

**CENTRAL ADMINISTRATIVE OFFICE  
OF THE DIOCESE OF AUSTIN**

**Financial Statements with  
Supplementary Information**

**June 30, 2010 and 2009**  
(With Independent Auditors' Report)

**CENTRAL ADMINISTRATIVE OFFICE  
OF THE DIOCESE OF AUSTIN**

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## Independent Auditors' Report

Most Reverend Joe Vásquez and Finance Council  
Central Administrative Office of the Diocese of Austin

We have audited the accompanying statements of financial position of the Central Administrative Office of the Diocese of Austin (the Diocese) as of June 30, 2010 and 2009, and the related statements of activities and cash flows for the years then ended. These financial statements are the responsibility of the Diocese's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Central Administrative Office of the Diocese of Austin as of June 30, 2010 and 2009, and the changes in its net assets and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

The supplementary information included in page 24 is presented for purposes of additional analysis and is not a required part of these financial statements. Such information has not been subjected to the procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

*Atchley & Associates, LLP*

December 20, 2010  
Austin, Texas

**CENTRAL ADMINISTRATIVE OFFICE  
OF THE DIOCESE OF AUSTIN**

Statements of Financial Position  
June 30, 2010 and 2009

	2010	2009
<b>Assets</b>		
Cash and cash equivalents, primarily interest-bearing	\$ 5,129,318	\$ 5,499,166
Pledges receivable	4,585,660	17,760,979
Receivables from parishes and schools	818,622	1,696,534
Other receivables	1,103,405	1,137,549
Prepaid expenses	287,577	32,517
Investments		
Unrestricted	32,581,761	39,379,775
Restricted by bond covenants	5,998,022	2,348,617
Interest in remainder trust	1,892,533	2,268,151
DIAL notes receivable	86,961,272	85,755,860
Land, building, and equipment, net	19,209,961	19,297,265
Bond issuance costs, net	3,538,846	2,378,907
	\$ 162,106,977	\$ 177,555,320
<b>Liabilities and Net Assets</b>		
Accounts payable and accrued expenses	\$ 2,270,064	\$ 1,954,846
Collections held for transmittal	608,762	1,071,931
Pledges payable	874,440	2,033,967
Interest Payable	828,597	-
DIAL deposits	19,163,551	21,040,749
Self-insurance reserve	1,908,184	1,766,101
Line of credit payable	2,500,000	1,050,000
Notes payable	250,000	250,000
Bonds payable		
Current portion	1,060,000	800,000
Long term portion	83,400,000	76,100,000
Discount on bonds payable	(1,229,499)	-
	111,634,099	106,067,594
Net assets:		
Unrestricted	32,800,036	39,284,066
Temporarily restricted	17,664,862	31,961,676
Permanently restricted	7,980	241,984
	50,472,878	71,487,726
	\$ 162,106,977	\$ 177,555,320

See accompanying notes to financial statements.

**CENTRAL ADMINISTRATIVE OFFICE  
OF THE DIOCESE OF AUSTIN**

Statement of Activities  
Year Ended June 30, 2010

	<u>Unrestricted</u>	<u>Temporarily restricted</u>	<u>Permanently restricted</u>	<u>Total</u>
Revenues, gains, and other support:				
Catholic Services Appeal	\$ 3,966,828	\$ -	\$ -	\$ 3,966,828
Cathedraticum assessments	5,638,868	200	-	5,639,068
Contributions and bequests	135,753	680,408	240,901	1,057,062
Special collections	30,388	722,515	-	752,903
Interest income from DIAL notes	4,169,299	-	-	4,169,299
Investment income	1,562,306	94,259	-	1,656,565
Insurance premiums	9,847,228	-	-	9,847,228
Program service fees	1,026,033	-	-	1,026,033
Catholic Spirit	504,624	-	-	504,624
Retreat center	362,900	-	-	362,900
Gain on sale	2,974	-	-	2,974
Other	270,173	-	-	270,173
	<u>27,517,374</u>	<u>1,497,382</u>	<u>240,901</u>	<u>29,255,657</u>
Net assets released from restrictions	<u>16,269,101</u>	<u>(15,794,196)</u>	<u>(474,905)</u>	<u>-</u>
Total revenues and release of restrictions	<u>43,786,475</u>	<u>(14,296,814)</u>	<u>(234,004)</u>	<u>29,255,657</u>
Expenses and losses:				
Program services				
Pastoral services	3,245,760	-	-	3,245,760
Formation and religious education	2,987,242	-	-	2,987,242
Catholic schools	669,471	-	-	669,471
Social services	685,736	-	-	685,736
Religious personnel care and development	1,172,397	-	-	1,172,397
Catholic Charities	567,432	-	-	567,432
Catholic Spirit	792,304	-	-	792,304
DIAL deposit interest	183,741	-	-	183,741
Supporting services				
Insurance program	8,502,836	-	-	8,502,836
Administration	1,316,651	-	-	1,316,651
Facilities and information technology	2,212,219	-	-	2,212,219
Fundraising	1,340,087	-	-	1,340,087
Provision for uncollectible pledges	8,074,000	-	-	8,074,000
Distribution to Foundation	14,474,905	-	-	14,474,905
Interest on debt	4,037,774	-	-	4,037,774
Conveyance of assets	7,950	-	-	7,950
	<u>50,270,505</u>	<u>-</u>	<u>-</u>	<u>50,270,505</u>
Total expenses and losses	<u>50,270,505</u>	<u>-</u>	<u>-</u>	<u>50,270,505</u>
Change in net assets	<u>(6,484,030)</u>	<u>(14,296,814)</u>	<u>(234,004)</u>	<u>(21,014,848)</u>
Net assets at beginning of year	<u>39,284,066</u>	<u>31,961,676</u>	<u>241,984</u>	<u>71,487,726</u>
Net assets at end of year	<u>\$ 32,800,036</u>	<u>\$ 17,664,862</u>	<u>\$ 7,980</u>	<u>\$ 50,472,878</u>

See accompanying notes to financial statements.

