

**The Society of the Roman Catholic Church  
of the Diocese of Lake Charles**

**Financial Statements and Independent Auditors' Report  
June 30, 2021 and 2020**



Diocese of Lake Charles

## TABLE OF CONTENTS

	Page
Independent Auditors' Report	3
Financial Statements:	
Statements of Financial Position	6
Statements of Activities	7
Statements of Functional Expenses	9
Statements of Cash Flows	11
Notes to the Financial Statements	13
Schedule of Expenditure of Federal Awards	34
Compliance Section:	
Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards	37
Report on Compliance for Each Major Program and on Internal Control Over Compliance Required by the Uniform Guidance	39
Schedule of Findings and Questioned Costs	42



Langley, Williams  
& Company, L.L.C.  
CERTIFIED PUBLIC ACCOUNTANTS

LESTER LANGLEY, JR.  
DANNY L. WILLIAMS  
PHILLIP D. ABSHIRE, JR.  
DAPHNE BORDELON BERKEN

NICHOLAS J. LANGLEY  
PHILLIP D. ABSHIRE, III  
SARAH CLARK WERNER  
ALEXIS H. O'NEAL  
JESSICA LOTT-HANSEN

## Independent Auditors' Report

The Most Reverend Glen John Provost, D.D.  
Bishop of the Diocese of Lake Charles

### *Opinion*

We have audited the accompanying financial statements of The Society of the Roman Catholic Church of the Diocese of Lake Charles, Inc., (a nonprofit organization), which comprise the statements of financial position as of June 30, 2021 and 2020, related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements present fairly, in all material respects, the financial position of The Society of the Roman Catholic Church of the Diocese of Lake Charles, Inc. as of June 30, 2021 and 2020, 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 audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditors, Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of The Society of the Roman Catholic Church of the Diocese of Lake Charles, Inc. and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

### *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 Society of the Roman Catholic Church of the Diocese of Lake Charles, Inc.'s ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

### ***Auditors' Responsibilities for the Audit of the Financial Statements***

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

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

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

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

### ***Supplementary Information***

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements.

The Most Reverend Glen John Provost, D.D.  
Bishop of the Diocese of Lake Charles

The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated, in all material respects, in relation to the financial statements as a whole.

**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated July 10, 2023, on our consideration of The Society of the Roman Catholic Church of the Diocese of Lake Charles, Inc.'s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of The Society of the Roman Catholic Church of the Diocese of Lake Charles, Inc.'s internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering The Society of the Roman Catholic Church of the Diocese of Lake Charles, Inc.'s internal control over financial reporting and compliance.

*Joseph A. Williams, CPA, CFE*

Lake Charles, Louisiana  
July 10, 2023

The Society of the Roman Catholic Church of the Diocese of Lake Charles

Statements of Financial Position

June 30, 2021 and 2020

	2021	2020
<b>ASSETS</b>		
Cash and cash equivalents	\$ 25,521,013	\$ 14,436,654
Investments	3,252,697	975,313
Accounts receivable, net	1,572,265	953,527
Pledges receivable, net	-	450,573
Loan receivable	112,690	125,459
Cash value of life insurance policies	684,188	683,945
Prepaid insurance and other expenses	265,708	400,154
Hurricane receivable, net	7,031,674	-
Property, equipment, and improvements, net	11,757,133	11,625,594
Investments pledged as collateral	100,000	100,000
Deposit in self-insurance pool	285,116	285,116
Beneficial interests in securities held in trust	2,234,393	1,883,260
	<u>52,816,877</u>	<u>31,919,595</u>
<b>TOTAL ASSETS</b>	<b>\$ 52,816,877</b>	<b>\$ 31,919,595</b>
<b>LIABILITIES AND NET ASSETS</b>		
Accounts payable	\$ 15,912,460	\$ 574,590
National collections and other payables	356,199	197,951
Accrued insurance claims payable	459,490	374,067
Contributions and benefit payables	89,781	74,995
Due to parishes	836,569	942,053
Deferred revenue	6,253	-
Other post employment benefits payable	5,993,717	5,960,768
Paycheck protection program loan payable	-	750,800
Contingent liability	-	-
	<u>23,654,469</u>	<u>8,875,224</u>
<b>Total Liabilities</b>	<b>23,654,469</b>	<b>8,875,224</b>
Net assets - without donor restrictions	17,407,255	13,304,999
Net assets - with donor restrictions	11,755,153	9,739,372
	<u>29,162,408</u>	<u>23,044,371</u>
<b>Total Net Assets</b>	<b>29,162,408</b>	<b>23,044,371</b>
	<u>\$ 52,816,877</u>	<u>\$ 31,919,595</u>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>\$ 52,816,877</b>	<b>\$ 31,919,595</b>

