompanying notes are an integral part of these financial statements.

**CENTRAL ADMINISTRATIVE OFFICE
OF THE DIOCESE OF AUSTIN**
Statement of Functional Expenses
Year Ended June 30, 2022

	Personnel	Occupancy	Professional Services	Travel & Professional Development	Office & Program Expenses	Distributions & Grants	Education & Other Assistance	Other	Total
Programs:									
Pastoral:									
Bishop	\$ 251,541	\$ 139,256	\$ -	\$ 37,386	\$ 11,892	\$ 840,900	\$ 770	\$ -	\$ 1,281,745
Clergy & Religious	944,198	20,470	82,666	43,460	424,967	13,062	299,379	12,414	1,840,616
Vocations	216,488	65,301	24,711	14,698	70,633	14,742	1,490,131	-	1,896,704
Retired Priests	103,035	265,193	92,388	8,460	41,602	7,100	806,387	-	1,324,165
Life, Charity & Justice	538,545	624	30,510	28,029	70,882	820,926	976	-	1,490,492
Educational:									
Catholic Schools	402,526	-	18,479	18,832	161,812	935,972	-	-	1,537,621
Formation & Spirituality	602,866	-	-	17,933	137,969	200	118	-	759,086
Parish support programs:									
Parish Business Services	421,596	-	187,679	12,937	(1,055)	-	-	-	621,157
Insurance Plans	340,600	-	224,306	15,143	12,984,864	521,004	-	-	14,085,917
DIAL:									
Interest - deposit accounts	-	-	-	-	510,202	-	-	-	510,202
Operating	62,952	-	3,499	-	85,044	-	-	-	151,495
Communications / Catholic Spirit	242,233	-	40,289	7,601	432,779	786	385	-	724,073
Tribunal	611,933	575	21,011	20,908	16,656	883	-	-	671,966
Cedarbrake Retreat Center	514,134	231,882	74,507	1,369	61,176	-	11,650	1,705	896,423
Total program expenses	5,252,647	723,301	800,045	226,756	15,009,423	3,155,575	2,609,796	14,119	27,791,662
Administration									
Central office administration	2,465,959	1,316,256	81,872	88,338	766,494	5,299	1,131	1,651	4,727,000
Depreciation and amortization	-	1,014,846	-	-	-	-	-	-	1,014,846
Total administrative expenses	2,465,959	2,331,102	81,872	88,338	766,494	5,299	1,131	1,651	5,741,846
Fundraising	885,780	-	300,736	30,989	467,702	153,000	-	1,615	1,839,822
Conveyance of assets	-	-	-	-	-	10,000,000	-	-	10,000,000
Total expenses before ECC	8,604,386	3,054,403	1,182,653	346,083	16,243,619	13,313,874	2,610,927	17,385	45,373,330
Encountering Christ Campaign (ECC)	-	-	65,885	-	166,816	8,852,223	-	3,178,972	12,263,896
Total Expenses	\$ 8,604,386	\$ 3,054,403	\$ 1,248,538	\$ 346,083	\$ 16,410,435	\$ 22,166,097	\$ 2,610,927	\$ 3,196,357	\$ 57,637,226

The accompanying notes are an integral part of these financial statements.

**CENTRAL ADMINISTRATIVE OFFICE
OF THE DIOCESE OF AUSTIN**
Statement of Functional Expenses
Year Ended June 30, 2021

	Personnel	Occupancy	Professional Services	Travel & Professional Development	Office & Program Expenses	Distributions & Grants	Education & Other Assistance	Other	Total
Programs:									
Pastoral:									
Bishop	\$ 277,202	\$ 85,021	\$ 193	\$ 16,906	\$ 13,164	\$ 1,065,149	\$ -	\$ -	\$ 1,457,635
Clergy & Religious	1,056,565	22,183	101,517	24,824	219,265	1,958	354,523	17,470	1,798,305
Vocations	201,028	43,524	21,674	6,204	55,384	14,960	1,572,152	-	1,914,926
Retired Priests	73,049	167,628	103,966	2,880	12,899	-	916,049	-	1,276,471
Life, Charity & Justice	493,557	674	21,225	9,354	44,485	703,824	45	54	1,273,218
Educational:									
Catholic Schools	285,284	-	24,789	1,772	133,982	788,479	-	-	1,234,306
Formation & Spirituality	620,161	-	700	3,895	110,653	2,800	-	-	738,209
Parish support programs:									
Parish Business Services	374,574	-	183,238	9,472	8,955	-	-	-	576,239
Insurance Plans	247,330	-	188,251	4,327	15,893,653	1,233,975	-	-	17,567,536
DIAL:									
Interest - deposit accounts	-	-	-	-	444,286	-	-	-	444,286
Operating	58,392	-	3,499	-	19,009	-	-	-	80,900
Communications / Catholic Spirit	186,553	-	28,509	3,063	353,443	10,802	138	-	582,508
Tribunal	724,634	1,929	10,318	3,473	13,929	25	-	-	754,308
Cedarbrake Retreat Center	486,766	393,300	3,185	868	31,826	-	589	550	917,084
Total program expenses	5,085,095	714,259	691,064	87,038	17,354,933	3,821,972	2,843,496	18,074	30,615,931
Administration									
Central office administration	2,329,043	1,020,965	123,513	44,553	637,269	-	4,404	1,508	4,161,255
Depreciation and amortization	-	1,002,093	-	-	-	-	-	-	1,002,093
Total administrative expenses	2,329,043	2,023,058	123,513	44,553	637,269	-	4,404	1,508	5,163,348
Fundraising	597,906	-	293,671	16,932	294,152	97,603	-	-	1,300,264
Conveyance of assets	-	-	-	-	-	-	-	-	-
Total expenses before ECC	8,012,044	2,737,317	1,108,248	148,523	18,286,354	3,919,575	2,847,900	19,582	37,079,543
Encountering Christ Campaign (ECC)	86,866	-	53,579	-	182,140	8,021,008	-	4,462,513	12,806,106
Total Expenses	\$ 8,098,910	\$ 2,737,317	\$ 1,161,827	\$ 148,523	\$ 18,468,494	\$ 11,940,583	\$ 2,847,900	\$ 4,482,095	\$ 49,885,649

