

**Society of the Roman Catholic Church  
of the Diocese of Lafayette, Inc.**

Financial Report

For The Years Ended June 30, 2023 and 2022

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## INDEPENDENT AUDITOR'S REPORT

To the Bishop and the  
Diocesan Finance Board  
Society of the Roman Catholic Church  
of the Diocese of Lafayette, Inc.  
Lafayette, Louisiana

### Report on the Audit of the Financial Statements

#### *Opinion*

We have audited the accompanying financial statements of the Society of the Roman Catholic Church of the Diocese of Lafayette, Inc. (a nonprofit organization), which comprise the statements of financial position as of June 30, 2023 and 2022, 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, the financial statements referred to above present fairly, in all material respects, the financial position of the Society of the Roman Catholic Church of the Diocese of Lafayette, Inc. as of June 30, 2023 and 2022, 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.

#### *Basis for Opinion*

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. 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 Society of the Roman Catholic Church of the Diocese of Lafayette, Inc. and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

#### *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 Society of the Roman Catholic Church of the Diocese of Lafayette, Inc.'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 and *Government 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 and *Government 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 Society of the Roman Catholic Church of the Diocese of Lafayette, Inc.'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 Society of the Roman Catholic Church of the Diocese of Lafayette, Inc.'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.

### ***Supplementary Information***

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying combining statement of financial position and combining statement of activities 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. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects, in relation to the financial statements as a whole.

### **Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated October 12, 2023 on our consideration of the Society of the Roman Catholic Church of the Diocese of Lafayette, Inc.'s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Society of the Roman Catholic Church of the Diocese of Lafayette, Inc.'s internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Society of the Roman Catholic Church of the Diocese of Lafayette, Inc.'s internal control over financial reporting and compliance.

***KOLDER, SLAVEN & COMPANY, LLC***  
Certified Public Accountants

Lafayette, Louisiana  
October 12, 2023

## **FINANCIAL STATEMENTS**

SOCIETY OF THE ROMAN CATHOLIC CHURCH  
OF THE DIOCESE OF LAFAYETTE, INC.

Statements of Financial Position  
June 30, 2023 and 2022

	2023	2022
<b>ASSETS</b>		
Cash	\$ 48,321	\$ 90,208
Investments	57,840,517	52,336,979
Accounts receivable, net	926,288	2,104,377
Pledges receivable, net	-	851,770
Other receivables	970	27,278
Prepaid expenses	1,824,620	1,290,250
Deposits	301,750	301,750
Notes receivable	1,819,279	1,819,279
Right-of-use assets, net	243,640	121,527
Property and equipment, net	<u>7,217,032</u>	<u>7,542,015</u>
 Total assets	 <u>\$ 70,222,417</u>	 <u>\$ 66,485,433</u>
 <b>LIABILITIES AND NET ASSETS</b>		
Liabilities:		
Cash overdraft	\$ 1,680,037	\$ 263,969
Accounts payable	222,936	197,746
Accrued compensated absences payable	313,594	352,361
Current portion of lease liability	63,841	29,732
Unearned revenue	794,038	509,936
School state mandated services	1,017,842	1,000,515
Other liabilities	3,903,760	2,675,874
Lease liability	179,799	91,795
Other postretirement benefits payable - lay persons	2,946,427	3,150,629
Other postretirement benefits payable - priests	8,677,494	9,078,472
Unfunded pension liability - priests	<u>1,786,380</u>	<u>2,025,883</u>
 Total liabilities	 <u>21,586,148</u>	 <u>19,376,912</u>
Net assets:		
Without donor restrictions -		
Designated for specific purposes	20,484,097	21,683,355
Undesignated	<u>5,666,630</u>	<u>3,329,977</u>
 Total net assets without donor restrictions	 26,150,727	 25,013,332
With donor restrictions	<u>22,485,542</u>	<u>22,095,189</u>
 Total net assets	 <u>48,636,269</u>	 <u>47,108,521</u>
 Total liabilities and net assets	 <u>\$ 70,222,417</u>	 <u>\$ 66,485,433</u>

See notes to financial statements.

SOCIETY OF THE ROMAN CATHOLIC CHURCH  
OF THE DIOCESE OF LAFAYETTE, INC.

Statement of Activities  
Year Ended June 30, 2023

	Without Donor Restrictions	With Donor Restrictions	Total
Revenues and gains:			
Parish assessments	\$ 7,175,159	\$ -	\$ 7,175,159
Bishop's Services Appeal	2,719,289	-	2,719,289
Capital Campaign	-	35,307	35,307
Property insurance premiums	5,895,930	-	5,895,930
Health insurance premiums	14,687,803	-	14,687,803
Grant revenue	842,579	542,563	1,385,142
Donations and contributions	378,437	426,009	804,446
Other revenues	1,097,833	-	1,097,833
Investment income	1,670,898	775,704	2,446,602
Total revenues prior to release from restrictions	34,467,928	1,779,583	36,247,511
Net assets released from restrictions	1,389,230	(1,389,230)	-
Total revenues	35,857,158	390,353	36,247,511
Expenses and losses:			
Program services-			
Seminarian expense	987,383	-	987,383
Religious personnel	974,198	-	974,198
Retired priests	(152,750)	-	(152,750)
Lay development and evangelization	1,728,590	-	1,728,590
Catholic education	809,494	-	809,494
Social services	1,373,740	-	1,373,740
Healthcare	13,393,295	-	13,393,295
Property liability insurance	8,344,133	-	8,344,133
Total program services	27,458,083	-	27,458,083
Support services-			
Management and general:			
Management and finance	956,928	-	956,928
Administrative	4,357,906	-	4,357,906
Diocesan assessments and contributions	218,410	-	218,410
Depreciation	514,522	-	514,522
Fundraising:			
Stewardship and development	1,126,939	-	1,126,939
Capital Campaign	1,012,644	-	1,012,644
Total support services	8,187,349	-	8,187,349
Total expenses	35,645,432	-	35,645,432
Change in net assets from operating activities	211,726	390,353	602,079
Other changes in net assets-			
Unrecognized gains- priest OPEB	739,282	-	739,282
Unrecognized gains - lay person OPEB	186,387	-	186,387
	925,669	-	925,669
Net assets, beginning of year	25,013,332	22,095,189	47,108,521
Net assets, end of year	\$ 26,150,727	\$ 22,485,542	\$ 48,636,269

See notes to financial statements.



SOCIETY OF THE ROMAN CATHOLIC CHURCH  
OF THE DIOCESE OF LAFAYETTE, INC.

Statement of Activities  
Year Ended June 30, 2022

	Without Donor Restrictions	With Donor Restrictions	Total
Revenues and gains:			
Parish assessments	\$ 7,114,279	\$ -	\$ 7,114,279
Bishop's Services Appeal	2,637,191	-	2,637,191
Capital Campaign	-	439,590	439,590
Property insurance premiums	5,518,202	-	5,518,202
Health insurance premiums	15,279,375	-	15,279,375
Grant revenue	-	450,404	450,404
Donations and contributions	329,143	336,276	665,419
Other revenues	1,617,685	-	1,617,685
Investment income	1,320,837	515,282	1,836,119
Gain on sale of assets	4,203,379	-	4,203,379
Total revenues prior to release from restrictions	38,020,091	1,741,552	39,761,643
Net assets released from restrictions	9,875,729	(9,875,729)	-
Total revenues	47,895,820	(8,134,177)	39,761,643
Expenses and losses:			
Program services-			
Seminarian expense	852,989	-	852,989
Religious personnel	1,286,612	-	1,286,612
Retired priests	1,697,818	-	1,697,818
Lay development and evangelization	1,460,058	-	1,460,058
Catholic education	709,959	-	709,959
Social services	645,360	-	645,360
Healthcare	14,454,587	-	14,454,587
Property liability insurance	7,223,690	-	7,223,690
Total program services	28,331,073	-	28,331,073
Support services-			
Management and general:			
Management and finance	971,227	-	971,227
Administrative	3,972,755	-	3,972,755
Diocesan assessments and contributions	214,897	-	214,897
Depreciation	474,486	-	474,486
Fundraising:			
Stewardship and development	985,042	-	985,042
Capital Campaign	9,251,454	-	9,251,454
Total support services	15,869,861	-	15,869,861
Total expenses	44,200,934	-	44,200,934
Change in net assets from operating activities	3,694,886	(8,134,177)	(4,439,291)
Other changes in net assets-			
Unrecognized gains - priest OPEB	10,028,543	-	10,028,543
Unrecognized gains- lay person OPEB	509,143	-	509,143
	10,537,686	-	10,537,686
Net assets, beginning of year	10,780,760	30,229,366	41,010,126
Net assets, end of year	\$25,013,332	\$22,095,189	\$47,108,521

See notes to financial statements.

