

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

**Unaudited Financial Statements  
June 30, 2017 and 2016**

**Emmaus Catholic Parish  
Lakeway, Texas**

**Table of Contents**

	<b><u>Page</u></b>
<b>Statements of Financial Position</b>	<b>3</b>
<b>Statements of Activities</b>	<b>4</b>
<b>Statements of Cash Flows</b>	<b>5</b>
<b>Notes to Financial Statements</b>	<b>6-9</b>

**Emmaus Catholic Parish**  
**Statements of Financial Position**  
**As of June 30, 2017 and 2016**

	<b>2017</b>	<b>2016</b>
<b>Assets</b>		
Cash in Commercial Checking Accounts	\$ 1,762,027.80	\$ 1,084,348.52
Cash Deposits held by Diocese	304,245.36	300,494.35
	2,066,273.16	1,384,842.87
Gift Card Inventory	77,076.63	74,271.71
Prepaid Expenses and other Assets	25,690.04	19,227.10
Land, Building, and Equipment at Cost	19,376,743.14	19,376,743.14
Bond Issue Costs, net	121,500	108,178.64
	21,667,282.97	20,963,263.46
Total Assets	\$ 21,667,282.97	\$ 20,963,263.46
<b>Liabilities and Net Assets</b>		
<b>Liabilities:</b>		
Accounts Payable	\$ 3,648.83	\$ 9,968.90
Collections held for Transmittal	10,171.17	12,128.96
Funds held in Trust	341,630.80	317,251.67
Diocesan Term Loan Payable	1,168,678.41	1,242,749.37
Bonds Payable	3,954,166.64	4,040,833.00
	5,478,295.85	5,622,931.90
Total Liabilities	5,478,295.85	5,622,931.90
<b>Net Assets:</b>		
Temporarily Restricted	1,079,595.06	300,494.35
Unrestricted	15,109,392.06	15,039,837.21
	16,188,987.12	15,340,331.56
Total Net Assets	16,188,987.12	15,340,331.56
Total Liabilities and Net Assets	\$ 21,667,282.97	\$ 20,963,263.46

**Emmaus Catholic Parish**  
 Statements of Activities  
 Years Ended June 30, 2017 and 2016

	<b>2017</b>	<b>2016</b>
<b>Revenue</b>		
Offertory and Other Collections	\$ 2,195,989.33	\$ 2,229,359.22
Building Fund Collections	703,150.06	296,579.05
Religious Education Programs	338,696.39	261,027.91
Income from Fundraising Activities	61,315.99	76,247.81
Fees, Rentals and Other Income	99,287.63	100,609.35
Total Revenues	3,398,439.40	2,963,823.34
<b>Expenses</b>		
Religious Education	390,768.16	315,761.67
Payroll and Services	806,333.32	755,944.38
Plant Operation and Maintenance	443,407.08	315,356.83
Utilities	130,255.61	129,994.91
Insurance and Risk Management	101,933.47	101,833.54
General and Administrative	99,747.57	112,473.64
Parish Assessment	205,445.00	191,714.00
Interest and Other Loan Expenses	371,893.63	322,376.81
Total Expenses	2,549,783.84	2,245,455.78
<b>Change in Net Assets</b>	848,655.56	718,367.56
<b>Net Assets at Beginning of Year</b>	15,340,331.56	14,621,964.00
<b>Net Assets at End of Year</b>	\$ 16,188,987.12	\$ 15,340,331.56

**Emmaus Catholic Parish**  
 Statements of Cash Flows  
 Years Ended June 30, 2017 and 2016

	<u>2017</u>	<u>2016</u>
Change in net assets	\$ 848,655.56	\$ 718,367.56
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
(Increase) decrease in bond issuance costs	(13,321.36)	12,480.00
Changes in operating assets and liabilities:		
(Increase) decrease in gift card inventory	(2,804.92)	12,726.36
(Increase) decrease in prepaid expenses	(6,462.94)	(3,328.32)
Increase (decrease) in accounts payable	(6,320.07)	(3,413.91)
Increase (decrease) in collections held	(1,957.79)	3,526.96
Increase in funds held in trust and other liabilities	24,379.13	2,827.90
	<u>842,167.61</u>	<u>737,858.67</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	--	--
Net cash used in investing activities	<u>--</u>	<u>--</u>
Cash from financing activities:		
Principal payments on bonds, net of refinancing proceeds	(86,666.36)	(201,673.02)
Principal payments on term loans	(74,070.96)	(59,744.84)
Net cash used in financing activities	<u>(160,737.32)</u>	<u>(261,417.86)</u>
Net increase (decrease) in cash	681,430.29	476,440.81
Cash at beginning of year	<u>1,384,842.87</u>	<u>908,402.06</u>
Cash at end of year	<u>\$ 2,066,273.16</u>	<u>\$ 1,384,842.87</u>

**Emmaus Catholic Parish**  
Notes to Unaudited Financial Statements  
June 30, 2017 and 2016

**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 Equivalent**

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, 2017 and 2016 consist of:

	<u>2017</u>	<u>2016</u>
Building Fund Contributions	\$ 1,079,595	\$ 300,494
<u>Funds held in Trust:</u>		
Benevolence Fund	12,177	14,206
Restricted Gala Contributions	130,389	148,950
Cemetery Plot Deposits	154,566	115,296
Other Designated Donations	44,499	38,800
	<u>341,631</u>	<u>317,252</u>
	<u>\$ 1,421,226</u>	<u>\$ 617,746</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, 2017:

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
Automobile	13,000
	<u>19,376,743</u>

### **3. Capital Campaign**

During the 2017 fiscal year, the Parish initiated a capital campaign, the proceeds from which are designated to fund in part the costs of certain modifications/additions to its Lakeway campus and Queen of Angels Chapel. 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 2020. As of June 30, 2017, the Parish had realized payments related to this campaign of \$703,150. The 2017 financial statements do not include recognition of pledge payments receivable for this capital campaign.

### **4. Loans**

With exception of its bonded debt, all of the Parish's loans are held by the Diocese.

In November 2010, the parish substantially completed construction of its Parish Life Center ("PLC"), consisting of a fellowship hall, religious education building and an adjoining perpetual adoration chapel, along with expanded paved parking. Total construction costs of the PLC and related parking improvements were funded through a combination of parishioner-designated contributions, pledge payments and related rebates received from two capital campaigns, and loans from the diocese in the form of a 20-year term loan (\$1,500,000) and an open term bridge loan (\$1,478,951).

The bridge loan was fully repaid as of June 30, 2014. The term loan had an outstanding balance of \$1,168,678.41 as of June 30, 2017. The loan currently bears a 7.21% fixed rate of interest and is fully amortized over a 20-year term at monthly payments of \$11,819.31, subject to future interest rate adjustments. The interest rate on the term loan resets every three years according to diocesan guidelines.

In November 2016, the Parish issued \$4,100,000 of General Obligation Bonds to refinance its then existing bonded debt. The 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 (\$32,333 as of June 30, 2017) 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.

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 2017 or 2016.

## **7. Reclassifications**

Certain amounts have been reclassified in the 2016 financial statements to conform to the classifications in the 2017 statements.