

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

**Unaudited Financial Statements
June 30, 2020 and 2019**

**Emmaus Catholic Parish
Lakeway, Texas**

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Emmaus Catholic Parish
Statements of Financial Position
As of June 30, 2020 and 2019

	2020	2019
Assets		
Cash in Commercial Checking Accounts	\$ 2,414,500.58	\$ 2,213,869.85
Cash Deposits held by Diocese	1,501,456.70	1,341,015.08
	3,915,957.28	3,554,884.93
Gift Card Inventory	36,936.18	85,691.03
Account Receivable & Prepaid Expenses	106,252.28	28,817.65
Land, Building, and Equipment at Cost	19,445,663.66	19,469,771.46
Bond Issue Costs, net	94,500.00	103,500.00
	\$ 23,599,309.40	\$ 23,242,665.07
Total Assets	\$ 23,599,309.40	\$ 23,242,665.07
Liabilities and Net Assets		
Liabilities:		
Accounts Payable	\$ 18,011.24	\$ 7,705.46
Collections held for Transmittal	6,283.32	5,532.23
Funds held in Trust	355,392.16	343,754.85
Diocesan Term Loan Payable	850,274.38	965,418.67
Bonds Payable	3,182,499.99	3,426,666.67
	4,412,461.09	4,749,077.88
Total Liabilities	4,412,461.09	4,749,077.88
Net Assets:		
Temporarily Restricted	2,631,492.18	2,863,127.08
Unrestricted	16,555,356.13	15,630,460.11
	19,186,848.31	18,493,587.19
Total Net Assets	19,186,848.31	18,493,587.19
Total Liabilities and Net Assets	\$ 23,599,309.40	\$ 23,242,665.07

Emmaus Catholic Parish
 Statements of Activities
 Years Ended June 30, 2020 and 2019

	2020	2019
Revenue		
Offertory and Other Collections	\$ 2,264,668.59	\$ 2,209,957.27
Capital Campaign and Building Fund Collections	333,366.99	564,400.54
Religious Education Programs	285,830.31	365,679.97
Income from Fundraising Activities	28,033.14	49,547.18
Fees, Rentals and Other Income	222,064.75	132,221.41
Total Revenues	3,133,963.78	3,321,806.37
Expenses		
Religious Education	364,586.70	404,833.60
Payroll and Services	807,097.78	883,408.37
Plant Operation and Maintenance	303,653.08	317,200.00
Utilities	109,543.57	108,731.88
Insurance and Risk Management	92,584.90	86,783.62
General and Administrative	97,583.04	95,107.74
Parish Assessment	211,865.49	274,454.68
Interest and Other Loan Expenses	185,496.87	224,807.17
Total Expenses	2,172,411.43	2,395,327.06
Change in Net Assets	961,552.35	926,479.31
Net Assets at Beginning of Year	18,493,587.19	17,567,107.88
Removal of Modular Buildings	(268,291.23)	--
Net Assets at End of Year	\$ 19,186,848.31	\$ 18,493,587.19

Emmaus Catholic Parish
 Statements of Cash Flows
 Years Ended June 30, 2020 and 2019

	2020	2019
Change in net assets	\$ 961,552.35	\$ 926,479.31
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
(Increase) decrease in bond issuance costs	9,000.00	9,321.00
Changes in operating assets and liabilities:		
Decrease in gift card inventory	48,754.85	5,142.06
(Increase) in prepaid expenses	(77,434.63)	(3,188.55)
Increase in accounts payable	10,305.78	2,442.05
Increase (decrease) in collections held	751.09	(15,493.77)
Increase in funds held in trust	11,637.31	9,353.20
Net cash provided by operating activities	\$ 964,566.75	\$ 934,055.30
Cash from investing activities:		
Property improvements and additions	(244,183.43)	(106,028.32)
Net cash provided by investing activities	(244,183.43)	(106,028.32)
Cash from financing activities:		
Principal payments on bonds	(244,166.68)	(276,666.67)
Principal payments on term loan	(115,144.29)	(88,592.11)
Net cash used in financing activities	(359,310.97)	(365,258.78)
Net increase in cash	361,072.35	467,816.98
Cash at beginning of year	3,554,884.93	3,092,116.73
Cash at end of year	\$ 3,915,957.28	\$ 3,554,884.93

Emmaus Catholic Parish
Notes to Unaudited Financial Statements
June 30, 2020 and 2019

1. Organization.

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

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

2. Significant Accounting Policies.

(a) 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 with exception of Bond Issue Costs are carried on an unadjusted historical cost basis without deduction for depreciation or amortization.

