

St. Ann Catholic Parish - Coppell
Financial Statements
and
Independent Auditors' Report
For the Years Ended June 30, 2023 and 2022

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Independent Auditors' Report

Parish Finance Council
St. Ann Catholic Parish-Coppell

Opinion

We have audited the accompanying financial statements of St. Ann Catholic Parish-Coppell (the Parish), which comprise the statements of financial position as of June 30, 2023, and 2022, and the related statements of activities and net assets, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements (collectively, the financial statements).

In our opinion, the financial statements referred to above presents fairly, in all material respects, the financial position of the Parish as of June 30, 2023, and 2022, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in 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 (GAAS). Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Financial Statements* section of our report. We are required to be independent of the Parish 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 audit opinion.

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 the 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 Parish's ability to continue as a going concern for one year after the date that the financial statements are issued.

Turner, Stone & Company, L.L.P.
Accountants and Consultants

12700 Park Central Drive, Suite 1400
Dallas, Texas 75251

Telephone: 972-239-1660 / Facsimile: 972-239-1665
Toll Free: 877-853-4195
Web site: turnerstone.com



Auditors' 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 GAAS 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 GAAS, 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 Parish'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 Parish'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.

Turner, Stone & Company, L.L.P.

Certified Public Accountants
Dallas, Texas
August 24, 2023

ST. ANN CATHOLIC PARISH - COPPELL
STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2023 AND 2022

	2023	2022
<u>Assets</u>		
Current assets:		
Cash, operating	\$ 580,706	\$ 266,813
Cash, board designated	1,286,897	1,337,348
Total cash	1,867,603	1,604,161
Prepaid expenses and other assets	6,965	2,062
Pooled investment securities at fair value, board designated	4,900,278	4,516,218
Total current assets	6,774,846	6,122,441
Property and equipment, at cost:		
Land and improvements	2,054,997	2,054,997
Construction in progress	7,750	-
Buildings, furniture and equipment	35,676,927	35,464,030
Less: accumulated depreciation	(27,465,666)	(26,619,870)
Total property and equipment, net	10,274,008	10,899,157
Donor restricted cash	368,078	420,969
Total assets	\$ 17,416,932	\$ 17,442,567
<u>Liabilities and Net Assets</u>		
Current liabilities:		
Accounts payable and accrued expenses	\$ 166,566	\$ 137,506
Assessment due to Diocese of Dallas	3,706	3,136
Deferred revenue	183,683	193,071
Due to Parish groups	196,065	195,394
Construction loan, current portion	212,453	212,453
Total current liabilities	762,473	741,560
Construction loan, less current portion	1,536,625	1,823,554
Total long-term liabilities	1,536,625	1,823,554
Net assets:		
Net assets without donor restrictions:		
Undesignated	8,562,581	8,602,918
Designated by board	6,187,175	5,853,566
Total net assets without donor restrictions	14,749,756	14,456,484
Net assets with donor restrictions	368,078	420,969
Total net assets	15,117,834	14,877,453
Total liabilities and net assets	\$ 17,416,932	\$ 17,442,567

The accompanying notes are an integral part of these financial statements.