SOCIETY OF THE ROMAN CATHOLIC CHURCH  
OF THE DIOCESE OF LAFAYETTE, INC.

Statements of Cash Flows  
For the Years Ended June 30, 2023 and 2022

	2023	2022
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Change in net assets from operating activities	\$ 602,079	\$(4,439,291)
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Depreciation	514,522	474,486
(Gain) on sale of property and equipment	-	(4,203,379)
Bad debt expense	739,762	3,895,206
Decrease in accounts receivable	1,178,089	217,504
Decrease in pledges receivable	112,008	980,079
Decrease (increase) in other receivables	26,308	(16,469)
(Increase) in prepaid expenses and other assets	(534,370)	(88,568)
(Increase) decrease in right-of-use assets	(122,113)	28,884
Increase in cash overdraft	1,416,068	92,210
Increase (decrease) in accounts payable	25,190	(135,381)
Increase (decrease) in unearned revenue	284,102	(798,907)
Increase (decrease) in school state mandated services	17,327	(63,904)
Increase (decrease) in lease liability	122,113	(28,884)
Increase (decrease) in other liabilities	1,189,119	(1,022,813)
Increase in other postretirement benefits payable	320,489	590,487
(Decrease) increase in unfunded pension liability	(239,503)	1,614,988
Contributions and interest restricted for long-term purposes	<u>(1,239,478)</u>	<u>(1,240,295)</u>
Net cash provided by (used in) operating activities	<u>4,411,712</u>	<u>(4,144,047)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Acquisition of property and equipment	-	(860,000)
Proceeds from sale of property and equipment	-	4,203,379
Additions to work in progress	(189,539)	(1,517,859)
Net (increase) decrease in Mission Diocese Fund	(18,300)	26,895
Net (increase) decrease in investment in CDLP	<u>(5,485,238)</u>	<u>553,737</u>
Net cash (used in) provided by investing activities	<u>(5,693,077)</u>	<u>2,406,152</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Collections of contributions restricted for long-term purposes:		
Contributions restricted to endowments	425,009	318,810
Collection of pledges allocated to endowments	38,765	406,202
Interest on contributions restricted for long-term purposes	<u>775,704</u>	<u>515,283</u>
Net cash provided by financing activities	<u>1,239,478</u>	<u>1,240,295</u>
Net change in cash	(41,887)	(497,600)
Cash at beginning of year	<u>90,208</u>	<u>587,808</u>
Cash at end of year	<u>\$ 48,321</u>	<u>\$ 90,208</u>

See notes to financial statements.

SOCIETY OF THE ROMAN CATHOLIC CHURCH  
OF THE DIOCESE OF LAFAYETTE, INC.

Notes to Financial Statements

(1) Nature of Organization and Significant Accounting Policies

A. Organization, Purpose and Reporting Entity

The Society of the Roman Catholic Church of the Diocese of Lafayette, Inc. (the "Diocese"), a not-for-profit corporation established under the laws of the State of Louisiana, operates as a religious organization. The Diocese is dedicated to spreading the Gospel through establishing, developing, and promoting all aspects of church ministry within the surrounding communities. The Diocese is supported primarily through contributions from benefactors and assessments from various church parishes within the boundaries of the Diocese.

The financial statements include the administrative and program offices and departments of the Diocese. The financial statements do not include the activities of other entities of the Diocese, such as Consolata Nursing Home, Catholic Charities of Acadiana, Inc., Catholic Foundation, The Diocese of Lafayette Priests' Welfare Trust, various church parishes, and schools. These entities are separate nonprofit organizations. Each is a distinct operating entity from the Diocese, maintaining separate accountability and providing its own services and programs.

In addition, the financial statements do not include the activities of the Cooperative Deposit and Loan Program (the "CDLP"). The CDLP is a financial program of the Diocese and separately incorporated Catholic Church Parishes, managed by the Diocese, which have combined their individual financial resources into a common fund with separate accounts for investment and lending purposes.

B. Basis of Accounting

The financial statements of the Diocese have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted ("GAAP") in the United States of America. Net assets and revenues, expenses, gains and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets of the organization and changes therein are classified and reported as follows:

*Net assets without donor restrictions* - Net assets which are not subject to donor-imposed stipulations.

*Net assets with donor restrictions* - Net assets subject to donor-imposed stipulations that will either (1) expire by incurring expenses satisfying the restricted purpose (purpose restricted), and/or the passage of time (time restricted), or (2) will never expire (perpetual in nature). When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions.

SOCIETY OF THE ROMAN CATHOLIC CHURCH  
OF THE DIOCESE OF LAFAYETTE, INC.

Notes to Financial Statements (Continued)

C. Cash and Cash Equivalents

For purposes of the statements of cash flows, the Diocese considers all bank checking accounts to be cash and cash equivalents. Fair value approximates carrying amounts.

D. Investments

In accordance with generally accepted accounting principles, all 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. Unrealized gains and losses are included in the change in net assets. Investment income and gains restricted by a donor are reported as increases in net assets with donor restrictions.

E. Pledges Receivable

Pledges receivable are promises to give. During the year ended June 30, 2016, the Diocese initiated its Centennial Campaign (Capital Campaign), raising funds through pledges over an eighteen-month period and contributions over a five year period. Pledges received as part of this campaign are shared by the Diocese and individual Parishes based on a predetermined formula. Pledges that are expected to be collected in future years are recognized in the year the promise was made, at fair value, which is measured as the present value of their future cash flows. The discounts on those amounts are computed using risk-adjusted interest rates (3.0% for the year ended June 30, 2022), applicable to the years in which the promises are received. Amortization of the discounts is included in contribution revenue. Unconditional pledges are recorded as revenues with donor restrictions (time restricted) and are available for their intended purposes once the pledge is collected. The collection period for the Capital Campaign ended during the year ended June 30, 2022. As further described in Note 6, discounts on pledges receivable were fully amortized as of June 30, 2022.

F. Allowance for Doubtful Accounts

The Diocese uses the allowance method to determine uncollectible accounts receivable. The allowance is based on prior years' experience and management's evaluation of potential uncollectible accounts receivable balances at year end. As of June 30, 2023 and 2022, respectively, the balance in allowance for doubtful accounts related to accounts receivable was \$0.

Pledges receivable are recorded net of an allowance for doubtful accounts. The Diocese estimates the allowance based on an analysis of pledge balances by Parish and individual donors at year end, taking into consideration the age of past due amounts, an assessment of the donor's ability to pay, and considering the current economic conditions of each Parish. The allowance for doubtful accounts for pledges receivable was \$212,943 as of June 30, 2022. All remaining outstanding pledges were written off during the year ended June 30, 2023; therefore, the allowance for doubtful accounts for pledges receivable was \$0 as of June 30, 2023.

SOCIETY OF THE ROMAN CATHOLIC CHURCH  
DIOCESE OF LAFAYETTE

Notes to Financial Statements (Continued)

G. Property and Equipment

The Diocese has adopted a capitalization policy of \$5,000 for all property and equipment, which is recorded at cost, if purchased, or at estimated fair market value if donated. Donations of property and equipment are recorded as contributions at their estimated fair value. Maintenance and repairs are expensed as incurred; however, those that significantly increase asset values or extend useful lives, and meet the minimum threshold of \$5,000, are capitalized. Depreciation is computed by the straight line method at rates based on the following estimated useful lives:

	<u>Years</u>
Buildings and improvements	5 - 30
Furniture fixtures and equipment	3 - 10
Computer equipment and software	3 - 5

H. Revenue and Expense Recognition

Contributions are recognized when the donor makes a commitment to give to the Diocese. All contributions are considered to be available for unrestricted use unless specifically restricted by the donor. Amounts received that are designated for future periods or restricted by the donor for specified purposes are reported as increases to net assets with donor restrictions. Donated services are recorded when either of the following criteria are met: (1) the services create or enhance nonfinancial assets or (2) the services require specialized skills performed by individuals possessing these skills and otherwise would have to be purchased.

