

---

# The Roman Catholic Diocese of Las Cruces

---

*Financial Statements  
and  
Independent Auditor's Report  
June 30, 2024 and 2023*

**redw**  
Advisors & CPAs

# The Roman Catholic Diocese of Las Cruces

## Table of Contents

	<u>Page</u>
<b>Independent Auditor's Report</b>	1
<b>Financial Statements</b>	
Statements of Financial Position	3
Statement of Activities and Changes in Net Assets – 2024	4
Statement of Activities and Changes in Net Assets – 2023	5
Statement of Functional Expenses – 2024	6
Statement of Functional Expenses – 2023	7
Statements of Cash Flows	8
Notes to Financial Statements	9

## Independent Auditor's Report

To the Finance Council  
The Roman Catholic Diocese of Las Cruces

### ***Opinion***

We have audited the financial statements of The Roman Catholic Diocese of Las Cruces (a non-profit organization), which comprise the statements of financial position as of June 30, 2024 and 2023, and the related statements of activities and changes in net assets, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of The Roman Catholic Diocese of Las Cruces as of June 30, 2024 and 2023, 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 Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of The Roman Catholic Diocese of Las Cruces 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 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 Roman Catholic Diocese of Las Cruces ability to continue as a going concern for one year after the date that the financial statements are 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 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 Roman Catholic Diocese of Las Cruces 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 Roman Catholic Diocese of Las Cruces 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 audits.

**REDW** LLC

Phoenix, Arizona  
December 19, 2024

## Financial Statements

**The Roman Catholic Diocese of Las Cruces**  
**Statements of Financial Position**  
**June 30, 2024 and 2023**

	2024	2023
Current assets		
Cash and cash equivalents	\$ 5,246,561	\$ 4,972,089
Investments held in trust	13,578,568	10,915,556
Related party receivables, net	703,099	687,022
Pledges receivable, net	-	4,596
Notes receivable held in trust, current portion	<u>66,179</u>	<u>45,971</u>
Total current assets	<u>19,594,407</u>	<u>16,625,234</u>
Property and equipment, net	<u>1,449,237</u>	<u>1,086,158</u>
Other assets		
Investment in captives	550,771	456,840
Notes receivable held in trust, net of current portion	<u>1,314,393</u>	<u>1,184,361</u>
Total other assets	<u>1,865,164</u>	<u>1,641,201</u>
Total assets	<u><u>\$ 22,908,808</u></u>	<u><u>\$ 19,352,593</u></u>
Current liabilities		
Accounts payable and accrued expenses	\$ 152,406	\$ 223,735
United in Ministry rebates payable	-	108,670
Funds held in trust	1,052,276	906,164
Self-insurance reserve and accrued claims	352,685	352,685
Current portion of long-term debt	<u>-</u>	<u>4,913</u>
Total current liabilities	<u>1,557,367</u>	<u>1,596,167</u>
Long-term liabilities		
Parish deposits held in trust	12,713,325	10,518,902
Long-term debt, less current portion	<u>25,831</u>	<u>25,831</u>
Total long-term liabilities	<u>12,739,156</u>	<u>10,544,733</u>
Total liabilities	<u>14,296,523</u>	<u>12,140,900</u>
Net assets		
Net assets without donor restrictions	8,361,700	6,894,979
Net assets with donor restrictions	<u>250,585</u>	<u>316,714</u>
Total net assets	<u>8,612,285</u>	<u>7,211,693</u>
Total liabilities and net assets	<u><u>\$ 22,908,808</u></u>	<u><u>\$ 19,352,593</u></u>

**See accompanying notes and independent auditor's report.**

**The Roman Catholic Diocese of Las Cruces**  
**Statement of Activities and Changes in Net Assets**  
**For the Year Ended June 30, 2024**

	2024		
	Without Donor Restrictions	With Donor Restrictions	Total
Revenue and support			
Parish assessments	\$ 1,466,616	\$ -	\$ 1,466,616
Insurance premium revenues	1,726,800	-	1,726,800
United in Ministry pledges	1,473,788	-	1,473,788
Contributions and bequests	436,070	246,008	682,078
Investment income	1,017,674	-	1,017,674
Grants	-	455,455	455,455
Administrative service fees	49,076	-	49,076
Other	282,344	-	282,344
Net assets released from restrictions	<u>767,592</u>	<u>(767,592)</u>	<u>-</u>
Total revenue and support	<u>7,219,960</u>	<u>(66,129)</u>	<u>7,153,831</u>
Expenses			
Program services			
Pastoral support services	810,111	-	810,111
Evangelization and community outreach	1,000,303	-	1,000,303
Parish administrative support	<u>189,588</u>	<u>-</u>	<u>189,588</u>
Total program services expense	<u>2,000,002</u>	<u>-</u>	<u>2,000,002</u>
Support services			
General and administrative	3,495,555	-	3,495,555
Fundraising	<u>257,682</u>	<u>-</u>	<u>257,682</u>
Total support services expense	<u>3,753,237</u>	<u>-</u>	<u>3,753,237</u>
Total expenses	<u>5,753,239</u>	<u>-</u>	<u>5,753,239</u>
Increase (decrease) in net assets	1,466,721	(66,129)	1,400,592
Net assets at June 30, 2023	<u>6,894,979</u>	<u>316,714</u>	<u>7,211,693</u>
Net assets at June 30, 2024	<u>\$ 8,361,700</u>	<u>\$ 250,585</u>	<u>\$ 8,612,285</u>

