

**ROMAN CATHOLIC DIOCESE OF AMARILLO
DIOCESAN PASTORAL CENTER**

**FINANCIAL STATEMENTS AND
INDEPENDENT AUDITORS' REPORT**

YEARS ENDED JUNE 30, 2011 and 2010

**To the Most Reverend Patrick J. Zurek, Bishop of the
Roman Catholic Diocese of Amarillo
And Members of the Finance Council
Amarillo, Texas**

Independent Auditors' Report

We have audited the accompanying statements of financial position of the Roman Catholic Diocese of Amarillo Diocesan Pastoral Center (the "DPC") as of June 30, 2011 and 2010, and the related statements of activities and cash flow for the years then ended. These financial statements are the responsibility of the DPC's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As more fully described in Note 2 to the financial statements, the DPC has not adopted Statement of Financial Accounting Standard Board (FASB) ASC 958-605 and ASC 715-20-65-1 . In our opinion the adoption of ASC 958-605 and ASC 715-20-65-1 is necessary for the DPC's financial statements to conform to accounting principles generally accepted in the United States of America.

In our opinion, except for the effects of the departure from ASC 958-605 and ASC 715-20-65-1 as discussed in the preceding paragraph, the financial statements referred to above present fairly, in all material respects, the financial position of the Roman Catholic Diocese of Amarillo Diocesan Pastoral Center, as of June 30, 2011 and 2010, and the results of its operations and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

Our audit was conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplemental information on page 13 is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Cornell & Company, P.C
November 30, 2011

**ROMAN CATHOLIC DIOCESE OF AMARILLO
DIOCESAN PASTORAL CENTER
STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2011 AND 2010**

	<u>2011</u>	<u>2010</u>
<u>Assets</u>		
Cash and cash equivalents	\$ 1,014,496	\$ 358,216
Accounts receivable:		
Parishes and other entities	224,310	225,686
Prepaid Expenses	<u>36,301</u>	<u>29,885</u>
Total current assets	1,275,107	613,787
Investments	51,452	51,452
Long term accounts receivable - parishes and other entities	105,388	106,279
Land, buildings and equipment, net of accumulated depreciation	<u>1,137,318</u>	<u>1,205,399</u>
Total assets	<u><u>\$ 2,569,265</u></u>	<u><u>\$ 1,976,917</u></u>
<u>Liabilities</u>		
Accounts payable	\$ 65,977	\$ 96,682
Payroll liabilities	112,397	98,100
Grants payable	9,600	55,600
Custodial funds	190,700	160,690
Deferred Income	316,000	150,000
Notes payable-current portion	<u>35,992</u>	<u>320,906</u>
Total current liabilities	730,666	881,978
Notes payable - long term portion	<u>258,369</u>	<u>4,793</u>
Total liabilities	989,035	886,771
<u>Net assets</u>		
Unrestricted:		
Undesignated	962,146	554,957
Designated	-	14
Temporarily restricted	<u>618,084</u>	<u>535,175</u>
Total net assets	<u>1,580,230</u>	<u>1,090,146</u>
Total liabilities and net assets	<u><u>\$ 2,569,265</u></u>	<u><u>\$ 1,976,917</u></u>

See Independent Auditors' report and notes to financial statements.

ROMAN CATHOLIC DIOCESE OF AMARILLO
DIOCESAN PASTORAL CENTER
COMPARATIVE STATEMENTS OF ACTIVITIES
YEARS ENDED JUNE 30, 2011 AND 2010