Revenue from assessments, insurance programs, and other programs are recorded when the related expense is incurred (when the performance obligation is met).

The Diocese applies ASU No. 2016-02, Lease (Topic 842) to leases as follows: The practical expedient is applied, which permits the measurement, in accordance with Topic 842, of only those leases having a term of over 12 months (long-term leases). The risk-free discount rate is used to measure the lease liabilities and right-of-use assets by class for all long-term operating leases. Operating lease expense included in the statement of activities is recognized on a straight-line basis over the life of the lease. Variable lease payments are expensed as incurred.

All other expenses are recognized in the period incurred in accordance with the accrual basis of accounting.

I. Functional Expenses

Expenses are summarized and categorized based on their functional classification as either program or supporting services. Expenses are readily identifiable to a single program or activity and are charged directly to that function.

SOCIETY OF THE ROMAN CATHOLIC CHURCH  
OF THE DIOCESE OF LAFAYETTE, INC.

Notes to Financial Statements (Continued)

J. Income Taxes

The Internal Revenue Service (IRS) has issued to the United States Conference of Catholic Bishops, a group tax exemption ruling with respect to the Catholic organizations listed in The Official Catholic Directory (OCD) (“Group Ruling”). The Group Ruling establishes that organizations included in the OCD are exempt from federal income tax under section 501(c) (3) of the Internal Revenue Code. The Diocese is included in the OCD; however, inclusion in the Group Ruling has no effect on an organization’s liability for any federal excise taxes.

Accounting principles generally accepted in the United States of America require Diocese management to evaluate tax positions taken and recognize a tax liability (or asset) if the Diocese has undertaken an uncertain position that more likely than not would not be sustained upon examination by the Internal Revenue Service. Management has analyzed the tax positions taken by the Diocese, and has concluded that as of June 30, 2023 and 2022, respectively, there are no uncertain positions taken or expected to be taken that would require recognition of a liability (or asset) or disclosure in the financial statements.

K. Compensated Absences

The Diocese provides employees who work a minimum of 20 hours (those hired prior to January 1, 2013) and 30 hours (those hired January 1, 2013 and thereafter) per week annual leave (PTO) based on years of service. Annual leave must be taken during the year and is not cumulative; however, an employee can carry over unused PTO to the next year, but not to exceed the maximum number of PTO hours allowed in a year’s time. Upon termination of employment, an employee is paid for the value of any accrued leave through the date of employment separation. As of June 30, 2023 and 2022, the accrued compensated absences amounted to \$313,594 and \$352,361, respectively.

L. Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from these estimates.

M. Reclassifications

For comparative purposes, certain accounts in the prior year financial statements have been reclassified in order to conform to the presentation of the current year financial statements.

SOCIETY OF THE ROMAN CATHOLIC CHURCH  
OF THE DIOCESE OF LAFAYETTE, INC.

Notes to Financial Statements (Continued)

(2) Liquidity and Availability of Financial Assets

The following reflects the Diocese's financial assets as of June 30, 2023 and 2022, reduced by amounts not available for general use because of time, donor or internally-imposed restrictions.

	2023	2022
Cash	\$ 48,321	\$ 90,208
Investments	57,840,517	52,336,979
Accounts, notes and other receivables	2,746,537	3,950,934
Pledges receivable, net	-	851,770
Less: those unavailable for general expenditures within one year, due to:		
Notes receivable maturing December 2039	(1,819,279)	(1,819,279)
Pledges receivable, net, restricted for case element allocation	-	(851,770)
Restricted by donors in perpetuity	(19,094,960)	(18,631,187)
Restricted by donors for specific purposes	(840,645)	(958,338)
Others restricted by spending policy and appropriation	(2,549,937)	(1,653,894)
Board designations	<u>(20,484,097)</u>	<u>(21,683,355)</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 15,846,457</u>	<u>\$ 11,632,068</u>

The Diocese had financial assets available within one year to meet cash needs for general expenditures of \$15,846,457 and \$11,632,068 as of June 30, 2023 and 2022, respectively. As part of the Organization's liquidity management, the Diocese has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations become due.

(3) Investments

Investments are stated at fair value and are summarized as follows:

	Cost	Fair Value	Donor-restricted Endowments
June 30, 2023:			
Investment in CDLP	\$ 57,572,021	\$ 57,572,021	\$ 21,544,897
Investment in Mission Diocese Fund	100,000	177,279	100,000
National Catholic Risk Retention Group, Inc. stock	<u>91,217</u>	<u>91,217</u>	<u>-</u>
Total investments	<u>\$ 57,763,238</u>	<u>\$ 57,840,517</u>	<u>\$ 21,644,897</u>
June 30, 2022:			
Investment in CDLP	\$ 52,086,783	\$ 52,086,783	\$ 20,185,081
Investment in Mission Diocese Fund	100,000	158,979	100,000
National Catholic Risk Retention Group, Inc. stock	<u>91,217</u>	<u>91,217</u>	<u>-</u>
Total investments	<u>\$ 52,278,000</u>	<u>\$ 52,336,979</u>	<u>\$ 20,285,081</u>

SOCIETY OF THE ROMAN CATHOLIC CHURCH  
OF THE DIOCESE OF LAFAYETTE, INC.

Notes to Financial Statements (Continued)

Net investment return for the years ended June 30, 2023 and 2022 and its classification in the statement of activities is as follows:

	Without Donor Restrictions	With Donor Restrictions	Total
June 30, 2023:			
Interest income from investments	\$ 1,241,753	\$ 758,552	\$ 2,000,305
Dividend income from Louisiana Workers' Compensation Corporation	429,145	-	429,145
Net realized and unrealized gains	<u>-</u>	<u>17,152</u>	<u>17,152</u>
Net investment return	<u>\$ 1,670,898</u>	<u>\$ 775,704</u>	<u>\$ 2,446,602</u>
June 30, 2022:			
Interest income from investments	\$ 934,302	\$ 543,176	\$ 1,477,478
Dividend income from Louisiana Workers' Compensation Corporation	386,535	-	386,535
Net realized and unrealized losses	<u>-</u>	<u>(27,894)</u>	<u>(27,894)</u>
Net investment return	<u>\$ 1,320,837</u>	<u>\$ 515,282</u>	<u>\$ 1,836,119</u>

(4) Fair Value Measurements

Professional standards have established a framework for measuring fair value. That framework provides 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 measurements) and the lowest priority to unobservable inputs (level 3 measurements).

The three levels of the fair value hierarchy under professional standards 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 inactive 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; or 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.



SOCIETY OF THE ROMAN CATHOLIC CHURCH  
OF THE DIOCESE OF LAFAYETTE, INC.

Notes to Financial Statements (Continued)

The investment in CDLP is stated at cost, which approximates fair value, due to its high liquidity. Other securities held by the Diocese, which represent stock certificates not readily marketable, are stated at cost, which approximates market. In all instances, estimation of fair value is highly subjective and based upon assumptions made at the time of estimation. Consequently, actual results may differ significantly from the estimates made. There have been no changes in the methodologies used to value the investments at June 30, 2023 and 2022.

The following table sets forth by level, within the fair value hierarchy, the Diocese's investments at fair value as of June 30, 2023 and 2022:

	Fair Value	Level 1	Level 2	Level 3
June 30, 2023:				
Investment in CDLP	\$ 57,572,021	\$ -	\$ -	\$ 57,572,021
Investment in Mission Diocese Fund	177,279	-	177,279	-
NCRRG stock	91,217	-	91,217	-
Total investments	<u>\$ 57,840,517</u>	<u>\$ -</u>	<u>\$ 268,496</u>	<u>\$ 57,572,021</u>
June 30, 2022:				
Investment in CDLP	\$ 52,086,783	\$ -	\$ -	\$ 52,086,783
Investment in Mission Diocese Fund	158,979	-	158,979	-
NCRRG stock	91,217	-	91,217	-
Total investments	<u>\$ 52,336,979</u>	<u>\$ -</u>	<u>\$ 250,196</u>	<u>\$ 52,086,783</u>

The following table sets forth a summary of changes in fair value of the Plan's Level 3 assets for the years ended June 30, 2023 and 2022:

	2023	2022
Balance, beginning of year	\$ 52,086,783	\$ 52,640,520
Add: deposits	31,303,444	31,409,872
Add: interest income	1,999,157	1,476,479
Less: withdrawals	<u>(27,817,363)</u>	<u>(33,440,088)</u>
Balance, end of year	<u>\$ 57,572,021</u>	<u>\$ 52,086,783</u>

SOCIETY OF THE ROMAN CATHOLIC CHURCH  
OF THE DIOCESE OF LAFAYETTE, INC.