ST. ANN CATHOLIC PARISH - COPPELL
STATEMENT OF ACTIVITIES AND NET ASSETS
FOR THE YEAR ENDED JUNE 30, 2023

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Revenues:			
Contributions of cash and other financial instruments	\$ 6,299,653	\$ -	\$ 6,299,653
Faith formation and tuition	283,875	-	283,875
Liturgical and worship	84,062	-	84,062
Ministries	609,853	682	610,535
Fundraising and development	344,155	541,951	886,106
Rental income	70,228	-	70,228
Investment income	424,447	-	424,447
Other income	-	-	-
	<u>8,116,273</u>	<u>542,633</u>	<u>8,658,906</u>
Net assets released from restrictions:			
Satisfaction of donor restrictions	595,524	(595,524)	-
Total revenues	<u>8,711,797</u>	<u>(52,891)</u>	<u>8,658,906</u>
Expenses:			
Faith formation	2,135,480	-	2,135,480
Liturgical and worship	816,290	-	816,290
Ministries	655,060	-	655,060
Total program expenses	<u>3,606,830</u>	<u>-</u>	<u>3,606,830</u>
Management and general:			
Administrative	1,432,490	-	1,432,490
Facilities	1,271,495	-	1,271,495
Assessment	775,248	-	775,248
Depreciation	845,796	-	845,796
Total management and general	<u>4,325,029</u>	<u>-</u>	<u>4,325,029</u>
Fundraising and development	486,666	-	486,666
Total supporting services expenses	<u>4,811,695</u>	<u>-</u>	<u>4,811,695</u>
Total expenses	<u>8,418,525</u>	<u>-</u>	<u>8,418,525</u>
Increase (decrease) in net assets	293,272	(52,891)	240,381
Net assets at beginning of year	<u>14,456,484</u>	<u>420,969</u>	<u>14,877,453</u>
Net assets at end of year	<u>\$ 14,749,756</u>	<u>\$ 368,078</u>	<u>\$ 15,117,834</u>

The accompanying notes are an integral part of these financial statements.

ST. ANN CATHOLIC PARISH - COPPELL
STATEMENT OF ACTIVITIES AND NET ASSETS
FOR THE YEAR ENDED JUNE 30, 2022

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Revenues:			
Contributions of cash and other financial instruments	\$ 5,864,855	\$ -	\$ 5,864,855
Faith formation	320,305	-	320,305
Liturgical and worship	27,903	-	27,903
Ministries	376,089	7,060	383,149
Fundraising and development	267,700	781,412	1,049,112
Rental income	69,800	-	69,800
Investment income (loss), net	(529,541)	-	(529,541)
Other income	598,698	-	598,698
	<u>6,995,809</u>	<u>788,472</u>	<u>7,784,281</u>
Net assets released from restrictions:			
Satisfaction of donor restrictions	1,021,563	(1,021,563)	-
Total revenues	<u>8,017,372</u>	<u>(233,091)</u>	<u>7,784,281</u>
Expenses:			
Faith formation	1,733,997	-	1,733,997
Liturgical and worship	771,408	-	771,408
Ministries	510,275	-	510,275
Total program expenses	<u>3,015,680</u>	<u>-</u>	<u>3,015,680</u>
Management and general:			
Administrative	1,258,191	-	1,258,191
Facilities	1,054,682	-	1,054,682
Assessment	733,272	-	733,272
Depreciation	1,053,990	-	1,053,990
Total management and general	<u>4,100,135</u>	<u>-</u>	<u>4,100,135</u>
Fundraising and development	318,540	-	318,540
Total supporting services expenses	<u>4,418,675</u>	<u>-</u>	<u>4,418,675</u>
Total expenses	<u>7,434,355</u>	<u>-</u>	<u>7,434,355</u>
Increase (decrease) in net assets	583,017	(233,091)	349,926
Net assets at beginning of year	<u>13,873,467</u>	<u>654,060</u>	<u>14,527,527</u>
Net assets at end of year	<u>\$ 14,456,484</u>	<u>\$ 420,969</u>	<u>\$ 14,877,453</u>

The accompanying notes are an integral part of these financial statements.

ST. ANN CATHOLIC PARISH - COPPELL
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2023

	Program Services				Supporting Services					Fundraising and Development	Total Expenses
	Faith Formation	Worship and Liturgical	Ministries	Total	Administrative	Facilities	Assessment	Depreciation	Total		
Salaries and benefits	\$ 1,622,269	\$ 605,548	\$ 12,430	\$ 2,240,247	\$ 1,086,763	\$ 552,116	\$ -	\$ -	\$ 1,638,879	\$ 131,458	\$ 4,010,584
Contributions	(17,290)	-	395,727	378,437	-	(10)	-	-	(10)	7,000	385,427
Diocesan assessment	-	-	-	-	-	-	775,248	-	775,248	-	775,248
Professional fees	13,232	4,194	395	17,821	97,616	1,701	-	-	99,317	218	117,356
Insurance and risk management	-	-	-	-	3,848	153,986	-	-	157,834	-	157,834
Supplies, repairs and maintenance	505,066	203,640	238,398	947,104	225,445	263,198	-	-	488,643	186,358	1,622,105
Utilities	4,455	1,485	-	5,940	4,743	300,500	-	-	305,243	1,538	312,721
Interest and financing	7,748	1,423	8,110	17,281	14,075	4	-	-	14,079	160,094	191,454
Depreciation	-	-	-	-	-	-	-	845,796	845,796	-	845,796
Total expenses	\$ 2,135,480	\$ 816,290	\$ 655,060	\$ 3,606,830	\$ 1,432,490	\$ 1,271,495	\$ 775,248	\$ 845,796	\$ 4,325,029	\$ 486,666	\$ 8,418,525

The accompanying notes are an integral part of these financial statements.