**CENTRAL ADMINISTRATIVE OFFICE OF THE DIOCESE OF AUSTIN**

Statement of Activities

Year Ended June 30, 2009

	<b>Unrestricted</b>	<b>Temporarily restricted</b>	<b>Permanently restricted</b>	<b>Total</b>
Revenues, gains, and other support:				
Catholic Services Appeal	\$ 3,838,066	\$ 500	\$ -	\$ 3,838,566
Cathedraticum assessments	4,880,305	-	-	4,880,305
Contributions and bequests	2,221,996	1,875,698	13,365	4,111,059
Special collections	-	369,100	-	369,100
Interest income from DIAL notes	3,758,335	-	-	3,758,335
Investment income (loss)	(1,556,040)	(139,163)	-	(1,695,203)
Insurance premiums	9,145,606	-	-	9,145,606
Program service fees	889,125	-	-	889,125
Catholic Spirit	374,484	-	-	374,484
Retreat center	368,968	-	-	368,968
Gain on sale	822,363	-	-	822,363
Other	410,207	-	-	410,207
	<hr/>	<hr/>	<hr/>	<hr/>
Total revenues, gains, and other support	25,153,415	2,106,135	13,365	27,272,915
Net assets released from restrictions	<hr/>	<hr/>	<hr/>	<hr/>
	4,441,546	(4,441,546)	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
Total revenues and release of restrictions	29,594,961	(2,335,411)	13,365	27,272,915
Expenses and losses:				
Program services				
Pastoral services	3,334,000	-	-	3,334,000
Formation and religious education	2,751,732	-	-	2,751,732
Catholic schools	715,514	-	-	715,514
Social services	648,646	-	-	648,646
Religious personnel care and development	1,440,447	-	-	1,440,447
Catholic Charities	547,026	-	-	547,026
Catholic Spirit	735,730	-	-	735,730
DIAL deposit interest	379,562	-	-	379,562
Supporting services				
Insurance program	7,385,871	-	-	7,385,871
Administration	1,345,346	-	-	1,345,346
Facilities and information technology	2,320,424	-	-	2,320,424
Fundraising	1,445,792	-	-	1,445,792
Interest on debt	4,264,402	-	-	4,264,402
Conveyance of assets	4,776,470	-	-	4,776,470
	<hr/>	<hr/>	<hr/>	<hr/>
Total expenses and losses	32,090,962	-	-	32,090,962
Change in net assets	<hr/>	<hr/>	<hr/>	<hr/>
	(2,496,001)	(2,335,411)	13,365	(4,818,047)
Net assets at beginning of year	<hr/>	<hr/>	<hr/>	<hr/>
	41,780,067	34,297,087	228,619	76,305,773
Net assets at end of year	<hr/>	<hr/>	<hr/>	<hr/>
	\$ 39,284,066	\$ 31,961,676	\$ 241,984	\$ 71,487,726

See accompanying notes to financial statements.

**CENTRAL ADMINISTRATIVE OFFICE  
OF THE DIOCESE OF AUSTIN**  
Statements of Cash Flows  
Years Ended June 30, 2010 and 2009

	<u>2010</u>	<u>2009</u>
Cash flows from operating activities and non-operating gains:		
Change in net assets	\$ (21,014,848)	\$ (4,818,047)
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Depreciation expense	919,984	896,603
Amortization of bond issuance costs	117,420	103,484
Amortization of bond discount	(4,951)	-
Provision for uncollectible pledges	(5,221,902)	(768,364)
Discount on pledges receivable	(86,109)	(918,721)
Net realized and unrealized gains (losses) on investments	(924,344)	3,063,823
Net gain on disposal of property and equipment	(2,974)	(822,363)
Conveyance of assets	12,902	4,776,470
Donated investment securities	(216,763)	(1,825,905)
Donated interest in remainder trust	-	(2,268,151)
Donation of automobiles	(22,445)	(11,980)
Changes in assets and liabilities:		
(Increase) decrease in receivables from parishes and schools	877,912	470,370
(Increase) decrease in pledges receivable	18,483,330	10,867,820
(Increase) decrease in other receivables	34,144	(909,191)
(Increase) decrease in prepaid expenses	(255,060)	100,433
Increase (decrease) in collections held for transmittal	(463,169)	326,296
Increase (decrease) in accounts payable and accrued expenses	315,218	(520,864)
Increase (decrease) in pledges payable	(1,159,527)	(623,447)
Increase (decrease) in interest payable	828,597	-
Increase (decrease) in self-insurance reserve	142,083	233,776
Net cash (used in) provided by operating activities	<u>(7,640,502)</u>	<u>7,352,042</u>
Cash from investing activities:		
Proceeds from sale and maturities of investments	7,082,720	13,328,997
Redemption of restricted securities	2,348,617	20,881,813
Purchase of investments	(7,906,771)	(13,928,343)
Purchase of restricted investments	(5,998,022)	(266,281)
Issuance of DIAL notes	(9,887,431)	(36,714,671)
Principal payments received on DIAL notes	8,682,019	14,209,391
Net change in money market funds	9,138,790	(4,635,667)
Purchase of property and equipment	(1,146,356)	(6,402,359)
Proceeds from sale of property and equipment	326,193	1,835,487
Net cash provided by (used in) investing activities	<u>2,639,759</u>	<u>(11,691,633)</u>
Cash from financing activities:		
Proceeds from line of credit	4,900,000	1,550,000
Proceeds from note payable	-	250,000
Proceeds from bond issuance	7,135,452	-
Bond issuance costs	(1,277,359)	-
Principal payments on bonds	(800,000)	(800,000)
Principal payments on line of credit	(3,450,000)	(500,000)
Increase (decrease) in DIAL deposits, net	(1,877,198)	515,745
Net cash provided by financing activities	<u>4,630,895</u>	<u>1,015,745</u>
Net decrease in cash	(369,848)	(3,323,846)
Cash and cash equivalents at beginning of year	<u>5,499,166</u>	<u>8,823,012</u>
Cash and cash equivalents at end of year	<u>\$ 5,129,318</u>	<u>\$ 5,499,166</u>
Supplemental disclosures of cash flow information:		
Cash paid for interest	<u>\$ 3,400,302</u>	<u>\$ 4,296,852</u>

See accompanying notes to financial statements.

**CENTRAL ADMINISTRATIVE OFFICE  
OF THE DIOCESE OF AUSTIN**

Notes to Financial Statements

June 30, 2010 and 2009

**Note A - Organization**

The accompanying financial statements are those of the Central Administrative Office (CAO) of the Diocese of Austin (Diocese). The CAO provides programs and services to parishes, schools and other Catholic organizations in Central Texas. These statements include the assets, liabilities, net assets, and financial activities of all institutions and organizations providing services at the diocesan level of administration which are fiscally responsible to the Bishop of the Diocese of Austin.