Notes to Financial Statements (Continued)

(5) Accounts Receivable, Net

Accounts receivable consisted of the following as of June 30, 2023 and 2022:

	<u>2023</u>	<u>2022</u>
Property liability insurance premiums	\$ 249,794	\$ 707,364
Health insurance premiums	217,006	466,088
Assessment income receivable	467,083	326,663
Less: assessment credits	(25,407)	(6,618)
Community development projects - Holy Family Apartments	-	550,000
Other	<u>17,812</u>	<u>60,880</u>
Total	<u>\$ 926,288</u>	<u>\$ 2,104,377</u>

(6) Pledges Receivable, Net

Included in pledges receivable, net are the following promises to give as of June 30, 2023 and 2022:

	<u>2023</u>	<u>2022</u>
Capital Campaign pledges receivable:		
Receivable within one year	\$ -	\$ 1,064,713
Less: unamortized discount	<u>-</u>	<u>-</u>
Pledges receivable, net of unamortized discount	-	1,064,713
Less: allowance for uncollectible pledges	<u>-</u>	<u>(212,943)</u>
Pledges receivable, net	<u>\$ -</u>	<u>\$ 851,770</u>

Discounts on pledges receivable were fully amortized as of June 30, 2022. Included in Capital Campaign revenues is the amortization of discount of pledges receivable of \$375,159 for the year ended June 30, 2022.

As of June 30, 2023, the balance in pledges receivable, net, was \$0. During the year ended June 30, 2023, remaining pledge balances of \$952,705 were written off, resulting in bad debt expense of \$739,762 (net of reserve of \$212,943 as of June 30, 2022).

(7) Prepaid Expenses

The balance in prepaid expenses of \$1,824,620 and \$1,290,250 as of June 30, 2023 and 2022, respectively, consisted mainly of prepaid property insurance premiums.

SOCIETY OF THE ROMAN CATHOLIC CHURCH  
OF THE DIOCESE OF LAFAYETTE, INC.

Notes to Financial Statements (Continued)

(8) Notes Receivable

Village du Lac Apartments is a 200 unit government subsidized HUD development for the disabled and elderly (Section 202) sponsored by the Diocese of Lafayette in 1981. The property went through extensive rehabilitation in two phases utilizing tax credits and external financing that also resulted in Village du Lac, Inc. taking back a note in the amount of \$1,561,572, plus accrued interest of \$302,159, which was donated to the Diocese of Lafayette as a single indebtedness of \$1,863,731. The first phase of the project was refinanced in November 2015 and the financing arrangement required Village du Lac, Inc. to make a reimbursable capital contribution to Rue du Lac, LLC. As part of the refinancing, the above note plus accrued interest was paid in full to the Diocese of Lafayette, who in turn made a non-interest bearing loan to Village du Lac, Inc., which provided the equity needed for the capital contribution to Rue du Lac, LLC.

Notes receivable of \$1,819,279 as of June 30, 2023 and 2022, maturing December 1, 2039, bear no interest. Repayment of the indebtedness will come from Village du Lac, Inc., as and when it receives its capital reimbursed through excess cash flow of the project from Rue du Lac, LLC. While this pass-through repayment requires the development to generate excess cash flow and other items be repaid in a certain priority, as of June 30, 2023, the Diocese does not anticipate any losses with respect to collection of the note.

(9) Property and Equipment

Property and equipment consist of the following as of June 30, 2023 and 2022:

	<u>2023</u>	<u>2022</u>
Buildings and improvements	\$ 12,953,033	\$ 12,883,772
Furniture, fixtures and equipment	2,851,872	2,851,872
Computer equipment and software	<u>1,100,194</u>	<u>592,601</u>
Total depreciable assets	16,905,099	16,328,245
Less: accumulated depreciation	<u>(11,653,102)</u>	<u>(11,138,580)</u>
Total depreciable assets, net	5,251,997	5,189,665
Land	1,952,935	1,952,935
Work in progress	<u>12,100</u>	<u>399,415</u>
Total property and equipment, net	<u>\$ 7,217,032</u>	<u>\$ 7,542,015</u>

Total depreciation expense for the years ended June 30, 2023 and 2022 was \$514,522 and \$474,486, respectively.

SOCIETY OF THE ROMAN CATHOLIC CHURCH  
OF THE DIOCESE OF LAFAYETTE, INC.

Notes to Financial Statements (Continued)

(10) Cash Overdraft

Excess funds on deposit are held in an interest bearing account and transferred to the operating accounts as checks clear the bank. Cash overdrafts, consisting of outstanding checks at the end of each fiscal year, amounted to \$1,680,037 and \$263,969 and as of June 30, 2023 and 2022, respectively.

(11) Other Liabilities

Other liabilities as of June 30, 2023 and 2022 consisted of the following:

	<u>2023</u>	<u>2022</u>
Accrued health insurance claims	\$ 908,357	\$ 997,820
Due to parishes for share of Capital Campaign collections	18,242	33,027
Accrued property insurance claims	2,188,535	633,048
External priest liability	385,290	331,964
Due to Catholic Charities and parishes for Bishop's Services Appeal allocations and other obligations	49,325	257,850
Other	<u>354,011</u>	<u>422,165</u>
Total	<u>\$ 3,903,760</u>	<u>\$ 2,675,874</u>

(12) Other Postretirement Employment Benefits (OPEB)

The Diocese provides postretirement health care for incardinated priests. This is a non-contributory plan provided by the Diocese which pays for the health insurance of its priests for life. The benefit generally takes effect when the priest reaches the age of 75.

Central office employees who retire at age 62 or older and have worked for the Diocese for 20 or more years are eligible for a monthly cash payment to cover medical expenses, currently set at \$500, until the date of death. Employees retiring with at least 15 years, but less than 20 years, receive a pro-rated benefit.

The following table sets forth the changes in the accumulated benefit obligation as of and for the years ended June 30, 2023 and 2022:

	<u>Priests</u>	<u>Lay Persons</u>	<u>Total</u>
June 30, 2023:			
Postretirement benefit obligation, beginning of year	\$ 9,078,472	\$ 3,150,629	\$ 12,229,101
Service and interest cost	746,208	193,025	939,233
Actuarial adjustments	(739,282)	(186,387)	(925,669)
Benefits paid	<u>(407,904)</u>	<u>(210,840)</u>	<u>(618,744)</u>
Postretirement benefit obligation, end of year	<u>\$ 8,677,494</u>	<u>\$ 2,946,427</u>	<u>\$ 11,623,921</u>

SOCIETY OF THE ROMAN CATHOLIC CHURCH  
DIOCESE OF LAFAYETTE

Notes to Financial Statements (Continued)

	Priests	Lay Persons	Total
June 30, 2022:			
Postretirement benefit obligation, beginning of year	\$ 18,490,882	\$ 3,685,418	\$ 22,176,300
Service and interest cost	931,797	177,183	1,108,980
Actuarial adjustments	(9,942,069)	(499,132)	(10,441,201)
Benefits paid	(402,138)	(212,840)	(614,978)
Postretirement benefit obligation, end of year	<u>\$ 9,078,472</u>	<u>\$ 3,150,629</u>	<u>\$ 12,229,101</u>

Funded status and funding progress: As of June 30, 2023 and 2022, respectively, the OPEB plans had no assets, therefore the funded ratio (defined as the actuarial value of plan assets divided by the accumulated benefit obligation) is 0%. The following table sets forth the unfunded amount of the accumulated benefit obligation (funded status) and the amount recognized in the statements of financial position as of June 30, 2023 and 2022:

	Priests	Lay Persons	Total
June 30, 2023:			
Funded status	<u>\$ 8,677,494</u>	<u>\$ 2,946,427</u>	<u>\$ 11,623,921</u>
June 30, 2022:			
Funded status	<u>\$ 9,078,472</u>	<u>\$ 3,150,629</u>	<u>\$ 12,229,101</u>

The components of OPEB expense recognized in the statements of activities for the years ended June 30, 2023 and 2022 are as follows:

	Priests	Lay Persons	Total
June 30, 2023:			
Service cost	\$ 348,916	\$ 62,723	\$ 411,639
Interest cost	397,292	130,302	527,594
Total	<u>\$ 746,208</u>	<u>\$ 193,025</u>	<u>\$ 939,233</u>
June 30, 2022:			
Service cost	\$ 590,315	\$ 86,315	\$ 676,630
Interest cost	341,482	90,868	432,350
Amortization of actuarial loss	86,474	10,011	96,485
Total	<u>\$ 1,018,271</u>	<u>\$ 187,194</u>	<u>\$ 1,205,465</u>

SOCIETY OF THE ROMAN CATHOLIC CHURCH  
OF THE DIOCESE OF LAFAYETTE, INC.

