

DIOCESE OF LUBBOCK
CENTRAL ADMINISTRATIVE OFFICE

FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2025 AND 2024

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INDEPENDENT AUDITOR'S REPORT

The Most Reverend Robert M. Coerver, S.T.L., M.S.
Bishop of the Diocese of Lubbock
4620 4th Street
Lubbock, Texas 79499

Opinion

We have audited the accompanying financial statements of the Diocese of Lubbock-Central Administrative Office (the Diocese), which comprise the statements of financial position as of June 30, 2025 and 2024, and the related statements of activities and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Diocese of Lubbock-Central Administrative Office as of June 30, 2025 and 2024, and the change in net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted by the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Diocese of Lubbock-Central Administrative Office and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our unmodified audit opinion for the June 30, 2025 and 2024 financial statements.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Diocese of Lubbock-Central Administrative Office's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

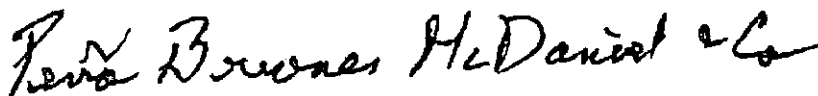
In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Diocese of Lubbock-Central Administrative Office's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Diocese of Lubbock-Central Administrative Office's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Correction of an Error in a Prior Period

As discussed in Note 19 to the financial statements, certain errors were discovered that resulted in the restatement of the financial statements as of June 30, 2024. Our opinion is not modified with respect to that matter.



November 7, 2025
El Paso, Texas

DIOCESE OF LUBBOCK
CENTRAL ADMINISTRATIVE OFFICE

STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2025 AND 2024

	<u>2025</u>	<u>as Restated 2024</u>
<u>ASSETS</u>		
Cash	\$ 4,242,891	3,291,419
Investments	4,290,136	4,481,907
Accounts receivable, net	928,095	869,241
Grants receivable	189,125	459,125
Loans receivable	368,887	446,120
Land, buildings, and equipment, net	10,720,719	10,265,239
Other assets	<u>3,955</u>	<u>3,282</u>
TOTAL ASSETS	\$ <u>20,743,808</u>	<u>19,816,333</u>
<u>LIABILITIES AND NET ASSETS</u>		
Liabilities		
Accounts payable and accrued expenses	\$ 186,372	\$ 267,569
Parish savings and deposits	1,767,497	1,823,730
Insurance recovery payable	1,273,932	191,966
Health insurance reserve	73,313	73,313
Accrued priest pension plan	<u>209,961</u>	<u>411,961</u>
Total liabilities	<u>3,511,075</u>	<u>2,768,539</u>
Net assets		
Without donor restrictions:		
Undesignated	\$ 6,532,850	\$ 6,735,391
Unfunded pension obligation	(209,961)	(411,961)
Investment in plant assets	<u>10,720,719</u>	<u>10,265,239</u>
Total without donor restrictions net assets	<u>17,043,608</u>	<u>16,588,669</u>
With donor restrictions:		
Time restriction	<u>189,125</u>	<u>459,125</u>
Total with donor restrictions net assets	<u>189,125</u>	<u>459,125</u>
Total net assets, as restated	<u>17,232,733</u>	<u>17,047,794</u>
TOTAL LIABILITIES AND NET ASSETS	\$ <u>20,743,808</u>	\$ <u>19,816,333</u>

DIOCESE OF LUBBOCK
CENTRAL ADMINISTRATIVE OFFICE

STATEMENTS OF ACTIVITIES
YEARS ENDED JUNE 30, 2025 AND 2024

	2025	as Restated 2024
SUPPORT AND REVENUE		
Annual appeal and other contributions	\$ 629,678	\$ 499,928
Cathedraticum	1,560,130	1,928,904
Gifts and honorariums	1,316,480	1,406,017
Donation - building	-	4,679,149
Fees for programs and services	541,445	621,350
Interest and investment revenues	110,664	40,806
Refund of insurance premium	-	1,003,413
Royalties	4,193	4,164
Grants	440,592	429,186
Other revenues	83,794	123,610
Realized gain on investments	120,626	309,449
Unrealized gain on investments	141,423	77,382
Pass-through revenue	40,750	19,417
Support and revenue	4,989,775	11,142,775
Net assets released from restriction	325,000	224,500
Total support and revenue	5,314,775	11,367,275
EXPENSES		
Program/ministries		
Campus ministry	79,949	84,848
Claims paid to parishes	114,171	180,050
Clergy	163,631	72,318
Communications and SPC	237,020	255,025
Deacon continuing education	76,344	160,106
Deacon formation	47,500	22,395
Diocesan High School	150,000	150,000
EF3 Conference	32,303	12,030
Formation Division	177,463	94,811
Other gifts	-	36,017
Office for catechesis	73,099	91,299
Office of family life	61,000	83,778
Office of worship & liturgical music	40,513	33,650
Parish sustenance	135,017	342,397
RCIA	1,726	9,168
Seminarians	391,378	424,062
Superintendent -admin	56,319	58,257
Superintendent of school - teachers	318,016	323,255
Vicar for consecrated life	8,484	9,535
Vicar general office	24,619	24,162
Vocations office	79,274	60,855
Youth and young adults	125,625	74,475
Jail ministry	-	191
Parish billable	2,845	4,257
Total program/ministries	2,400,995	2,606,941

