

St. Monica Catholic Parish
Combined Financial Statements
and
Independent Auditors' Report
June 30, 2022

TABLE OF CONTENTS

| | |
|--|------|
| INDEPENDENT AUDITORS' REPORT..... | 1-2 |
| COMBINED STATEMENT OF FINANCIAL POSITION..... | 3 |
| COMBINED STATEMENT OF ACTIVITIES AND NET ASSETS | 4 |
| COMBINED STATEMENT OF FUNCTIONAL EXPENSES | 5 |
| COMBINED STATEMENT OF CASH FLOWS..... | 6 |
| NOTES TO COMBINED FINANCIAL STATEMENTS..... | 7-15 |
| SUPPLEMENTAL SCHEDULE OF FINANCIAL POSITION..... | 16 |
| SUPPLEMENTAL SCHEDULE OF ACTIVITIES AND NET ASSETS | 17 |



Independent Auditors' Report

Finance Council
St. Monica Catholic Parish
Dallas, Texas

Opinion

We have audited the accompanying combined financial statements of St. Monica Catholic Parish (the Parish), which comprise the combined statements of financial position as of June 30, 2022, and the related combined statements of activities and net assets, functional expenses, and cash flows for the year then ended, and the related notes to the combined financial statements (collectively, the financial statements).

In our opinion, the financial statements referred to above presents fairly, in all material respects, the combined financial position of the Parish as of June 30, 2022, and the combined changes in its net assets and its cash flows for the year 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 (GAAS). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Combined Financial Statements* section of our report. We are required to be independent of the Parish 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 opinion.

Responsibilities of Management for the Combined Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the modified cash basis of accounting; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of the 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 Parish's ability to continue as a going concern for one year after the date that the financial statements are issued.

Turner, Stone & Company, L.L.P.
Accountants and Consultants

12700 Park Central Drive, Suite 1400
Dallas, Texas 75251

Telephone: 972-239-1660 / Facsimile: 972-239-1665
Toll Free: 877-853-4195
Web site: turnerstone.com



Auditor's Responsibilities for the Audit of the Combined 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 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 Parish'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 Parish'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 supplemental schedules of financial position and activities and net assets, as listed in the accompanying table of contents, are 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.

Turner, Stone & Company L.L.P.

Certified Public Accountants
Dallas, Texas
September 15, 2022

ST. MONICA CATHOLIC PARISH
COMBINED STATEMENT OF FINANCIAL POSITION
JUNE 30, 2022

Assets

| | |
|--|---------------|
| Current assets: | |
| Cash | \$ 3,686,840 |
| Other assets, primarily prepaid expenses | 200,824 |
| Accounts receivable, net of allowance | 27,686 |
| Investments, fair value (Note 3) | 2,808,061 |
| Total current assets | 6,723,411 |
| Property and equipment, at cost: | |
| Land | 201,123 |
| Buildings, furniture and equipment | 28,669,965 |
| Less: accumulated depreciation | (18,662,648) |
| Total property and equipment, net | 10,208,440 |
| Other assets: | |
| Cash, donor restricted | 810,275 |
| Total assets | \$ 17,742,126 |

Liabilities and Net Assets

| | |
|--|---------------|
| Current liabilities: | |
| Accounts payable and accrued expenses | \$ 119,421 |
| Due to parish groups | 121,387 |
| Accrued payroll liabilities | 28,432 |
| Deferred revenue, primarily school tuition | 2,350,399 |
| Long term debt | 300,000 |
| Total current liabilities | 2,919,639 |
| Total liabilities | 2,919,639 |
| Commitments and contingencies (Note 4) | |
| Net assets: | |
| Net assets without donor restrictions: | 14,012,211 |
| Net assets with donor restrictions: | 810,275 |
| Total net assets | 14,822,486 |
| Total liabilities and net assets | \$ 17,742,126 |