Notes to Financial Statements (Continued)

Changes to the benefit obligations other than OPEB expense are included in other changes in net assets without donor restrictions for the years ended June 30, 2023 and 2022 as follows:

	Priests	Lay Persons	Total
June 30, 2023:			
Unrecognized actuarial loss (gain)	\$ 66,717	\$ (29,877)	\$ 36,840
Adjustment to unrecognized (gain)	(805,999)	(156,510)	(962,509)
Total unrecognized actuarial (gain)	<u>\$ (739,282)</u>	<u>\$ (186,387)</u>	<u>\$ (925,669)</u>
June 30, 2022:			
Unrecognized actuarial (gain) loss	\$ (6,311,291)	\$ 121,184	\$ (6,190,107)
Adjustment to unrecognized (gain)	(3,630,778)	(620,316)	(4,251,094)
Less -amortization recognized in current year	(86,474)	(10,011)	(96,485)
Total unrecognized actuarial (gain)	<u>\$ (10,028,543)</u>	<u>\$ (509,143)</u>	<u>\$ (10,537,686)</u>

The discount rates used in determining the OPEB obligation was 4.91% for priests and 4.86% for lay persons for the year ended June 30, 2023, and 4.46% for priests and 4.30% for lay persons for the year ended June 30, 2022. The assumed medical cost trend rate used was 7.5% (non-Medicare) and 5.0% (Medicare) for the years ended June 30, 2023 and 2022.

The following schedule of benefits, net of employee contributions, expected to be paid to the OPEB plans in each of the next five fiscal years and in the aggregate for the five fiscal years thereafter is based on the latest actuarial valuation as of June 30, 2023:

	Priests	Lay Persons	Total
2024	\$ 302,272	\$ 244,934	\$ 547,206
2025	324,205	235,628	559,833
2026	329,018	239,722	568,740
2027	302,515	240,512	543,027
2028	315,121	240,769	555,890
2029-2033	1,752,343	1,103,821	2,856,164

(13) Unfunded Pension Liability - Priests

Professional standards require the estimated amounts for future retirement payments be accrued over the period of active service with regard to deferred compensation contracts with individual employees when such plan is the equivalent of a pension plan. The Priests' Welfare Trust, (the Trust), a separate trust established in 2008, holds the assets of the priest retirement plan. As of June 30, 2023 and 2022, the unfunded portion of the pension liability amounted to \$1,786,380 and \$2,025,883 respectively, and was 90.6% and 88.8% funded, respectively.

SOCIETY OF THE ROMAN CATHOLIC CHURCH  
DIOCESE OF LAFAYETTE

Notes to Financial Statements (Continued)

(14) Net Assets without Donor Restrictions

Net assets without donor restrictions consist of the following as of June 30, 2023 and 2022:

	2023	2022
Designated by the Board -		
Msgr. Fusilier Scholarship Endowment	\$ 324,507	\$ 312,985
Information Technology	35,724	34,456
Cathetics Calendar	24,818	-
Parish Preservation Fund	747,817	721,268
Capital Fund	764,100	736,972
Hurricane Fund	4,719	4,552
Needy Parishes	-	215,868
Msgr. Viglerio Fund	128,302	123,747
Bishop's Designated Fund	22,008	21,227
Consolata	524,839	1,688,990
Holy Rosary Institute	85,007	81,989
Community Development	627,468	529,820
Diocesan Seminarian Education Endowment	1,733,615	1,672,066
Total General Fund designations	5,022,924	6,143,940
Health insurance	10,417,022	8,773,011
Property insurance	5,044,151	6,766,404
Total designated by board	20,484,097	21,683,355
Undesignated net assets	5,666,630	3,329,977
Total net assets without donor restrictions	<u>\$ 26,150,727</u>	<u>\$ 25,013,332</u>

(15) Net Assets with Donor Restrictions

Net assets with donor restrictions consist of the following as of June 30, 2023 and 2022:

	Subject to Expenditure for Specified Purpose	Endowments		Total
		Subject to Spending Policy and Appropriation	Investments in Perpetuity	
June 30, 2023:		Unspent Interest		
Capital Campaign case elements	\$ 553,023	\$ -	\$ -	\$ 553,023
Grants	254,805	-	-	254,805
Ministries	32,817	-	-	32,817
Diocesan Seminarian Education	-	674,802	5,908,254	6,583,056
Rev. George Simon Education	-	344,117	805,114	1,149,231
Msgr. Fusilier Scholarship	-	213,097	1,692,975	1,906,072

(continued)

SOCIETY OF THE ROMAN CATHOLIC CHURCH  
OF THE DIOCESE OF LAFAYETTE, INC.

Notes to Financial Statements (Continued)

(15) Net Assets with Donor Restrictions (Continued)

June 30, 2023:

June 30, 2023:

	Subject to Expenditure for Specified Purpose	Endowments Subject to Spending Policy and Appropriation		
		Unspent Interest	Investments in Perpetuity	Total
School Teacher	-	88,997	100,000	188,997
Perpetual Mass	-	16,829	20,000	36,829
St Bryant Parish	-	16,618	4,268	20,886
J.W. Matt Educational	-	55,288	328,060	383,348
Fusilier Continuing Education	-	58,833	515,026	573,859
Capital Campaign- Seminarian Education	-	860,663	8,054,293	8,914,956
Capital Campaign- Matthew 25	-	220,693	1,666,970	1,887,663
	\$ 840,645	\$2,549,937	\$19,094,960	\$22,485,542

	Endowments				
	Subject to Time Restrictions	Subject to Expenditure for Specified Purpose	Subject to Spending Policy and Appropriation		Total
			Unspent Interest	Investments in Perpetuity	
June 30, 2022:					
Capital Campaign					
case elements	\$ -	\$ 561,927	\$ -	\$ -	\$ 561,927
Grants	-	263,580	-	-	263,580
Ministries	-	132,831	-	-	132,831
Uncollected pledges	851,770	-	-	-	851,770
Diocesan Seminarian					
Education	-	-	346,068	5,483,245	5,829,313
Rev. George Simon					
Education	-	-	302,856	805,114	1,107,970
Msgr. Fusilier Scholarship	-	-	189,002	1,692,975	1,881,977
School Teacher	-	-	87,606	100,000	187,606
Perpetual Mass	-	-	15,507	20,000	35,507
St Bryant Parish	-	-	15,868	4,268	20,136
J.W. Matt Educational	-	-	50,253	328,060	378,313
Fusilier Continuing					
Education	-	-	28,939	515,026	543,965
Capital Campaign:					
Seminarian Education	-	-	402,577	8,022,577	8,425,154
Matthew 25	-	-	215,218	1,659,922	1,875,140
	<u>\$ 851,770</u>	<u>\$ 958,338</u>	<u>\$ 1,653,894</u>	<u>\$ 18,631,187</u>	<u>\$22,095,189</u>



SOCIETY OF THE ROMAN CATHOLIC CHURCH  
OF THE DIOCESE OF LAFAYETTE, INC.