ST. ANN CATHOLIC PARISH - COPPELL
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2022

	Program Services				Supporting Services						Total Expenses
	Faith Formation	Worship and Liturgical	Ministries	Total	Administrative	Facilities	Assessment	Depreciation	Total	Fundraising and Development	
Salaries and benefits	\$ 1,356,882	\$ 610,012	\$ 5,764	\$ 1,972,658	\$ 974,792	\$ 493,345	\$ -	\$ -	\$ 1,468,137	\$ 74,245	\$ 3,515,040
Contributions	-	-	354,708	354,708	(845)	-	-	-	(845)	6,500	360,363
Diocesan assessment	-	-	-	-	-	-	733,272	-	733,272	-	733,272
Professional fees	12,376	6,186	3,168	21,730	80,576	2,099	-	-	82,675	549	104,954
Insurance and risk management	-	-	-	-	3,894	143,721	-	-	147,615	-	147,615
Supplies, repairs and maintenance	352,723	153,501	140,175	646,399	195,710	148,655	-	-	344,365	132,643	1,123,407
Utilities	5,402	1,704	-	7,106	4,041	266,862	-	-	270,903	1,480	279,489
Interest and financing	6,614	5	6,460	13,079	23	-	-	-	23	103,123	116,225
Depreciation	-	-	-	-	-	-	-	1,053,990	1,053,990	-	1,053,990
Total expenses	\$ 1,733,997	\$ 771,408	\$ 510,275	\$ 3,015,680	\$ 1,258,191	\$ 1,054,682	\$ 733,272	\$ 1,053,990	\$ 4,100,135	\$ 318,540	\$ 7,434,355

The accompanying notes are an integral part of these financial statements.

ST. ANN CATHOLIC PARISH - COPPELL
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED JUNE 30, 2023 AND 2022

	2023	2022
Cash flows from operating activities:		
Increase in net assets	\$ 240,381	\$ 349,926
Adjustments to reconcile increase in net assets to net cash provided by operating activities:		
Depreciation expense	845,796	1,053,990
Gain on loan forgiveness	-	(598,698)
Changes in operating assets and liabilities:		
Prepaid expenses and other assets	(4,903)	66
Fair value of investments	(384,060)	(221,912)
Accounts payable and accrued expenses	29,060	18,211
Assessment due to Diocese of Dallas	570	(3,357)
Deferred revenue	(9,388)	60,544
Due to Parish groups	671	(30,424)
Net cash provided by operating activities	718,127	628,346
Cash flows from investing activities:		
Purchase of property and equipment	(212,897)	(1,175,974)
Construction in progress	(7,750)	-
Net cash used in investing activities	(220,647)	(1,175,974)
Cash flows from financing activities:		
Payment of construction loans	(286,929)	(74,819)
Net cash used in financing activities	(286,929)	(74,819)
Net increase (decrease) in cash	210,551	(622,447)
Cash, at beginning of year	2,025,130	2,647,577
Cash, at end of year	\$ 2,235,681	\$ 2,025,130

Reconciliation of Cash, at End of Year

Cash, operating	\$ 580,706	\$ 266,813
Cash, board designated	1,286,897	1,337,348
Donor restricted cash	368,078	420,969
Cash, at end of year	\$ 2,235,681	\$ 2,025,130

The accompanying notes are an integral part of these financial statements.

ST. ANN CATHOLIC PARISH - COPPELL
NOTES TO FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization

St. Ann Catholic Parish - Coppell (the “Parish”) was originally established as St. Ann Catholic Parish by the Bishop of the Roman Catholic Diocese of Dallas (the “Diocese”) on September 8, 1986. On November 1, 2018, the Parish was incorporated as St. Ann Catholic Parish – Coppell, a nonprofit organization under the laws of the State of Texas. The Parish provides Catholic religious services to the city of Coppell and the surrounding area in Texas.