**See accompanying notes and independent auditor's report.**

**The Roman Catholic Diocese of Las Cruces**  
**Statement of Activities and Changes in Net Assets**  
**For the Year Ended June 30, 2023**

	2023		
	Without Donor Restrictions	With Donor Restrictions	Total
Revenue and support			
Parish assessments	\$ 1,519,503	\$ -	\$ 1,519,503
Insurance premium revenues	1,779,537	-	1,779,537
United in Ministry pledges	1,326,546	-	1,326,546
Contributions and bequests	61,005	5,857	66,862
Investment income	223,869	-	223,869
Grants	-	271,982	271,982
Administrative service fees	52,364	-	52,364
Other	205,861	-	205,861
Net assets released from restrictions	<u>342,122</u>	<u>(342,122)</u>	<u>-</u>
Total revenue and support	<u>5,510,807</u>	<u>(64,283)</u>	<u>5,446,524</u>
Expenses			
Program services			
Pastoral support services	715,370	-	715,370
Evangelization and community outreach	683,386	-	683,386
Parish administrative support	<u>185,488</u>	<u>-</u>	<u>185,488</u>
Total program services expense	<u>1,584,244</u>	<u>-</u>	<u>1,584,244</u>
Support services			
General and administrative	2,925,557	-	2,925,557
Fundraising	<u>169,043</u>	<u>-</u>	<u>169,043</u>
Total support services expense	<u>3,094,600</u>	<u>-</u>	<u>3,094,600</u>
Total expenses	<u>4,678,844</u>	<u>-</u>	<u>4,678,844</u>
Increase (decrease) in net assets	831,963	(64,283)	767,680
Net assets at June 30, 2022	<u>6,063,016</u>	<u>380,997</u>	<u>6,444,013</u>
Net assets at June 30, 2023	<u>\$ 6,894,979</u>	<u>\$ 316,714</u>	<u>\$ 7,211,693</u>

See accompanying notes and independent auditor's report.

**The Roman Catholic Diocese of Las Cruces**  
**Statement of Functional Expenses**  
**For the Year Ended June 30, 2024**

	Program Services				Support Services		
	Pastoral Support Services	Evangelization and Community Outreach	Parish Administrative Support	Total	General and Administrative	Fundraising	Total
Expenses							
Salaries and benefits	\$ 210,728	\$ 62,010	\$ 95,041	\$ 367,779	\$ 758,708	\$ 158,120	\$ 916,828
Occupancy costs	79,138	15,751	11,623	106,512	169,844	31,005	200,849
Travel and professional development	53,469	116,177	1,653	171,299	9,867	12,084	21,951
Professional services	41,521	8,874	49,571	99,966	202,726	2,128	204,854
Support and grants	196,657	713,835	7,061	917,553	529	5,301	5,830
Events	2,099	31,087	-	33,186	8,254	644	8,898
Insurance premiums and claims	-	-	-	-	1,429,130	-	1,429,130
Bad debt and interest	-	-	-	-	750,081	-	750,081
Depreciation	-	-	-	-	68,749	-	68,749
Other	<u>226,499</u>	<u>52,569</u>	<u>24,639</u>	<u>303,707</u>	<u>97,667</u>	<u>48,400</u>	<u>146,067</u>
Total expenses	<u>\$ 810,111</u>	<u>\$ 1,000,303</u>	<u>\$ 189,588</u>	<u>\$ 2,000,002</u>	<u>\$ 3,495,555</u>	<u>\$ 257,682</u>	<u>\$ 3,753,237</u>

**See accompanying notes and independent auditor's report.**

**The Roman Catholic Diocese of Las Cruces**  
**Statement of Functional Expenses**  
**For the Year Ended June 30, 2023**

	Program Services				Support Services		
	Pastoral Support Services	Evangelization and Community Outreach	Parish Administrative Support	Total	General and Administrative	Fundraising	Total
Expenses							
Salaries and benefits	\$ 208,369	\$ 72,642	\$ 82,234	\$ 363,245	\$ 612,965	\$ 102,653	\$ 715,618
Occupancy costs	86,240	3,869	13,299	103,408	115,855	2,645	118,500
Travel and professional development	43,154	66,342	5,233	114,729	14,110	8,817	22,927
Professional services	44,624	9,982	59,265	113,871	242,567	2,068	244,635
Support and grants	252,216	468,010	185	720,411	150	22,388	22,538
Events	17,188	43,104	-	60,292	36,356	6,825	43,181
Insurance premiums and claims	-	-	-	-	1,267,981	-	1,267,981
Bad debt and interest	-	-	-	-	392,299	-	392,299
Depreciation	-	-	-	-	68,946	-	68,946
Other	63,579	19,437	25,272	108,288	174,328	23,647	197,975
Total expenses	<u>\$ 715,370</u>	<u>\$ 683,386</u>	<u>\$ 185,488</u>	<u>\$ 1,584,244</u>	<u>\$ 2,925,557</u>	<u>\$ 169,043</u>	<u>\$ 3,094,600</u>

See accompanying notes and independent auditor's report.