DIOCESE OF LUBBOCK
CENTRAL ADMINISTRATIVE OFFICE

STATEMENTS OF ACTIVITIES (Continued)
YEARS ENDED JUNE 30, 2025 AND 2024

EXPENSES (Continued)	2025	as Restated 2024
Management/administrative		
Bishop emeritus	\$ 28,084	\$ 29,354
Bishop's office	208,133	161,712
Bishop's residence	49,176	59,862
Catholic pastoral center	143,158	98,679
Catholic renewal center	59,850	147,137
Guadalupe youth and family center	139,298	-
Chancellor	59,160	65,046
Clergy continuing education	59,201	13,364
Clergy- legal and accounting	21,238	61,103
Clergy- salary and benefits	429,265	360,656
Annual appeal	116,321	94,626
Deposit and loan	20,544	15,181
Development office	113,500	131,728
Facilities	196,646	154,905
Finance office	305,732	279,344
Marriage tribunal and canonical services	153,019	190,580
Parish administration	168,690	170,972
Social concerns	88,941	96,594
Office supplies- Joan Patton finance center	36,845	37,579
Miscellaneous	-	1,800
Total management/administrative	<u>2,396,801</u>	<u>2,170,222</u>
Total expenses	<u>4,797,796</u>	<u>4,777,163</u>
INCREASE IN NET ASSETS WITHOUT DONOR RESTRICTION BEFORE CAPITAL TRANSACTIONS	<u>516,979</u>	<u>6,590,112</u>
Capital transactions		
Depreciation expense	<u>(301,540)</u>	<u>(196,325)</u>
Total capital transactions	<u>(301,540)</u>	<u>(196,325)</u>
INCREASE IN NET ASSETS WITHOUT DONOR RESTRICTIONS AFTER CAPITAL TRANSACTIONS	<u>215,439</u>	<u>6,393,787</u>
NET ASSETS WITH DONOR RESTRICTIONS		
Contributions	92,500	340,125
Net assets released	<u>(325,000)</u>	<u>(224,500)</u>
Total decrease in net assets with donor restrictions	<u>(232,500)</u>	<u>115,625</u>
TOTAL INCREASE (DECREASE) IN NET ASSETS BEFORE PENSION LIABILITY	(17,061)	6,509,412
Other comprehensive income (loss)		
Minimum pension liability	202,000	20,160
NET ASSETS, Beginning of year, as restated for 2025	<u>17,047,794</u>	<u>10,518,222</u>
NET ASSETS, End of year, as restated for 2024	<u>\$ 17,232,733</u>	<u>\$ 17,047,794</u>

See independent accountant's report and notes to financial statements

DIOCESE OF LUBBOCK
CENTRAL ADMINISTRATIVE OFFICE

STATEMENTS OF CASH FLOWS
YEARS ENDED JUNE 30, 2025 AND 2024

	<u>2025</u>	<u>2024</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Net increase (decrease) in net assets	\$ 184,939	\$ 5,950,138
Adjustments to reconcile net increase (decrease) in net assets to net cash provided by (used in) operating activities:		
Depreciation	301,540	196,325
Net unrealized loss (gain) on investments	(141,423)	(77,382)
Non cash donation	-	(4,679,149)
Changes in operating assets and liabilities		
(Increase) decrease:		
Accounts receivable	(58,854)	(327,583)
Grants receivable	270,000	(115,625)
Loans receivable	77,233	(281,199)
Other assets	(673)	(820)
Increase (decrease):		
Accounts payable and accrued expenses	(81,197)	170,249
Accrued priest pension plan	(202,000)	(20,160)
Deposits payable	(56,233)	290,764
Online donation parishes payable	-	(89,292)
Insurance recovery payable	1,081,966	-
Net cash provided by operating activities	<u>1,375,298</u>	<u>1,016,266</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Net purchase and sales of investments	333,194	(29,166)
Purchase of property, plant, and equipment	(757,020)	(395,129)
Net cash provided by investing activities	<u>(423,826)</u>	<u>(424,295)</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	951,472	591,971
CASH AND CASH EQUIVALENTS, Beginning of year	<u>3,291,419</u>	<u>2,699,448</u>
CASH AND CASH EQUIVALENTS, End of year	<u>\$ 4,242,891</u>	<u>\$ 3,291,419</u>
SUPPLEMENTAL DISCLOSURES		
Cash paid during the year for interest	<u>\$ 20,544</u>	<u>\$ 15,181</u>
Minimum pension liability	<u>\$ 209,961</u>	<u>\$ 411,961</u>

DIOCESE OF LUBBOCK
CENTRAL ADMINISTRATIVE OFFICE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025 AND 2024

1. PRINCIPAL ACTIVITY AND SIGNIFICANT ACCOUNTING POLICIES

Roman Catholic Diocese of Lubbock, Texas, is committed to a mission to discover the presence of God and to sanctify the world by the proclamation of the Gospel of Jesus Christ in order to enable the most effective witnessing to the Gospel. A new process has begun in the Diocese whereby all voices can be heard; especially those of the poor and anyone wounded by our contemporary society. We recognize that the voice of the people is, in a very special way, the call of the Spirit. We see a need for a process by which all the people of the diocese – priests, deacons, women religious and laity – can share their insights, strengths, and concerns.

In attempting to fulfill our mission, the Diocese will listen to all people. In listening to one another, we come to realize the living-out of our mission will be done in unity, not in uniformity. Firmly believing the listening process we have begun in the Diocese of Lubbock is an ongoing process – and priorities will change in response to the signs of the times – we, the People of God, name these as our priorities in our commitment to build up the Body of Christ and carry out the mission of the Church, which is evangelization.