The CAO is incorporated as a non-profit organization in the state of Texas, the Catholic Diocese of Austin. All parishes in the Diocese are also separately incorporated as non-profit organizations. The purpose of these filings establishing the non-profit organizations was to organize the CAO and parishes in the way the church views itself according to the Code of Canon Law, promulgated by the Roman Catholic Church.

A substantial portion of the Diocesan transactions are with affiliated parishes, schools and other Catholic organizations. The accompanying audited financial statements do not include the parishes, missions, schools and certain other Diocesan activities.

**Note B - Summary of Significant Accounting Policies**

***1. Method of Accounting***

The financial statements of the CAO are presented on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America applicable to nonprofit organizations.

***2. Basis of Presentation***

The accompanying financial statements include the financial activities of departments and offices that comprise the CAO. All significant interoffice transactions have been eliminated.

The financial statements of the CAO are presented in accordance with the Financial Accounting Standards Board Accounting Standards Codification (FASB ASC) 958 Not-for-Profit Entities. The Diocese is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted, temporarily restricted and permanently restricted. Accordingly, net assets and changes therein are classified and reported as follows:

*Unrestricted net assets*-- Includes net assets that are not subject to donor-imposed restrictions.

*Temporarily restricted net assets*-- Temporarily restricted net assets are funds whose use by the CAO have been limited by donor stipulations that limit the use of the contributed assets to (a) later periods or after specific dates (time restrictions), (b) specific purposes (purpose restrictions) or (c) both. Support that is restricted by the donor is reported as an increase in unrestricted net assets if the restriction expires in the reporting period in which the support is recognized. When a donor restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statements of activities as net assets released from restrictions.

**CENTRAL ADMINISTRATIVE OFFICE  
OF THE DIOCESE OF AUSTIN**

Notes to Financial Statements

June 30, 2010 and 2009

**Note B - Summary of Significant Accounting Policies (Continued)**

*Permanently restricted net assets*-- Permanently restricted net assets represent endowment funds which are subject to the restriction of donors that the principal be invested in perpetuity and only the income be utilized.

**3. Significant Accounting Policies**

***Cash and Cash Equivalents***

Cash and cash equivalents include cash in banks and time deposits with an initial maturity of less than 90 days. Money market funds are considered to be held for investment and are not included in cash and cash equivalents.

The Diocese maintains cash balances at several financial institutions. A portion of such cash and cash equivalents are in excess of insurance limits provided by the Federal Deposit Insurance Corporation and the Securities Investor Protection Corporation. At June 30, 2010 and 2009, the Diocese's uninsured cash balances were \$415,531 and \$201,731, respectively.

***Pledges Receivable***

Unconditional promises to give that are expected to be collected within one year are recorded at realizable value. The discounts on those amounts are computed at a rate approximating short-term U.S. treasury yields. Amortization of the discounts is included in revenue. Conditional promises to give are not recorded as revenue until the conditions are substantially met. Pledges receivable are from commitments to the Our Faith Our Legacy capital campaign and to the St. Dominic Savio Catholic High School capital campaign. The related pledges receivable are discounted at a rate approximating short-term U.S. treasury yields. (See Note D.)

***Cathedraticum Assessments***

Cathedraticum assessments are recorded on the accrual basis of accounting. On a calendar year basis, assessments are made by the Diocese on parishes at the rate of 10% of parish collections and other assessable revenue. The assessment on parishes who subsidize their own parish school is 9%. Management provides for probable uncollectible amounts through a provision for uncollectible accounts and an adjustment to a valuation allowance based on its assessment of the current status of individual accounts.

**CENTRAL ADMINISTRATIVE OFFICE  
OF THE DIOCESE OF AUSTIN**

Notes to Financial Statements  
June 30, 2010 and 2009

**Note B - Summary of Significant Accounting Policies (Continued)**

***Investments***

Investments in marketable securities with readily determinable fair values and all investments in debt securities are reported at their fair values in the statements of financial position based on quoted market prices and fair value reports provided by fund managers. Unrealized gains and losses are included in the statements of activities. Land held for investment is valued at historical cost. (See Note E.)

Investment income includes interest and dividends on investments, as well as both (1) the realized gains and losses on investment transactions and (2) unrealized gains and losses from changes in the market value of investment.

Realized gains and losses on disposition of investment securities are determined using average cost and transactions are recorded on a trade date basis. Net realized losses on disposition of investments for the years ended June 30, 2010 and 2009, were (\$271,263) and (\$986,627), respectively.

***Fair Value of Financial Instruments***

The carrying amounts of financial instruments, including cash and cash equivalents, receivables, prepaid expenses and other assets, accounts payable, accrued expenses and deferred revenue approximate fair value due to the short-term nature of these instruments. The fair value of investments are estimated based on valuations provided by the third party custodians.

The deposits and loans in the DIAL program and amounts due from parishes are believed to be recorded at fair value. However, the transactions are with parishes and schools (related parties) and accordingly the fair value may differ from arms-length transactions between unrelated parties.

***Land, Buildings, and Equipment***

Land, buildings, and equipment in excess of \$5,000 are recorded at cost. Donated properties are recorded at fair value at date of gift. Expenditures that significantly increase values, change capacities or extend useful lives are capitalized. Depreciation is provided over the estimated useful lives (5 to 30 years) using the straight-line method. Repairs and maintenance costs are expensed as incurred. The CAO leases certain office equipment. The leases are structured and accounted for as operating leases and the related payments are expensed ratably over the rental period.

***Valuation of Long-Lived Assets***

The CAO reviews long-lived assets for impairment whenever events or changes in circumstances indicate the carrying amount of an asset may not be recoverable. An impairment loss is recognized when the estimated fair value is less than the carrying amount of the asset. No impairment losses were recognized in 2010 or 2009.

**CENTRAL ADMINISTRATIVE OFFICE  
OF THE DIOCESE OF AUSTIN**

Notes to Financial Statements

June 30, 2010 and 2009

**Note B - Summary of Significant Accounting Policies (Continued)**

***Collections Held for Transmittal***

Parishes within the Diocese take up collections for specific charities and organizations within and outside the Diocese. Such receipts are remitted to the CAO which classifies these funds as a liability until the funds are remitted to the appropriate organizations.

***Pledges Payable***

Pledges payable are pledges to the St. Dominic Savio Catholic High School capital campaign. (See Note D.)