**The Roman Catholic Diocese of Las Cruces**  
**Statements of Cash Flows**  
**For the Year Ended June 30, 2024 and 2023**

	2024	2023
<b>Cash flows from operating activities</b>		
Change in net assets	\$ 1,400,592	\$ 767,680
<b>Adjustments to reconcile change in net assets to net cash provided by operating activities</b>		
Depreciation	68,749	68,946
Bad debt expense	378,601	196,512
Interest from parish deposits held in trust	371,480	192,952
Unrealized (gain) loss	(253,465)	36,132
Changes in operating assets and liabilities		
Related party receivables	(359,096)	(204,049)
Pledges receivable	4,596	175,260
Other assets	(115,630)	49,093
Deposits in captive insurance	(93,931)	56,210
Accounts payable and accrued expenses	(180,040)	(111,721)
United in Ministry rebates payable	(108,670)	93,351
Self-insurance reserve and accrued claims	-	(100,000)
Funds held in trust	<u>146,112</u>	<u>(83,467)</u>
Net cash provided by operating activities	<u>1,259,298</u>	<u>1,136,899</u>
<b>Cash flows from investing activities</b>		
Fixed asset purchases	(323,117)	(61,212)
Payments received on notes receivable held in trust	229,808	46,310
Additional notes receivable held in trust issued	(300,000)	(274,633)
Investment purchases	(10,827,402)	(10,589,245)
Proceeds from sale of investments	<u>8,417,855</u>	<u>3,625,876</u>
Net cash used in investing activities	<u>(2,802,856)</u>	<u>(7,252,904)</u>
<b>Cash flows from financing activities</b>		
Increase in parish deposits held in trust	2,141,312	1,172,920
Withdrawals from parish deposits held in trust	(318,369)	(734,226)
Repayment of notes payable	<u>(4,913)</u>	<u>(13,259)</u>
Net cash provided by financing activities	<u>1,818,030</u>	<u>425,435</u>
Net increase (decrease) in cash and cash equivalents	274,472	(5,690,570)
Cash and cash equivalents at beginning of the year	<u>4,972,089</u>	<u>10,662,659</u>
Cash and cash equivalents at end of year	<u>\$ 5,246,561</u>	<u>\$ 4,972,089</u>
<b>Supplemental cash flow information and noncash activities</b>		
Interest paid	<u>\$ 371,480</u>	<u>\$ 192,952</u>
Property and equipment included in current liabilities	<u>\$ 108,711</u>	<u>\$ -</u>

**See accompanying notes and independent auditor's report.**

**The Roman Catholic Diocese of Las Cruces**  
**Notes to Financial Statements**  
**June 30, 2024 and 2023**

**1) Organization and Summary of Accounting Policies**

A summary of the significant accounting policies consistently applied in the preparation of the accompanying financial statements follows.

Organization

The Roman Catholic Diocese of Las Cruces (the “Pastoral Center”) is a not-for-profit organization established under the laws of the State of New Mexico and operates as a religious organization. The Pastoral Center is in Southern New Mexico and provides services to parishes, schools and other Catholic organizations located within its geographic boundary and under the authority of the Bishop of Las Cruces. Services provided include administrative services regarding education, charitable projects, parish administration and religious personnel activities.

The statements of the Pastoral Center do not include a complete presentation for all Catholic entities located within the boundaries of the Pastoral Center. Catholic organizations located within the geographic boundary of the Pastoral Center operate under the canonical authority of the Bishop of Las Cruces but are separate not-for-profit organizations under the laws of the State of New Mexico. Daily operations of these entities are controlled and supervised by local pastors and administrators.

A significant amount of the financial activities of the Pastoral Center involves transactions with related parties.

The Pastoral Center’s expenses are allocated among the following program categories:

a. Diocesan Pastoral Support

The Bishop of Las Cruces provides pastoral care on a diocesan-wide basis. His direct expenses, those of the Chancery, and those of the Marriage Tribunal are included in this category. Also included are expenses incurred in providing pastoral resources and spiritual support to the people of the Diocese.

b. Evangelization and Community Outreach

The Pastoral Center funds services and employs personnel with the primary objective of supporting evangelization, spiritual discernment, and community outreach. These related expenses are reported in the category.

c. Direct Parish Support

The Pastoral Center funds services and employs personnel with the primary objective of directly aiding Catholic parishes and schools with various administrative functions related to the management of temporal goods and church employees. The Pastoral Center also provides self-insurance for the parishes and schools. Claims paid by the Pastoral Center on behalf of the parishes or schools are charged back to the individual entity and are included in related party receivables, net, on the statements of financial position.

**The Roman Catholic Diocese of Las Cruces**  
**Notes to Financial Statements**  
**June 30, 2024 and 2023**

Basis of Accounting

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (GAAP) and accordingly reflect all significant receivables, payables, and other liabilities. The Financial Accounting Standards Board (FASB) establishes GAAP, which are contained in the Accounting Standards Codification (ASC).

Basis of Financial Statement Presentation

The Pastoral Center is required to report information regarding its financial position and activities according to two classes of net assets: net assets without donor restrictions and net assets with donor restrictions.

*Net Assets without Donor Restrictions* – These net assets generally result from revenues generated by receiving contributions that have no donor restrictions, providing services, program and event registration fees and receiving interest from operating investments, less expenses incurred in providing program-related services, raising contributions, and performing administrative functions.