	2011			2010		
	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
Change in net assets:						
Revenue and other support						
United Catholic Appeal	\$ 781,589	\$ 298,294	\$ 1,079,883	\$ 837,507	\$ 230,629	\$ 1,068,136
Cathedraticum tax	768,936	-	768,936	762,936	-	762,936
Other assessments	297,312	125,802	423,114	272,136	121,139	393,275
Contributions and bequests	59,053	-	59,053	65,560	-	65,560
Capital Campaign Income	-	-	-	-	110,941	110,941
Net investments income	16,406	-	16,406	13,549	-	13,549
Rent income	17,609	-	17,609	62,188	-	62,188
Miscellaneous income	95,058	134,058	229,116	58,780	100,390	159,170
Grant income	-	1,111,986	1,111,986	-	806,275	806,275
Fund raising income	-	78,452	78,452	-	71,962	71,962
Total revenue and other support	2,035,963	1,748,592	3,784,555	2,072,656	1,441,336	3,513,992
Net assets released from restrictions	1,665,697	(1,665,697)	-	1,299,870	(1,299,870)	-
Total increases (decreases) in net assets before expenses	3,701,660	82,895	3,784,555	3,372,526	141,466	3,513,992
Expenses:						
Program services:						
Amarillo Catholic School System	119,782	-	119,782	128,055	-	128,055
Tuition assistance	100,232	-	100,232	90,146	-	90,146
Tribunal	69,420	-	69,420	66,493	-	66,493
Education	71,413	-	71,413	86,200	-	86,200
City ministries	138,987	-	138,987	142,036	-	142,036
Hispanic ministries	4,973	-	4,973	5,388	-	5,388
Christian formation	63,746	-	63,746	60,000	-	60,000
Seminary education	236,551	-	236,551	369,926	-	369,926
Diaconate office	125,212	-	125,212	124,782	-	124,782
West Texas Catholic Newspaper	154,757	-	154,757	124,256	-	124,256
Youth ministries	266,869	-	266,869	171,149	-	171,149
Priest service	140,213	-	140,213	285,027	-	285,027
Miscellaneous program services	198,379	-	198,379	219,611	-	219,611
Planned annual subsidies	119,712	-	119,712	106,013	-	106,013
Grant distributions	140,778	-	140,778	84,305	-	84,305
Supporting services:						
Administrative and general	1,247,447	-	1,247,447	1,352,331	-	1,352,331
Fund-raising	96,000	-	96,000	96,000	-	96,000
Total expenses	3,294,471	-	3,294,471	3,511,718	-	3,511,718
Change in net assets	407,189	82,895	490,084	(139,192)	141,466	2,274
Net assets (deficit) at beginning of year	554,957	535,189	1,090,146	694,149	393,723	1,087,872
Net assets (deficit) at end of year	\$ 962,146	\$ 618,084	\$ 1,580,230	\$ 554,957	\$ 535,189	\$ 1,090,146

See Independent Auditors' Report and notes to financial statements.

**ROMAN CATHOLIC DIOCESE OF AMARILLO
DIOCESAN PASTORAL CENTER
STATEMENTS OF CASH FLOW
FOR THE YEARS ENDED JUNE 30, 2011 AND 2010**

	<u>2011</u>	<u>2010</u>
Cash flows from operating activities:		
Change in net assets	\$ 490,084	\$ 2,274
Adjustments to reconcile change in net assets to net cash flows from operating activities:		
Depreciation	87,278	85,835
(Increase) decrease in:		
Accounts receivable	(6,764)	67,204
Increase (decrease) in:		
Accounts payable	(30,710)	23,926
Payroll liabilities	14,298	91,141
Custodial funds	30,010	(16,926)
Deferred Income	166,000	94,000
Grants Payable	<u>(46,000)</u>	<u>30,600</u>
Net cash flows from operating activities	<u>704,196</u>	<u>378,054</u>
Cash flows from investing activities:		
Long Term Accounts Receivable	891	(106,279)
Catholic Umbrella Pool	-	13,661
Proceeds from sales	4,500	-
Purchase of equipment	<u>(21,972)</u>	<u>(15,750)</u>
Net cash flows from investing activities	<u>(16,581)</u>	<u>(108,368)</u>
Cash flows from financing activities:		
Payment on debt	(325,923)	(360,465)
Proceeds from issuance of debt	<u>294,588</u>	<u>182,278</u>
Net cash flow from financing activities	<u>(31,335)</u>	<u>(178,187)</u>
Net increase in cash and equivalents	656,280	91,499
Cash and equivalents, beginning of year	<u>358,216</u>	<u>266,717</u>
Cash and equivalents, end of year	<u><u>\$ 1,014,496</u></u>	<u><u>\$ 358,216</u></u>
Supplemental disclosures of cash flow information:		
Cash paid during the year for:		
Interest on loans	<u><u>\$ 20,083</u></u>	<u><u>\$ 44,885</u></u>

See Independent Auditors' Report and notes to financial statements.

