

**ROMAN CATHOLIC DIOCESE OF AMARILLO
DEPOSIT AND LOAN FUND**

**FINANCIAL STATEMENTS AND
INDEPENDENT AUDITOR'S REPORT**

YEARS ENDED JUNE 30, 2008 AND 2007



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CERTIFIED PUBLIC ACCOUNTANTS

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Founder
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**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 Deposit and Loan Fund (the "D&L"), a nonprofit organization as of June 30, 2008 and 2007, and the related statements of activities and cash flow for the year then ended. These financial statements are the responsibility of the 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 audits 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.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Roman Catholic Diocese of Amarillo Deposit and Loan Fund, as of June 30, 2008 and 2007, and the results of its operations and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Cornell & Company, P.C.
Cornell & Company, P.C.

December 4, 2008

**ROMAN CATHOLIC DIOCESE OF AMARILLO
DEPOSIT AND LOAN FUND
STATEMENT OF FINANCIAL POSITION
JUNE 30, 2008 AND 2007**

	2008	2007
Assets		
Cash and cash equivalents	\$ 392,727	\$ 574,605
Investments, at market - Note 2	3,496,009	2,789,817
Accounts Receivable	623,843	505,451
Total Assets	\$ 4,512,579	\$ 3,869,873
Liabilities and Net Assets		
Liabilities		
Deposits Payable	\$ 4,414,896	\$ 3,877,620
Notes Payable - Note 3	-	1,779
Total Liabilities	4,414,896	3,879,399
Net assets - unrestricted	97,682	(9,526)
Total Liabilities and Net Assets	\$ 4,512,579	\$ 3,869,873

See independent auditors' report and notes to financial statements.

**ROMAN CATHOLIC DIOCESE OF AMARILLO
DEPOSIT AND LOAN FUND
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2008 and 2007**

Unrestricted Net Assets

Revenue and Support	<u>2008</u>	<u>2007</u>
Interest Earned on Loans	\$ 22,442	\$ 33,108
Investment Income	160,223	117,771
Unrealized Gains on Investments	94,283	10,822
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Total Revenue and Support	276,948	161,701
	<hr/>	<hr/>
Expenses		
Interest Paid on Deposits	144,888	109,726
Service Fees	38,815	30,788
Realized Losses	(13,963)	8,096
	<hr/>	<hr/>
Total Expenses	169,740	148,610
	<hr/>	<hr/>
Increase (Decrease) in Unrestricted Net Assets	107,208	13,091
Unrestricted Net Assets - Beginning of Year	(9,526)	(22,617)
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Unrestricted Net Assets - End of Year	\$ 97,682	\$ (9,526)
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**ROMAN CATHOLIC DIOCESE OF AMARILLO
DEPOSIT AND LOAN FUND
STATEMENT OF CASH FLOWS
FOR THE YEARS ENDED JUNE 30, 2008 AND 2007**

	<u>2008</u>	<u>2007</u>
Cash Flows from Operating Activities		
Increase (Decrease) in Net Assets	\$ 107,208	\$ 13,091
Adjustments to Reconcile Increase in Net Assets to Net Cash Provided by Operating Activities:		
Unrealized (Gain) Loss on Investments	(94,283)	(10,822)
Realized (Gain) Loss on Investments	(13,963)	8,096
Decrease (Increase) in Accounts Receivable	(118,391)	617,488
(Decrease) Increase in Accounts Payable	<u>537,277</u>	<u>426,097</u>
Net Cash Flow from Operating Activities	417,848	1,053,950
 Cash Flows from Investing Activities		
Purchase of Investments	(648,108)	(1,098,726)
Proceeds from Sale of Investments	<u>50,161</u>	<u>74,854</u>
Net Cash Flow from Investing Activities	(597,947)	(1,023,872)
 Cash Flows from Financing Activities		
Principal Payments on Long Term Debt	<u>(1,779)</u>	<u>(2,000)</u>
Net Decrease in Cash and Cash Equivalents	(181,878)	28,078
Cash and Cash Equivalents - Beginning of Year	<u>574,605</u>	<u>546,526</u>
Cash and Cash Equivalents - End of Year	<u>\$ 392,727</u>	<u>\$ 574,605</u>
 Supplemental Disclosures:		
Interest Paid	<u>\$ 144,888</u>	<u>\$ 109,726</u>

See independent auditors' report and notes to financial statements.

**ROMAN CATHOLIC DIOCESE OF AMARILLO
DEPOSIT AND LOAN FUND
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2008 and 2007**

Note 1 – Summary of significant accounting policies:

Nature of Operations

The Roman Catholic Diocese of Amarillo Deposit and Loan Fund (the D&L) was established in June 2002. It is a separate Texas non-profit corporation formed for the cooperative investment and lending of funds for the mutual benefit of parishes and organizations in the Roman Catholic Diocese of Amarillo. There is a two percentage point difference between the interest charged and the interest paid.

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.

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.

Cash and cash equivalents

For purposes of the statement of cash flows, the D&L 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.

Accounts receivable

The D&L follows the direct write-off method of expensing accounts receivable when considered uncollectable. 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 if an account is uncollectable.

Investment securities

Investments in marketable securities with readily determinable fair values and all investments in debt securities are valued at their fair values in the statement of financial position. Unrealized gains and losses are included in the change in net assets.

Income taxes

The D&L is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code and therefore has made no provisions for federal income taxes in the accompanying financial statements.

**ROMAN CATHOLIC DIOCESE OF AMARILLO
DEPOSIT AND LOAN FUND
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2008 and 2007**

Note 2 – Investments:

Investments are stated at fair value and consist of mutual funds, U.S. Government bonds (mortgage-backed securities) and corporate bonds. Investments are held by the trust department at Chase Bank. Fair values and unrealized appreciation (depreciation) at June 30, 2008 and 2007 are summarized as follows:

			<u>Fair</u> <u>Value</u>	<u>Unrealized</u> <u>Appreciation</u> <u>(Depreciation)</u>
June 30, 2008	<u>Cost</u>			
U.S. Government Bonds	\$ 3,434,995	\$ 3,496,009	\$ 61,014	
June 30, 2007				
U.S. Government Bonds	\$ 2,823,086	\$ 2,789,517	\$ (33,569)	

Note 3 – Note payable:

At June 30, 2008 and 2007 notes payable consisted of the following:

	<u>2008</u>	<u>2007</u>
A non-interest bearing note payable to the United States Environmental Protection Agency due in semi annual installments of principal only of \$1,000 until May 2008.	\$ -	\$ 1,779

Note 4 – Concentration of credit risk:

The D&L maintains various bank accounts at institutions insured by the Federal Deposit Insurance Corporation (FDIC). Cash exceeded federally insured limits by \$123,677 and \$405,336 as of June 30, 2008 and 2007, respectively.

Note 5 – Related Party Transactions

While the D&L consists of loans to and investments from many parishes and organizations, significant balances relate to the Diocesan Pastoral Center. Balances at year end are as follows:

	<u>2008</u>	<u>2007</u>
Accounts Receivable		
Operating Line of Credit	\$ 254,355	\$ -
	<u>\$ 254,355</u>	<u>\$ -</u>
Deposits Payable		
Seminarian Loan Fund	\$ 36,350	\$ 41,689
Diocese Savings	4,883	30,218
Bishop's Charity	869	4,928
Catholic School System	9,403	9,080
	<u>\$ 51,505</u>	<u>\$ 85,915</u>