Notes to Financial Statements (Continued)

(16) Net Assets Released from Donor Restrictions

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purposes or by occurrence of other events specified by donors during the years ended June 30, 2023 and 2022 as follows:

	2023	2022
Grants and contributions	\$ 652,351	\$ 394,440
J.W. Matt Educational Endowment interest	9,000	15,000
Msgr. Fusilier Scholarship Endowment interest	45,718	73,240
Fusilier Continuing Education Endowment interest (reclassification)	(9,382)	9,382
School Teacher Endowment interest	5,557	7,670
Diocesan Seminarian Education Endowment interest (reclassification)	(94,942)	94,942
Capital Campaign Seminarian Education Endowment interest (reclassification)	(140,565)	140,565
Capital Campaign Matthew 25 Endowment interest	64,276	60,000
Capital Campaign - parish share of contributions received	59,214	480,610
Capital Campaign - external case element disbursements	58,241	4,704,674
Capital Campaign - write-offs of uncollectible pledges	739,762	3,895,206
	<u>\$ 1,389,230</u>	<u>\$ 9,875,729</u>

(17) Interpretation of Relevant Law

The Diocese's endowments consist of ten donor-restricted funds and two board-designated funds established for specific purposes. As required by generally accepted accounting principles, net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions.

*Interpretation of Relevant Law* - The Diocese has interpreted the State Prudent Management of Institutional Funds Act (SPMIFA) as requiring the preservation of the fair value of the original gift of the donor-restricted endowment fund absent explicit donor stipulations to the contrary. Currently, the Diocese classifies as donor-restricted net assets (a) the original value of gifts donated to the endowment, (b) the original value of subsequent gifts to the endowment, and (c) accumulations to the perpetual endowment made in accordance with the direction (if any) of the applicable donor gift instrument at the time the accumulation is added to the fund. The remaining portion of the donor-restricted endowment fund that is not classified in donor-restricted net assets is classified as without donor-restriction until those amounts are appropriated for expenditure by the Diocese in a manner consistent with the Finance Board's policies and procedures.

SOCIETY OF THE ROMAN CATHOLIC CHURCH  
OF THE DIOCESE OF LAFAYETTE, INC.

Notes to Financial Statements (Continued)

*Spending Policy and How the Investment Objectives Relate to Spending Policy* - The Diocese spends what is necessary to fulfill the endowment purpose. Accordingly, over the long-term, the Diocese expects the current spending policy to allow its endowments to grow annually. This is consistent with the objective to maintain the purchasing power of the endowment assets held in perpetuity or for a specified term as well as to provide additional real growth through new gifts and investment return. The following factors are considered in making a determination to appropriate or accumulate donor-restricted endowment funds:

- (1) Duration and preservation of the fund.
- (2) Purposes of the Diocese and the donor-restricted endowment fund.
- (3) General economic conditions.
- (4) Possible effect of inflation and deflation.
- (5) Expected total return from income and the appreciation of investments.
- (6) Other resources of the Diocese.
- (7) Investment policies of the Diocese.

*Investment Return Objectives, Risk Parameters and Strategies* - The Diocese has adopted an investment policy, approved by the Finance Board, for endowment assets that attempts to provide a predictable stream of funding to programs supported by its endowment fund while also maintaining the purchasing power of those endowment assets over the long-term. Endowment assets are invested in funds held by the Cooperative Deposit and Loan Program (CDLP) and other securities that are intended to result in a consistent inflation-protected rate of return. Investment risk is measured in terms of the total endowment fund. Investment assets and allocation between asset classes and strategies are managed to not expose the fund to unacceptable levels of risk.

From time to time, certain donor-restricted endowment funds may have fair values less than the amount required to be maintained by donors or by law (underwater endowments). The Diocese has interpreted SPMIFA to permit spending from underwater endowments in accordance with prudent measures required under the law. There were no underwater endowments as of June 30, 2023 and 2022.

Endowment net asset composition by type of fund as of June 30, 2023 and 2022 is as follows:

	Without Donor Restrictions	With Donor Restrictions	Total
June 30, 2023:			
Board-designated endowment funds	\$ 2,058,122	\$ -	\$ 2,058,122
Donor-restricted endowment funds -			
Unspent interest	-	2,549,937	2,549,937
Investments in perpetuity	-	19,094,960	19,094,960
	<u>\$ 2,058,122</u>	<u>\$ 21,644,897</u>	<u>\$ 23,703,019</u>
June 30, 2022:			
Board-designated endowment funds	\$ 1,985,051	\$ -	\$ 1,985,051
Donor-restricted endowment funds -			
Unspent interest	-	1,653,894	1,653,894
Investments in perpetuity	-	18,631,187	18,631,187
	<u>\$ 1,985,051</u>	<u>\$ 20,285,081</u>	<u>\$ 22,270,132</u>

SOCIETY OF THE ROMAN CATHOLIC CHURCH  
OF THE DIOCESE OF LAFAYETTE, INC.

Notes to Financial Statements (Continued)

Changes in endowment net assets for the years ended June 30, 2023 and 2022 are as follows:

June 30, 2023:	Without Donor Restrictions	With Donor Restrictions	Total
Endowment net assets, beginning of year	\$ 1,985,051	\$ 20,285,081	\$ 22,270,132
Donor-restricted contributions	-	425,009	425,009
Investment income	73,071	775,704	848,775
Reclassification of pledges collected	-	38,765	38,765
Other reclassifications	-	244,889	244,889
Earnings released from restriction	-	(124,551)	(124,551)
Endowment net assets, end of year	<u>\$ 2,058,122</u>	<u>\$ 21,644,897</u>	<u>\$ 23,703,019</u>

  

June 30, 2022:	Without Donor Restrictions	With Donor Restrictions	Total
Endowment net assets, beginning of year	\$ 1,961,333	\$ 19,445,585	\$ 21,406,918
Donor-restricted contributions	-	318,810	318,810
Investment income	51,410	515,283	566,693
Reclassification of pledges collected	-	406,202	406,202
Earnings released from restriction	(27,692)	(400,799)	(428,491)
Endowment net assets, end of year	<u>\$ 1,985,051</u>	<u>\$ 20,285,081</u>	<u>\$ 22,270,132</u>

(18) Fundraising

Stewardship and development costs shown on the statements of activities consisted of the following expenses incurred by the development office of the Diocese which is responsible for coordination of the Diocese's annual Bishop's Services Appeal:

	2023	2022
Stewardship and development office	\$ 573,572	\$ 499,794
Parish share of Bishop's Services Appeal contributions	281,438	221,529
Bishop's Services Appeal allocation to Catholic Charities	<u>271,929</u>	<u>263,719</u>
Total	<u>\$1,126,939</u>	<u>\$ 985,042</u>

SOCIETY OF THE ROMAN CATHOLIC CHURCH  
OF THE DIOCESE OF LAFAYETTE, INC.

Notes to Financial Statements (Continued)

Capital Campaign costs shown on the statements of activities consisted of the following:

	<u>2023</u>	<u>2022</u>
Capital Campaign fundraising office	\$ 46,427	\$ 110,964
Parish share of contributions received	59,214	480,610
Case element disbursements to external agencies	167,241	4,764,674
Bad debt expense	<u>739,762</u>	<u>3,895,206</u>
Total	<u>\$ 1,012,644</u>	<u>\$ 9,251,454</u>

(19) Self-Insurance Programs

As of June 30, 2023 and 2022, the Diocese maintained several types of self-insurance programs for itself as well as parishes, schools, and other entities of the Diocese and their employees. These policies cover property and liability, as well as hospitalization and medical coverage for employees. The Diocese limits its losses through the use of stop-loss policies from reinsurers and excess insurance coverage.

Health Insurance -

Health and medical claims are limited to a \$175,000 specific deductible per claimant annually, as of June 30, 2023 and 2022, respectively, and an unlimited lifetime deductible, as of June 30, 2023 and 2022. The Diocese's aggregate annual loss estimation is based on a formula that considers, among other things, the total number of participants in the medical plan. In addition, a split-funded arrangement is in effect in which the Diocese is responsible for all amounts necessary to satisfy the individual specific deductible plus amounts which exceed the individual specific deductible up to an amount based upon the number of covered individuals times the number of months in the policy times a predetermined rate. As of June 30, 2023 and 2022, the minimum annual aggregate deductible was \$16,735,158 and \$17,379,656, respectively.

Property and Liability Insurance -

With respect to the Diocese's insurance for property and liability, the self-insured retention (SIR) is \$325,000 per occurrence for property claims and \$250,000 per occurrence for most liability claims, and the program has an annual aggregate limit of \$1,250,000 as of June 30, 2023 and 2022.

SOCIETY OF THE ROMAN CATHOLIC CHURCH  
OF THE DIOCESE OF LAFAYETTE, INC.

Notes to Financial Statements (Continued)

The Diocese charges and collects assessments and premiums from all parties for both medical and property/liability types of insurance and considers these services as program type services. Total expenses for these services are included in the statements of activities and shown as separate program services.