*Net Assets with Donor Restrictions* – These net assets result from gifts of cash and other assets that are received with donor stipulations that limit the use of the donated assets, either temporarily until the donor restriction expires, that is until the stipulated time restriction ends, or the purpose of the restriction is accomplished, or permanently, in which the donor has stipulated the funds be maintained in perpetuity.

When a donor restriction is satisfied or expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities and changes in net assets as net assets released from donor restrictions.

Internally Designated Net Assets

At June 30, 2024 and 2023, unrestricted net assets in the amount of approximately \$38,414 and \$183,000, respectively, have been designated by the Pastoral Center's Bishop for charitable expenses. Internally designated net assets remain under the control of the Bishop which may, at his discretion, later use these net assets for other purposes. Therefore, internally designated net assets are included with net assets without donor restrictions on the statements of financial position.

Use of Estimates

The preparation of financial statements in conformity with 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 year.

**The Roman Catholic Diocese of Las Cruces**  
**Notes to Financial Statements**  
**June 30, 2024 and 2023**

Actual results could differ from those estimates. Significant estimates include the estimate for claims payable, the allowance for doubtful accounts, fair value of investments and fair value of the investment in captives.

Cash and Cash Equivalents

Cash and cash equivalents consist of short-term highly liquid investments, which are readily convertible into cash within ninety (90) days of purchase, including money market funds and certificates of deposit not held within an investment portfolio. The carrying value of cash and cash equivalents approximates fair value when the terms and lengths of the agreements are considered.

Concentrations of Credit Risk

The Pastoral Center maintains cash in deposit accounts in federally insured banks. At times, the balance in the accounts may be in excess of the \$250,000 limit insured by the Federal Deposit Insurance Corporation (FDIC). As of June 30, 2024 and 2023, and at various times during the year, the Pastoral Center maintained cash balances at financial institutions in excess of the federally insured limits. Given the economic environment and risks in the banking industry, there is risk that these deposits may not be readily available or covered by insurance. As of June 30, 2024 and 2023, the Pastoral Center has not experienced any losses in such accounts and believes that it is not exposed to significant credit risk on its cash and cash equivalents.

Related Party Receivables

The Pastoral Center adopted FASB ASC 326, Credit Losses (Topic 326), on July 1, 2023. The Pastoral Center's adoption of this standard introduces a more structured framework for estimating expected credit losses on financial instruments, such as sales contracts receivable. The adoption of this standard via the modified retrospective approach did not result in a significant change to current or prior-period amounts or related disclosures.

Related party receivables are presented at face value, net of credit allowance. The Pastoral Center provides an allowance for credit losses, which is based upon a review of outstanding receivables, historical collection information, and current economic conditions. Management has assessed the credit risk and economic factors of outstanding receivables and has established an allowance of \$593,349 and \$587,742 for credit losses for the years ended June 30, 2024 and 2023.

Parish Deposits and Notes Receivable Held in Trust

The Pastoral Center holds cash deposits in trust for parishes located within the Diocese of Las Cruces. Deposits held in trust are invested on the parish's behalf through various short and mid-term investments. The Pastoral Center also makes loans to parishes within the Diocese of Las Cruces for various construction projects on behalf of parishes with deposits held by the Pastoral Center. The carrying value of parish deposits and notes receivable held in trust approximates fair value when the terms and lengths of the agreements are considered.

**The Roman Catholic Diocese of Las Cruces**  
**Notes to Financial Statements**  
**June 30, 2024 and 2023**

Loans are made after recommendation from an independent committee. All loans must be approved by both the independent committee and the Bishop of Las Cruces. All loans have promissory notes associated with them and are made at fixed interest rates over a defined term. Interest received from loans is credited to parish deposits held in trust.

Investments Held in Trust

The Pastoral Center makes investments in marketable securities on behalf of parishes who have made deposits with the Pastoral Center. The Pastoral Center carries investments in marketable equity securities with readily determined fair values and all investments in debt securities at their fair values in the statement of financial position. Certificates of deposit are carried at amortized cost which approximates fair value. Realized and unrealized gains and losses are included in the accompanying statements of activities and changes in net assets.

Investments in general are exposed to various risks, such as interest rate, credit and overall volatility risk. Due to the level of risk associated with certain investments, it is reasonably possible that changes in the values of investments will occur in the near-term and that such changes could materially affect the amounts reported in the statements of activities and changes in net assets.

Property and Equipment

Property and equipment are stated at cost, if purchased, or at the estimated fair value on the date of acquisition, if donated. The Pastoral Center capitalizes items with a cost or estimated fair value greater than \$5,000.

Management evaluates impairment of long-lived assets when events or changes in circumstances indicate the carrying value of the asset may not be recoverable. There were no impaired long-lived assets as of June 30, 2024 and 2023.

Depreciation

Depreciation expense is computed using the straight-line method over estimated useful lives. Asset lives for financial statement reporting purposes are between 3 and 40 years based on asset-type and expected useful life.

Contributed Services

The Pastoral Center receives a substantial amount of services donated by its members in carrying out the Church ministry. No amount has been reflected in the financial statements for those services since they do not meet the criteria for revenue recognition under accounting standards for contributions received and contributions made.