**ROMAN CATHOLIC DIOCESE OF AMARILLO
DIOCESAN PASTORAL CENTER
STATEMENT OF NET ASSETS
PROPRIETARY FUND
JUNE 30, 2011 and 2010**

	<u>2011</u>	<u>2010</u>
	<u>Assets</u>	
Cash and cash equivalents	\$ 344,826	\$ 251,673
	<hr/>	<hr/>
Total assets	\$ 344,826	\$ 251,673
	<u>Net assets</u>	
Unrestricted Net Assets	\$ 344,826	\$ 251,673
	<hr/>	<hr/>
Total net assets	\$ 344,826	\$ 251,673
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See Independent Auditors' Report and notes to financial statements.

**ROMAN CATHOLIC DIOCESE OF AMARILLO
DIOCESAN PASTORAL CENTER
STATEMENT OF CHANGES IN NET ASSETS
PROPRIETARY FUND
FOR THE YEAR ENDED JUNE 30, 2011 AND 2010**

	<u>2011</u>	<u>2010</u>
Changes in net assets		
Operating Revenue	\$ 1,263,407	\$ 1,141,400
	<hr/>	<hr/>
Total increase in net assets before expenses	1,263,407	1,141,400
Expenses		
Administrative Fees & Claims Paid	1,170,254	1,075,381
	<hr/>	<hr/>
Total Expenses	1,170,254	1,075,381
Changes in Net Assets	93,153	66,019
Net Assets at beginning of year	251,673	185,654
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Net Assets at end of year	\$ 344,826	\$ 251,673
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See Independent Auditors' Report and notes to financial statements.

ROMAN CATHOLIC DIOCESE OF AMARILLO
DIOCESAN PASTORAL CENTER
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2011 AND 2010

Note 1 – Summary of significant accounting policies:

Nature of Operations

The Roman Catholic Diocese of Amarillo (the “Diocese”) was established August 25, 1926. It includes 34 parishes, 13 mission communities, 6 elementary schools, 1 diocesan high school and other institutions under the direct supervision of the Bishop of Amarillo. The Bishop of Amarillo is a de facto corporation sole. The Bishop of Amarillo has dominion over the entities indicated and property is titled: The Most Reverend Patrick J. Zurek, Bishop of the Roman Catholic Diocese of Amarillo, and /or his successors in office. The Dioceses is part of the Catholic Church of America, also known as the United States Catholic Conference, and of the Texas Catholic Conference.

The Diocesan Pastoral Center (the “DPC”) includes the departments that provide services at the diocesan level of administration that are fiscally responsible to the Bishop. As such, the DPC is presented as a segment of the Diocese: separated entities (parishes, schools, etc.) are not included in the accompanying financial statements.

Basis Of Presentation

The accompanying financial statements are prepared in accordance with accounting principles generally accepted in the United States of America as applicable to non-profit organizations. They include the assets, liabilities, net assets and financial activities of all departments providing services at the diocesan level of administration, which are fiscally responsible to the Bishop of Amarillo.

A portion of the operating revenue received by the DPC comes from assessments/taxes that are collected from other entities operating within the Diocese. The amounts are generally derived based on percentages of an entity’s gross revenues and are assessed and collected monthly. Additional operating revenue is received from United Catholic Appeal campaign. Under this campaign, each parish in the diocese is assessed an annual financial quota by the Bishop to be met by the parishioners. If the parish is not able to meet the financial quotas set by the Bishop from their parishioners, the parish must then meet the quota by using money from their annual operating funds.

The accompanying financial statements exclude assets, liabilities, net assets and financial activities of individual parishes, schools, the Bishop DeFalco Retreat Center and other church organizations, which operate within the Diocese of Amarillo. Each, although ultimately responsible to the Bishop, is an operating entity distinct from the DPC, maintains separate financial records, and provides its own services and programs.

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 those estimates.