The accompanying notes are an integral part of these financial statements.

**CENTRAL ADMINISTRATIVE OFFICE
OF THE DIOCESE OF AUSTIN**
Statements of Cash Flows
Years Ended June 30, 2022 and 2021

	2022	2021
Cash flows from operating activities:		
Change in net assets	\$(20,656,242)	\$ 2,507,724
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation expense	1,014,846	1,002,093
Net realized & unrealized (gains) losses on investments	8,532,300	(12,071,014)
Conveyance of assets	10,000,000	-
Gain from sale of fixed assets	(36,674)	(10,967)
Changes in assets and liabilities:		
(Increase) decrease in receivables from parishes and schools	(376,437)	(247,727)
(Increase) decrease in pledge receivables	11,862,586	18,056,289
(Increase) decrease in other receivables	(1,646,883)	(127,639)
(Increase) decrease in prepaid and other expenses	(140,507)	644,120
Increase (decrease) in collections held for transmittal	491,405	566,784
Increase (decrease) in accounts payable and accrued expenses	854,437	(1,328,871)
Increase (decrease) in self-insurance reserve	(385,000)	(85,000)
Net cash provided by operating activities	<u>9,513,831</u>	<u>8,905,792</u>
Cash from investing activities:		
Proceeds from sale and maturities of investments	13,186,548	16,689,891
Purchase of investments	(25,997,046)	(19,052,709)
Issuance of DIAL notes	(5,373,628)	(1,784,349)
Principal payments received on DIAL notes	8,986,172	7,570,005
Net change in money market funds	7,664,933	(18,398,081)
Proceeds from sale of fixed assets	788,405	18,000
Purchase of property and equipment	(10,577,965)	(1,881,086)
Net cash provided by (used in) investing activities	<u>(11,322,581)</u>	<u>(16,838,329)</u>
Cash from financing activities:		
Increase (decrease) in DIAL deposits, net	590,264	9,353,558
Net cash provided by (used in) financing activities	<u>590,264</u>	<u>9,353,558</u>
Net increase (decrease) in cash	(1,218,486)	1,421,021
Cash and cash equivalents at beginning of year	<u>6,682,613</u>	<u>5,261,592</u>
Cash and cash equivalents at end of year	<u><u>\$ 5,464,127</u></u>	<u><u>\$ 6,682,613</u></u>
Supplemental disclosures of cash flow information:		
Cash paid for interest	<u><u>\$ 49,985</u></u>	<u><u>\$ 17,574</u></u>

The accompanying notes are an integral part of these financial statements.

**CENTRAL ADMINISTRATIVE OFFICE
OF THE DIOCESE OF AUSTIN**

Notes to Financial Statements

June 30, 2022 and 2021

Note A - Organization

The accompanying financial statements are those of the Central Administrative Office (CAO) of the Diocese of Austin (the Diocese). The Diocese serves the Roman Catholic Church in central Texas and comprises a geographic area of 21,066 square miles covering 25 counties. These statements include the assets, liabilities, net assets, and financial activities of all institutions and organizations providing services at the diocesan level of administration which are fiscally responsible to the Bishop of the Diocese of Austin.

The CAO is incorporated as a non-profit organization in the state of Texas, the Catholic Diocese of Austin. All parishes in the Diocese are also separately incorporated as non-profit organizations. The CAO and parishes are organized and operate in the way the church views itself according to the Code of Canon Law, promulgated by the Roman Catholic Church.

A substantial portion of the Diocesan transactions are with affiliated parishes, schools, and other Catholic organizations. The accompanying audited financial statements do not include the parishes, missions, schools and certain other Diocesan activities. These excluded activities are operating entities distinct from the offices and organization included herein, maintain separate accounts, and carry on their own programs.

Note B - Summary of Significant Accounting Policies

Basis of Presentation

The financial statements of the CAO have been prepared in accordance with U.S. generally accepted accounting principles (US GAAP), as set forth in the Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC), including FASB ASC 958, *Not for Profit Entities*. FASB ASC 958 requires the reporting of total assets, liabilities, and net assets in a statement of financial position; reporting the change in net assets in a statement of activities; and reporting the sources and uses of cash in a statement of cash flows. The CAO reports information regarding its financial position and activities according to the following net asset classifications:

Net assets without donor restriction-- Includes net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the organization. These net assets may be used at the discretion of the Bishop and include internally specially designated funds. Designated for special purpose net assets may be earmarked for future programs such as insurance, educational, and pastoral programs and supporting services. See Note G.

Net assets with donor restrictions--Includes net assets subject to stipulations imposed by donors, and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the CAO or by the passage of time. Other donor restrictions are perpetual in nature, where by the donor has stipulated the funds be maintained in perpetuity. See Note G.