***Allowance for Claims***

The Diocese establishes insurance claim liabilities based on estimates of the ultimate cost of claims (including future claim adjustment expenses) that have been reported but not settled, and of 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. Estimates of reinsurance amounts recoverable on unpaid claims are recorded as receivables. The amounts paid to ultimately settle these claims may be more or less than the amounts currently accrued.

***Catholic Services Appeal Collections***

Catholic Services Appeal (CSA) is an annual appeal to all Catholics in the Diocese to support various programs and ministries. CSA contributions are recorded as revenue when received.

***Contributions and Bequests***

Contributions and bequests are recognized as revenue when they are received or unconditionally pledged. Contributions are recorded as unrestricted, temporarily restricted, or permanently restricted support, depending on the existence and/or nature of any donor restrictions.

The CAO reports gifts of land, buildings, and equipment at fair value at date of donation as unrestricted support unless explicit donor stipulations specify how the donated assets must be used. Gifts of long-lived assets with explicit restrictions that specify how the assets are to be used and gifts of cash or other assets that must be used to acquire long-lived assets are reported as temporarily restricted support. Absent explicit donor stipulations about how these long-lived assets must be maintained, the CAO reports expirations of donor restrictions when the donated or acquired long-lived assets are placed in service.

***Functional Allocation of Expenses***

The costs of providing the various programs and supporting services have been summarized on a functional basis in the statements of activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

**CENTRAL ADMINISTRATIVE OFFICE  
OF THE DIOCESE OF AUSTIN**

Notes to Financial Statements  
June 30, 2010 and 2009

**Note B - Summary of Significant Accounting Policies (Continued)**

***Income Taxes***

The Diocese is exempt from Federal income tax under provisions of Section 501(c)(3) of the Internal Revenue Code. However, the Diocese is subject to tax under Section 511(a) to the extent it has unrelated business taxable income. The Diocese had no material unrelated business taxable income during fiscal years 2010 or 2009.

***Use of Estimates***

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect 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.

***Risks and Uncertainties***

The CAO invests in various securities including U.S. Government securities, corporate debt instruments, and corporate stocks. Investment securities, in general, are exposed to various risks, such as interest rate, credit, and overall market volatility. Due to the level of risk associated with certain investment securities, it is reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect the amounts reported in the combined statements of financial position and combined statements of activities.

***Reclassifications***

Certain accounts in the prior-year financial statements have been reclassified for comparative purposes to conform with the presentation in the current-year financial statements.

**Note C - Receivable from Parishes and Schools**

The accounts receivable arise in the normal course of the operation of the CAO and are primarily due from the parishes and schools of the Diocese. Credit is generally extended on a short-term basis; thus, accounts receivable bear no interest. The CAO periodically reviews the outstanding accounts receivable for the purposes of establishing an allowance for uncollectible accounts. Aggregate accounts receivable past due 90 days or more amount to approximately \$261,136 and \$290,916 as of June 30 2010, and 2009, respectively. Delinquency status is based on normal credit terms.

	<u>2010</u>	<u>2009</u>
Cathedraticum assessments	\$ 134,481	\$ 1,124,358
Insurance programs	544,847	444,479
Interest from DIAL notes	139,294	127,697
Total	<u>\$ 818,622</u>	<u>\$ 1,696,534</u>

**CENTRAL ADMINISTRATIVE OFFICE  
OF THE DIOCESE OF AUSTIN**

Notes to Financial Statements  
June 30, 2010 and 2009

**Note D - Capital Campaigns**

***Our Faith Our Legacy Capital Campaign***

During 2007, the CAO completed the pledge phase of a capital and endowment campaign entitled, Our Faith Our Legacy (OFOL). The committed amounts have been and will be used to establish endowments and provide funds for clergy formation, retired priests, and catholic education. (See Note G.) The CAO retains approximately eighty percent of the contributions up to the goal and the remaining twenty percent is returned to the parish. If the parish exceeds the set goal, the CAO retains twenty percent of the additional contributions and the remaining eighty percent is returned to the parish. Pledges receivable do not include the parish share. The related contributions receivable are discounted at an interest rate of .15% and .47% at June 30, 2010 and 2009, respectively.

Pledges receivable at June 30 consist of the following:

	<b>2010</b>	<b>2009</b>
Pledges expected to be received in less than one year	\$ 2,970,858	\$ 9,231,264
Pledges expected to be received in one to five years	1,197,872	12,184,042
Pledges expected to be received after five years	477,198	414,331
Unamortized discount	(5,430)	(77,539)
Allowance for uncollectible pledges receivable	(929,278)	(6,025,086)
Total pledges receivable, net	\$ 3,711,220	\$ 15,727,012

***St. Dominic Savio Catholic High School Capital Campaign***

As of June 30, 2009, the CAO completed a capital and endowment campaign for a new high school in Austin, St. Dominic Savio Catholic High School. The committed amounts will be used to build Phase I of the project, establish endowments and fund operating expenses in the early years.

Pledges receivable at June 30 consist of the following:

	<b>2010</b>	<b>2009</b>
Pledges expected to be received in less than one year	\$ 137,615	\$ 286,114
Pledges expected to be received in one to five years	840,415	1,991,536
Unamortized discount	(1,918)	(15,918)
Allowance for uncollectible pledges receivable	(101,672)	(227,765)
Total pledges receivable, net	\$ 874,440	\$ 2,033,967

An offsetting liability (pledges payable) has been recorded as all amounts received from the capital campaign will be given to St. Dominic Savio Catholic High School for the uses stated above.