Financial statement presentation

The accompanying combined financial statements include the general accounts of St. Ann Catholic Parish, and SACPC-RC, which have common management. All inter-entity accounts and balances have been eliminated in the combination. Each organization has a year-end of June 30.

Basis of presentation

The Parish accounts for its funding in accordance with the Financial Accounting Standards Board’s (FASB) Accounting Standards Codification (ASC) Topic 958, *Not-for-Profit Entities*, which establishes standards for external financial reporting by not-for-profit organizations and requires that resources be classified for accounting and reporting purposes into two net asset categories according to externally (donor) imposed restrictions. ASC Topic 958 requires that unconditional promises to give (pledges) be recorded as receivables and revenues and requires the Parish to distinguish between contributions received for each net asset category in accordance with donor-imposed restrictions. Accordingly, the net assets of the Parish and changes therein are classified and reported as follows:

Net assets without donor restrictions – net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in carrying out operations of the Parish in accordance with its mission. As of June 30, 2023 and 2022, the Parish’s Finance Council has designated approximately \$6,187,000 and \$5,854,000 of such assets to support the long-term capital needs of the Parish and to provide for the sustainability of the ministries operating at the Parish.

Net assets with donor restrictions – net assets subject to stipulations imposed by donors and grantors. Resources of this classification originate principally from contributions and gifts.

Donor restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets are reclassified from net assets with donor restrictions to net assets without donor restrictions in the statement of activities and net assets.

ST. ANN CATHOLIC PARISH - COPPELL
NOTES TO FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Management estimates

The preparation of financial statements, in conformity with U.S. generally accepted accounting principles (U.S. GAAP), requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Cash and cash flows

For purposes of the statements of cash flows, cash includes demand deposits, time deposits and short-term liquid investments with a maturity of three months or less when purchased. The Parish maintains deposits at two financial institutions. The Federal Deposit Insurance Corporation (FDIC) provides coverage for the aggregate balance of depositors' interest and non-interest-bearing accounts up to \$250,000, at each separately chartered financial institution. As of June 30, 2023, approximately \$1,557,000 of the Parish's cash was in excess of federally insured limits. The Parish has not experienced any losses in such accounts. A portion of the Parish's cash is subject to donor-imposed restrictions as described in Note 3.

Cash, board designated

Cash, board designated represents cash and cash equivalents set aside by the Parish's Finance Council to support the long-term capital needs of the Parish and provide for the sustainability of the ministries operating at the Parish. The Parish Finance Council may, at its discretion, allocate such funds for operating purposes if deemed necessary.

Pledges receivable

Pursuant to ASC Topic 958, the Parish records unconditional promises to give as an asset. However, intentions to give do not require the recording of an asset and related revenue. The Parish views intentions to give as morally but not legally binding commitments. Accordingly, no pledges receivable are reflected in the accompanying financial statements.

ST. ANN CATHOLIC PARISH - COPPELL
NOTES TO FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Investment securities at fair value, board designated

The Parish investments consists primarily of money market funds, marketable securities, and pooled investments and are held in a pooled account at the Catholic Foundation of Dallas (the Foundation), an investment company. Accordingly, the fair value is measured using the net asset value (NAV) per share as a practical expedient (Note 2). Realized and unrealized gains and losses are included in the accompanying statements of activities and net assets. The Parish recognized net investment income of \$424,447 and net investment loss of \$529,541 for the years ended June 30, 2023 and 2022, respectively. As of June 30, 2023 and 2022, the Parish's investments held at the Foundation have been designated by the Parish Finance Council to support the long-term capital needs of the Parish and to provide for the sustainability of its ministries.

Property and equipment

Property and equipment additions exceeding \$2,500 and with an estimated useful life exceeding one year are recorded at cost if purchased or, if donated, at fair value at the date of the donation. Smaller amounts are expensed. Depreciation is computed using the straight-line method over the estimated useful lives of the assets ranging between 3 to 20 years. Expenditures for maintenance and repairs are expensed as incurred.