Donor restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets are reclassified from net assets with donor restrictions to net assets without donor restrictions in the statements of activities.

**CENTRAL ADMINISTRATIVE OFFICE
OF THE DIOCESE OF AUSTIN**

Notes to Financial Statements
June 30, 2022 and 2021

Note B - Summary of Significant Accounting Policies - Continued

Cash and Cash Equivalents

Cash and cash equivalents include cash in banks and time deposits with an initial maturity of less than 90 days. Money market funds are considered to be held for short-term investment and are not included in cash and cash equivalents.

Cash Concentration

The CAO maintains cash balances at several financial institutions. A portion of such cash and cash equivalents are in excess of insurance limits provided by the Federal Deposit Insurance Corporation (FDIC) and the Securities Investor Protection Corporation (SIPC). If these financial institutions were not to honor their contractual liability, the Diocese would incur loss. Management is of the opinion there is minimal risk of loss because of the financial strength of these financial institutions.

Pledges Receivable

Unconditional promises to give that are expected to be collected within one year are recorded at realizable value. Amounts beyond one year are discounted at rates approximating U.S. Treasury yields applicable to the years in which the promises are received. Amortization of the discounts is included in revenue. Conditional promises to give are not recorded as revenue until the conditions are substantially met. Pledges receivable are from commitments to the Encountering Christ Campaign (ECC). Management evaluates the value of pledges receivable on an ongoing basis for changes in the estimated timing or amounts of cash flows.

Cathedraticum Assessments

Cathedraticum assessments are recorded on the accrual basis of accounting. On a calendar year basis, assessments are made by the Diocese on parishes at the rate of 10% of parish collections and other assessable revenue. The assessment on parishes who subsidize their own parish school is 9%. Management provides for probable uncollectible amounts through a provision for uncollectible accounts and an adjustment to a valuation allowance based on its assessment of the current status of individual accounts.

Investments

Investments in marketable securities with readily determinable fair values and all investments in debt securities are reported at their fair values in the statements of financial position based on quoted market prices and fair value reports provided by fund managers. Land held for investment is valued at historical cost. See Note D.

Investment return includes interest and dividends on investments, as well as both (1) the realized gains and losses on investment transactions and (2) unrealized gains and losses from changes in the market value of investment, and investment advisory fees and expenses. Realized gains and losses on disposition of investment securities are determined using fair market value and transactions are recorded on a trade date basis.

**CENTRAL ADMINISTRATIVE OFFICE
OF THE DIOCESE OF AUSTIN**

Notes to Financial Statements

June 30, 2022 and 2021

Note B - Summary of Significant Accounting Policies - Continued

Fair Value of Financial Instruments

Fair value is defined as the price that would be received to sell an asset in the principal or most advantageous market for the asset in an orderly transaction between market participants on the measurement date. Fair value should be based on the assumptions market participants would use when pricing an asset. US GAAP establishes a fair value hierarchy that prioritizes investments based on those assumptions. The fair value hierarchy gives the highest priority to quoted prices in active markets (observable inputs) and the lowest priority to an entity's assumptions (unobservable inputs). The CAO groups assets at fair value in three levels, based on the markets in which the assets and liabilities are traded and the reliability of the assumptions used to determine fair value. These levels are:

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 that are 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. Level 3 valuations incorporate certain assumptions and projections in determining the fair value assigned to such assets or liabilities.

The CAO uses appropriate valuation techniques based on available inputs to measure fair value of its investments. An asset's fair value measurement 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 must maximize the use of observable inputs and minimize the use of unobservable inputs.

Following is a description of the valuation methodologies used for assets measured at fair value.

Common stocks, corporate bonds and U.S. government securities : Valued at the closing price reported on the active market on which the individual securities are traded.

Money market funds and mutual funds : Valued at the net asset value (NAV) of shares held by the Diocese at year end.

Land held for investment : Valued at cost which management believes approximates fair value.

Investments in closely held entities : Valued at net realizable value which management believes approximates fair value.

**CENTRAL ADMINISTRATIVE OFFICE
OF THE DIOCESE OF AUSTIN**

Notes to Financial Statements

June 30, 2022 and 2021

Note B - Summary of Significant Accounting Policies - Continued

Fair Value of Financial Instruments - Continued

The methods described above may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while the CAO 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 carrying amounts of financial instruments, including cash and cash equivalents, receivables, prepaid expenses and other assets, accounts payable, accrued expenses and deferred revenue approximate fair value due to the short-term nature of these instruments. The fair value of investments are estimated based on valuations provided by the third party custodians.

The deposits and loans in the DIAL program and amounts due from parishes are believed to be recorded at fair value. However, the transactions are with parishes and schools (related parties) and accordingly the fair value may differ from arms-length transactions between unrelated parties.

US GAAP requires disclosure of fair value information about financial instruments, whether or not recognized in the statements of financial position. In cases where quoted market prices are not available, fair values are based on estimates using present value or other valuation techniques. Those techniques are significantly affected by the assumptions used, including the discount rate and estimates of future cash flows. In that regard, the derived fair value estimates cannot be substantiated by comparison to independent markets and, in many cases, could not be realized in immediate settlement of the instruments. US GAAP excludes certain financial instruments and all nonfinancial instruments from its disclosure requirements. Accordingly, the aggregate fair value amounts presented do not represent the underlying value of the Diocese.