**CENTRAL ADMINISTRATIVE OFFICE  
OF THE DIOCESE OF AUSTIN**

Notes to Financial Statements  
June 30, 2010 and 2009

**Note D - Capital Campaigns (Continued)**

The above amounts are presented on the Statements of Financial Position as follows:

	<b>2010</b>	<b>2009</b>
Our Faith Our Legacy Capital Campaign	\$ 3,711,220	\$ 15,727,012
St. Dominic Savio Catholic High School Capital Campaign	874,440	2,033,967
Total pledges receivable, net	\$ 4,585,660	\$ 17,760,979

**Note E - Investments**

Investments at June 30, 2010 and 2009, are summarized as follows:

	<b>2010</b>		<b>2009</b>	
	<b>Cost</b>	<b>Fair Value</b>	<b>Cost</b>	<b>Fair Value</b>
<b><i>Unrestricted</i></b>				
Marketable securities				
Money market funds	\$ 13,948,831	\$ 13,948,831	\$ 23,087,623	\$ 23,087,621
Corporate stocks	9,299,383	8,844,730	9,136,368	7,869,965
Corporate bonds	1,490,374	1,595,711	3,689,775	3,850,237
Remainder Trust	1,892,533	1,892,533	2,268,151	2,268,151
U.S. Government securities	845,445	850,749	1,818,303	1,851,905
U.S. Government agency securities	590,280	599,011	553,966	561,769
Mortgage backed securities	616,326	657,559	-	-
Annuity contracts	950,379	1,201,459	960,013	1,116,580
Mutual funds	3,969,408	3,987,690	479,078	417,348
Total marketable securities	33,602,959	33,578,273	41,993,277	41,023,576
Land held for investment, at cost	525,921	525,921	524,934	524,934
Investments in closely held entities	99,416	370,100	99,416	99,416
Total Unrestricted Investments	34,228,296	34,474,294	42,617,627	41,647,926
<b><i>Restricted</i></b>				
Money market fund (U.S. Government securities)	5,998,022	5,998,022	2,348,617	2,348,617
Total Restricted Investments	5,998,022	5,998,022	2,348,617	2,348,617
Total Investments	\$ 40,226,318	\$ 40,472,316	\$ 44,966,244	\$ 43,996,543

**CENTRAL ADMINISTRATIVE OFFICE  
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Notes to Financial Statements  
June 30, 2010 and 2009

**Note E - Investments (Continued)**

Restricted investments were received from the issuance of the Series 2005 Bonds for the future construction of various capital projects (including capitalized interest). As of June 30, 2010, all such funds had been expended. Upon the conversion of the Series 2005 Bonds in April 2010, a Debt Service Reserve Fund was established in an aggregate amount of \$5,991,000 from a portion of the proceeds of the remarketing of the Series 2005 Bonds. (See Note J.)

Investment income (loss) for the years ended June 30, 2010 and 2009, is comprised of the following:

	<b>2010</b>	<b>2009</b>
Interest and dividend income	\$ 971,638	\$ 1,366,713
Realized gains (losses)	(271,263)	(986,627)
Unrealized gains (losses)	956,190	(2,075,289)
	\$ 1,656,565	\$ (1,695,203)

**Note F - DIAL Program**

The Diocesan Investment and Loan Program (DIAL) was established by the Diocese to provide parishes and schools with a source for low-cost funding for capital improvements and major renovations along with market rates of return for deposits and investments. Each parish and school is encouraged to deposit amounts in excess of those required for operations into the DIAL program. The program was established by the Bishop with the advice and counsel of the Diocesan Finance Council and is administered by the Chief Financial Officer of the Diocese.

DIAL deposits may be invested by parishes on a short-term basis (one year or less) or a long-term basis (greater than one year). The interest rate on short term deposits is changed monthly based on market conditions and the interest rate on long-term deposits is variable (prime - 2.0%). Interest rates for deposits for the years ended June 30, 2010 and 2009 ranged from:

	<b>2010</b>	<b>2009</b>
Short-term deposits	0.10% - 0.40%	0.50% - 2.40%
Long-term deposits	1.25%	1.25% - 3.00%

**CENTRAL ADMINISTRATIVE OFFICE  
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Notes to Financial Statements  
June 30, 2010 and 2009

**Note F - DIAL Program (continued)**

Interest rates for DIAL notes receivable are variable (generally expected to be received within 5 years) or fixed (generally expected to be received over a term longer than 5 years). The variable rate is floating at prime and fixed rates are set monthly based on the term of the note and prevailing market conditions. Notes receivable are generally established with a maximum term of fifteen years. Shown below are the interest rates for the notes receivable portfolio at June 30, 2010 and 2009:

<u>Rate</u>	<u>2010</u>	<u>2009</u>
2.00%	\$ 5,544,678	\$ 27,639,849
3.25%	32,113,640	6,213,725
5.83%-6.03%	4,962,364	4,897,722
6.14%	16,100,739	17,358,872
6.21%	17,436,721	18,223,776
6.25%-6.44%	2,842,661	3,414,629
6.51%-6.62%	5,156,670	5,254,979
Other	2,803,799	2,752,308
<b>Total</b>	<b><u>\$ 86,961,272</u></b>	<b><u>\$ 85,755,860</u></b>

Notes receivable mature as follows:

Year Ending June 30	
2011	\$ 3,697,034
2012	5,682,003
2013	3,379,268
2014	3,360,025
2015	3,493,913
Thereafter	67,349,029
<b>Total</b>	<b><u>\$ 86,961,272</u></b>

**Note G - Catholic Foundation - Diocese of Austin Endowments**

The Catholic Foundation - Diocese of Austin (Foundation) was created in October 2007 as a separate nonprofit corporation to promote the establishment and growth of endowment funds and planned giving to provide perpetual funding for the CAO and for participating parishes, schools and other Catholic organizations within the Diocese. The initial establishment of endowment funds in the Foundation began in December 2009 with the transfer of \$14,000,000 of funds from the OFOL campaign (See Note D).

**CENTRAL ADMINISTRATIVE OFFICE  
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**Note H - Land, Buildings, and Equipment**

Land, buildings, and equipment consist of the following at June 30, 2010 and 2009:

	<b>2010</b>	<b>2009</b>
CAO operating land, buildings, and improvements	\$ 16,807,140	\$ 16,019,390
John Paul II Residence for Priests	4,582,386	4,582,386
Retreat center land, buildings, and equipment	3,095,767	3,089,948
CAO equipment and furnishings	1,214,602	1,214,602
Other office equipment and furnishings	318,066	318,066
Land held for future parish and school sites	417,381	417,381
	26,435,342	25,641,773
Total land, buildings and equipment		
Less: accumulated depreciation	(7,225,381)	(6,344,508)
	\$ 19,209,961	\$ 19,297,265
Land, buildings, and equipment, net of depreciation		

**Note I - Restricted Net Assets**

Contributions that are restricted by the donor are recognized as temporarily or permanently restricted revenues. (See Note B.) Temporary donor restrictions are released when the purpose set forth by the donor has been substantially achieved, generally by incurring expenses related to the stated purpose.