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

ST. MONICA CATHOLIC PARISH
COMBINED STATEMENT OF ACTIVITIES AND NET ASSETS
FOR THE YEAR ENDED JUNE 30, 2022

| | <u>Without Donor Restrictions</u> | <u>With Donor Restrictions</u> | <u>Total</u> |
|---|--|---|----------------------|
| Revenue and support: | | | |
| Tuition income | \$ 6,277,863 | \$ - | \$ 6,277,863 |
| Contributions | 2,707,361 | 1,351,604 | 4,058,965 |
| Fundraisers | 344,164 | - | 344,164 |
| Miscellaneous income | 157,264 | - | 157,264 |
| Registration income | 969,240 | - | 969,240 |
| Realized and unrealized investment loss | (383,246) | - | (383,246) |
| Votive candle income | 18,248 | - | 18,248 |
| Faith formation fees | 18,309 | - | 18,309 |
| Sacramental and evangelical fees | 64,091 | - | 64,091 |
| Gifts and bequests | 191,400 | - | 191,400 |
| | <u>10,364,694</u> | <u>1,351,604</u> | <u>11,716,298</u> |
| Net assets released from restrictions: | | | |
| Satisfaction of donor restrictions | <u>1,599,175</u> | <u>(1,599,175)</u> | <u>-</u> |
| Total revenue and support | <u>11,963,869</u> | <u>(247,571)</u> | <u>11,716,298</u> |
| Expenses: | | | |
| Faith formation | 652,647 | - | 652,647 |
| Worship and liturgical | 918,905 | - | 918,905 |
| Ministries | 593,113 | - | 593,113 |
| School | 8,327,126 | - | 8,327,126 |
| Total program expenses | <u>10,491,791</u> | <u>-</u> | <u>10,491,791</u> |
| Management and general | 1,368,621 | - | 1,368,621 |
| Fundraising and development | 414,044 | - | 414,044 |
| Total supporting services expenses | <u>1,782,665</u> | <u>-</u> | <u>1,782,665</u> |
| Total expenses | <u>12,274,456</u> | <u>-</u> | <u>12,274,456</u> |
| Change in net assets | (310,587) | (247,571) | (558,158) |
| Net assets at beginning of year (as restated) | <u>14,322,798</u> | <u>1,057,846</u> | <u>15,380,644</u> |
| Net assets at end of year | <u>\$ 14,012,211</u> | <u>\$ 810,275</u> | <u>\$ 14,822,486</u> |

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

ST. MONICA CATHOLIC PARISH
COMBINED STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2022

| | Program Services | | | | | Supporting Services | | | Total Expenses |
|-----------------------------------|------------------|------------------------|------------|--------------|---------------|------------------------|-----------------------------|---------------|----------------|
| | Faith Formation | Worship and Liturgical | Ministries | School | Total | Management and General | Fundraising and Development | | |
| Salaries and benefits | \$ 332,910 | \$ 529,783 | \$ 158,376 | \$ 6,751,920 | \$ 7,772,989 | \$ 266,852 | \$ 1,200 | \$ 8,041,041 | |
| Contributions and assessments | - | - | 134,000 | 35,146 | 169,146 | 381,912 | 339,626 | 890,684 | |
| Professional fees | 2,429 | 14,304 | 6,205 | 68,180 | 91,118 | 26,420 | 641 | 118,179 | |
| Insurance and risk management | 19,777 | 21,881 | 19,776 | 169,912 | 231,346 | 19,776 | - | 251,122 | |
| Supplies, repairs and maintenance | 35,282 | 90,688 | 12,506 | 944,899 | 1,083,375 | 331,301 | 57,440 | 1,472,116 | |
| Utilities | 30,598 | 30,598 | 30,599 | 197,280 | 289,075 | 30,599 | - | 319,674 | |
| Interest and financing | - | - | - | 14,145 | 14,145 | 80,110 | 15,137 | 109,392 | |
| Depreciation and amortization | 231,651 | 231,651 | 231,651 | 145,644 | 840,597 | 231,651 | - | 1,072,248 | |
| Total expenses | \$ 652,647 | \$ 918,905 | \$ 593,113 | \$ 8,327,126 | \$ 10,491,791 | \$ 1,368,621 | \$ 414,044 | \$ 12,274,456 | |

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

ST. MONICA CATHOLIC PARISH
COMBINED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2022

| | |
|--|---------------------|
| Cash flows from operating activities: | |
| Change in net assets | \$ (558,158) |
| Adjustments to reconcile change in net assets to net cash provided by operating activities: | |
| Depreciation | 1,072,248 |
| Unrealized losses from change in fair value of investments | 443,386 |
| Changes in operating assets and liabilities: | |
| Other assets, primarily prepaid expenses | (34,943) |
| Accounts receivable | (5,731) |
| Accounts payable and accrued expenses | (126,979) |
| Due to parish groups | (52,420) |
| Accrued payroll liabilities | (15,077) |
| Deferred revenue, primarily school tuition | 273,102 |
| Net cash provided by operating activities | <u>995,428</u> |
| Cash flows from investing activities: | |
| Purchases of property and equipment | (561,278) |
| Proceeds from sale of investments | 128,613 |
| Net cash used in investing activities | <u>(432,665)</u> |
| Cash flows from financing activities: | |
| Repayments from notes payable | (850,000) |
| Net cash used in financing activities | <u>(850,000)</u> |
| Net decrease in cash | (287,237) |
| Cash at beginning of year | <u>4,784,352</u> |
| Cash at end of year | <u>\$ 4,497,115</u> |