The following methods and assumptions were used by the CAO in estimating its fair value disclosures for financial instruments:

Investment securities - Fair values for investment securities are based on quoted market prices, where available. If quoted market prices are not available, fair values are based on quoted market prices of comparable instruments.

DIAL notes receivable - For variable-rate loans that reprice frequently and with no significant change in credit risk, fair values are based on carrying amounts. The fair values for fixed rate loans are estimated using discounted cash flow analysis, based on interest rates currently being offered for loans with similar terms and credit quality. Loan fair value estimates include judgments regarding future expected loss experience and risk characteristics.

Payables - The carrying amounts reported in the statements of financial position for all payables approximate those liabilities' fair values.

The estimated fair values of the CAO's financial instruments as of June 30, are as follows:

**CENTRAL ADMINISTRATIVE OFFICE
OF THE DIOCESE OF AUSTIN**

Notes to Financial Statements
June 30, 2022 and 2021

Note B - Summary of Significant Accounting Policies - Continued

Fair Value of Financial Instruments - Continued

	2022		2021	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
Financial assets:				
Short-term investments	\$ 39,099,800	\$ 39,099,800	\$ 46,764,733	\$ 46,764,733
Long-term investments	56,219,514	56,219,514	51,941,316	51,941,316
DIAL notes receivable	38,656,470	36,156,265	42,269,014	44,084,756
Land held for investment	557,559	557,559	557,559	557,559
Financial liabilities:				
DIAL deposits	\$ 42,182,964	\$ 42,182,964	\$ 41,592,700	\$ 41,592,700

Land, Buildings, and Equipment

Land, buildings, and equipment in excess of \$5,000 are recorded at cost. Donated properties are recorded at fair value at date of gift. Expenditures that significantly increase values, change capacities or extend useful lives are capitalized. Depreciation is provided over the estimated useful lives (5 to 30 years) using the straight-line method. Repairs and maintenance costs are expensed as incurred. The CAO leases certain office equipment. The leases are structured and accounted for as operating leases and the related payments are expensed ratably over the rental period.

Valuation of Long-Lived Assets

The CAO reviews long-lived assets for impairment whenever events or changes in circumstances indicate the carrying amount of an asset may not be recoverable. An impairment loss is recognized when the estimated fair value is less than the carrying amount of the asset. No impairment losses were recognized during the years ended June 30, 2022 and 2021.

Collections Held for Transmittal

Parishes within the Diocese take up collections for specific charities and organizations within and outside the Diocese. Such receipts are remitted to the CAO and classified as a liability until the funds are remitted to the appropriate organizations.

Self-Insurance Reserve

The Diocese establishes insurance claim liabilities based on estimates of the ultimate cost of claims (including future claim adjustment expenses) that have been reported but not settled, and of claims that have been incurred but not reported. The length of time for which such costs must be estimated varies depending on the coverage involved. Estimates of reinsurance amounts recoverable on unpaid claims are recorded as receivables. The amounts paid to ultimately settle these claims may be more or less than the amounts currently accrued.

**CENTRAL ADMINISTRATIVE OFFICE
OF THE DIOCESE OF AUSTIN**

Notes to Financial Statements
June 30, 2022 and 2021

Note B - Summary of Significant Accounting Policies - Continued

Catholic Services Appeal Collections

Catholic Services Appeal (CSA) is an annual appeal to all Catholics in the Diocese to support various programs and ministries. CSA contributions are recorded as revenue when received.

Contributions and Bequests

Contributions and bequests are recognized as revenue when they are received or unconditionally pledged. Contributions are recorded as net assets without donor restrictions or net assets with donor restrictions, depending on the existence and/or nature of any donor-imposed restrictions. Contributions that are restricted by the donor are reported as an increase in net assets with donor restrictions, depending on the nature of restriction. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities as net assets released from restrictions.

The CAO reports gifts of land, buildings, and equipment at fair value at date of donation. Gifts of long-lived assets with explicit restrictions that specify how long the assets are to be used are recorded as net assets with donor restrictions; otherwise, the contributions are recorded as net assets without donor restrictions.

Functional Allocation of Expenses

The costs of providing the various programs and supporting services have been summarized on a functional basis in the statements of activities. Most personnel costs, occupancy costs, office expenses, professional services, staff development, and travel are identified with a specific program or supporting function at the time they are incurred and are reported accordingly. However, certain personnel costs have been allocated among the programs and supporting services benefitted based on estimates of time and effort. We believe our allocations are done on a reasonable and consistent basis.

Income Taxes

The CAO is exempt from federal income tax under provisions of Section 501(c)(3) of the Internal Revenue Code. However, the CAO is subject to tax under Section 511(a) to the extent it has unrelated business taxable income. The CAO had no material unrelated business taxable income during fiscal years 2022 and 2021.

The CAO has processes presently in place to ensure the maintenance of its tax-exempt status; to identify and report unrelated income; to determine its filing and tax obligations in jurisdictions for which it has nexus; and to identify and evaluate other matters that may be considered tax positions. The CAO has determined that there are no material uncertain tax positions that require recognition or disclosure in the financial statements.

**CENTRAL ADMINISTRATIVE OFFICE
OF THE DIOCESE OF AUSTIN**

Notes to Financial Statements
June 30, 2022 and 2021

Note B - Summary of Significant Accounting Policies - Continued

Use of Estimates

The preparation of financial statements in conformity with US GAAP 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.