Contributions

Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support, depending on the existence and/or nature of any donor restrictions. All donor-restricted support is reported as an increase in temporarily or permanently restricted net assets, depending on the nature of the restriction. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), temporarily restricted net assets are reclassified to unrestricted net assets and reported in the Statement of Activities as net assets released from restrictions. Permanently restricted net assets represent contributions received that, according to donor wishes, are to be held in perpetuity, with related income being available for specific use within the Diocese. Contributions received with donor-imposed restrictions that are met in the same year in which the contributions are received are classified as unrestricted contributions.

Donated equipment, materials and supplies are reflected as contributions in the accompanying financial statements at their estimated values at date of receipt. No amounts have been reflected in the accompanying financial statements for donated services since no objective basis is available to measure the value of such services.

Cash and cash equivalents

For purposes of the statement of cash flows, the DPC considers cash in operating bank accounts, cash on hand and all highly liquid debt instruments purchased with a maturity of three months or less to be cash equivalents.

Note 1 – Summary of significant accounting policies (continued):

Accounts receivable

The DPC follows the direct write-off method of expensing accounts receivable when considered uncollectible. The effect of using this method (as compared to an allowance method) on the statement of activities is immaterial. Management evaluates each account individually to determine its collectability.

During the current year, the DPC reclassified \$105,388 of receivables, from several Diocesan entities to long-term. This will allow the DPC to collect the receivables and help the entities to better manage their cash flow.

Property and Equipment

Property and equipment are recorded at cost, less accumulated depreciation. Depreciation is computed using the straight-line method over the estimated useful lives of the related assets, ranging from 3-40 years. Property and equipment donated to the DPC are recorded at fair market value and are depreciated in the same manner as purchased assets. Purchased and donated property with a value over \$500 is capitalized.

Grants

The DPC receives grants from various agencies and foundations for the benefit of various entities within the Diocese. These grants are intended for the benefit of departments or ministries that are managed through the DPC, as well as other entities within the Diocese (i.e. parishes, schools, etc.). Grants are recognized as revenue when susceptible to accrual and grant distribution expense is recorded when the related entity receives their portion of the grant from the DPC.

Proprietary Funds

Revenues and expenses related to services provided inside the DPC on a cost reimbursement basis are accounted for in an internal service fund. The DPC Service Fund is: Self Funded Health Insurance Plan. Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues result from providing goods and services in connection with a proprietary fund's principal ongoing operations; they usually come from exchange or exchange-like transactions. All other revenues are non-operating. Operating expenses can be tied specifically to the production of the goods and services, such as materials and labor and direct overhead. Other expenses are non-operating.

Income taxes

The Diocese is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code and therefore has made no provision for federal income taxes in the accompanying financial statements. In addition, the Diocese has been determined by the Internal Revenue Service not to be a "private foundation" within the meaning of Section 509(a) of the Internal Revenue Code.

Note 2 – Departures from GAAP:

Financial Accounting Standards Board (FASB) ASC 958-605 establishes standards for transactions in which an entity – the *donor* - makes a contribution by transferring assets to a not-for-profit organization or charitable trust – the *recipient organization* – that accepts the assets from the donor and agrees to use those assets on behalf of or transfer those assets, the return on investment of those assets, or both to another entity – the *beneficiary* – that is specified by the donor. If the recipient organization and the beneficiary are financially interrelated, the beneficiary is required to recognize its interest in the net assets adjusted by its share of the change in net assets of the recipient organization.

The DPC chose not to implement ASC 958-605 even though the DPC has assets as a beneficiary as described above at June 30, 2011 and 2010. The results of this departure from accounting principles generally accepted in the United States of America (GAAP) is summarized as follows:

	<u>2011</u>		<u>2010</u>
Assets Understated	\$ 1,955,932	\$	2,065,913
Temporarily Restricted Net Assets Understated	68,414		63,841
Permanently Restricted Net Assets Understated	1,887,518		2,002,072
Change in Net Assets Understated	5,607		9,804

Note 2 – Departures from GAAP (Continued):

ASC 715-20-65-1 was implemented to “improve financial reporting by requiring an employer to recognize the overfunded or underfunded status of a defined benefit plan as an asset or liability in its statement of financial position” and to recognize changes in the funded status of the plan through changes in unrestricted net assets. (See Note 15.)