Catechesis

Through the teaching office of the Bishop of Lubbock, ministering to the diversity of our Diocese: the Diocese supports the parents/guardians as the first educators in the domestic Church; We provide resources to pastors and local faith communities; We accompany the people of God on their spiritual journey through multigenerational evangelization, catechesis, and formation.

Catholic Charities

The Diocese is dedicated to providing services to the most vulnerable and most in need in our community: at risk families, the young, the elderly and immigrants.

Catholic Schools

The Diocese offers a nurturing environment and a distinctive Catholic education that gives students the formation necessary to lead a full and active Christian life in a community permeated by the Spirit of Love.

DIOCESE OF LUBBOCK
CENTRAL ADMINISTRATIVE OFFICE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025 AND 2024

1. PRINCIPAL ACTIVITY AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

Communications

The Office of Communications for the Diocese of Lubbock assists the Bishop of Lubbock in his commitment to provide trustworthy information, well-founded inspiration, and a sense of Catholic identity to the parishioners of this local church. The communications office manages communications between the Diocese and both the Catholic and secular communities on the Llano Estacado and Low Rolling Plains of West Texas. The office also provides various communications-related services for diocesan ministry departments. The diocesan communications board was formed in 1998 to advise the bishop and aid the communications office in providing these services.

Diaconate

To be an integral part, not a supplementary one, of the ministry of the Diocese of Lubbock and its institutions. The ministry of the permanent deacon represents in a sacramental manner the servant role of the church-at-large, and of the Diocese of Lubbock in particular, according to its multicultural and multilingual expressions. The permanent deacons will express their commitment to the "local church" and to the other pastoral ministers of the Diocese of Lubbock by collaborating in the common ministry and offering support in the exercise of their own ministry. A deacon in the Roman Catholic Diocese of Lubbock will serve at the will of the Bishop according to the pastoral needs of the Diocese. At his address to the permanent deacons of the United States ("The Heart of the Diaconate Servants of the Mysteries of Christ and Servants of Your Brothers and Sisters," Sept. 19, 1987), Pope John Paul II said the permanent deacon's ministry "is the Church's service sacramentalized... This is at the very heart of the diaconate to which you are called: to be a servant of the mysteries of Christ and, at one and the same time, to be a servant of your brothers and sisters." National Directory n. 287.

Divine Worship

The ministry of Worship seeks to make liturgy the source of spiritual growth and development of the Church in the Diocese of Lubbock. It is the responsibility of the Office for Worship to assist the Bishop in his role as the principal liturgist of the Diocese. The Office for Worship fulfills this responsibility by addressing liturgical matters on the diocesan level and recommending policy, practice, and catechesis in the area of worship and sacramental life in cooperation with various diocesan departments. The Office provides guidance so that developmental steps may be taken to lead the faithful to a full, conscious, and active participation in the liturgical life of the Church.

DIOCESE OF LUBBOCK
CENTRAL ADMINISTRATIVE OFFICE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025 AND 2024

1. PRINCIPAL ACTIVITY AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

Guadalupe Youth and Family Center

The Guadalupe Youth and Family Centers was recently acquired in 2024 and is now opened as a teaching facility for young adults, families, and religious administrative education for the Diocese of Lubbock and the surrounding area. It is a central venue for events that support spiritual, educational and community needs of families and youth, including faith formation and other activities.

Marriage and Family Life

Through the teaching office of the Bishop of Lubbock, ministering to the diversity of our Diocese: We support the parents/guardians as the first educators in the domestic Church; We provide resources to pastors and local faith communities; We accompany the people of God on their spiritual journey through multigenerational evangelization, catechesis, and formation.

Marriage Tribunal

In every Diocese, the Bishop leads his community by three munera related to the priestly, prophetic and kingly functions of Christ. We see these functions as relating to sanctifying, teaching, legislative and judicial aspects necessary to effectively lead and manage a Diocese. When questions or concerns arise in families about the Church, the first person many look to for answers is the Bishop, his Curia and other consultants.

Vocations and Seminarian Education

In the name of the Lord, in the name of the Church of Lubbock, the Office for Vocations will invite others to become friends of Jesus, and to listen to the words of the Church, to listen attentively to His word, and to live with Him. We invite young people, local people primarily, to leave behind their own narrow agendas in order to immerse themselves in the will of God. It is essential that every local Church (Diocese) become more sensitive and attentive to the pastoral care of vocations, helping children and young people in particular at every level of family, parish and associations - as Jesus did with his disciples. How to address all the structures of the Diocese: parishes, catechists, organizations, etc. For years, Spiritual Stewardship has been a solid teaching for our Catholic faithful — we can rely on it. Scriptural Stewardship reminds us of “First Fruits,” should be applied to every family for Vocations - priesthood and religious life. (Sir. 35:1-12). “The ability to foster vocations is a hallmark of the stability of a local Church.” (Pope Benedict XVI, May 2011)

The accompanying financial statements exclude the assets, liabilities, net assets, and financial activities of individual parishes, schools, and other entities which operate within the Diocese of Lubbock. Each is an operating entity distinct from the Diocese, which maintains separate financial records and coordinates its own services and programs. In addition, various religious orders, lay societies, and religious organizations which operate within the Diocese of Lubbock, but which are not fiscally responsible to the Bishop, have not been included in the accompanying financial statements.