Claims are accrued based on the loss that is probable to have been at the date of the financial statements and the amount of the loss that can be reasonably estimated. Other liabilities include a provision for claims that have been incurred but not reported of \$484,938 and \$316,328 as of June 30, 2023 and 2022, respectively. The provision was calculated utilizing historical information adjusted for current trends.

(20) Lay Person's Retirement Plan

Under a defined contribution 403 (b) (9) retirement plan, the Diocese contributes 8% of lay person's eligible compensation. Employer contributions to the plan were \$263,618 and \$256,810 for the years ended June 30, 2023 and 2022, respectively.

(21) Concentration of Credit Risk

Cash balances on deposit at financial institutions were fully insured by Federal Deposit Insurance Corporation (FDIC) as of June 30, 2023 and 2022, respectively. The Diocese does not believe that it is exposed to any significant credit risk on uninsured amounts.

(22) Related Parties

A. Activities in CDLP

As of June 30, 2023 and 2022, the Diocese had invested with the CDLP an amount of \$57,572,021 and \$52,086,783 respectively. Substantially all investment income reflected within the statements of activities is derived from investments of the Diocese in the CDLP.

B. Insurance premiums, fees and assessments

Substantially all insurance premium, fee, and assessment income result from charges billed and collected from separately incorporated church parishes within the boundaries of the diocese. Included in accounts receivable is \$466,800 and \$642,200 as of June 30, 2023 and 2022, respectively, for property liability and healthcare insurance premiums due from schools and church parishes. Accounts receivable in the amount of \$441,676 and \$320,045 as of June 30, 2023 and 2022, respectively, are due from church parishes for assessment income, net of assessment credits. (See Note 5). Included in supporting services on the statement of activities for the year ended June 30, 2023 is subsidies paid on behalf of Consolata Nursing Home of \$948,384 to cover old outstanding insurance premiums.

SOCIETY OF THE ROMAN CATHOLIC CHURCH  
DIOCESE OF LAFAYETTE

Notes to Financial Statements (Continued)

(23) Operating Leases

The Diocese is obligated under two office equipment operating lease agreements having terms of 60 months and 63 months, expiring May, 2026 and December, 2027.

The following is a maturity analysis of the annual undiscounted cash flows (payments) of the operating lease liability as of June 30, 2023:

2024	\$ 67,272
2025	67,272
2026	64,533
2027	34,413
2028	<u>17,207</u>
Total operating lease liability - payments	<u>\$ 250,697</u>

The following is a reconciliation of the total operating lease liability – payments on the schedule above to the operating lease liability on the accompanying statement of net position.

Total operating lease liability - payments	\$ 250,697
Lease liability	\$ 179,799
Current portion of lease liability	<u>63,841</u>
Total operating lease liability	<u>243,640</u>
Present value adjustment	<u>\$ 7,057</u>

Included in the statement of activities for the years ended June 30, 2023 and 2022, is operating lease costs of \$25,165 and 57,142, respectively, and short-term lease costs of \$35,038 and \$24,335, respectively. The weighted average (in years) of the remaining lease terms is 2.47 and 2.41 as of June 30, 2023 and 2022, respectively. The weighted average discount rate used was 1.64% and 2.84% for the years ended June 30, 2023 and 2022, respectively.

(24) Pending Litigation

The Diocese is party to several claims and litigations brought against entities that participate in the Property Insurance Program. These claims and litigations are at various stages of the legal process. Legal counsel has reviewed the lawsuits in order to evaluate the likelihood of an unfavorable outcome to the Diocese in order to arrive at an estimate, if any, of the amount or range of potential loss. As a result of the review, various claims and litigations have been categorized as “probable”, “reasonably possible,” or “remote” as defined by the standards. As of June 30, 2023, the total range of potential loss on claims with a reasonably possible likelihood of unfavorable outcome is \$9,225,000 to \$18,200,000. Included in other liabilities on the statement of financial position as of June 30, 2023 are claims with a probable likelihood of unfavorable outcome of \$1,442,500.

As part of the self-insurance administration, each claim is assigned an estimated reserve which is included as part of the designated portion of the Property Insurance net asset balance. The excess insurance coverage within the Property Insurance Program is also available to settle potentially large claims.

SOCIETY OF THE ROMAN CATHOLIC CHURCH  
OF THE DIOCESE OF LAFAYETTE, INC.

Notes to Financial Statements (Continued)

(25) Expenses by Nature and Function

The Diocese's expenses by both their nature and function for the years ended June 30, 2023 and 2022 are as follows:

June 30, 2023:

	Salaries and Benefits	Operational Costs, Rent and Insurance Programs	Office, Conferences, Travel and Other	Total
Program services-				
Seminarian expense	\$ 122,570	\$ 831,226	\$ 33,587	\$ 987,383
Religious personnel	793,107	135,018	46,073	974,198
Retired priests expense	(157,903)	-	5,153	(152,750)
Lay development and evangelization	980,450	599,671	148,469	1,728,590
Catholic education	362,669	429,497	17,328	809,494
Social services	504,032	822,616	47,092	1,373,740
Healthcare	-	13,393,295	-	13,393,295
Property liability	217,045	8,124,691	2,397	8,344,133
Total program services	<u>2,821,970</u>	<u>24,336,014</u>	<u>300,099</u>	<u>27,458,083</u>
Supporting services-				
Management and general:				
Management and finance	922,699	4,759	29,470	956,928
Administrative	1,726,784	1,408,167	1,222,955	4,357,906
Diocesan assessments	-	218,410	-	218,410
Depreciation	-	514,522	-	514,522
Fundraising:				
Stewardship and development	239,471	621,308	266,160	1,126,939
Capital Campaign	24,866	966,217	21,561	1,012,644
Total support services	<u>2,913,820</u>	<u>3,733,383</u>	<u>1,540,146</u>	<u>8,187,349</u>
Total expenses	<u>\$ 5,735,790</u>	<u>\$ 28,069,397</u>	<u>\$ 1,840,245</u>	<u>\$ 35,645,432</u>

continued

SOCIETY OF THE ROMAN CATHOLIC CHURCH  
OF THE DIOCESE OF LAFAYETTE, INC.

Notes to Financial Statements (Continued)

(25) Expenses by Nature and Function (Continued)

June 30, 2022:

	Salaries and Benefits	Operational Costs, Rent and Insurance Programs	Office, Conferences, Travel and Other	Total
Program services-				
Seminar expense	\$ 104,113	\$ 721,895	\$ 26,981	\$ 852,989
Religious personnel	1,067,359	183,972	35,281	1,286,612
Retired priests expense	1,697,556	-	262	1,697,818
Lay development and evangelization	981,006	402,006	77,046	1,460,058
Catholic education	346,973	357,004	5,982	709,959
Social services	346,608	264,541	34,211	645,360
Healthcare	-	14,454,587	-	14,454,587
Property liability	203,910	7,016,298	3,482	7,223,690
Total program services	<u>4,747,525</u>	<u>23,400,303</u>	<u>183,245</u>	<u>28,331,073</u>
Supporting services-				
Management and general:				
Management and finance	862,303	80,747	28,177	971,227
Administrative	1,803,512	1,015,016	1,154,227	3,972,755
Diocesan assessments	-	214,897	-	214,897
Depreciation	-	474,486	-	474,486
Fundraising:				
Stewardship and development	200,563	556,646	227,833	985,042
Capital Campaign	49,840	9,140,490	61,124	9,251,454
Total support services	<u>2,916,218</u>	<u>11,482,282</u>	<u>1,471,361</u>	<u>15,869,861</u>
Total expenses	<u>\$ 7,663,743</u>	<u>\$ 34,882,585</u>	<u>\$ 1,654,606</u>	<u>\$ 44,200,934</u>



SOCIETY OF THE ROMAN CATHOLIC CHURCH  
OF THE DIOCESE OF LAFAYETTE, INC.