The DPC chose not to implement ASC 715-20-65-1 for its defined benefit plan. The results of this departure from accounting principles generally accepted in the United States of America (GAAP) is summarized as follows:

	<u>2011</u>	<u>2010</u>
Liabilities Understated	\$ 455,366	\$ 918,857
Unrestricted Net Assets Overstated	455,366	918,857

Note 3 – Land, buildings and equipment:

A summary of land, building and equipment at June 30, follows:

	<u>2011</u>	<u>2010</u>
Land	\$ 22,605	\$ 22,605
Buildings and Improvements	2,699,408	2,696,878
Holy Cross Academy Building	1,122,711	1,122,711
Vehicles	32,391	56,118
Furniture and Equipment	419,371	402,705
	<hr/>	<hr/>
Total, at cost	4,296,486	4,301,017
Less: accumulated depreciation	3,159,168	3,095,618
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Net Land, Buildings and Equipment	\$ 1,137,318	\$ 1,205,399

Note 4 – Notes payable:

At year-end, notes payable are comprised of the following:

	<u>2011</u>	<u>2010</u>
Operating line of credit from Amarillo National Bank due on September 30, 2011. Principal and interest are payable monthly. Secured by real property.	\$ -	\$ 316,614
Note payable to Amarillo National Bank. Due in monthly installments of \$4,000, including interest at 6%. Secured by real property.	289,568	-
Note payable to Great American Phone. Due in monthly installments of \$424, including interest at 11%.	4,793	9,085
	<hr/>	<hr/>
Total Notes Payable	294,361	325,699
Less: Current Portion	35,992	320,906
Long Term Portion	\$ 258,369	\$ 4,793

Long term debt matures on June 30 as follows:

2013	\$ 33,195
2014	35,272
2015	37,479
2016	39,802
2017	42,314
2018-2019	70,307
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	\$ 258,369

Note 5 – Designated net assets:

The Bishop and Finance Council have designated a fund to accumulate a reserve to repay loans of seminary students at graduation. Seminary students are granted loans by the Deposit and Loan Fund to pay for education expenses. Upon graduation, the DPC will repay the loan. However, if the seminarian terminates his education, he is personally responsible for repayment. At June 30, 2011 and 2010, this fund had a balance of \$0 and \$14 respectively.

Note 6 - Temporarily restricted net assets:

Temporarily restricted assets at June 30, 2011 are available for the following purposes:

	Balance 6/30/10	Additions	Releases	Balance 6/30/11
Revenue restricted for:				
United Catholic Appeal restricted for future periods	\$ 230,629	\$ 298,294	\$ (230,629)	\$ 298,294
Sabbaticals and continuing education	120,524	17,199	-	137,723
Priests' Study Week	17,935	9,499	(13,073)	14,361
Capital Campaign Income	-	-	-	-
Seminary Burse Endowment	-	41,542	(17,060)	24,482
Catholic Schools Tuition Assistance	38,408	123,844	(162,252)	-
Bichsel Estate	-	41,035	(41,035)	-
Bishop's Charities	5,903	-	(4,450)	1,453
Respect Life	66,962	37,417	(79,269)	25,110
Youth Rally	-	31,777	(31,777)	-
Youth Summer Camp	-	20,176	(20,176)	-
World Youth Day	-	82,105	(82,105)	-
Grant revenue restricted for:				
Home mission	-	35,600	(35,600)	-
Christian formation	11,360	105,300	(75,813)	40,847
Seminary education	-	246,404	(246,404)	-
Tuition assistance	-	40,000	(40,000)	-
Communications	-	15,400	(15,400)	-
Priest Services	-	75,000	(75,000)	-
Campus ministry	-	56,000	(35,000)	21,000
Office of diaconate	-	128,000	(128,000)	-
Youth ministry	-	78,100	(78,100)	-
Spirituality & Evangelical	787	25,000	(4,973)	20,814
Preservation of photographic records	-	-	-	-
City Ministries	-	102,900	(102,900)	-
DPC Roof Repairs	-	-	-	-
"Why Catholic" Program	30,000	30,000	(30,000)	30,000
Diocesan Assembly	-	-	-	-
Cathedral Move	-	68,000	(68,000)	-
Stewardship	-	25,000	(25,000)	-
Catholic Mutual - Risk Management	4,000	-	-	4,000
Respect Life	-	15,000	(15,000)	-
Mass stipends	8,667	-	(8,667)	-
Totals	<u>\$ 535,175</u>	<u>\$ 1,748,592</u>	<u>\$ (1,665,683)</u>	<u>\$ 618,084</u>