Temporarily restricted net assets at June 30, 2010 and 2009, respectively, include:

	<b>2010</b>	<b>2009</b>
Our Faith Our Legacy Capital Campaign (See Note D)	\$ 16,062,428	\$ 30,769,202
Sacred Heart Catholic School Fund	905,307	831,987
Bishop's Charitable Fund	193,522	98,057
Masters of Theology program	175,620	168,785
Catholic Campaign for Human Development	144,583	-
Other	183,402	93,645
	\$ 17,664,862	\$ 31,961,676

Permanently restricted net assets at June 30, 2010 and 2009, respectively, include:

	<b>2010</b>	<b>2009</b>
Various endowment gifts	\$ 7,980	\$ 34,920
Bishop McCarthy Endowment	-	207,064
	\$ 7,980	\$ 241,984

**CENTRAL ADMINISTRATIVE OFFICE  
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Notes to Financial Statements  
June 30, 2010 and 2009

**Note I - Restricted Net Assets (Continued)**

Net assets were released from donor restrictions by incurring expenses satisfying the purpose restrictions specified by donors as follows:

	<u>2010</u>	<u>2009</u>
Seminarians	\$ 393,204	\$ 156,150
Bishop McCarthy Endowment (moved to Foundation)	207,064	-
Pro-Life programs	174,787	88,768
Retired Priests	144,602	151,418
Deacon Vasquez Endowment (moved to Foundation)	92,000	-
Masters of Theology program	74,564	89,899
St. Dominic Savio Catholic High School	-	1,347,510
Our Faith Our Legacy Capital Campaign		
Released from restriction and moved to Foundation:		
Seminarian Education	5,000,000	-
Retired Priests	3,000,000	-
Catholic Charities	3,000,000	-
Diaconate Ministry	1,000,000	-
Catholic Education and Formation	1,000,000	-
Campus Ministry	1,000,000	-
Released from restriction:		
Campus Ministry	336,058	94,421
Direct Costs	168,822	213,609
Other Donor Specified Causes	100,000	100,000
Catholic Education and Formation	51,894	45,089
Future Schools Construction	50,000	1,595,942
Discernment Houses	-	47,442
Others	476,106	511,298
	<u>\$ 16,269,101</u>	<u>\$ 4,441,546</u>

**CENTRAL ADMINISTRATIVE OFFICE  
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Notes to Financial Statements  
June 30, 2010 and 2009

**Note J - Long Term Debt**

In April 2005, the Capital Area Cultural Education Facilities Finance Corporation issued \$79,800,000 in aggregate principal amount of Variable Rate Revenue Bonds, Series 2005, pursuant to a Trust Indenture and Security Agreement with Well Fargo Bank, Trustee and the Bishop for the Diocese of Austin. The proceeds were used for the purpose of funding various capital projects (including capitalized interest), refinancing certain indebtedness of parishes and schools which was guaranteed by the Diocese and reimbursing the Diocese for certain qualified expenditures. On April 30, 2010, the Diocese exercised its option to convert the mode for the Variable Rate Revenue Bonds, Series 2005, from variable rate to fixed rates. The outstanding bonds and accrued interest were tendered and \$84,460,000 of bonds were remarketed in the aggregate principal amount of \$22,810,000 (Subseries 2005A Bonds) and \$61,650,000 (Subseries 2005B Bonds). The Subseries 2005A and Subseries 2005B Bonds are collectively referred to as "Series 2005 Bonds". The Series 2005 Bonds are an unsecured general obligation and are not secured by any revenues or a mortgage on any real property. The Series 2005 Bonds mature on April 1, 2045. The proceeds of the Series 2005 Bonds were used as follows:

Tender of Variable Rate Revenue Bonds, Series 2005	\$ 76,100,000
Discount on Bonds	1,224,548
Debt Service Reserve Fund	5,991,256
Costs of Issuance	1,144,196
Par Value of Series 2005 Bonds	<u>\$ 84,460,000</u>

The Subseries 2005A Bonds are serial bonds bearing interest at fixed rates with an average rate of 5.023%. The Subseries 2005B Bonds are term bonds bearing interest at a fixed rate 6.125%. Interest is payable semiannually on April 1 and October 1 of each year. None of the Series 2005 Bonds may be redeemed prior to April 1, 2020. Under the terms of the Master Trust Indenture, the Diocese must maintain certain debt covenants. The Diocese was in compliance with all covenants at June 30, 2010.

Pursuant to the bond indenture, the Diocese established a reserve fund securing the Series 2005 Bonds in the aggregate amount of \$5,991,000 (Debt Service Reserve Fund). Moneys in the Debt Service Reserve Fund are required to be used to pay the principal and interest on the Series 2005 Bonds at any time that moneys paid by the Diocese are insufficient for such payments.

The Diocese cancelled its direct pay letter of credit with Wachovia Bank LLC that was used to secure the Variable Rate Revenue Bonds, Series 2005, at the time of tender in the amount of \$76,100,000.

The Diocese cancelled its interest rate exchange agreements (SWAP's) on April 1, 2010 with no termination fee. The fair value adjustment for the SWAP was unrealized and not reflected or recorded in the financial statements of the Diocese. The loss realized from the monthly resettling of these agreements was \$74,203 and \$299,461 for the years ending June 30, 2010 and 2009, respectively, and is recorded as a component of interest expense.

**CENTRAL ADMINISTRATIVE OFFICE  
OF THE DIOCESE OF AUSTIN**

Notes to Financial Statements  
June 30, 2010 and 2009

**Note J - Long Term Debt (Continued)**

The Diocese has a Revolving Line of Credit with Wells Fargo Bank in the amount of \$25 million. Amounts drawn under this line of credit are used to finance certain indebtedness of parishes and schools on a short-term basis. On June 30, 2010 and 2009, the amount outstanding under the line of credit was \$2,500,000 and \$1,050,000, respectively. The interest rate on the line of credit is a floating rate of LIBOR plus 1.35%. Under the terms of the Line of Credit Agreement, the Diocese must maintain certain debt covenants. The Diocese was in compliance with all covenants at June 30, 2010 and 2009.

Principal payments for the Series 2005 Bonds due over the next five years are as follows:

Year Ending June 30,	
2011	\$ 1,060,000
2012	1,095,000
2013	1,130,000
2014	1,175,000
2015	1,220,000
Thereafter	78,780,000
Total	<u><u>\$ 84,460,000</u></u>

To finance the purchase of property, the Diocese entered into a Note Payable with the seller in the amount of \$250,000. The Note is due in full on December 1, 2015 and bears no interest.