DIOCESE OF LUBBOCK
CENTRAL ADMINISTRATIVE OFFICE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025 AND 2024

1. PRINCIPAL ACTIVITY AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

Vocations and Seminarian Education (Continued)

All significant inter-organizational balances and transactions have been eliminated to the extent that the respective net assets of those organizations are combined for purposes of the financial statement presentations.

Affiliate

Effective July 1, 2006, the Diocese of Lubbock entered into a Trust agreement with the Dioceses of Amarillo, Tyler, and Corpus Christi to provide health insurance. The purpose of the Trust is to provide benefits and payments of the specified benefits expenses for the eligible Dioceses' employees. The Diocese and affiliate groups related to the Dioceses pay a monthly premium per eligible individual into the Trust. See footnote 16 for additional information.

Method of Accounting

The Diocese prepares its financial statements on the accrual basis of accounting where revenues are recognized when earned and expenditures when incurred. The significant accounting policies followed are described below to enhance the usefulness of the financial statements to the reader.

Net Assets

Net Assets Without Donor Restrictions – Net assets available for use in general operations and not subject to donor or grantor restrictions. The governing board has designated, from net assets without donor restrictions, net assets for an operating reserve and board-designated endowment.

Net Assets with Donor Restrictions – Net assets subject to donor or grantor-imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates those resources be maintained in perpetuity. Gifts of long-lived assets and gifts of cash restricted for the acquisition of long-lived assets are recognized as revenue when the assets are placed in service. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both.

Cash and Cash Equivalents

For purposes of the statement of cash flows, the Diocese of Lubbock - Central Administrative Office considers cash and certificates of deposit with an original maturity of three months or less to be cash equivalents. As of June 30, 2025 and 2024, the Diocese had cash equivalents of \$0 and \$507,472, respectively.

DIOCESE OF LUBBOCK
CENTRAL ADMINISTRATIVE OFFICE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025 AND 2024

1. PRINCIPAL ACTIVITY AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

Current Expected Credit Losses

In June 2016, the FASB issued Accounting Standards Codification (ASC) 326, *Financial Instruments – Credit Losses*, which significantly changes how entities will measure credit losses for most financial assets and certain other instruments that are not measured at fair value through net income. The most significant change in this pronouncement is a shift from the incurred loss model to the expected loss model. Under this pronouncement, disclosures are required to provide users of the financial statements with useful information in analyzing an entity's exposure to credit risk and the measurement of credit losses. The Diocese does not have any receivables within scope of the standard.

Receivables and Allowance for Credit Losses and Doubtful Accounts

Accounts receivable consist primarily of noninterest-bearing amounts due from schools and parishes for insurance coverage and cathedraticum receivables. The Diocese performs ongoing credit evaluations on its accounts receivable based on factors surrounding the credit risk of its loans and accounts receivable, historical trends, and other information.

Credit losses, when realized, have been within the range of the Diocese's expectations. At June 30, 2025 and 2024, \$261,675 and \$262,000, respectively, have been reserved by management for losses anticipated from uncollectible accounts receivable.

Investments

The Diocese carries investments in marketable securities with readily determinable fair values and all investments in debt securities at their fair values in the Statements of Financial Position. Unrealized gains and losses are included in the change in net assets in the accompanying Statement of Activities.

Building, Equipment, and Vehicles - Plant Division

Building, equipment, and vehicles acquisitions are capitalized at cost, if purchased or at estimated fair market value at the date of gift, if donated. In the absence of original cost records, insurance appraisals have been used to establish cost. Fixed assets of \$15,000 or more are capitalized as property and equipment. Building, equipment, and vehicles are depreciated by the straight-line method.

When assets are retired or otherwise disposed of, the cost and related accumulated depreciation are removed from the account, and any resulting gain or loss is reflected in the revenues for the period. Expenditures which materially increase values or extend useful lives are capitalized. Routine maintenance, repairs, and replacement costs are charged to expenditures as incurred.

DIOCESE OF LUBBOCK
CENTRAL ADMINISTRATIVE OFFICE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025 AND 2024

1. PRINCIPAL ACTIVITY AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

Building, Equipment, and Vehicles - Plant Division (Continued)

We review the carrying values of property and equipment for impairment whenever events or circumstances indicate that the carrying value of an asset may not be recoverable from the estimated future cash flows expected to result from its use and eventual disposition. When considered impaired, an impairment loss is recognized to the extent carrying value exceeds the fair market value of the asset. There were no indicators of asset impairment during the years ended June 30, 2025 and 2024.

Leases

In February 2016, the FASB issued ASU 2016-02, Leases (Topic 842), which is intended to improve financial reporting about leasing transactions. The Diocese evaluates its contracts at inception to determine if an arrangement is or contains a lease. If applicable, operating leases are included in operating lease right-of-use (ROU) assets and operating leases liabilities on the balance sheets. As of June 30, 2025 and 2024, the Diocese had no leases that required recognition under ASU 2016-02.

Support and Revenue Without Donor Restrictions and With Donor Restrictions

Contributions received are recorded without donor restrictions and with donor restrictions, depending on the existence and/or nature of any donor restrictions. Support that is restricted by the donor is reported as an increase in net assets without donor restrictions if the restriction expires in the reporting period in which the support is recognized. All other donor-restricted support is reported as an increase in net assets with donor restrictions. When a restriction expires (that is, when a stipulated time restriction ends or a purpose restriction is accomplished), net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions.