Note 7 – Lay employee pension plan:

The DPC has a defined contribution pension plan for all eligible lay employees. The plan requires annual contributions of 5% of eligible employee salaries. The DPC contributed \$35,356 and \$32,340, during the years ended June 30, 2011 and 2010 respectively.

Note 8 – Commitments and Contingencies:

Litigation

The Diocese is subject to various commitments and contingent liabilities, including general litigation. Various lawsuits and claims are pending against the Diocese, the majority of which are subject to coverage under the Diocese's insurance programs. While amounts claimed in some cases are substantial, management believes that the resolution of such matters will not have a material impact on the financial condition of the Diocese.

Guarantees

The DPC from time to time acts as guarantor on various loans obtained by other entities included in the Diocese (i.e. parishes, schools, etc.). The books and records of these entities are not included in the accompanying financial statements. However, the DPC is responsible for repayment for the related indebtedness should the debtor entity not repay the obligation. During the year ended June 30, 2011, the DPC guaranteed outstanding loans for parishes totaling approximately \$887,000. The loans relate to repairs and construction. In the case of default, the DPC would be responsible for any remaining balance. At year-end, the parishes were performing under the obligations.

Note 9 – Concentration of credit risk:

The DPC maintains various bank accounts at institutions insured by the Federal Deposit Insurance Corporation (FDIC). Cash accounts are federally insured up to \$250,000 in coverage for interest bearing accounts and unlimited coverage on non-interest bearing accounts. Cash at these institutions exceeded federally insured limits. The amounts in excess of FDIC insurance totaled \$1.02 million as of June 30, 2011 and \$211,825 as of June 30, 2010.

Note 10 – Grant income:

Grant income received includes grants from the following sources:

	<u>2011</u>	<u>2010</u>
Catholic Church Extension Society	\$ 348,000	\$ 353,000
Kennedy Memorial Foundation	215,000	131,000
Committee on the Home Missions	130,000	93,750
Scanlan Foundation	346,000	150,000
Catholic Foundation of the Texas Panhandle	66,282	66,282
Black and Indian Mission Office	-	6,000
Others	6,704	6,243
	<u>\$ 1,111,986</u>	<u>\$ 806,275</u>

Note 11 – Investments:

The DPC is a member of a self-insurance pool and has a less than 1% equity interest. The interest is recorded using the equity method under which cost is adjusted for the DPC's share of the profits or losses and distributions. The DPC receives unrestricted dividends. The equity amount as of June 30, 2011 and 2010 is \$51,452 and \$51,452.

Note 12 – Leases:

The DPC entered into an operating lease for office equipment in August 2004. Total lease payments were \$0 for 2011 and \$300 for 2010.

Note 13 – Self – Insurance Plan

The DPC is partially self insured for benefits provided under an employee health insurance plan. The Plan provides for DPC self-insurance up to an annual liability of \$120,000 per individual and \$1.20 million in the aggregate. As of June 30, 2011, the Company had exceeded its stop loss coverage and therefore no contingent liability has been provided.

Note 14 – Priests’ pension plan:

The DPC has a noncontributory defined benefit pension plan covering all diocesan priests and contributions are provided to orders of religious personnel. The following is information from the most recent actuarial valuation on July 1, 2010. The plan will be valued on an annual basis that coincides with the fiscal year of the DPC.