Supplemental Disclosures of Cash Flow Information

| | |
|--|------------------|
| Cash paid during the year for interest | <u>\$ 37,017</u> |
| Cash paid during the year for income taxes | <u>\$ -</u> |

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

ST. MONICA CATHOLIC PARISH
NOTES TO COMBINED FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

Parish

St. Monica Catholic Parish is a nonprofit organization, located in Dallas, Texas, established by the Bishop of the Diocese of Dallas of the Roman Catholic Church (the Diocese of Dallas) in February 1954. On November 1, 2018 the Parish was incorporated as St. Monica Catholic Parish, a nonprofit organization under the laws of the State of Texas. The Parish operates a Pre-K through 8th grade school in separate facilities.

Financial statement presentation

The accompanying combined financial statements include the general accounts of St. Monica Catholic Parish, SMCP-RC, St. Monica Catholic School (the School), St. Monica Endowment Trust (the Trust) (collectively the Parish), which have common management. All inter-entity accounts and balances have been eliminated in the combination. Each organization has a year-end of June 30.

Basis of presentation

The Parish accounts for its funding in accordance with the Financial Accounting Standards Board's (FASB) Accounting Standards Codification (ASC) Topic 958, *Not-for-Profit Entities*, which establishes standards for external financial reporting by not-for-profit organizations and requires that resources be classified for accounting and reporting purposes into two net asset categories according to externally (donor) imposed restrictions. ASC Topic 958 requires that unconditional promises to give (pledges) be recorded as receivables and revenues and requires the Parish to distinguish between contributions received for each net asset category in accordance with donor-imposed restrictions. Accordingly, the net assets of the Parish and changes therein are classified and reported as follows:

Net assets without donor restrictions – net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in carrying out operations of the Parish in accordance with its mission.

Net assets with donor restrictions – net assets subject to stipulations imposed by donors and grantors. Resources of this classification originate principally from contributions and gifts.

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 combined statement of activities and net assets.

ST. MONICA CATHOLIC PARISH
NOTES TO COMBINED FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):

Management estimates

The preparation of financial statements, in conformity with U.S. generally accepted accounting principles (U.S. 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.

Cash equivalents and cash flows

For purposes of the statement of cash flows, cash includes demand deposits, time deposits and short-term liquid investments with a maturity of three months or less when purchased. The Parish maintains deposits at several financial institutions. The Federal Deposit Insurance Corporation (FDIC) provides insurance coverage on the aggregate balance of depositors' interest and non-interest-bearing transaction accounts up to \$250,000, at each separately chartered financial institution. At June 30, 2022 certain of the Parish's cash balances were in excess of the coverage provided by the FDIC by \$1,794,666. The Parish has not experienced any losses in such accounts. A portion of the Parish's cash is subject to donor-imposed restrictions as described in Note 2.

Pledges receivable

Pursuant to ASC Topic 958, the Parish records unconditional promises to give as an asset. However, intentions to give do not require the recording of an asset and related revenue. The Parish views intentions to give as morally but not legally binding commitments. Accordingly, pledges receivable are not included in the accompanying combined financial statements.

Accounts receivable

The Parish operates a school in which tuition revenues are received in connection with student admission to the school. Allowances for uncollectible accounts receivable are provided based upon management's evaluation of individual student receivable balances. These accounts are written off after management approval. Management believes its accounts receivable are fairly stated at estimated net realizable amounts.

Property and equipment

Property and equipment additions with an estimated useful life exceeding one year are recorded at cost if purchased or, if donated, at fair value at the date of the donation. Smaller amounts are expensed. Depreciation is computed using the straight-line method over the estimated useful lives of the assets ranging between 5 to 20 years. Major expenditures for property and equipment and those which substantially increase the useful lives of assets are capitalized. Expenditures for maintenance and repairs are expensed as incurred.