**Note K - Insurance**

The Diocese administers a partially self-insured program for property, auto, liability and workers' compensation for parishes and schools in the Diocese. The program is funded by premiums charged by the Diocese to the parishes and schools. The Diocese pays the initial \$175,000 for all claims except misconduct claims, for which the Diocese pays the initial \$250,000 per occurrence. Claims in excess of these limits are insured with insurance carriers. The insured values of the buildings, improvements and contents in the program totaled approximately \$511,000,000 (unaudited) and \$492,000,000 (unaudited) at June 30, 2010 and 2009, respectively.

The Diocese also administers a partially self-insured program for health care covering all eligible priests and lay employees at parishes, schools and the CAO. The program is funded by premiums charged by the Diocese to parishes and schools. The Diocese pays the initial \$125,000 of claims per employee per year to a maximum aggregate of 125% of expected claims, which vary based on enrollment. Amounts in excess of this aggregate are insured with a general insurance carrier. Health care claims totaled \$6,005,249 and \$5,192,195, net of individual stop loss reimbursements of \$1,171,536 and \$143,733, during the years ended June 30, 2010 and 2009, respectively.

A contingent liability exists which would become a liability of the Diocese and the participating parishes in the event that the reinsurers are unable to meet the obligations assumed under reinsurance agreements.

**CENTRAL ADMINISTRATIVE OFFICE  
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Notes to Financial Statements  
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**Note L - Leases**

The CAO leases certain office equipment under operating leases which expire at various dates through 2013. Future minimum lease payments due under operating leases at June 30, 2010 are:

2011	\$ 152,886
2012	146,572
2013	<u>95,835</u>
Total minimum lease payments	<u><u>\$ 395,293</u></u>

Lease expense was \$152,886 in 2010.

**Note M - Pension Plan and Post-Retirement Benefits**

The Diocese contributes to a noncontributory defined benefit pension plan administered by the Diocese which covers substantially all Diocesan clergy in the CAO of the Diocese and in the various parishes. The CAO is responsible for funding the priests working in the CAO and parish priests in transition between parishes. For the purposes of the financial statements, the pension plan is considered to be a multi-employer plan as defined under FASB ASC 715-20 Defined Benefit Plans, since the financial activity of parishes and other entities at the Diocese, which contribute to these plans, are not included in these financial statements.

The Diocese also provides certain health care, life insurance and long-term care benefits for substantially all retired Diocesan clergy. The costs of providing those benefits are funded primarily by special parishioner collections and operating revenues of the CAO. Costs incurred by the Diocese for post-retirement benefits were approximately \$471,258 and \$532,585 for the years ended June 30, 2010 and 2009, respectively.

The Diocese sponsors a tax deferred defined contribution plan for all lay employees of the CAO. All lay employees are eligible to participate in the plan. Contributions by employees may be from zero to fifteen percent of annual compensation, while the Diocese contributes 6% of salary per employee per year and a dollar-for-dollar match of employee contributions up to 4% of salary. Contributions by the Diocese were \$269,379 and \$244,509, for the years ended June 30, 2010 and 2009, respectively.

**Note N - Related Party Transactions**

The parishes in the Diocese pay cathedraticum to provide for the operating budget of the CAO. Service fees are charged to parishes and schools for insurance and health care programs which are centrally administered by the CAO for the benefit of the entire Diocese. The CAO also administers the DIAL program for the benefit of the entire Diocese. All of these transactions are separately disclosed in the financial statements and notes thereto.

**CENTRAL ADMINISTRATIVE OFFICE  
OF THE DIOCESE OF AUSTIN**

Notes to Financial Statements  
June 30, 2010 and 2009

**Note O - Commitments and Contingencies**

The Bishop of the Diocese of Austin is cosigner or guarantor of loans to the Diocese's parishes and the other affiliated entities which aggregated are approximately \$11,318,519 (unaudited) and \$11,874,642 (unaudited) at June 30, 2010 and 2009, respectively. Additionally, the Diocese has pledged property with a book value of \$7,319,905 at June 30, 2010 (which approximates market value, management believes) to secure an outstanding loan to a bank by one of its affiliated entities.

The Diocese has open letters of credit in the amount of \$456,270 and \$775,000 for workers' compensation insurance at June 30, 2010 and 2009, respectively.

The Diocese is subject to various commitments and contingent liabilities, including general litigation arising in the ordinary course of its activities. Various lawsuits and claims are pending against the Diocese, the majority of which are subject to coverage under the Diocese's insurance programs. Where applicable, reserves have been established for those cases where the potential liability is estimable and probable. Management believes that the resolution of such matters will not have a material impact on the financial condition of the Diocese as of June 30, 2010.

**Note P - Fair Value Disclosures**

FASB ASC 820-10, *Fair Value Measurements*, requires disclosure of fair value information about financial instruments, whether or not recognized in the statements of financial position. In cases where quoted market prices are not available, fair values are based on estimates using present value or other valuation techniques. Those techniques are significantly affected by the assumptions used, including the discount rate and estimates of future cash flows. In that regard, the derived fair value estimates cannot be substantiated by comparison to independent markets and, in many cases, could not be realized in immediate settlement of the instruments. FASB ASC 820-10 excludes certain financial instruments and all nonfinancial instruments from its disclosure requirements. Accordingly, the aggregate fair value amounts presented do not represent the underlying value of the Diocese.

The following methods and assumptions were used by the Diocese in estimating its fair value disclosures for financial instruments:

***Investment securities*** - Fair values for investment securities are based on quoted market prices, where available. If quoted market prices are not available, fair values are based on quoted market prices of comparable instruments.

***DIAL notes receivable*** - For variable-rate loans that reprice frequently and with no significant change in credit risk, fair values are based on carrying amounts. The fair values for fixed rate loans are estimated using discounted cash flow analysis based on interest rates currently being offered for loans with similar terms and credit quality. Loan fair value estimates include judgments regarding future expected loss experience and risk characteristics.

**CENTRAL ADMINISTRATIVE OFFICE  
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Notes to Financial Statements  
June 30, 2010 and 2009

**Note P - Fair Value Disclosures (Continued)**

*Payables* - The carrying amounts reported in the statements of financial position for all payables approximate those liabilities' fair values.