Risks and Uncertainties

The CAO invests in various securities including U.S. Government securities, corporate debt instruments, and corporate stocks. Investment securities, in general, are exposed to various risks, such as interest rate, credit, foreign exchange fluctuations, 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 statements of financial position and statements of activities.

Subsequent Events

Management of the CAO has evaluated subsequent events for disclosure through the date of the independent auditors' report, the date the financial statements were issued.

Note C - Receivable from Parishes and Schools

The accounts receivable arise in the normal course of the operation of the CAO and are primarily due from the parishes and schools of the Diocese. Credit is generally extended on a short-term basis; thus, accounts receivable bear no interest. The CAO periodically reviews the outstanding accounts receivable for the purposes of establishing an allowance for uncollectible accounts. Aggregate accounts receivable past due 90 days or more amount to approximately \$1,774 and \$0 as of June 30, 2022 and 2021, respectively. Delinquency status is based on normal credit terms.

Receivables from parishes and schools consisted of:

	<u>2022</u>	<u>2021</u>
Insurance programs	\$ 277,909	\$ 503,489
Interest from DIAL notes	48,844	70,844
Cathedraticum assessments	(12,073)	36,995
Other	<u>861,569</u>	<u>188,484</u>
Total	<u><u>\$ 1,176,249</u></u>	<u><u>\$ 799,812</u></u>

**CENTRAL ADMINISTRATIVE OFFICE
OF THE DIOCESE OF AUSTIN**

Notes to Financial Statements

June 30, 2022 and 2021

Note D - Investments

Investments at June 30, 2022 and 2021, are summarized as follows:

	2022		2021	
	Cost	Fair Value	Cost	Fair Value
Short-term investments - money market mutual funds	<u>\$ 39,099,800</u>	<u>\$ 39,099,800</u>	<u>\$ 46,764,733</u>	<u>\$ 46,764,733</u>
<i>Long-term investments</i>				
Marketable securities				
Corporate stocks	\$ 26,450,557	\$ 34,259,874	\$ 24,243,161	\$ 41,397,156
Corporate bonds	3,751,203	3,398,522	3,816,064	3,857,688
U.S. Government agency securities	5,267,200	4,898,874	5,045,590	5,095,982
Municipal bonds	9,200,000	9,200,000	200,000	200,094
Bond funds	186,776	194,432	180,790	206,359
Equity funds	1,412	1,412	24,776	24,776
Total marketable securities	<u>44,857,148</u>	<u>51,953,114</u>	<u>33,510,381</u>	<u>50,782,055</u>
Land held for investment, at cost	557,559	557,559	557,559	557,559
Investments in closely or privately held entities	<u>3,099,416</u>	<u>4,266,400</u>	<u>99,416</u>	<u>1,159,261</u>
Total long-term investments	<u>\$ 48,514,123</u>	<u>\$ 56,777,073</u>	<u>\$ 34,167,356</u>	<u>\$ 52,498,875</u>

Investment return for the years ended June 30, 2022 and 2021, is comprised of the following:

	2022	2021
Interest and dividend income	\$ 1,535,269	\$ 903,338
Realized gains (losses)	1,610,542	3,011,828
Unrealized gains (losses)	(10,142,842)	9,059,186
Advisory expenses	<u>(281,732)</u>	<u>(233,558)</u>
	<u>\$ (7,278,763)</u>	<u>\$ 12,740,794</u>

**CENTRAL ADMINISTRATIVE OFFICE
OF THE DIOCESE OF AUSTIN**

Notes to Financial Statements

June 30, 2022 and 2021

Note E - DIAL Program

DIAL deposits may be invested by parishes on a short-term basis (one year or less) or a long-term basis (greater than one year). Interest rates for deposits for the years ended June 30, 2022 and 2021, ranged from:

	<u>2022</u>	<u>2021</u>
Short-term deposits (< 6 months)	0.50%	0.50%
Short-term deposits (> 6 months)	1.00%	1.00%
Long-term deposits	1.50%	1.50%

Interest rates for DIAL notes receivable are variable (generally expected to be received within 5 years) or fixed (generally expected to be received over a term longer than 5 years). The variable rate is floating and fixed rates are set monthly based on the term of the note and prevailing market conditions. Notes receivable are generally established with a maximum term of fifteen years. Shown below are the interest rates for the notes receivable portfolio at June 30, 2022 and 2021:

<u>Rate</u>	<u>2022</u>	<u>2021</u>
2.25% - 2.75%	\$ 4,759,584	\$ -
3.00%	16,171,548	268,342
3.25%	17,725,338	-
3.50%	-	2,732,771
3.75%	-	1,877,983
4.00%	-	16,250,528
4.25%	-	21,139,390
Total	<u><u>\$ 38,656,470</u></u>	<u><u>\$ 42,269,014</u></u>

Notes receivable, as of June 30, 2022, mature as follows:

Year Ending June 30,	
2023	\$ 4,799,686
2024	3,972,924
2025	3,744,264
2026	3,136,542
2027	3,176,069
Thereafter	<u>19,826,985</u>
Total	<u><u>\$ 38,656,470</u></u>

**CENTRAL ADMINISTRATIVE OFFICE
OF THE DIOCESE OF AUSTIN**

Notes to Financial Statements

June 30, 2022 and 2021

Note F - Encountering Christ Capital Campaign

During the fiscal year ending June 30, 2018, the CAO began a capital and endowment campaign entitled, Encountering Christ Campaign (ECC). The committed amounts will be used to establish endowments, provide capital needs, and fund programs for our clergy, emerging disciples, embracing discipleship, and strengthening our parishes. Each parish has set a donation goal for the ECC. The CAO retains approximately seventy percent of the contributions and the remaining thirty percent is returned to the parish. If the parish exceeds the set goal, the CAO retains thirty percent of the additional contributions and the remaining seventy percent is returned to the parish. The related contributions receivable are discounted at the risk-free rate.