ST. MONICA CATHOLIC PARISH
NOTES TO COMBINED FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):

Impairment or disposal of long-lived assets

The Parish periodically evaluates, using undiscounted cash flows, the carrying value of its long-lived assets whenever changes in events or circumstances indicate that the carrying amount of its assets may not be recoverable or, at least annually. In the event the carrying value exceeds the expected undiscounted future cash flows from the asset an impairment loss will be recognized in the statement of activities and net assets for any difference between the fair value of the asset and the carrying value of the asset. During the year ended June 30, 2022, the Parish identified no impairments and recognized no losses related to impairment on its long lived assets.

Revenues and support

Contributions received are measured at fair value and are reported as an increase in net assets. The Parish reports gifts of cash as restricted support if they are received with donor stipulations that limit the use of the donated assets, or if they are designated as support for future periods. When a donor 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 combined statement of activities and net assets as net assets released from restrictions.

Tuition revenues and registration fees from the operation of the School are based on the student's enrolled during the school year. Revenue is recognized over the course of the school year on a monthly basis as the service is simultaneously accepted by the students as the service is being performed. Certain students prepay their tuition for an upcoming school year. Received during the year ended June 30, 2022 for the 2022-2023 school year, is recorded as deferred revenue on the combined statement of financial position, as the performance obligations have not yet been met.

Donated services

A substantial number of volunteers have donated significant amounts of time to the Parish for various administrative services during the years. However, the Parish only recognizes donated services that create or enhance non-financial assets, or that require specialized skills, provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation. During the year ended June 30, 2022, no amount of donated services are reflected in the accompanying combined financial statements since the services provided did not require specialized skills or enhance non-financial assets.

ST. MONICA CATHOLIC PARISH
NOTES TO COMBINED FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):

Income taxes

The Parish is exempt from income taxes pursuant to Section 501(c)(3) of the Internal Revenue Code and has not been classified as a private foundation. Accordingly, the accompanying combined financial statements do not contain any provision for federal income taxes.

Fair value measurements

ASC Topic 820, *Fair Value Measurement*, defines fair value, establishes a framework for measuring fair value in accordance with U.S. generally accepted accounting principles, and requires certain disclosures about fair value measurements. In general, the fair values of financial instruments are based upon quoted market prices, where available. If such quoted market prices are not available, fair value is based upon internally developed models that primarily use, as inputs, observable market-based parameters. Valuation adjustments may be made to ensure that financial instruments are recorded at fair value. Any such valuation adjustments are applied consistently over time.

Fair value of financial instruments

In accordance with the reporting requirements of ASC Topic 825, *Financial Instruments*, the Parish calculates the fair value of its assets and liabilities which qualify as financial instruments under this standard and includes this additional information in the notes to the financial statements when the fair value is different than the carrying value of those financial instruments. See Note 3 for discussion of fair value measurements.

Recent accounting pronouncements

During the year ended June 30, 2022 and through September 15, 2022, there were several new accounting pronouncements issued by the FASB. Each of these pronouncements, as applicable, has been or will be adopted by the Parish. Management does not believe the adoption of any of these accounting pronouncements has had or will have a material impact on the Parish's combined financial statements.

Subsequent events

In preparing the financial statements, the Parish has reviewed, as determined necessary by the Parish's finance council, events that have occurred after June 30, 2022, up until the issuance of the combined financial statements, which occurred on September 15, 2022.

ST. MONICA CATHOLIC PARISH
NOTES TO COMBINED FINANCIAL STATEMENTS

2. NET ASSETS WITH DONOR RESTRICTIONS:

During the year ended June 30, 2022, the Parish received net assets with donor restrictions, primarily related to its capital campaign, which are restricted for costs incurred in the renovation of the Parish’s facilities. The net assets with donor restrictions represent available resources subject to donor-imposed stipulations that may or will be met either by actions of the Parish and/or the passage of time. For the year ended June 30, 2022, the additions to the Parish’s donor-restricted net assets totaled \$1,351,604, and expenditures of donor-restricted net assets totaled \$1,599,175. At June 30, 2022, \$810,275, respectively, of donor-restricted net assets remained which is comprised of cash held for restricted purposes as reflected in the combined statement of financial position.