Actuarial Valuation Information

Actuarial Valuation Date	<u>7/1/2008</u>	<u>7/1/2009</u>	<u>7/1/2010</u>
Actuarial Cost Method	entry age	entry age	entry age
Amortization Method	level percentage of payroll, open	level percentage of payroll, open	level percentage of payroll, open
Amortization Period in Years	15.7	15.7	15.7
Asset Valuation Method	long-term appreciation with adjustment	long-term appreciation with adjustment	long-term appreciation with adjustment
Retirement Age	70	70	70
Actuarial Assumptions:			
Investment return*	4.75%	4.75%	4.75%
Projected salary increases*	4.00%	4.00%	0.00%
Inflation	3.50%	3.00%	3.00%
Cost-of-living adjustments	0.00%	0.00%	0.00%
* Includes inflation at the stated rate			

	Pension Plan as of 07/01/08	Pension Plan as of 07/01/09	Pension Plan as of 07/01/10	Preliminary Pension Plan as of 07/01/11
Projected Benefit Obligation	\$ 4,007,219	\$ 3,829,224	\$ 3,666,147	\$ 3,481,198
Plan Assets at Fair Value	2,174,513	2,624,779	2,747,290	3,052,832
Excess of Benefit Obligation over Assets	1,832,706	1,204,445	918,857	455,366
Net Periodic Pension Costs	180,444	133,544	110,896	108,397
Contributions	(833,960)	(661,372)	(416,735)	(444,125)
Benefits Paid	292,269	294,434	338,088	261,038

The Unfunded Net Obligation for the Priests’ Pension Benefit Plan is an actuarial estimate that will be funded over the next 10 to 30 years. Recommended funding for 2010 was \$294,875 and for 2009 was \$319,454 per year from contributions. The DPC contributed \$444,125 and \$416,735 during the years ended June 30, 2011 and 2010 respectively.

All assets were held in the form of certificates of deposit on June 30, 2011 and 2010. Investment risk is mitigated by using only FDIC insured investments and not exceeding the insured limit of \$250,000. No assets are expected to be returned to the DPC during 2011.

The DPC has made significant contributions to the plan in each of the last three fiscal years. A portion of the contributions was from distributions made by the Capital Campaign. Plan assets have also been re-invested at substantially higher earnings.

Please refer to the actuarial report for more information.

Note 15 – Related Party Transactions

The DPC has significant transactions with the Roman Catholic Diocese of Amarillo Deposit and Loan (the D&L). The D&L is a cooperative investment and lending program for the mutual benefit of diocesan organizations. The DPC's account balances are as follows:

	<u>2011</u>	<u>2010</u>
Funds on Deposit		
Seminarian Loan Fund	\$ -	\$ 14
Diocese Savings	635,322	5,313
Diocese Bus Fund	7,865	3,773
Catholic School System	5,517	10,080
	<u>\$ 648,704</u>	<u>\$ 19,180</u>
Loans Outstanding		
Operating Loan	<u>\$ -</u>	<u>\$ 136,598</u>

Note 16 – Reclassifications

Certain accounts in the prior-year financial statements have been reclassified for comparative purposes to conform to the presentation in the current year financial statements.

Note 17 – Subsequent Events

Date of Management Evaluation

Management has evaluated subsequent events through November 30, 2011, the date on which the financial statements were available to be issued.

**ROMAN CATHOLIC DIOCESE OF AMARILLO
DIOCESAN PASTORAL CENTER
ADMINISTRATIVE AND GENERAL EXPENSES
YEAR ENDED JUNE 30, 2011 AND 2010**

	2011	2010
General Administrative	\$ 335,293	\$ 374,191
Plant and Maintenance	228,557	168,466
Business Office	206,894	217,413
Development Office	112,073	111,376
Cathedral Moving Expenses	80,297	-
Human Resources	75,741	63,075
Central Accounting	59,435	62,158
IT Department	54,872	52,520
Charter Costs	45,872	112,357
Building & Equipment Depreciation	23,090	21,160
Interest	20,083	34,643
Priests' Pension Plan	5,000	115,541
Discernment House	240	220
Diocesan Assembly	-	19,211
	<u>\$ 1,247,447</u>	<u>\$ 1,352,331</u>

See Independent Auditors' report and notes to financial statements.