Functional Allocation of Expenses

The cost of providing the various programs and other activities have been summarized on a functional basis. Accordingly, certain costs have been allocated among the programs and supporting services benefited. The allocation methodology is based on actual expenses incurred by each program. Indirect costs are allocated based on time spent estimated by management.

**The Roman Catholic Diocese of Las Cruces**  
**Notes to Financial Statements**  
**June 30, 2024 and 2023**

Income Taxes

The Pastoral Center is a not-for-profit organization under Section 501(c)(3) of the Internal Revenue Code and, as such, is exempt from income taxes, and is not deemed a private foundation under the internal revenue code.

The Pastoral Center has recognized in the financial statements the effects of all tax positions and continually evaluates expiring statutes of limitations, audits, changes in tax law, and new authoritative rulings. The Pastoral Center is not aware of any circumstances or events that make it necessary to recognize a liability or disclose in the financial statements any effects of tax positions taken.

Reclassifications

Certain reclassifications were made to 2023 balances to conform to the 2024 presentation.

Revenue Recognition

Revenue is recognized in accordance with FASB ASC 606, Revenue from Contracts with Customers (Topic 606). Below are the major revenue sources of the Pastoral Center.

*Parish Assessments*

The Pastoral Center provides a variety of services per written agreement to parishes and other church-related organizations for an assessment amount which is determined by the Pastoral Center based on the estimated cost of providing such services.

*United in Ministry Pledges*

The United in Ministry (UIM) pledge is an annual campaign conducted on a calendar year basis. Each parish receives a UIM pledge goal at the beginning of every calendar year where they are required to pledge a certain amount of contributions to the Pastoral Center. At the end of Fiscal Year 2023, for each parish that had not met their pledge goal the Pastoral Center held a UIM receivable. In Fiscal Year 2024, the Diocese decided that the previous method of recognizing pledges was not the most accurate. Since pledges are nonbinding commitments, The Diocese decided that in order to properly recognize pledges correctly, the Diocese would only count pledges as revenue when the pledgee pays their commitment.

*Contributions and Bequests*

Contributions received are recorded with or without donor restrictions, depending on the existence and/or nature of any donor restrictions.

*Insurance Premiums*

The Pastoral Center provides workers' compensation and general insurance coverage to the Parishes, with premiums recognized ratably over the period of coverage. Total insurance premiums are recorded in the accompanying statement of activities and change in net assets.

**The Roman Catholic Diocese of Las Cruces**  
**Notes to Financial Statements**  
**June 30, 2024 and 2023**

The associated claims expense, which represents the estimated cost of settling claims, the cost of re-insurance and related administrative cost, is included in general expenses in accompanying statement of functional expenses.

**Subsequent Events**

Subsequent events were evaluated for recognition or disclosure in these financial statements through December 19, 2024, the date which the financial statements were available to be issued.

**2) Parish Deposits and Notes Receivable Held in Trust**

The Pastoral Center holds cash and notes receivable held in trust for various parishes located within the Pastoral Center to assist these entities with management of the assets. These assets are managed by an internal committee made up of independent members. The committee sets interest rates paid to parishes who have cash deposited in trust with the Pastoral Center as well as sets interest rates on loans for notes receivable issued in trust by the Pastoral Center for the benefit of the parishes.

Proceeds from loans issued by the committee must be used exclusively for building projects within the Pastoral Center.

For the year ended June 30, 2024, the interest rate paid on parish deposits held in trust ranged from 3.15% to 3.35% and for the year ended June 30, 2023, the interest rate paid on parish deposits held in trust was 2.5% to 3.0%. At June 30, 2024 and 2023, the interest rate charged on notes receivable issued ranged from 3.0% - 7.0%. For the years ended June 30, 2024 and 2023, deposit accounts incurred a total of \$371,480 and \$192,952, respectively, in interest and loan accounts earned a total of \$93,910 and \$72,583, respectively, in interest.

**3) Related-Party Receivables and Pledges Receivable**

Receivables at June 30, 2024, consists of:

	Receivable	Allowance for Doubtful Accounts	Net Receivable
Parish assessments	\$ 193,789	\$ 61,637	\$ 132,152
Property and liability premiums	467,193	284,828	182,365
Medical insurance premiums	125,602	14,390	111,212
Due from foundation	117,880	-	117,880
Other receivables	159,490	-	159,490
	<u>\$ 1,063,954</u>	<u>\$ 360,855</u>	<u>\$ 703,099</u>

**The Roman Catholic Diocese of Las Cruces**  
**Notes to Financial Statements**  
**June 30, 2024 and 2023**

Receivables at June 30, 2023, consists of:

	Receivable	Allowance for Doubtful Accounts	Net Receivable
Parish assessments	\$ 230,383	\$ 66,760	\$ 163,623
Property and liability premiums	429,589	262,431	167,158
Medical insurance premiums	64,708	55,323	9,385
Due from foundation	310,282	-	310,282
Other receivables	36,574	-	36,574
	<u>\$ 1,071,536</u>	<u>\$ 384,514</u>	<u>\$ 687,022</u>
 United in Ministry Pledges	 <u>\$ 4,596</u>	 <u>\$ -</u>	 <u>\$ 4,596</u>

**4) Investment and Fair Value Measurements**

The Pastoral Center follows the fair value measurement guidance for financial assets and financial liabilities. The guidance defines fair value, establishes a framework for measuring fair value and expands disclosure about fair value measurements.