3. ENDOWMENT INVESTMENTS

ASC Topic 820, *Fair Value Measurement*, establishes 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 fair value hierarchy is categorized into three levels based on the inputs as follows:

Level 1 – Valuations based on unadjusted quoted prices in active markets for identical assets or liabilities that the Parish has the ability to access. Valuation adjustments and block discounts are not applied to Level 1 securities. Since valuations are based on quoted prices that are readily and regularly available in an active market, valuation of these securities does not entail a significant degree of judgment.

Level 2 – Valuations based on quoted prices in markets that are not active or for which all significant inputs are observable, either directly or indirectly.

Level 3 – Valuations based on inputs that are unobservable and significant to the overall fair value measurement.

Endowment investments, at fair value, are summarized as follows within the fair value hierarchy June 30, 2022:

| | <u>Fair Value</u> | <u>Level 1</u> | <u>Level 2</u> | <u>Level 3</u> |
|-----------------------------------|---------------------|---------------------|----------------|----------------|
| Mutual and exchanged traded funds | \$ 2,755,407 | \$ 2,755,407 | \$ - | \$ - |
| Municipal bonds | 52,654 | 52,654 | - | - |
| | <u>\$ 2,808,061</u> | <u>\$ 2,808,061</u> | <u>\$ -</u> | <u>\$ -</u> |

ST. MONICA CATHOLIC PARISH
NOTES TO COMBINED FINANCIAL STATEMENTS

3. ENDOWMENT INVESTMENTS (CONTINUED)

The following schedule summarizes the investment income as reported in the combined statement of activities for the year ended June 30, 2022:

| | |
|------------------------|----------------------|
| | <u>Amount</u> |
| Interest and dividends | \$ 60,140 |
| Unrealized loss | <u>(443,386)</u> |
| Total investment loss | <u>\$ (383,246)</u> |

4. COMMITMENTS AND CONTINGENCIES:

Leases

The Parish is obligated under several non-cancelable leases for office equipment that expire through May 2027 and contain no other significant provisions. For the year ended June 30, 2022, lease expenses totaled \$166,176, respectively, and are included within 'supplies, repairs and maintenance' on the accompanying combined statement of functional expenses.

Future minimum lease payments are as follows:

| | |
|-----------------|-------------------|
| Years Ending | |
| <u>June 30:</u> | <u>Amount</u> |
| 2023 | \$ 139,016 |
| 2024 | 83,418 |
| 2025 | 60,689 |
| 2026 | 51,720 |
| 2027 | <u>43,100</u> |
| Total | <u>\$ 377,943</u> |

ST. MONICA CATHOLIC PARISH
NOTES TO COMBINED FINANCIAL STATEMENTS

5. BORROWINGS:

On August 10, 2020, the Parish obtained a loan facility from a commercial bank for the purpose of completing its renovation of the School. The total borrowing capacity of the loan facility was \$2,300,000 and is due on August 10, 2038. Beginning on August 10, 2020 and through maturity, principal payments of \$38,333 are due quarterly. The facility bears interest at a variable rate between 3.5% and 4.0% throughout the life of the facility.

Estimated future maturities of the Parish's borrowings are as follows:

| Years Ending | |
|-----------------|-------------------|
| <u>June 30:</u> | <u>Amount</u> |
| 2023 | \$ 153,332 |
| 2024 | 146,668 |
| Total | <u>\$ 300,000</u> |

6. RELATED PARTY TRANSACTIONS:

Diocesan assessments

The Parish remits a monthly assessment to the Pastoral Center of the Roman Catholic Diocese of Dallas (the Pastoral Center), which is the administrative branch of the Roman Catholic Diocese. During the year ended June 30, 2022, the monthly assessments totaled approximately \$382,000, which are included in contributions and assessments on the accompanying combined statement of functional expenses. At June 30, 2022, none of the assessments were due to the Pastoral Center.

Diocesan self-insurance program

The Diocese arranges through preferred providers for casualty and group health insurance for the Pastoral Center, parishes, diocesan schools, and other related organizations under partially self-insured programs with third-party administrators processing claims. During the years ended June 30, 2022, the Parish paid approximately \$865,000, in group medical premiums and approximately \$239,000, in property insurance premiums. These premiums are included in 'salaries and benefits' and 'insurance and risk management', respectively, on the accompanying combined statement of functional expenses.