(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) Accounts Receivable and Prepaid Expenses

In May 2020 the Parish filed for a refundable employer tax credit (Employee Retention Credit or “ERC”) pursuant to the Federal Government’s Coronavirus, Aid, Relief, and Economic Security Act (the “CARES” Act). Included in the June 30, 2020 Balance Sheet is an ERC receivable in the amount of \$83,847, which was recognized as other income in the Statement of Activities. Prepaid expenses consist of prepaid employer payroll related liabilities.

(e) Collections Held for Transmittal

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

(f) Restricted Contributions

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

Contributions subject to donor restrictions at June 30, 2020 and 2019 consist of:

	<u>2020</u>	<u>2019</u>
Building Fund Contributions	\$ 2,631,492	\$ 2,513,840
<u>Funds held in Trust:</u>		
Benevolence Fund	5,924	8,390
Restricted Gala Contributions	170,839	120,925
Cemetery Plot Deposits	202,813	166,595
Other Designated Donations	51,461	47,845
	<u>434,037</u>	<u>343,755</u>
	<u>\$ 3,065,530</u>	<u>\$ 2,857,595</u>

(g) 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.

In June 2020, the Parish began construction of a new Pastoral Center on its Lakeway campus at an estimated total cost of approximately \$2.8 million. The Pastoral Center is being built on the site of and replaces two modular buildings, which were removed in May 2020. The facility will add new office space and meeting rooms.

Land, building and equipment consist of the following at June 30, 2020:

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
Pastoral & Chapel Life Center	350,212
	<u>\$ 19,445,664</u>

3. Capital Campaigns

In October 2016, the Parish initiated its “*Ground in Faith, Growing to Serve*” capital campaign, the proceeds from which are designated to fund the costs of the addition of a Pastoral Center to its Lakeway campus and a Chapel Life Center to its Queen of Angels campus. The capital campaign was of a 3-year term, which concluded in September 2019. As of June 30, 2020, the Parish had realized payments related to this campaign, along with other building fund contributions totaling \$2,847,270.

The Parish also participates in the Diocese’s “*Encountering Christ*” capital campaign in which the parish completed a 6-month fundraising phase in December 2019. Following the fundraising phase of the campaign, there is a five-year phase for parishioners to fulfill their pledges. Thirty percent (30%) of all funds collected from pledge payments and one-time gifts by parishioners to this campaign are returned to the Parish, the use for which has been designated to fund in part the costs of the Parish’s property additions. As of June 30, 2020, parishioners have pledged a total of \$2,254,761 of which \$562,356 had been received. Included in the June 30, 2020 Statement of Activities are \$133,719 in Parish rebates related to this campaign.

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

4. Loans

The Parish’s outstanding debt consists of \$3,182,500 in General Obligation Bonds and a term loan held by the Diocese in the approximate amount of \$850,300.

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 (\$32,446 as of June 30, 2020) 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 was originally scheduled to be fully amortized at a fixed rate of interest of 7.21% over a 20-year term (beginning in July 2014) at monthly payments of \$11,819. In May 2020, the Diocese reduced the interest rate on the term loan to 4.00%. The Parish has elected to continue making monthly payments of the original amount to service the loan, which will reduce the remaining amortization period by approximately 18 months. The Parish periodically makes additional principal-reduction payments on the term loan based on contributions designated for that purpose (\$35,000 during the year ended June 30, 2020).

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 2020 or 2019.