Fair value is defined to be the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. A three-level hierarchy has been established for fair value measurements based upon the inputs to the valuation of an asset or liability as follows:

- Level 1 Valuation is based on quoted prices for identical assets and liability in active markets.
- Level 2 Valuation is derived from inputs, other than quoted prices included in Level 1, which are observable for the asset or liability either directly or indirectly. Investments classified as Level 2 are generally valued by benchmarking model-derived prices to quoted market prices and trade data for identical or comparable securities. The significant inputs used in this approach include interest rates, prepayment timing, yield spreads, credit losses and credit ratios of the securities.
- Level 3 Valuation is derived from unobservable inputs that are not corroborated by market data.

Following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in methodologies used at June 30, 2024 and 2023.

*Common stock* – Valued at the closing price reported in the active market on which the securities are traded.

**The Roman Catholic Diocese of Las Cruces**  
**Notes to Financial Statements**  
**June 30, 2024 and 2023**

*Mutual funds* – Valued at the daily closing price as reported by the fund. Shares held by the Diocese are registered with the Securities Exchange Commission and are required to publish their daily net asset value and transact at that price.

*Corporate bonds* – Valued using pricing models maximizing the use of observable inputs for similar securities. This includes basing value on yields currently available on comparable securities of issuers with similar credit ratings.

*Government securities* – Valued using pricing models maximizing the use of observable inputs for similar securities.

*Certificates of deposit* – Valued using matrix pricing techniques maintained by various pricing vendors.

The methods described above may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while management believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

The Pastoral Center follows the concept of the net asset value (NAV) “practical expedient” under GAAP. The practical expedient is an acceptable method under GAAP to determine the fair value of certain NAV investments that (a) do not have a readily determinable fair value predicated upon a public market and (b) either have the attributes of an investment company or prepare their financial statements consistent with the measurement principles of an investment company as defined by GAAP. As such, NAV investments are presented in the accompanying financial statements at fair value, as determined by the Pastoral Center. Such fair value generally represents the Pastoral Center’s proportionate share of the net assets of the NAV investment as reported by the underlying investment managers or general partners.

Accordingly, the fair value of NAV investments is generally increased by additional contributions, and the Pastoral Center’s share of net earnings from the NAV investments and are decreased by distributions and the Pastoral Center’s share of net losses from the NAV investments for the respective period.

The Pastoral Center believes that the carrying amount of its NAV investments is a reasonable estimate of fair value as of June 30, 2024 and 2023. Because these investments are not readily marketable, the estimated value is subject to uncertainty; therefore, results may differ from the value that would have been used had a ready market for these investments existed and such differences could be material.

**The Roman Catholic Diocese of Las Cruces**  
**Notes to Financial Statements**  
**June 30, 2024 and 2023**

For investments held at NAV, transactions are recorded on a trade date basis. Unrealized appreciation (depreciation) is determined by comparison of cost basis to fair value at the last day of the period. For NAV investments in which the Pastoral Center owns shares or units of an investment fund, realized appreciation (depreciation) on investments is determined by comparison of specific costs of acquisition to proceeds at the time of disposal. The amount of realized and unrealized appreciation (depreciation) associated with these investments is reflected on the statements of activities. Investments held at NAV under the Pastoral Center are as follows:

*Mission Diocese Fund, LLC (Fund)* – Investments held by the Fund are valued at fair value based on the closing price for securities listed on a securities exchange, the closing bid or ask price for over-the-counter securities not listed on a securities exchange, or at cost or obtained from an independent pricing service for securities not listed or traded on any exchange or on the over-the-counter market. The custodian of the investments in the Fund also has the ability to determine the fair value of securities not listed or traded on any exchange or on the over-the-counter market based on available information. The Pastoral Center’s investment in the Fund is valued at the number of units held by the Pastoral Center and the Fund’s per unit value.

Fair value of the Pastoral Center’s investments measured on a recurring basis by class of asset and by level was as follows at June 30, 2024 and 2023:

2024	Fair Value	Level 1	Level 2	Level 3	NAV
Mutual funds	\$ 1,766,643	\$ 1,766,643	\$ -	\$ -	\$ -
Certificates of deposit	4,618,359	-	4,618,359	-	-
U.S. governmental securities	5,722,996	-	5,722,996	-	-
Corporate bonds	202,102	-	202,102	-	-
Common stock	1,136,328	1,136,328	-	-	-
Mission diocese fund	132,140	-	-	-	132,140
Total investments	<u>\$ 13,578,568</u>	<u>\$ 2,902,971</u>	<u>\$ 10,543,457</u>	<u>\$ -</u>	<u>\$ 132,140</u>

2023	Fair Value	Level 1	Level 2	Level 3	NAV
Mutual funds	\$ 2,138,410	\$ 2,138,410	\$ -	\$ -	\$ -
Certificates of deposit	5,681,418	-	5,681,418	-	-
U.S. governmental securities	1,704,083	-	1,704,083	-	-
Corporate bonds	193,560	-	193,560	-	-
Common stock	1,081,422	1,081,422	-	-	-
Mission diocese fund	116,663	-	-	-	116,663
Total investments	<u>\$ 10,915,556</u>	<u>\$ 3,219,832</u>	<u>\$ 7,579,061</u>	<u>\$ -</u>	<u>\$ 116,663</u>