7. EMPLOYEE BENEFIT PLAN:

On July 1, 1996, the Diocese of Dallas established a Defined Contribution Pension Plan (the Plan) qualifying under Section 403(b)(7) of the Internal Revenue Code, requiring a minimum 3% contribution covering all employees meeting general eligibility requirements. The Parish may elect to contribute an additional 1% to 4%. For the year ended June 30, 2022, the Parish contributed approximately \$290,000, and are included in 'salaries and benefits' in the accompanying combined statement of functional expenses.

ST. MONICA CATHOLIC PARISH
NOTES TO COMBINED FINANCIAL STATEMENTS

8. AVAILABILITY AND LIQUIDITY:

The table below reflects the Parish's financial assets as of June 30, 2022, reduced by amounts not available for general use within one year of the statement of financial position dates because of contractual or donor-imposed restrictions, or internal special designation of funds.

The financial assets available for general expenditure, such as without donor or other restrictions limiting their use, within one year of the combined statement of financial position are presented below.

| | |
|--|---------------------|
| Cash | \$ 3,686,840 |
| Restricted cash (donor restricted) | 810,275 |
| Accounts receivable | 27,686 |
| Investments | <u>2,808,061</u> |
| Total financial assets available within one year | 7,332,862 |
| Less: Amounts unavailable for general expenditures within one year, due to: | |
| Restricted by donors with purpose restrictions | <u>(810,275)</u> |
| Total financial assets available within one year | \$ <u>6,552,587</u> |

9. METHODS USED FOR ALLOCATION OF EXPENSES AMONG PROGRAMS AND SUPPORTING SERVICES:

The financial statements report certain categories of expenses that are attributable to one or more programs or supporting services of the Parish. Those expenses include salaries and benefits, contributions and assessments, professional fees, insurance and risk management, supplies, repairs, and maintenance, utilities, interest and financing, and depreciation and amortization. Due to their cross-utilization across the various programs and supporting services of the Parish, certain expenses such as depreciation and amortization, insurance and risk management, and utilities have been evenly allocated across the Parish's various programs and supporting services in the accompanying statement of functional expenses. Salaries and benefits have been allocated based upon actual and estimated employee time spent across each of the Parish's individual programs and supporting services. Further, the Parish's contributions and assessments, professional fees, supplies, repairs, and maintenance, and interest and financing have been allocated to the individual programs and supporting services to which they pertain.

ST. MONICA CATHOLIC PARISH
NOTES TO COMBINED FINANCIAL STATEMENTS

10. RESTATEMENT OF PRIOR PERIOD NET ASSETS

The accompanying combined financial statements include the account balances of the Trust. In prior periods, the Parish had not included such accounts within its combined financial statements although such amounts were required to be included by GAAP. As a result, the prior period beginning net asset balances were restated to reflect the addition of the net assets of the Trust as of June 30, 2021.