Impairment or disposal of long-lived assets

The Parish periodically evaluates, using undiscounted cash flows, the carrying value of its long-lived assets whenever changes in events or circumstances indicate that the carrying amount of its assets may not be recoverable or, at least annually. In the event the carrying value exceeds the expected undiscounted future cash flows from the asset an impairment loss will be recognized in the statements of activities and net assets for any difference between the fair value of the asset and the carrying value of the asset. During the years ended June 30, 2023 and 2022, the Parish identified no impairments and recognized no losses related to impairment on its long lived assets.

Support and expenses

Contributions received are recorded as either without donor restrictions or with donor restrictions, depending on the existence of any such restriction. Grants and other contributions of cash and other assets are reported as being subject to donor restrictions if they are received with donor stipulations that limit the use of the donated assets.

Faith formation fees received in advance for future activities during the years ended June 30, 2023 and 2022 are recorded as deferred revenue in the accompanying statements of financial position.

Income taxes

The Parish is exempt from income taxes pursuant to Section 501(c)(3) of the Internal Revenue Code and has not been classified as a private foundation. Accordingly, the accompanying financial statements do not contain any provision for federal income taxes.

ST. ANN CATHOLIC PARISH - COPPELL
NOTES TO FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Fair value measurements

ASC Topic 820, *Fair Value Measurement*, defines fair value, establishes a framework for measuring fair value in accordance with U.S. GAAP, and requires certain disclosures about fair value measurements. In general, the fair values of financial instruments are based upon quoted market prices, where available. If such quoted market prices are not available, fair value is based upon internally developed models that primarily use, as inputs, observable market-based parameters. Valuation adjustments may be made to ensure that financial instruments are recorded at fair value. Any such valuation adjustments are applied consistently over time.

Fair value of financial instruments

In accordance with the reporting requirements of ASC Topic 825, *Financial Instruments*, the Parish calculates the fair value of its assets and liabilities which qualify as financial instruments under this standard and includes this additional information in the notes to the financial statements when the fair value is different than the carrying value of those financial instruments. See Note 2 for discussion of fair value measurements.

Recent accounting pronouncements

During the year ended June 30, 2023 and through August 24, 2023, there were several new accounting pronouncements issued by the FASB. Each of these pronouncements, as applicable, has been or will be adopted by the Parish. Management does not believe the adoption of any of these accounting pronouncements has had or will have a material impact on the Parish's financial statements.

In June 2020, the FASB issued ASU No. 2020-07 (Topic 958), *Presentation and Disclosures by Not-for-Profit Entities for contributed Nonfinancial Assets*. The standard updates the presentation and disclosure of contributed nonfinancial assets, including fixed assets, use of fixed assets or utilities, materials and supplies, intangible assets, services, and unconditional promises of those assets. The standard updates the presentation of contributed nonfinancial assets as a separate line item in the statement of activities, apart from contributions of cash and other financial assets. The amendments in this update are effective for NFPs for annual periods beginning after June 15, 2021. Management has adopted the standard during the year ended June 30, 2023, evaluated the impact on the Parish's financial position and determined there was no impact on the financial statement presentation.

Subsequent events

In preparing the financial statements, the Parish has reviewed, as determined necessary by the Parish's Finance Council, events that have occurred after June 30, 2023, up until the issuance of the financial statements, which occurred on August 24, 2023.

ST. ANN CATHOLIC PARISH - COPPELL
NOTES TO FINANCIAL STATEMENTS

2. FAIR VALUE MEASUREMENTS

ASC Topic 820, *Fair Value Measurement*, establishes 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 or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy under ASC Topic 820 are described as follows:

- Level 1 Valuations based on unadjusted quoted prices in active markets that are accessible at the measurement date for identical, unrestricted assets or liabilities;
- Level 2 Valuations based on quoted prices in markets that are not active, or financial instruments for which all significant inputs are observable; either directly or indirectly; and
- Level 3 Valuations based on prices or valuation techniques that require inputs that are both significant to the fair value measurement and unobservable; thus, reflecting assumptions about the market participants.

The asset 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 maximize the use of relevant observable inputs and minimize the use of unobservable inputs.