The estimated fair values of the Diocese's financial instruments as of June 30, are as follows:

	<b>2010</b>		<b>2009</b>	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
Financial assets:				
Investment securities	\$ 39,732,756	\$ 39,732,756	\$ 41,755,776	\$ 41,755,776
DIAL notes receivable	86,961,272	96,158,337	85,755,860	96,522,397
Financial liabilities:				
DIAL deposits	19,163,551	19,163,551	21,040,749	21,040,749
Line of credit payable	2,500,000	2,500,000	1,050,000	1,050,000
Bonds payable	83,230,501	83,230,501	76,900,000	76,900,000

During 2009 the Diocese implemented FASB ASC 820-10 which 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 FASB-ASC 820-10 are described below:

**Level 1** - Valuations for assets and liabilities traded in active exchange markets, such as the New York Stock Exchange. Level 1 also includes U.S. Treasury and federal agency securities and federal agency mortgage-backed securities, which are traded by dealers or brokers in active markets. Valuations are obtained from readily available pricing sources for market transactions involving identical assets or liabilities.

**Level 2** - Valuations for assets and liabilities traded in less active dealer or broker markets. Valuations are obtained from third party pricing services for identical or similar assets or liabilities.

**Level 3** - Valuations for assets and liabilities that are derived from other valuation methodologies, including option pricing models, discounted cash flow models and similar techniques, and not based on market exchange, dealer, or broker traded transactions. Level 3 valuations incorporate certain assumptions and projections in determining the fair value assigned to such assets or liabilities.

The Diocese uses appropriate valuation techniques based on available inputs to measure fair value of its investments. An asset'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 must maximize the use of observable inputs and minimize the use of unobservable inputs.

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Notes to Financial Statements  
June 30, 2010 and 2009

**Note P - Fair Value Disclosures (Continued)**

Following is a description of the valuation methodologies used for assets measured at fair value.

*Common stocks, corporate bonds and U.S. government securities* : Valued at the closing price reported on the active market on which the individual securities are traded.

*Mutual funds* : Valued at the net asset value (NAV) of shares held by the Diocese at year end.

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 the Diocese 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 following table sets forth by level, within the fair value hierarchy, the fair value of assets as of June 30, 2010:

	Level 1	Level 2	Level 3	Total
Money market funds	\$ 19,946,853	\$ -	\$ -	\$ 19,946,853
Corporate stocks	8,844,730	-	-	8,844,730
Corporate bonds	1,595,711	-	-	1,595,711
Remainder Trust	1,678,893	-	213,640	1,892,533
U.S. Government securities	850,749	-	-	850,749
U.S. Government agency securities	599,011	-	-	599,011
Mortgage backed securities	657,559	-	-	657,559
Annuity contracts	1,096,107	105,352	-	1,201,459
Mutual funds	3,987,691	-	-	3,987,691
Investment in closely held entities	-	-	370,100	370,100
	<u>\$ 39,257,304</u>	<u>\$ 105,352</u>	<u>\$ 583,740</u>	<u>\$ 39,946,396</u>

**CENTRAL ADMINISTRATIVE OFFICE  
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Notes to Financial Statements  
June 30, 2010 and 2009

**Note P - Fair Value Disclosures (Continued)**

The following table sets forth by level, within the fair value hierarchy, the fair value of assets as of June 30, 2009:

	Level 1	Level 2	Level 3	Total
Money market funds	\$ 25,436,239	\$ -	\$ -	\$ 25,436,239
Corporate stocks	7,869,965	-	-	7,869,965
Corporate bonds	3,850,237	-	-	3,850,237
Remainder Trust	2,054,511	-	213,640	2,268,151
U.S. Government securities	1,851,905	-	-	1,851,905
U.S. Government agency securities	561,769	-	-	561,769
Mortgage backed securities	-	-	-	-
Annuity contracts	982,909	133,671	-	1,116,580
Mutual funds	417,348	-	-	417,348
Investment in closely held entities	-	-	99,416	99,416
	<u>\$ 43,024,883</u>	<u>\$ 133,671</u>	<u>\$ 313,056</u>	<u>\$ 43,471,610</u>

The following table shows a summary of changes in the fair value of Level 3 assets for the year ending June 30, 2010:

	Investments in closely held entities
Beginning balance	\$ 99,416
Unrealized gains	270,636
Realized gains	48
Ending balance	<u>\$ 370,100</u>

**Note Q - Subsequent Events**

Management of the Diocese has evaluated subsequent events for disclosure through the date of the report of independent auditors, the date the financial statements were issued.

## **Supplementary Information**

**Supplementary Information (Unaudited)**  
**June 30, 2010 and 2009**

	2010	2009
Summary Financial Information for Parishes and Missions in the Austin Diocese (exclusive of the Central Administrative Office)		
Total Number of Parishes & Missions	126	126
Cash and Cash Equivalents	\$ 8,274,293	\$ 9,968,174
DIAL Deposits	19,163,551	21,040,746
Investments (includes building funds)	15,145,041	15,670,772
Plant Assets	392,771,408	380,912,643
Other	9,623,666	8,149,135
	444,977,959	435,741,470
Accounts Payable to Central Administrative Office	226,698	1,190,522
Other Accounts Payable	939,215	1,440,516
Funds Held in Trust	9,574,879	10,001,547
Notes Payable	67,649,727	69,606,628
Bonds Payable	4,980,000	5,110,000
Other Liabilities	597,998	622,381
	83,968,517	87,971,594
	\$ 361,009,442	\$ 347,769,876
Sunday, Holy Day and Other Collections	\$ 51,599,146	\$ 50,638,176
Non-exempt Building Campaigns	11,529,849	10,481,518
Gifts, Bequests and Grants	2,766,324	3,447,570
Fundraising (net of related expenses)	4,473,391	4,456,801
Program Fees	1,407,602	1,409,717
Investment Income	1,470,802	1,273,645
Our Faith Our Legacy Collections (Parish Share)	2,879,495	3,369,997
	76,126,609	75,077,424
Pastoral Services	10,263,518	10,118,599
Religious Development	5,541,222	5,528,651
Social Services	1,805,093	1,788,420
School Subsidies	2,930,744	3,443,000
Plant Operating and Maintenance	13,512,494	14,341,765
Diocesan Assessment	4,882,236	4,413,155
Interest Expense	3,695,104	3,743,353
General and Administrative	15,832,096	15,327,191
Other Expenses	3,956,672	3,414,623
	62,419,179	62,118,757
	\$ 13,707,430	\$ 12,958,667

See accompanying independent auditors' report.