SUPPLEMENTAL SCHEDULES

ST. MONICA CATHOLIC PARISH
SUPPLEMENTAL SCHEDULE OF FINANCIAL POSITION
JUNE 30, 2022

| | Church | School | Trust | Eliminations | Combined |
|---|-----------------------------------|---------------------|---------------------|--------------|----------------------|
| | <u>Assets</u> | | | | |
| Current assets: | | | | | |
| Cash and cash equivalents | \$ 1,354,527 | \$ 2,237,544 | \$ 94,769 | \$ - | \$ 3,686,840 |
| Other assets, primarily prepaid expenses | 8,558 | 192,266 | - | - | 200,824 |
| Accounts receivable | - | 27,686 | - | - | 27,686 |
| Investments | - | - | 2,808,061 | - | 2,808,061 |
| Total current assets | <u>1,363,085</u> | <u>2,457,496</u> | <u>2,902,830</u> | <u>-</u> | <u>6,723,411</u> |
| Property and equipment, at cost: | | | | | |
| Land | 201,123 | - | - | - | 201,123 |
| Buildings, furniture and equipment | 26,410,136 | 2,259,829 | - | - | 28,669,965 |
| Less: accumulated depreciation | (16,821,029) | (1,841,619) | - | - | (18,662,648) |
| Total property and equipment, net | <u>9,790,230</u> | <u>418,210</u> | <u>-</u> | <u>-</u> | <u>10,208,440</u> |
| Other assets: | | | | | |
| Restricted cash (donor restricted) | 690,139 | 120,136 | - | - | 810,275 |
| Total assets | <u>\$ 11,843,454</u> | <u>\$ 2,995,842</u> | <u>\$ 2,902,830</u> | <u>\$ -</u> | <u>\$ 17,742,126</u> |
| | <u>Liabilities and Net Assets</u> | | | | |
| Current liabilities: | | | | | |
| Accounts payable and accrued expenses | \$ 63,845 | \$ 55,576 | \$ - | \$ - | \$ 119,421 |
| Due to parish groups | 121,387 | - | - | - | 121,387 |
| Accrued payroll liabilities | 11,538 | 16,894 | - | - | 28,432 |
| Deferred revenue, primarily school tuition | 20,225 | 2,330,174 | - | - | 2,350,399 |
| Current portion of notes payable | 300,000 | - | - | - | 300,000 |
| Total current liabilities | <u>516,995</u> | <u>2,402,644</u> | <u>-</u> | <u>-</u> | <u>2,919,639</u> |
| Total liabilities | <u>516,995</u> | <u>2,402,644</u> | <u>-</u> | <u>-</u> | <u>2,919,639</u> |
| Net assets: | | | | | |
| Net assets without donor restrictions: | | | | | |
| Undesignated | 10,636,319 | 473,062 | 2,902,830 | - | 14,012,211 |
| Total net assets without donor restrictions | <u>10,636,319</u> | <u>473,062</u> | <u>2,902,830</u> | <u>-</u> | <u>14,012,211</u> |
| Net assets with Donor restrictions | 690,139 | 120,136 | - | - | 810,275 |
| Total net assets | <u>11,326,458</u> | <u>593,198</u> | <u>2,902,830</u> | <u>-</u> | <u>14,822,486</u> |
| Total liabilities and net assets | <u>\$ 11,843,454</u> | <u>\$ 2,995,842</u> | <u>\$ 2,902,830</u> | <u>\$ -</u> | <u>\$ 17,742,126</u> |

ST. MONICA CATHOLIC PARISH
SUPPLEMENTAL SCHEDULE OF ACTIVITIES AND NET ASSETS
FOR THE YEAR ENDED JUNE 30, 2022

| | Church | School | Trust | Eliminations | Combined |
|---|-----------|-----------|-----------|--------------|------------|
| Revenues not subject to donor restrictions: | | | | | |
| Tuition income | - | 6,312,863 | - | (35,000) | 6,277,863 |
| Contributions | 2,862,361 | - | - | (155,000) | 2,707,361 |
| Fundraisers | 3,164 | 341,000 | - | - | 344,164 |
| Miscellaneous income | 1,620 | 172,448 | 68,696 | (85,500) | 157,264 |
| Registration income | - | 969,240 | - | - | 969,240 |
| Realized and unrealized investment income | 1,138 | 1,869 | (386,253) | - | (383,246) |
| Votive candle income | 18,248 | - | - | - | 18,248 |
| Faith formation fees | 18,309 | - | - | - | 18,309 |
| Sacramental and evangelical fees | 64,091 | - | - | - | 64,091 |
| Parish subsidy | - | 125,000 | - | (125,000) | - |
| Gifts and bequests | 191,400 | - | - | - | 191,400 |
| Revenues subject to donor restrictions: | | | | | |
| Contributions | 939,707 | 411,897 | - | - | 1,351,604 |
| Restricted investment income | - | - | - | - | - |
| Total revenues | 4,100,038 | 8,334,317 | (317,557) | (400,500) | 11,716,298 |
| Expenses: | | | | | |
| Faith formation | 652,647 | - | - | - | 652,647 |
| Worship and liturgical | 918,905 | - | - | - | 918,905 |
| Ministries | 593,113 | - | - | - | 593,113 |
| School | - | 8,327,126 | - | - | 8,327,126 |
| School subsidy | 125,000 | - | 185,500 | (310,500) | - |
| Total program expenses | 2,289,665 | 8,327,126 | 185,500 | (310,500) | 10,491,791 |
| Management and general | 1,327,385 | - | 41,236 | - | 1,368,621 |
| Fundraising | 414,044 | - | 90,000 | (90,000) | 414,044 |
| Total supporting services expenses | 1,741,429 | - | 131,236 | (90,000) | 1,782,665 |
| Total expenses | 4,031,094 | 8,327,126 | 316,736 | (400,500) | 12,274,456 |
| Change in net assets | 68,944 | 7,191 | (634,293) | - | (558,158) |
| Total change in net assets | 68,944 | 7,191 | (634,293) | - | (558,158) |