Following is a description of the valuation methodologies used for the investments measured at fair value. There have been no changes in the methodologies used at June 30, 2023 and 2022.

Pooled separate accounts: The Foundation offers five different investment strategy pools which are 1) cash portfolio performance, 2) ultra conservative portfolio performance, 3) conservative portfolio performance, 4) balanced portfolio performance and 5) growth portfolio performance. The Parish instructed the Foundation to invest the assets in accordance with the Balanced Portfolio Performance option which are valued daily at their net asset values (NAV). The NAV is used as a practical expedient to estimate fair value. The Plan and participants hold "units of participation" in the separate account.

3. NET ASSETS WITH DONOR RESTRICTIONS

During the years ended June 30, 2023 and 2022, the Parish received contributions with donor restrictions for capital fund campaigns. The net assets with donor restrictions represent available resources subject to donor-imposed stipulations that may or will be met either by actions of the Parish and/or the passage of time. For the years ended June 30, 2023 and 2022 there were \$542,633 and \$788,472 of contributions to net assets with donor restrictions and satisfaction of donor-restricted net assets totaled \$595,524 and \$1,021,563, respectively. At June 30, 2023 and 2022, \$368,078 and \$420,969, respectively, of net assets with donor restrictions remained comprised of cash held for restricted purposes as reflected in the statements of financial position.

ST. ANN CATHOLIC PARISH - COPPELL
NOTES TO FINANCIAL STATEMENTS

4. COMMITMENTS AND CONTINGENCIES

Leases

The Parish is obligated under three non-cancellable operating lease agreements, two of which expired June 2023, for office equipment and contain no other significant provisions. For the years ended June 30, 2023 and 2022, lease expenses totaled \$39,996 and \$31,075, respectively, and are included in various program and supporting services expenses in the accompanying statements of functional expenses.

Future minimum lease payments under the terms of the above operating leases are as follows:

Years Ending June 30,	Amount
2024	\$ 15,749
2025	15,749
2026	15,749
2027	15,749
2028	4,964

5. LONG-TERM DEBT

On July 29, 2020, the Parish entered into a commercial loan agreement with Inwood Bank which provided for a loan in the amount of \$3,500,000 to be used for construction purposes. The construction loan has a maturity date of January 29, 2032 and bears interest at a rate of 3.35% per annum. As of, January 29, 2022, payments of principal and interest shall be paid, in a monthly amount sufficient to fully repay the unpaid principal balance plus interest accrued over a 10-year amortization schedule with the first installment due on February 28, 2022 and shall continue to be due and payable on the same day of each calendar month thereafter until January 29, 2032. As of June 30, 2023, the Parish has borrowed \$2,036,007 of the total \$3,500,000 loan.

On January 22, 2021, the Parish entered into a promissory note payable with Inwood Bank, which provided for a loan in the amount of \$598,698 pursuant to the Paycheck Protection Program under the CARES Act. The PPP Loan has a six-year term and bears interest at a rate of 1% per annum, until maturity. Monthly principal and interest payments are deferred for five months after the date of disbursement. The PPP Loan may be prepaid at any time prior to maturity with no prepayment penalties. On August 13, 2021, as authorized by Section 1106 of the CARES Act, the SBA has forgiven \$598,698 of principal of the Parish's Paycheck Protection Program (PPP) loan.

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NOTES TO FINANCIAL STATEMENTS

5. LONG-TERM DEBT (continued)

Future minimum debt payments are as follows:

Years Ending June 30,	Amount
2024	\$ 212,453
2025	212,453
2026	212,453
2027	212,453
2028	212,453

6. RELATED PARTY TRANSACTIONS

Diocesan self-insurance program

The Diocese arranges through preferred providers for casualty and group health insurance for the Pastoral Center of the Diocese, parishes, diocesan schools, and other related organizations under partially self-insured programs with third-party administrators processing claims. During the years ended June 30, 2023 and 2022, the Parish paid approximately \$624,000 and \$585,000, respectively, in group insurance premiums which are included within ‘salaries and benefits’ on the accompanying statements of functional expenses. The Parish also paid approximately \$145,000 and \$132,000 in property insurance premiums during the years ended June 30, 2023 and 2022, respectively, which are included within ‘insurance and risk management’ on the accompanying statements of functional expenses. As of June 30, 2023 and 2022, \$3,706 and \$3,136, respectively, in policy premiums and other related expenses were due to the Diocese and are included within ‘accounts payable and accrued expenses’ on the accompanying statements of financial position.