Pledges receivable at June 30, 2022 and 2021, consist of the following:

	<u>2022</u>	<u>2021</u>
Pledges expected to be received in less than one year	\$ 11,932,476	\$ 13,429,911
Pledges expected to be received in greater than one year	11,367,503	24,509,455
Unamortized discount	(1,626,105)	(1,223,934)
Provision for uncollectible pledges receivable	(6,603,234)	(9,782,206)
Total pledges receivable, net	<u>\$ 15,070,640</u>	<u>\$ 26,933,226</u>

Note G - Net Assets

Net assets with donor restrictions consist of contributions received from donors whose use by the Diocese is limited by donor imposed stipulations. The restricted amounts at June 30, 2022 and 2021, and the purposes for which the income is expendable are as follows:

	<u>2022</u>	<u>2021</u>
Purpose restriction:		
Building Campaign Assessments - Parish Assistance	\$ 799,660	\$ 760,687
Catholic Campaign for Human Development	311,200	273,745
Masters of Theology Program	84,515	89,789
Bishop's Charitable Fund	121,686	127,606
Encountering Christ Capital Campaign	31,508,929	47,972,540
Cedarbrake	163,130	182,169
Other	610,240	358,606
	<u>\$ 33,599,360</u>	<u>\$ 49,765,142</u>

**CENTRAL ADMINISTRATIVE OFFICE
OF THE DIOCESE OF AUSTIN**

Notes to Financial Statements

June 30, 2022 and 2021

Note G - Net Assets - Continued

Net assets were released from donor restrictions by incurring expenses satisfying the purpose restrictions specified by donors as follows:

	<u>2022</u>	<u>2021</u>
Seminarians	\$ 832,653	\$ 705,988
Retired Priests	354,882	301,254
Catholic Schools	703,246	394,258
Catholic Charities	757,088	154,120
Assistance to Parishes	9,734,164	452,560
Pro-Life Programs	44,273	46,214
Higher Education	127,897	201,519
Bishop's Charitable Fund	78,398	96,769
Cedarbrake	111,917	61,547
Social Concerns	177,611	47,990
Encountering Christ Capital Campaign	11,697,137	13,831,437
Other	406,845	459,880
	<u>\$ 25,026,111</u>	<u>\$ 16,753,536</u>

Net assets without donor restrictions consist of all resources that have no donor-imposed restrictions. The Diocese has designated net assets without restrictions as of June 30, 2022 and 2021, as follows:

	<u>2022</u>	<u>2021</u>
Insurance program funds	\$ 29,980,550	\$ 25,276,331
Quasi-endowment funds	29,846,228	35,931,480
Total management designated net assets	59,826,778	61,207,811
Undesignated Net Assets	35,502,213	38,611,640
Total net assets without donor restrictions	<u>\$ 95,328,991</u>	<u>\$ 99,819,451</u>

**CENTRAL ADMINISTRATIVE OFFICE
OF THE DIOCESE OF AUSTIN**

Notes to Financial Statements

June 30, 2022 and 2021

Note H - Land, Buildings, and Equipment

Land, buildings, and equipment consist of the following at June 30, 2022 and 2021:

	<u>2022</u>	<u>2021</u>
Operating land, buildings, and improvements	\$ 19,587,389	\$ 19,301,267
John Paul II Residence for Priests	7,417,145	7,417,145
Retreat center land, buildings, and equipment	4,479,460	4,479,460
Equipment and furnishings	217,292	180,531
Land held for future parish and school sites	972,922	2,079,546
Construction in Process	601,874	-
Other assets	<u>377,615</u>	<u>377,615</u>
Total land, buildings, and equipment	33,653,697	33,835,564
Less: accumulated depreciation	<u>(14,260,326)</u>	<u>(13,253,581)</u>
Land, buildings, and equipment, net of depreciation	<u><u>\$ 19,393,371</u></u>	<u><u>\$ 20,581,983</u></u>

Note I - Long Term Debt

The Diocese has a Revolving Line of Credit with PNC Bank in the amount of \$2,500,000. Amounts drawn under this line of credit are used to finance certain indebtedness of parishes and schools on a short-term basis. From time to time, a portion of the line of credit may be allocated to letters of credit (see Note N). On June 30, 2022 or 2021, no amount was outstanding under the line of credit. The interest rate on the line of credit is the greater of (i) the Daily BSBY Rate plus 100 basis points (1.0%), and (ii) 2.0%. The Diocese pays an unused commitment fee of .25% per annum on the unused Line of Credit. Under the terms of the Line of Credit Agreement, the Diocese must maintain certain debt covenants. The Diocese was in compliance with all covenants at June 30, 2022.

Note J - Insurance

The Diocese administers a partially self-insured program for property, auto, and liability for the CAO, parishes and schools in the Diocese. The program is funded by premiums charged by the Diocese to the parishes and schools and pays the initial \$500,000 for property claims and \$250,000 for liability claims. Claims in excess of these limits are insured with insurance carriers. The insured values of the buildings, improvements and contents in the program totaled approximately \$1,443,555,617 (unaudited) and \$1,166,118,142 (unaudited) at June 30, 2022 and 2021, respectively.