Concentration of Credit Risk

For the years ended June 30, 2025 and 2024, balances of cash at financial banking institutions, which include certificate of deposits, exceeded the federally insured limit of \$250,000 by \$366,666 and \$765,015, respectively. The Diocese maintains cash balances in money market funds. Money market funds are not insured by the FDIC nor are they a deposit or other obligation of or guaranteed by a bank or other depository institution. Money market funds are subject to investment risks, including possible loss of the principal amount invested. Management regularly monitors the financial condition of the institution, along with the Diocese's balances in the money market funds and tries to keep this potential risk at a minimum.

The Diocese maintains accounts with a stock brokerage firm. The accounts contain cash and securities. Balances are insured up to \$500,000 (with a limit of \$250,000 for cash) by the Securities Investor Protection Corporation.

DIOCESE OF LUBBOCK
CENTRAL ADMINISTRATIVE OFFICE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025 AND 2024

1. PRINCIPAL ACTIVITY AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

Income Taxes

The Diocese is a non-for-profit exempt from federal income tax under provisions of Section 501(c)(3) of the Internal Revenue Code. The Diocese believes that it has appropriate support for any tax positions taken, and as such, does not have any uncertain tax positions that are material to the financial statements.

Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts. Accordingly, actual results could differ from those estimates.

Reclassification

Certain reclassifications of amounts previously reported have been made to the accompanying financial statements to maintain consistency between periods presented. The reclassifications had no impact on previously reported net assets.

2. LIQUIDITY AND AVAILABILITY

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the balance sheet date, comprise of the following:

	2025
Cash and cash equivalents	\$ 4,242,891
Investments	4,290,136
Grants receivable	189,125
Accounts receivable	928,095
Loans receivable - current	151,237
	\$ 9,801,484

DIOCESE OF LUBBOCK
CENTRAL ADMINISTRATIVE OFFICE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025 AND 2024

3. INVESTMENTS

Investments are stated at fair value and consist of the following at June 30, 2025 and 2024:

	2025		
	Cost	Fair Market Value	Unrealized Appreciation (Depreciation)
Bonds and fixed income securities	\$ 1,027,894	\$ 1,350,184	\$ 322,290
Equities	1,188,150	1,193,134	4,984
Certificates of deposit	1,569,273	1,569,273	-
Other investments	137,836	177,545	39,709
Total investments	<u>\$ 3,923,153</u>	<u>\$ 4,290,136</u>	<u>\$ 366,983</u>
	2024		
	Cost	Fair Market Value	Unrealized Appreciation (Depreciation)
Bonds and fixed income securities	\$ 736,986	\$ 833,393	\$ 96,407
Equities	922,208	1,483,132	560,924
Certificates of deposit	2,043,641	2,043,641	-
Other investments	53,976	121,741	67,765
Total investments	<u>\$ 3,756,811</u>	<u>\$ 4,481,907</u>	<u>\$ 725,096</u>

The following schedule summarizes the investment return and its classification in the Statement of Activities for the years ended June 30, 2025 and 2024:

	June 30,	
	2025	2024
Investment income	<u>\$ 68,920</u>	<u>\$ 40,806</u>
Realized and unrealized net income (loss)	<u>\$ 262,049</u>	<u>\$ 386,831</u>

DIOCESE OF LUBBOCK
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NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025 AND 2024

4. FAIR VALUE OF FINANCIAL INSTRUMENTS

The Financial Accounting Standards Board has established a framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets and liabilities and the lowest priority to unobservable inputs. The three levels of the fair value hierarchy are described below:

Level 1 - Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Organization has the ability to access.

Level 2 - Inputs to the valuation methodology include: quoted prices for similar assets or liabilities in active markets; quoted prices for identical or similar assets or liabilities in inactive markets; inputs other than quoted prices that are observable for the asset or liability; inputs that are derived principally from or corroborated by observable market data by correlation or other means. If the asset or liability has a specified term, the Level 2 input must be observable for substantially the full term of the asset or liability.

Level 3 - Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The asset's or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs. Following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used at June 30, 2025.

Investments measured at Net Asset Value –The Organization values its investments in the Mission Diocese Fund LLC at Net Asset Value (NAV) as a practical expedient in accordance with ASC 820, fair value measurement.

Investment strategies and liquidity terms

The LLC primarily invests inline with the USCCB Socially Responsible Investment guidelines in its investment decisions. Contributions are accepted for investment at the beginning of each quarter, a 15-day notice is required prior to the beginning of the quarter. Withdrawals can be taken on a quarterly basis with 75-day notice. Net Asset Value and estimated market value may differ because of the characteristics of the underlying investment and timing from when an investment liquidation is requested and when it is executed. As of the reporting periods, the fund managers have not made the Organization aware of any unfunded commitments.

Cash and Investments - The carrying amounts reported in the statement of position for cash and cash equivalents approximate its fair value.