**The Roman Catholic Diocese of Las Cruces**  
**Notes to Financial Statements**  
**June 30, 2024 and 2023**

**5) Property and Equipment, Net**

A following is a summary of property and equipment, at cost, at June 30:

	2024	2023
Buildings and improvements	\$ 1,561,841	\$ 1,181,581
Vehicles and equipment	225,660	199,784
Furniture and fixtures	280,434	279,741
Water rights	15,070	15,070
Total property and equipment	2,083,005	1,676,176
Less accumulated depreciation	(1,083,834)	(1,015,084)
Land	450,066	425,066
Total property and equipment, net	\$ 1,449,237	\$ 1,086,158

Depreciation expense for the year ended June 30, 2024 and 2023, was \$68,749 and \$68,946, respectively.

**6) Captives and Self Insurance Reserve**

Captives

The Pastoral Center is a member in the Bishop’s Plan Insurance Company (BPIC), a captive insurance company incorporated under the laws of the Non-Profit Corporation Act of the State of Vermont and is taxed as a non-profit by the IRS under Section 501(c)(3). BPIC provides reinsurance on an occurrence basis for general liability, property, automobile liability, workers’ compensation, crime, errors and omissions, fidelity and other ancillary coverages included in the member’s policy. Policies are issued by and premiums are paid directly to BPIC which assumes 1-40% of the quota-share per loss or claim, depending on the line of coverage. For the year ended June 30, 2024 and 2023, the Pastoral Center paid \$324,184 and \$344,713, respectively, in premiums to BPIC. In the event of adverse loss development in the BPIC’s layer of risk, the Pastoral Center, as a member, can incur an additional loss assessment.

The Pastoral Center is a shareholder in The National Catholic Risk Retention Group (TNCRRG), a Vermont company that operates as a risk retention group under the federal Liability and Risk Retention Act of 1986. TNCRRG provides primary coverage on a claims-made or occurrence basis for general liability, personal injury, automobile, and other coverages. TNCRRG offers primary coverage of up to \$750,000 for each loss, in excess self-insured retention of \$250,000. For the year ended June 30, 2024 and 2023, the Pastoral Center paid \$412,529 and \$386,878, respectively, in premiums to TNCRRG. In the event of adverse loss development in the TNCRRG’s layer of risk, the Pastoral Center can incur an additional loss assessment.

**The Roman Catholic Diocese of Las Cruces**  
**Notes to Financial Statements**  
**June 30, 2024 and 2023**

Contracts pursuant to which it is not reasonably possible that the reinsurer may realize a significant loss from the insurance risk generally do not meet the requirements for reinsurance accounting and are accounted for as deposits. For the year ended June 30, 2024 and 2023, the company had reinsurance contracts that do not transfer risk, and therefore are being reported in accordance with ASC 340-30. At June 30, 2024 and 2023, the Pastoral Center had \$472,992 and \$391,743, respectively, related to BPIC and \$77,779 and \$65,097, respectively, related to TNCRRG related to these contracts, which are included in Investments in Captives in the accompanying Statement of Financial Position.

Self-Insurance Reserve

The Pastoral Center establishes insurance claim liabilities for property, liability, workers' compensation and automobile claims based on estimates of the ultimate costs of claims (net of reinsurance payments) that have been reported but not settled and for claims that have been incurred but not reported. The length of time for which such costs must be estimated varies depending on the coverage involved. The amount paid to ultimately settle these claims may be more or less than the amounts currently accrued. As of June 30, 2024 and 2023, the reserve was approximately \$203,000 and \$53,000, respectively.

**7) Letter of Credit**

At June 30, 2024 and 2023, the Pastoral Center had a letter of credit with Citizens Bank of Las Cruces in the amount of \$415,000 with a maturity date of August 2024. The letter of credit can be drawn by the New Mexico Workers Compensation Administration to pay historical workers compensation claims against the Pastoral Center in the event of financial insolvency of the Pastoral Center. There was no balance outstanding as of June 30, 2024 and 2023.

**The Roman Catholic Diocese of Las Cruces**  
**Notes to Financial Statements**  
**June 30, 2024 and 2023**

**8) Long-Term Debt**

	2024		2023
Note payable for a vehicle loan, payable in 72 monthly installments of \$345 at an interest rate of 0% with final installment due December 2023, secured by vehicle.	\$ -	\$	2,413
Note payable for a vehicle loan, payable in 60 monthly installments of \$357 at an interest rate of 0% with final installment due December 2023, secured by vehicle.	-		2,500
Note payable to an individual for real estate repairs, there are no stated repayment terms and the loan is unsecured.	25,831		25,831
Total long-term debt	25,831		30,744
Less current portion	-		(13,259)
Long-term debt, less current portion	\$ 25,831	\$	17,485

Future maturities of long-term debt are as follows at June 30, 2024:

Year ending June 30:		
2025	\$	-
2026		-
2027		-
2028		-
2029		-
Thereafter		25,831
Total	\$	25,831

**9) 403(B) Retirement Plan**

The Pastoral Center sponsors a 403(b) retirement plan (the “Plan”) to provide retirement benefits to its employees. The Plan allows eligible employees to defer a portion of their annual compensation up to the annual limits permitted by the Internal Revenue Code. Under the terms of the Plan, there are no age or service requirements to participate in the Plan. The Pastoral Center matches 100% of an employee’s contributions that do not exceed \$1,000 annually. The Pastoral Center’s matching contributions to the Plan were approximately \$11,750 and \$8,000 for the year ended June 30, 2024 and 2023, respectively, which are included in salaries and benefits in the accompanying statements of functional expenses.