Notes to Financial Statements (Continued)

(26) Change in Accounting Principle

The FASB issued ASU No. 2016-02, Leases (Topic 842), intended to improve financial reporting regarding leasing transactions. Under the new standard, a lessee is required to recognize leases on its statement of financial position. At initial recognition of a lease, the lessee measures the liability for its lease obligation and the related right-of-use asset at the present value of lease payments not yet paid. The guidance also requires qualitative and quantitative disclosures providing additional information about the amounts recorded in the financial statements. The Diocese applied Topic 842 to all leases effective July 1, 2021, the beginning of the earliest comparative period presented. The net effect of the implementation of the new accounting principle is summarized below:

	Previously Reported 2022	Effect of Adoption	As Restated 2022
Statement of financial position:			
Assets -			
Right-of-use assets, net	\$ -	\$ 121,527	\$ 121,527
Liabilities -			
Current portion of lease liability	\$ -	\$ 29,732	\$ 29,732
Lease liability	-	91,795	91,795
	\$ -	\$ 121,527	\$ 121,527

(27) Subsequent Events Review

The Diocese's management has evaluated subsequent events through October 12, 2023, the date which the financial statements were available to be issued.

## **SUPPLEMENTARY INFORMATION**

SOCIETY OF THE ROMAN CATHOLIC CHURCH  
OF THE DIOCESE OF LAFAYETTE, INC.

Combining Statement of Financial Position  
June 30, 2023

	General Fund	Health Insurance Fund	Property Insurance Fund	Total
<b>ASSETS</b>				
Cash	\$ 48,321	\$ -	\$ -	\$ 48,321
Investments	39,383,224	10,904,446	7,552,847	57,840,517
Accounts receivable, net	459,488	217,006	249,794	926,288
Other receivables	970	-	-	970
Prepaid expenses	261,490	-	1,563,130	1,824,620
Deposits	-	251,750	50,000	301,750
Notes receivable	1,819,279	-	-	1,819,279
Right-of-use assets, net	243,640	-	-	243,640
Property and equipment, net	<u>7,217,032</u>	<u>-</u>	<u>-</u>	<u>7,217,032</u>
 Total assets	 <u>\$ 49,433,444</u>	 <u>\$ 11,373,202</u>	 <u>\$ 9,415,771</u>	 <u>\$ 70,222,417</u>
 <b>LIABILITIES AND NET ASSETS</b>				
Liabilities:				
Cash overdraft	\$ 238,650	\$ 41,766	\$ 1,399,621	\$ 1,680,037
Accounts payable	216,879	6,057	-	222,936
Accrued compensated absences payable	298,229	-	15,365	313,594
Current portion of lease liability	63,841	-	-	63,841
Unearned revenue	25,939	-	768,099	794,038
School state mandated services	1,017,842	-	-	1,017,842
Other liabilities	806,868	908,357	2,188,535	3,903,760
Lease liability	179,799	-	-	179,799
Other postretirement benefits payable - lay persons	2,946,427	-	-	2,946,427
Other postretirement benefits payable - priests	8,677,494	-	-	8,677,494
Unfunded pension liability - priests	<u>1,786,380</u>	<u>-</u>	<u>-</u>	<u>1,786,380</u>
 Total liabilities	 <u>16,258,348</u>	 <u>956,180</u>	 <u>4,371,620</u>	 <u>21,586,148</u>
 Net assets:				
Without donor restrictions -				
Designated for specific purposes	5,022,924	10,417,022	5,044,151	20,484,097
Undesignated	<u>5,666,630</u>	<u>-</u>	<u>-</u>	<u>5,666,630</u>
Total net assets without donor restrictions	10,689,554	10,417,022	5,044,151	26,150,727
With donor restrictions	<u>22,485,542</u>	<u>-</u>	<u>-</u>	<u>22,485,542</u>
 Total net assets	 <u>33,175,096</u>	 <u>10,417,022</u>	 <u>5,044,151</u>	 <u>48,636,269</u>
 Total liabilities and net assets	 <u>\$ 49,433,444</u>	 <u>\$ 11,373,202</u>	 <u>\$ 9,415,771</u>	 <u>\$ 70,222,417</u>

SOCIETY OF THE ROMAN CATHOLIC CHURCH  
OF THE DIOCESE OF LAFAYETTE, INC.  
Combining Statement of Activities  
Year Ended June 30, 2023

	General Fund	Health Insurance Fund	Property Insurance Fund	Total
Revenues and gains:				
Parish assessments	\$ 7,175,159	\$ -	\$ -	\$ 7,175,159
Bishop's Services Appeal	2,719,289	-	-	2,719,289
Capital Campaign	35,307	-	-	35,307
Property insurance premiums	-	-	5,895,930	5,895,930
Health insurance premiums	-	14,687,803	-	14,687,803
Grant revenue	1,385,142	-	-	1,385,142
Donations and contributions	804,446	-	-	804,446
Other revenues	1,089,633	-	8,200	1,097,833
Investment income	1,379,349	349,503	717,750	2,446,602
Total revenues	<u>14,588,325</u>	<u>15,037,306</u>	<u>6,621,880</u>	<u>36,247,511</u>
Expenses and losses:				
Program services-				
Seminarian expense	987,383	-	-	987,383
Religious personnel	974,198	-	-	974,198
Retired priests expense	(152,750)	-	-	(152,750)
Lay development and evangelization	1,728,590	-	-	1,728,590
Catholic education	809,494	-	-	809,494
Social services	1,373,740	-	-	1,373,740
Healthcare	-	13,393,295	-	13,393,295
Property liability insurance	-	-	8,344,133	8,344,133
Total program services	<u>5,720,655</u>	<u>13,393,295</u>	<u>8,344,133</u>	<u>27,458,083</u>
Supporting services-				
Management and general:				
Management and finance	956,928	-	-	956,928
Administrative	4,357,906	-	-	4,357,906
Diocesan assessments and contributions	218,410	-	-	218,410
Depreciation	514,522	-	-	514,522
Fundraising:				
Stewardship and development	1,126,939	-	-	1,126,939
Capital Campaign	1,012,644	-	-	1,012,644
Total support services	<u>8,187,349</u>	<u>-</u>	<u>-</u>	<u>8,187,349</u>
Total expenses	<u>13,908,004</u>	<u>13,393,295</u>	<u>8,344,133</u>	<u>35,645,432</u>
Change in net assets	<u>680,321</u>	<u>1,644,011</u>	<u>(1,722,253)</u>	<u>602,079</u>
Other changes in net assets-				
Unrecognized gains- priest OPEB	739,282	-	-	739,282
Unrecognized gains - lay person OPEB	186,387	-	-	186,387
	<u>925,669</u>	<u>-</u>	<u>-</u>	<u>925,669</u>
Net assets, beginning of year	<u>31,569,106</u>	<u>8,773,011</u>	<u>6,766,404</u>	<u>47,108,521</u>
Net assets, end of year	<u>\$ 33,175,096</u>	<u>\$ 10,417,022</u>	<u>\$ 5,044,151</u>	<u>\$ 48,636,269</u>

## **INTERNAL CONTROL AND COMPLIANCE**

# KOLDER, SLAVEN & COMPANY, LLC

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## INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

To the Bishop and the  
Diocesan Finance Board  
Society of the Roman Catholic Church  
of the Diocese of Lafayette, Inc.  
Lafayette, Louisiana

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the Society of the Roman Catholic Church of the Diocese of Lafayette, Inc. (a nonprofit organization), which comprise the statement of financial position as of June 30, 2023, and the related statements of activities and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated October 12, 2023.

### Report of Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Society of the Roman Catholic Church of the Diocese of Lafayette, Inc.'s internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Society of the Roman Catholic Church of the Diocese of Lafayette, Inc.'s internal control. Accordingly, we do not express an opinion on the effectiveness of the Society of the Roman Catholic Church of the Diocese of Lafayette, Inc.'s internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that were not identified.

## **Report on Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Society of the Roman Catholic Church of the Diocese of Lafayette, Inc.'s financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

### **Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the organization's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the organizations' internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

***Kolder, Slaven & Company, LLC***  
Certified Public Accountants

Lafayette, Louisiana  
October 12, 2023

SOCIETY OF THE ROMAN CATHOLIC CHURCH  
OF THE DIOCESE OF LAFAYETTE, INC.

Summary Schedule of Current and Prior Year Audit Findings  
and Management's Corrective Action Plan  
Year ended June 30, 2023

Part I. Current Year Findings and Management's Corrective Action Plan

A. Internal Control Findings -

There are no findings to report under this section.

B. Compliance Findings -

There are no findings to report under this section.

Part II. Prior Year Findings

A. Internal Control Findings -

There are no findings to report under this section.

B. Compliance Findings -

There are no findings to report under this section.