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NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025 AND 2024

4. FAIR VALUE OF FINANCIAL INSTRUMENTS (Continued)

Cash and Investments (Continued)

The carrying amounts and fair values of the Diocese's financial instruments are as follows:

	2025			
	Level 1	Level 2	Level 3	Total
Cash	\$4,242,891	\$ -	\$ -	\$ 4,242,891
Fixed income	-	1,350,184	-	1,350,184
Equity	1,193,134	-	-	1,193,134
Certificate of deposits	1,569,273	-	-	1,569,273
Real Estate	-	177,545	-	177,545
Total investments	\$ 2,762,407	\$1,527,729	\$ -	\$ 4,290,136
Investments measured at NAV*				\$ 715,309
	2024			
	Level 1	Level 2	Level 3	Total
Cash	\$3,291,419	\$ -	\$ -	\$3,291,419
Fixed income	-	833,393	-	833,393
Equity	1,483,132	-	-	1,483,132
Certificate of deposits	2,043,641	-	-	2,043,641
Real Estate	-	121,741	-	121,741
Total investments	\$3,526,773	\$ 955,134	\$ -	\$4,481,907
Investments measured at NAV*				\$ 633,288

* Investments measured at NAV are excluded from the fair value hierarchy but included in the tables above to reconcile total investments to the statements of financial position.

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NOTES TO FINANCIAL STATEMENTS
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5. GRANTS RECEIVABLE

Grants receivable as of June 30, consists of the following:

	2025	2024	2023
Kenedy Memorial Foundation	\$ 114,500	\$ 403,000	\$ 282,000
Catholic Church Extension Society	10,000	54,375	61,500
Home Mission Grants	55,000	1,000	-
Other Grants	9,625	750	-
Total grants receivable	\$ 189,125	\$ 459,125	\$ 343,500

6. ACCOUNTS RECEIVABLE, PARISHES AND AFFILIATED ENTITIES

Accounts receivable consist mainly of amounts due from the parishes and other religious entities to the Diocese for cathedraticum, insurance, accounting, and other assessments.

A summary of the accounts receivable, parishes, affiliated entities, and other and the related allowance for doubtful accounts at June 30, 2025, 2024, and 2023 as follows:

	2025	2024	2023
Assessment to parished and affiliated entities			
Cathedraticum	\$ 266,929	\$ 510,847	\$ 133,379
Annual appeal	467,559	292,203	378,305
Priest Pension	11,704	8,603	6,077
Tribunal	8,980	5,910	4,675
Property insurance	149,617	142,578	11,907
Other	284,981	171,100	143,847
Total	1,189,770	1,131,241	678,190
Less allowance for credit losses	(261,675)	(262,000)	(524,000)
Accounts receivable, parishes and affiliated entities, net	\$ 928,095	\$ 869,241	\$ 154,190

DIOCESE OF LUBBOCK
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NOTES TO FINANCIAL STATEMENTS
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7. LOANS RECEIVABLE AND DEPOSITS PAYABLE

The Deposit and Loan Division receives deposits from parishes and pays interest on these deposits at the rate of .75%, compounding daily. The funds from these deposits are loaned to other parishes at an average simple annual rate ranging from 3.5% to 5.0% or are invested in certificates of deposits and are due over various periods ranging from less than one year to five (5) years. The Central Administrative Office controls these funds and is liable for any fund deficits.

	2025	2024	2023
<u>Deposits Payable</u>			
Deposits payable to parishes, due on demand	<u>\$ 3,041,429</u>	<u>\$ 2,015,696</u>	<u>\$ 1,724,932</u>
<u>Insurance Reserve</u>			
Insurance Reserve	<u>\$ 73,313</u>	<u>\$ 73,313</u>	<u>\$ 73,313</u>
<u>Loans receivable</u>			
Loans receivable at year end due in monthly installments, net	<u>\$ 368,887</u>	<u>\$ 446,120</u>	<u>\$ 164,921</u>

Future principal payments to be received are as follows:

Year Ended June 30,	Amount
2026	\$ 151,237
2027	62,021
2028	38,523
2029	17,309
2030	17,309
2031-2035	65,512
2036-2040	<u>16,976</u>
Total	<u>\$ 368,887</u>

DIOCESE OF LUBBOCK
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NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025 AND 2024

8. LAND, BUILDINGS, AND EQUIPMENT

The composition of land, buildings, and equipment at June 30, 2025 and 2024, is as follows:

	Depreciable lives	2025	2024
Land		\$ 3,709,729	\$ 3,643,729
Buildings and improvements	40-50 years	8,250,525	7,559,505
Equipment	3-10 years	344,342	344,342
Furniture	5-10 years	107,943	107,943
Automotive	7 years	196,280	196,280
Software	5 years	132,216	132,216
Leasehold improvements	5 years	1,886	1,886
Total		12,742,921	11,985,901
Less: Accumulated depreciation		(2,022,202)	(1,720,662)
Land, buildings, and equipment, net		\$ 10,720,719	\$ 10,265,239

Depreciation expense at June 30 totaled \$301,540 and \$196,325 in 2025 and 2024, respectively.

9. INSURANCE RECOVERY PAYABLE

The Diocese received \$1,273,932 and \$191,966 in 2025 and 2024, respectively, as a liability. This represented property insurance proceeds which are to be transferred to Immaculate Conception Church as reconstruction of the church deems necessary.

10. LEASES

The Diocese has noncancelable operating leases for a mailing system machine and copier. Rental expense for leases consisted of \$29,930 and \$25,618 for the years ended June 30, 2025 and 2024, respectively.

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NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025 AND 2024

10. LEASES (Continued)

Future minimum lease payments under the operating lease for the remaining terms as of June 30, 2025, are:

Year Ended June 30,	Amount
2026	\$ 11,500
2027	7,291
2028	3,941
2029	2,826
Thereafter	1,083
Future minimum lease payments	\$ 26,641

11. PENSION PLAN

The Diocese of Lubbock has a defined benefit pension plan covering any incardinated priests. The benefits are equal to a \$1,700 monthly annuity payable for life. The Diocese' funding policy is to contribute annually the amount to amortize the unfunded liability under 30 years.