# The Roman Catholic Diocese of Las Cruces

## Notes to Financial Statements June 30, 2024 and 2023

### 10) Net Assets with Donor Restrictions

The Pastoral Center's net assets with donor restrictions balance consists of the following as of June 30:

	2024	2023
Catholic Home Missions	\$ 11,300	\$ 37,613
Darr Estate Funds	48,265	48,265
Koch Grants	10,000	10,000
Project Oak Tree	42,879	42,879
Mission Coop Funds for Seminarian Education	22,247	22,247
Seminarian Special Collections	40,413	41,451
Prison Ministry	29,304	29,304
San Juan Diego Institute	-	44,703
Catholic Extension Seminarian Education	6,500	575
Bishop's Charity Fund	11,722	11,722
Koch Foundation Deacon Formation Grant	-	10,000
Bishop Installation Funds	9,557	9,557
Black and Indian Mission Grants	10,000	-
Turnball Grant	4,608	4,608
Mariachi Mass	3,215	3,215
Hispanic Music Conference	575	575
Total net assets with donor restrictions	\$ 250,585	\$ 316,714

### 11) Net Assets Released from Restrictions

Net assets were released from donor restrictions by incurring expenses satisfying the purpose or time stipulated by donors as follows for the years ended June 30:

	2024	2023
Catholic Home Missions	\$ 138,813	\$ 133,344
Catholic Extension Seminarian Education Grants	109,742	116,391
McCann Foundation Seminarian Education Donation	192,000	-
Koch Foundation Deacon Formation Grant	10,000	-
Mt. Cristo Rey Collection	17,055	-
Koch Grants	-	48,257
Mission Coop Funds for Seminarian Education	-	31,359
Virtual Learning Community Faith Formation Scholars	-	8,210
Youth Ministry	-	4,000
Serra Club Holy Land Pilgrimage Donation	-	500
Prison Ministry	-	61
San Juan Diego Institute	79,438	-
San Patricio Retreat Center	18,524	-
Ukraine Special Collection	760	-
Archdiocese of Denver Scholarships	196,900	-
Seminarian Special Collection	4,360	-
Total net assets released from restrictions	\$ 767,592	\$ 342,122

**The Roman Catholic Diocese of Las Cruces**  
**Notes to Financial Statements**  
**June 30, 2024 and 2023**

**12) Liquidity and Availability of Financial Assets**

The following table reflects the Pastoral Center’s financial assets as of June 30, 2024 and 2023. Financial assets are considered unavailable when illiquid or not convertible to cash within one year.

	2024	2023
Financial assets		
Cash and cash equivalents	\$ 5,246,561	\$ 4,972,089
Related party receivables, net	703,099	687,022
Pledges receivable	-	4,596
Investments held in trust	13,578,568	10,915,556
Financial assets at year-end	19,528,228	16,579,263
Less amounts unavailable for general expenditure within one year		
Funds held in trust	1,052,276	906,164
Parish deposits held in trust	12,713,325	10,518,902
Purpose restrictions	250,585	316,714
United in Ministry rebates payable	-	108,670
Financial assets available for general expenditure within one year	\$ 5,512,042	\$ 4,728,813

**13) Commitments and Contingencies**

The Pastoral Center has guaranteed a \$125,000 line of credit with a financial institution for Las Cruces Catholic School, Inc. There was no outstanding balance on the line of credit as of June 30, 2024. Las Cruces Catholic School has made all payments to date and the line of credit matures October 28, 2025.

The Pastoral Center makes retirement contributions to several religious orders who have priests active within the diocese. Payments range from \$2,500 to \$5,000 annually per priest as long as they remain active within the diocese. Effective for year-end June 30, 2022, the Pastoral Center began to provide contributions for foreign priests as long as they are active within the Diocese of Las Cruces. During the years ended June 30, 2024 and 2023, the Pastoral Center provided support for 24 and 29 priests, respectively, with total payments of approximately \$67,000 and \$113,400 per year, respectively.

# **The Roman Catholic Diocese of Las Cruces**

## **Notes to Financial Statements**

**June 30, 2024 and 2023**

The Pastoral Center is involved in several legal proceedings alleging misconduct committed by former priests who were formerly active within the Diocese. Management of the Pastoral Center is working closely with legal counsel and insurance carriers regarding these matters. As some claims are in the early stage of litigation, legal counsel is unable to express an opinion as to the actual value of the claims. However, management and legal counsel estimate the range of net settlement costs to be between \$150,000 and \$300,000. The Pastoral Center has accrued the low end of the range since management is unable to determine a specific amount within the range and is included in self-insurance reserve and accrued claims on the accompanying statements of financial position. Management is working with insurance carriers to determine available coverage for the pending claims.