

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

**Unaudited Financial Statements
June 30, 2018 and 2017**

**Emmaus Catholic Parish
Lakeway, Texas**

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Emmaus Catholic Parish
Statements of Financial Position
As of June 30, 2018 and 2017

	2018	2017
Assets		
Cash in Commercial Checking Accounts	\$ 1,787,871.37	\$ 1,762,027.80
Cash Deposits held by Diocese	1,304,245.36	304,245.36
	3,092,116.73	2,066,273.16
Gift Card Inventory	90,833.09	77,076.63
Prepaid Expenses and other Assets	25,629.10	25,690.04
Land, Building, and Equipment at Cost	19,363,743.14	19,376,743.14
Bond Issue Costs, net	112,821.00	121,500.00
	\$ 22,685,143.06	\$ 21,667,282.97
Liabilities and Net Assets		
Liabilities:		
Accounts Payable	\$ 5,263.41	\$ 3,648.83
Collections held for Transmittal	21,026.00	10,171.17
Funds held in Trust	334,401.65	341,630.80
Diocesan Term Loan Payable	1,054,010.78	1,168,678.41
Bonds Payable	3,703,333.34	3,954,166.64
	5,118,035.18	5,478,295.85
Net Assets:		
Temporarily Restricted	1,959,654.00	1,079,595.06
Unrestricted	15,607,453.88	15,109,392.06
	17,567,107.88	16,188,987.12
Total Net Assets	17,567,107.88	16,188,987.12
Total Liabilities and Net Assets	\$ 22,685,143.06	\$ 21,667,282.97

Emmaus Catholic Parish
 Statements of Activities
 Years Ended June 30, 2018 and 2017

	2018	2017
Revenue		
Offertory and Other Collections	\$ 2,247,920.74	\$ 2,195,989.33
Building Fund Collections	890,293.47	703,150.06
Religious Education Programs	354,234.72	338,696.39
Income from Fundraising Activities	43,109.56	61,315.99
Fees, Rentals and Other Income	101,367.41	99,287.63
Total Revenues	3,636,925.90	3,398,439.40
Expenses		
Religious Education	384,030.43	390,768.16
Payroll and Services	835,935.04	806,333.32
Plant Operation and Maintenance	259,598.08	443,407.08
Utilities	127,547.82	130,255.61
Insurance and Risk Management	87,240.58	101,933.47
General and Administrative	93,196.47	99,747.57
Parish Assessment	241,684.51	205,445.00
Interest and Other Loan Expenses	229,572.21	371,893.63
Total Expenses	2,258,805.14	2,549,783.84
Change in Net Assets	1,378,120.76	848,655.56
Net Assets at Beginning of Year	16,188,987.12	15,340,331.56
Net Assets at End of Year	\$ 17,567,107.88	\$ 16,188,987.12

Emmaus Catholic Parish
 Statements of Cash Flows
 Years Ended June 30, 2018 and 2017

	2018	2017
Change in net assets	\$ 1,378,120.76	\$ 848,655.56
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
(Increase) decrease in bond issuance costs	8,679.00	(13,321.36)
Changes in operating assets and liabilities:		
(Increase) decrease in gift card inventory	(13,756.46)	(2,804.92)
(Increase) decrease in prepaid expenses	60.94	(6,462.94)
Increase (decrease) in accounts payable	1,614.58	(6,320.07)
Increase (decrease) in collections held	10,854.83	(1,957.79)
Increase (decrease) in funds held in trust	(7,229.15)	24,379.13
	<u>\$ 1,378,344.50</u>	<u>842,167.61</u>
Net cash provided by operating activities		
Cash from investing activities:		
Property improvements and additions	--	--
Purchases of property and equipment	--	--
Sale of property and equipment	13,000.00	--
Net cash provided by investing activities	<u>13,000.00</u>	<u>--</u>
Cash from financing activities:		
Principal payments on bonds	(250,833.30)	(86,666.36)
Principal payments on term loan	(114,667.63)	(74,070.96)
Net cash used in financing activities	<u>(365,500.93)</u>	<u>(160,737.32)</u>
Net increase in cash	1,025,843.57	681,430.29
Cash at beginning of year	<u>2,066,273.16</u>	<u>1,384,842.87</u>
Cash at end of year	<u>\$ 3,092,116.73</u>	<u>\$ 2,066,273.16</u>

Emmaus Catholic Parish
Notes to Unaudited Financial Statements
June 30, 2018 and 2017

1. Organization.

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

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

2. Significant Accounting Policies.

(a) Method of Accounting

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

(b) Basis of Presentation

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

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

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

(c) Cash and Cash Equivalents

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

(d) Collections Held for Transmittal

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

(e) Restricted Contributions

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

Contributions subject to donor restrictions at June 30, 2018 and 2017 consist of:

	<u>2018</u>	<u>2017</u>
Building Fund Contributions	\$ 1,959,654	\$ 1,079,595
<u>Funds held in Trust:</u>		
Benevolence Fund	7,846	12,177
Restricted Gala Contributions	125,301	130,389
Cemetery Plot Deposits	168,355	154,566
Other Designated Donations	40,746	44,499
	<u>342,248</u>	<u>341,631</u>
	<u>\$ 2,301,902</u>	<u>\$ 1,421,226</u>

(f) Land, Building and Equipment

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

Land, building and equipment consist of the following at June 30, 2018:

Land	\$ 971,119
Church Building	10,087,219
Parish Life Center	6,474,437
Queen of Angels Chapel	935,820
Parish Office Building	385,270
Rectory	241,587
Modular Buildings	268,291
	<u>\$ 19,363,743</u>

3. Capital Campaign

In October 2016, the Parish initiated its “Ground in Faith, Growing to Serve” capital campaign, the proceeds from which are designated to fund in part the costs of certain additions to its Lakeway and Queen of Angels Chapel campuses. Total costs of the improvements are preliminarily estimated at approximately \$3,500,000. The capital campaign is of a 3-year term, which concludes in September 2019. As of June 30, 2018, the Parish had realized payments related to this campaign of \$1,959,654. The financial statements do not include recognition of pledge payments receivable (approximately \$10,000 as of June 30, 2018) for this capital campaign.

4. Loans

The Parish’s outstanding debt consists of approximately \$3.7 million in General Obligation Bonds and a term loan held by the Diocese in the amount of \$1,054,000.

The General Obligation Bonds are in \$5,000 denominations and bear interest at rates from 1.50% to 4.25% with a final maturity date of November 15, 2030. In accordance with the terms of an Indenture Agreement, the Parish makes advance monthly deposits (\$32,724 as of June 30, 2018) to an account maintained by an escrow agent of amounts necessary to fund semi-annual payments of principal and interest to the bondholders. The Diocese is a guarantor of the Parish’s bonded debt.

The term loan currently bears a 7.21% fixed rate of interest and is fully amortized over an original 20-year term (beginning in July 2014) at monthly payments of \$11,819. The interest rate on the term loan resets every three years according to diocesan guidelines. The Parish periodically makes additional principal-reduction payments on the term loan based on contributions designated for that purpose.

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

5. Insurance

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

6. Income Taxes

The Parish is exempt from Federal income tax under provisions of Section 501(c)(3) of the Internal Revenue Code. However, the Parish is subject to tax under Section 511(a) to the extent it has unrelated business taxable income. The Parish had no material unrelated business taxable income during fiscal years 2018 or 2017.