The following table sets forth the plan's funded status at June 30, 2025 and 2024 (This represents a combination of the Actuary's Present Value of Future benefits compared to actual balance of assets available as of balance sheet date.):

	2025	2024
Present Value of Accumulated Benefits (as of June 30, 2024 and 2023)	\$ 4,317,579	\$ 4,365,659
Fair value of plan assets (as of June 30, 2024 and 2023)	4,107,618	3,953,698
Unfunded status of plan	\$ 209,961	\$ 411,961
Benefits paid	\$ 391,772	\$ 343,487

These amounts are included in the statement of financial position and the statement of activities for the subsequent reported years of 2025 and 2024.

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NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025 AND 2024

11. PENSION PLAN (Continued)

The expected long-term rate of return on plan assets was 7.50% during 2025 and 2024.

The Diocese contributed \$132,600 and \$130,841 to the defined benefit pension plan in 2025 and 2024, respectively.

Total benefits paid to participants in 2025 and 2024 were \$391,772 and \$343,487, respectively.

The Diocese also provides its lay employees with a defined contribution 403(b) retirement plan (the Plan). The Diocese contributed \$47,134 and \$44,757, to the Qualified Retirement Plan during 2025 and 2024, respectively.

12. NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions at June 30, 2025 and 2024, consist of the following:

	2025	2024
Net assets with donor restrictions		
Time restriction	\$ 189,125	\$ 459,125

13. FUNCTIONAL CLASSIFICATION OF EXPENSES

The Diocese's primary program activities are compromised of pastoral, ministry, gifting and management and general. Certain costs including depreciation expense, utilities, building maintenance, security, building operations and benefit costs are allocated using allocation techniques. Other supporting services that provide general oversight such as executive offices, finance and accounting, human recourses administration, information technology, building services, and general counsel are included in management/administrative and are not allocated. Information technology and building services costs such as equipment maintenance agreements and software licenses are charged directly to the programs and are not part of administrative overhead.

DIOCESE OF LUBBOCK
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NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025 AND 2024

13. FUNCTIONAL CLASSIFICATION OF EXPENSES (Continued)

The following table presents functional classification of expenses for June 30, 2025 and 2024:

	2025					Total
	Pastoral	Ministry	Gifting	Total Program/ Ministries	Management/ Administrative	
Salaries, taxes and benefits	\$ 328,197	\$ 504,536	\$ -	\$ 832,733	\$ 1,337,253	\$ 2,169,986
Travel and meetings	339,752	16,124	-	355,876	112,217	468,093
Professional and contract services	34,817	71,692	-	106,509	187,577	294,086
Supplies and printing	83,116	15,207	-	98,323	103,778	202,101
Operational and program services	<u>148,372</u>	<u>737,467</u>	<u>121,715</u>	<u>1,007,554</u>	<u>655,976</u>	<u>1,663,530</u>
Total operating expense	<u>\$ 934,254</u>	<u>\$ 1,345,026</u>	<u>\$ 121,715</u>	<u>\$ 2,400,995</u>	<u>\$ 2,396,801</u>	<u>\$ 4,797,796</u>

	2024					Total
	Pastoral	Ministry	Gifting	Total Program/ Ministries	Management/ Administrative	
Salaries, taxes and benefits	\$ 343,551	\$ 518,173	\$ -	\$ 861,724	\$ 1,367,400	\$ 2,229,124
Travel and meetings	300,988	13,452	-	314,440	99,723	414,163
Professional and contract services	13,958	74,217	-	88,175	183,368	271,543
Supplies and printing	76,114	13,650	191	89,955	57,427	147,382
Operational and program services	<u>202,806</u>	<u>831,317</u>	<u>218,524</u>	<u>1,252,647</u>	<u>462,304</u>	<u>1,714,951</u>
Total operating expense	<u>\$ 937,417</u>	<u>\$ 1,450,809</u>	<u>\$ 218,715</u>	<u>\$ 2,606,941</u>	<u>\$ 2,170,222</u>	<u>\$ 4,777,163</u>

14. COMMITMENTS AND CONTINGENCIES

During the normal course of business, the Diocese is subject to various legal claims which the Diocese is defending its position.

As of June 30, 2025, The Central Administrative Office is contingently liable for all loans incurred by any parishes under its jurisdiction when the Bishop is guarantor on such debt.

The Diocese is guarantor on a loan in the name of St. John Neumann in the approximate amount of \$699,293.

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NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025 AND 2024

14. COMMITMENTS AND CONTINGENCIES (Continued)

The Diocese is guarantor on a loan in the name of Our Lady of Grace in the approximate amount of \$920,572.

The Diocese is guarantor on a loan in the name of St. Elizabeth University Parish in the amount of \$291,138.

During the normal course of business, the Diocese is subject to various legal claims. As of June 30, 2025, management has assessed the possibility that any such claims would have a material adverse effect on the financial statements and determined it unlikely, and therefore, no liability was accrued at June 30, 2025.

15. THE JOHN SALEH CHARITABLE FOUNDATION IREVOCABLE TRUST

The Diocese of Lubbock is beneficiary of the proceeds from the trust set up through the estate of John Saleh. The trust has a mandatory distribution to the Diocese or at the Bishop's discretion for a direct donation to organizations which qualify as religious and charitable. The distribution is required annually.