The Diocese also administers a partially self-insured program for healthcare covering all eligible priests and lay employees at parishes, schools and the CAO. The program is funded by premiums charged by the Diocese to parishes and schools. The Diocese pays the initial \$175,000 of claims per employee per year. Healthcare claims totaled \$8,985,946 and \$10,991,389 net of individual stop loss reimbursements of \$363,019 and \$292,260, during the years ended June 30, 2022 and 2021, respectively.

A contingent liability exists which would become a liability of the Diocese and the participating parishes in the event that the reinsurers are unable to meet the obligations assumed under reinsurance agreements.

**CENTRAL ADMINISTRATIVE OFFICE
OF THE DIOCESE OF AUSTIN**

Notes to Financial Statements
June 30, 2022 and 2021

Note K - Leases

The CAO leases certain office equipment under operating leases which expire at various dates through 2022. Future minimum lease payments due under operating leases at June 30, 2022 are \$7,433. Lease expense was \$64,969 and \$60,981 in 2022 and 2021, respectively.

Note L - Pension Plan and Post-Retirement Benefits

The Diocese contributes to a noncontributory defined benefit pension plan administered by the Diocese which covers substantially all Diocesan clergy in the CAO of the Diocese and in the various parishes. The CAO is responsible for funding the priests working in the CAO and parish priests in transition between parishes. For the purposes of the financial statements, the pension plan is considered to be a multi-employer plan as defined under US GAAP, since the financial activity of parishes and other entities at the Diocese, which contribute to these plans, are not included in these financial statements.

The Diocese also provides certain health care, life insurance, and long-term care benefits for substantially all retired Diocesan clergy. The costs of providing those benefits are funded primarily by special parishioner collections and operating revenues of the CAO. Costs incurred by the Diocese for post-retirement benefits were \$760,173 and \$865,351 for the years ended June 30, 2022 and 2021, respectively.

The Diocese sponsors a tax deferred defined contribution plan for all lay employees of the CAO. All lay employees are eligible to participate in the plan. Contributions by employees are restricted by IRS 403(b) regulations, while the Diocese contributes 6% of salary per employee per year and a dollar-for-dollar match of employee contributions up to 4% of salary. Contributions by the Diocese were \$437,483 and \$472,488, for the years ended June 30, 2022 and 2021, respectively.

Note M - Related Party Transactions

The parishes in the Diocese pay cathedraticum to provide for the operating budget of the CAO. Service fees are charged to parishes and schools for insurance and health care programs which are centrally administered by the CAO for the benefit of the entire Diocese. The CAO also administers the DIAL program for the benefit of the entire Diocese. All of these transactions are separately disclosed in the financial statements and notes thereto.

Note N - Commitments and Contingencies

The Bishop of the Diocese of Austin is cosigner or guarantor of loans to the Diocese's parishes and the other affiliated entities which aggregated are approximately \$18,283,492 (unaudited) and \$21,653,607 (unaudited) at June 30, 2022 and 2021, respectively.

The Diocese has open letters of credit in the amount of \$130,000 for workers' compensation insurance at June 30, 2022 and 2021.

**CENTRAL ADMINISTRATIVE OFFICE
OF THE DIOCESE OF AUSTIN**

Notes to Financial Statements

June 30, 2022 and 2021

Note N - Commitments and Contingencies - Continued

The Diocese is subject to various commitments and contingent liabilities, including general litigation arising in the ordinary course of its activities. Various lawsuits and claims are pending against the Diocese, the majority of which are subject to coverage under the Diocese's insurance programs. Where applicable, reserves have been established for those cases where the potential liability is estimable and probable. Management believes that the resolution of such matters will not have a material impact on the financial condition of the Diocese as of June 30, 2022.

Note O - Availability and Liquidity

The following schedule reflects the CAO's financial assets at June 30, 2022 and 2021, reduced by amounts not available for general use within one year of the statement of financial position date because of contractual or donor imposed restrictions, or internal special designation of funds. The amounts not available include amounts set aside for long-term investing in the operating and capital reserves that could be drawn upon if the Bishop approves that action. These financial assets available for general expenditure, such as without donor or other restrictions limiting their use, within one year of the statement of financial position include the following:

	<u>2022</u>	<u>2021</u>
Financial assets at year end:		
Cash and cash equivalents	\$ 5,464,127	\$ 6,682,613
Short-term investments	39,099,800	46,764,733
Receivables from parishes and schools	1,176,249	799,812
Other receivables	2,441,050	794,167
Pledges receivable	15,070,640	26,933,226
Long-term investments in marketable securities	51,953,114	50,782,055
DIAL notes receivable due within one year	4,799,686	3,932,501
Total financial assets	120,004,666	136,689,107
Less amounts unavailable for general expenditure:		
Required to satisfy donor restrictions	(33,599,360)	(49,765,142)
Required to satisfy management designations	(29,980,550)	(25,276,331)
Funds held for transmittal	(2,137,886)	(1,646,481)
Adjusted for net assets with purpose restrictions to be met in less than a year	12,042,199	5,021,730
Financial assets available to meet cash needs for general expenditures and withdrawals of parish funds on deposit with DIAL within one year	66,329,069	65,022,883
Parish funds on deposit with DIAL (Note B)	(42,182,964)	(41,592,700)
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 24,146,105</u>	<u>\$ 23,430,183</u>

**CENTRAL ADMINISTRATIVE OFFICE
OF THE DIOCESE OF AUSTIN**

Notes to Financial Statements

June 30, 2022 and 2021

Note O - Availability and Liquidity - Continued

The Bishop designates special purpose funds from time to time to have those resources to provide support for educational or mission driven pastoral purpose. These funds are invested for long-term appreciation and current income but remain available and may be spent at the discretion of the Bishop for the intended designated purpose.