Diocesan assessment

For the fiscal year ended June 30, 2023, the Parish continued remitting required assessments on a monthly basis to the Pastoral Center of the Diocese. Previously, such assessments were required to be remitted on a quarterly basis. For the years ended June 30, 2023 and 2022, the monthly assessments totaled \$775,248 and \$733,272, respectively, which are included within ‘contributions and assessment’ on the accompanying statements of functional expenses. On June 30, 2023 and 2022, all assessments due to the Diocese had been paid.

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NOTES TO FINANCIAL STATEMENTS

7. EMPLOYEE BENEFIT PLAN

Effective July 1, 1996, the Diocese established a defined contribution retirement plan (the Plan) qualifying under Section 403(b)(7) of the Internal Revenue Code. The Plan allows eligible lay employees of the Parish to contribute, tax deferred, to the Plan a portion of their annual compensation, subject to annual limits. The Parish is required to contribute an amount equal to 3% of eligible employees' compensation.

In addition, the Parish, at its discretion, may make additional matching contributions of up to 4% of eligible employees' compensation. The Parish elected to make matching contributions totaling \$112,201 and \$107,289 during the years ended June 30, 2023 and 2022, respectively, which are included within 'salaries and benefits' on the accompanying statements of functional expenses. The Parish contributed \$33,087 and \$40,677 towards the clergy pension during the years ended June 30, 2023 and 2022, respectively.

8. AVAILABILITY AND LIQUIDITY

The table below reflects the Parish's financial assets as of June 30, 2023 and 2022, reduced by amounts not available for general use within one year of the statements of financial position dates because of contractual or donor-imposed restrictions, or internal special designation of funds. Amounts available include amounts set aside for operating and other reserves that could be drawn upon if approved by the Parish Finance Council.

	2023	2022
Cash and cash equivalents	\$ 2,235,681	\$ 2,025,130
Investment securities, at fair value	4,900,278	4,516,218
Total financial assets available within one year	7,135,959	6,541,348
Less: Amounts unavailable for general expenditures within one year, due to:		
Restricted by donors with purpose restrictions	(368,078)	(420,969)
Total amounts available for general expenditures within one year	6,767,881	6,120,379
Amounts unavailable to management without Parish Finance Council's approval	(6,187,175)	(5,853,566)
Total financial assets available within one year after Parish Finance Council designations	\$ 580,706	\$ 266,813

The Parish Finance Council designates special purpose funds from time-to-time to have those resources to provide support for operating or other long-term needs, such as capital contributions for the construction of property, plant, and equipment. These funds are maintained within both an interest-bearing savings account at a financial institution and also within the Foundation but remain available and may be spent at the discretion of the Parish Finance Council for the intended designated purpose. See Note 2 for further discussion of the Parish's funds held within the Foundation.

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NOTES TO FINANCIAL STATEMENTS

9. METHODS USED FOR ALLOCATION OF EXPENSES AMONG PROGRAMS AND SUPPORTING SERVICES

The financial statements report certain categories of expenses that are attributable to one or more programs or supporting services of the Parish. Those expenses include salaries and benefits, contributions and assessment, depreciation, professional fees, insurance and risk management, supplies, repairs and maintenance, utilities, and interest and financing.

Due to their cross-utilization across the various programs and supporting services of the Parish, certain expenses such as depreciation, insurance and risk management, utilities, and interest and financing have been evenly allocated across the Parish's various programs and supporting services in the accompanying statements of functional expenses. Salaries and benefits have been allocated based upon actual and estimated employee time spent among each of the Parish's individual programs and supporting services. In addition, pursuant to Diocesan requirements, contributions expense has been fully allocated to the 'ministries' program, while assessment expense has been fully allocated to the 'management and general' supporting service. Further, professional fees and supplies, repairs and maintenance expenses have been allocated to the individual programs and supporting services to which they pertain.