In accordance with the trust agreement, a distribution of \$1,277,941 and of \$1,264,363 was received in 2025 and 2024, respectively. The distribution is recorded in the statement of activities in gifts and honorariums.

16. HEALTH CARE COVERAGE

During the year ended June 30, 2025 and in prior years, employees of the Diocese were covered by the Diocese's medical self-insurance plan (the Plan). The Plan is administered by an irrevocable trust, Catholic Employee Benefit Group (the Trust), created by four Diocese, including the Diocese of Lubbock, in the state of Texas. The Trust, which act as a consortium for the four Dioceses, was established to provide benefits for eligible employees and for payment of specified benefits expenses. Since the plan is an irrevocable trust, no investment is recorded on these financial statements.

If the plan were to terminate in the future, upon termination of the Trust, the trustee would hold the Trust Fund until the Trust is completely exhausted by paying benefits provided under the Plan and paying the reasonable expenses of the Trust, including expenses involved in the termination of the Trust. At June 30, 2025, the Trust had an equity balance of \$4,736,556 and during the fiscal year the Trust received payments from the members in the amount of \$10,023,225 and \$10,165,351 in 2025 and 2024, respectively. Claim expenses paid from the Trust were \$8,683,092 and \$7,443,333 in 2025 and 2024, respectively.

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JUNE 30, 2025 AND 2024

16. HEALTH CARE COVERAGE (Continued)

The administrative contract between the Diocese and the third-party administrator is renewable every 3 years. Administrative fees and stop-loss premiums are included in the contractual provisions with separate entities.

In accordance with state statute, the Diocese is protected against unanticipated catastrophic individual or aggregate loss by stop-loss coverage. Stop-loss coverage is in effect for individual claims.

There is an aggregate stop-loss amount in excess of \$150,000 in any given year. The liabilities reflected on the statement of position are an estimation of the medical self-insurance potential cost the plans may incurred but have not reported claims.

These liabilities reported at June 30, 2025 are based on the requirements of Governmental Accounting Standards Board No. 10, which requires that a liability for claims be reported if information prior to the issuance of the financial statements indicates that it is probable that a liability has been incurred at the date of the financial statements and the amount of the loss can be reasonable estimated. These liabilities include an estimation of the amount for claims that have been incurred but not reported.

Because actual claims liabilities depend on such complex factors as inflation, changes in legal doctrines and damage awards, the process used in computing claims liability does not necessarily result in an exact amount. Claims liabilities are reevaluated periodically to take into consideration recently settled claims, the frequency of claims and other economic and social factors. Health care coverage liabilities for incurred losses to be settled by fixed or reasonably determined payments over a long period of time were computed using 15% to 20% of the average of historical claims paid over the premium.

At June 30, 2025 and 2024, funds reserved for health care plan potential cost of incurred but not reported claims in excess of Trust capacity to cover these claims are recorded as a liability of \$73,313.

17. PROPERTY INSURANCE COVERAGE

The Diocese has a property insurance deductible of \$50,000 per occurrence not per parish. Parishes have a deductible of \$3,500 and 2% of the appraised value of the building for wind/hail. Claims are paid by the excess deposits made from insurance premiums by the insurance company who in turn maintains, reconciles and controls these claims in an escrow account. The claims escrow account is not reflected on the financial statements of the Diocese.

Historically, the reserve has been adequate to fund claims. The deductibles are factored in when claims are paid.

DIOCESE OF LUBBOCK
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NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025 AND 2024

18. PARISHES AND SCHOOLS

Parishes and Schools are related to the Diocese through common control. The Parishes and Schools participate in the self-insurance plan with the Diocese for casualty, workers' compensation, and liability coverage. The Diocese also provides accounting services to the Parishes and Schools for which the Diocese assesses cathedraticum.

The Statements of Financial Position as of June 30, 2025 and 2024, has a gross receivable of \$734,488 and \$415,582, respectively for the Annual appeal and Cathedraticum identified in note 6.

The Parishes and Schools maintain funds with the Diocese, on which the Diocese paid .75% compounded daily. Interest rates are reviewed regularly.

The balance in the deposits payable as of June 30, 2025 and 2024, is \$1,767,497 and \$1,823,730, respectively.

The Diocese has provided certain Parishes with loans for the purpose of capital expansion. Amounts due to the Diocese at June 30, 2025 and 2024, respectively, was \$368,887 and \$446,120 and are included in loans receivable.

During 2025 and 2024, the Parishes and Schools' assessment for the Annual appeal/Cathedraticum was \$2,179,807 and \$2,041,364, respectively.

19. CORRECTION OF AN ERROR IN THE PRIOR PERIOD

An error was discovered in 2025 related to an insurance recovery payment in the amount of \$191,966. The \$191,966 represent proceeds for Immaculate Conception Church and was recorded as a liability in 2023. The liability was duplicated erroneously in 2024. In addition, \$387,468 of cathedraticum revenue for 2024 was not recorded. As a result, for the year ended June 30, 2025, the following items were restated to reflect the corrections of these errors.

Net assets as previously reported	\$ 16,468,360
Decrease in accounts payable	191,966
Increase in accounts receivable	<u>387,468</u>
Net assets as restated	<u>\$ 17,047,794</u>

20. SUBSEQUENT EVENTS

The Diocese has evaluated subsequent events through November 7, 2025, the date on which the financial statements were available to be issued. No reportable items were noted.