The Diocese manages its liquidity by developing and adopting annual operating and capital budgets that provide sufficient funds for general expenditures in meeting its liabilities and other obligations as they come due. Actual performance is reported and monitored monthly in comparison to the budgets. Adjustments are made to the plan, as needed, to ensure adequate liquidity. As part of the liquidity management plan, cash balances are invested in short-term investments.

Note P - Fair Value Disclosures

The following table sets forth by level, within the fair value hierarchy, the fair value of investments as of June 30, 2022:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Short-term investments	<u>\$ 39,099,800</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 39,099,800</u>
<u>Long-term investments:</u>				
Corporate stocks	\$ 34,259,874	\$ -	\$ -	\$ 34,259,874
Corporate bonds	3,398,522	-	-	3,398,522
U.S. Government agency securities	4,898,874	-	-	4,898,874
Municipal bonds	9,200,000	-	-	9,200,000
Bond funds	194,432	-	-	194,432
Equity funds	1,412	-	-	1,412
Land held for investment	-	-	557,559	557,559
Investment in closely held entities	-	3,000,000	1,266,400	4,266,400
Total long-term investments	<u>\$ 51,953,114</u>	<u>\$ 3,000,000</u>	<u>\$ 1,823,959</u>	<u>\$ 56,777,073</u>

**CENTRAL ADMINISTRATIVE OFFICE
OF THE DIOCESE OF AUSTIN**

Notes to Financial Statements

June 30, 2022 and 2021

Note P - Fair Value Disclosures - Continued

The following table sets forth by level, within the fair value hierarchy, the fair value of investments as of June 30, 2021:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Short-term investments	<u>\$ 46,764,733</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 46,764,733</u>
<u>Long-term investments:</u>				
Corporate stocks	\$ 41,397,156	\$ -	\$ -	\$ 41,397,156
Corporate bonds	3,857,688	-	-	3,857,688
U.S. Government agency securities	5,095,982	-	-	5,095,982
Municipal bonds	200,094	-	-	200,094
Bond funds	206,359	-	-	206,359
Equity funds	24,776	-	-	24,776
Land held for investment	-	-	557,559	557,559
Investment in closely held entities	-	-	1,159,261	1,159,261
Total long-term investments	<u>\$ 50,782,055</u>	<u>\$ -</u>	<u>\$ 1,716,820</u>	<u>\$ 52,498,875</u>

The following table shows a summary of changes in the fair value of Level 3 investments for the years ending June 30:

	<u>2022</u>	<u>2021</u>
Beginning balance	\$ 1,716,820	\$ 1,650,864
Disposals	-	-
Unrealized gains (losses)	107,139	65,956
Ending balance	<u>\$ 1,823,959</u>	<u>\$ 1,716,820</u>

Supplementary Information
(Unaudited)

**Summary Financial Information for Parishes and Missions in the Austin
Diocese (exclusive of the Central Administrative Office)
Supplementary Information (Unaudited)
June 30, 2022 and 2021**

	2022	2021
Total Number of Parishes & Missions	125	125
Cash and Cash Equivalents	\$ 57,086,370	\$ 47,847,309
DIAL Deposits	41,899,731	40,990,622
Investments (includes building funds)	5,876,344	5,928,670
Plant Assets	581,072,365	553,297,076
Other	9,990,845	1,516,432
Total Assets	695,925,655	649,580,108
Accounts Payable	605,492	1,033,801
Funds Held in Trust	13,981,736	13,883,552
Notes Payable	36,609,745	39,648,955
Bonds Payable	9,000,000	2,911,667
Other Liabilities	2,656,926	2,701,707
Total Liabilities	62,853,899	60,179,683
Net Assets	\$ 633,071,756	\$ 589,400,425
Sunday and Holy Day Collections	\$ 70,251,639	\$ 61,149,182
Second Collections	3,457,369	2,715,930
Fundraising Income, net	7,467,089	4,387,671
Interest, Dividends, and Royalties	1,480,934	1,369,856
Program Fees	16,529,155	16,463,668
Gifts, Bequests, and Other Donations	5,916,489	3,774,252
Other Income	4,781,046	2,430,306
Total Revenues	109,883,721	92,290,865
Salary & Benefits	34,618,340	32,702,676
Professional Services	4,874,570	4,558,013
Occupancy Costs	23,088,995	16,258,003
School Subsidies & Donations	4,568,810	3,950,079
Parish Assessment	6,806,489	7,515,824
Interest Expense	1,668,933	1,959,431
General & Administrative	10,169,174	7,094,134
Other Expenses	379,835	344,229
Total Expenses	86,175,146	74,382,389
Total Changes in Net Assets without Restrictions	23,708,575	17,908,476
Other Income/Expense		
Capital Campaigns and Other Extraordinary Income	27,072,881	14,060,560
Capital and Other Extraordinary Expenditures	(7,110,126)	(5,510,319)
Total Other Income/Expense	19,962,755	8,550,241
Total Changes in Net Assets	\$ 43,671,330	\$ 26,458,717