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

The Society of the Roman Catholic Church of the Diocese of Lake Charles

Statements of Activities

Year ended June 30, 2021

	Without Donor Restriction	With Donor Restriction	2021 Totals
	<u>                    </u>	<u>                    </u>	<u>                    </u>
Support and Revenue:			
Parochial tithes	\$ 2,535,296	\$ -	\$ 2,535,296
Diocesan assessments	6,800,959	299,444	7,100,403
Diocesan appeals	-	102,086	102,086
Contributions and bequests	239,655	932,595	1,172,250
Grants and subsidies	-	7,597,098	7,597,098
Investment income	603,919	415,941	1,019,860
Gain from disposal of property	500	-	500
Specials program and other revenues	2,286,501	10,744	2,297,245
Paycheck protection program loan forgiveness	-	750,800	750,800
Net assets released from restrictions	8,092,927	(8,092,927)	-
	<u>20,559,757</u>	<u>2,015,781</u>	<u>22,575,538</u>
Expenses:			
Program expenses			
Clergy life	957,234	-	957,234
Christian formation	1,650,249	-	1,650,249
Pastoral services	1,522,749	-	1,522,749
Health care and casualty insurance	6,128,051	-	6,128,051
Supporting services			
General administration	6,174,321	-	6,174,321
Fundraising	24,897	-	24,897
	<u>16,457,501</u>	<u>-</u>	<u>16,457,501</u>
Increase in net assets	4,102,256	2,015,781	6,118,037
Net assets, beginning of year	<u>13,304,999</u>	<u>9,739,372</u>	<u>23,044,371</u>
Net assets, end of year	<u>\$ 17,407,255</u>	<u>\$ 11,755,153</u>	<u>\$ 29,162,408</u>

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

The Society of the Roman Catholic Church of the Diocese of Lake Charles

Statements of Activities - (Continued)

Year ended June 30, 2020

	Without Donor Restriction	With Donor Restriction	2020 Totals
Support and Revenue:			
Parochial tithe	\$ 2,499,693	\$ -	\$ 2,499,693
Diocesan assessments	7,030,551	289,106	7,319,657
Diocesan appeals	-	170,612	170,612
Contributions and bequests	3,343,204	839,166	4,182,370
Grants and subsidies	-	1,353,921	1,353,921
Investment income	175,680	43,829	219,509
Loss from disposal of property	200	-	200
Specials program and other revenues	900,525	28,216	928,741
Paycheck protection program loan forgiveness	-	-	-
Net assets released from restrictions	10,600,075	(10,600,075)	-
<b>TOTAL REVENUE</b>	<b>24,549,928</b>	<b>(7,875,225)</b>	<b>16,674,703</b>
Expenses:			
Program expenses			
Clergy life	2,376,964	-	2,376,964
Christian formation	2,039,466	-	2,039,466
Pastoral services	2,394,478	-	2,394,478
Health care and casualty insurance	5,859,198	-	5,859,198
Supporting services			
General administration	8,521,628	-	8,521,628
Fundraising	100,822	-	100,822
<b>TOTAL EXPENSES</b>	<b>21,292,557</b>	<b>-</b>	<b>21,292,557</b>
Increase (decrease) in net assets	3,257,371	(7,875,225)	(4,617,854)
Net assets, beginning of year	10,047,628	17,614,597	27,662,225
Net assets, end of year	\$ 13,304,999	9,739,372	\$ 23,044,371

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



**The Society of the Roman Catholic Church of the Diocese of Lake Charles**

Statements of Functional Expenses

Year ended June 30, 2021

	<b>Clergy Life</b>	<b>Christian Formation</b>	<b>Pastoral Services</b>	<b>Health Care &amp; Casualty Insurance</b>	<b>General</b>	<b>Fundraising</b>	<b>2021 Totals</b>
Assessments	\$ -	\$ 19,626	\$ -	\$ -	\$ 38,058	\$ -	\$ 57,684
Accounting, auditing & consulting	-	-	-	-	84,082	-	84,082
Auto & residence allowances	-	-	-	-	52,655	-	52,655
Book, periodicals & publications	652	18,295	560	-	13,977	-	33,484
Charitable donations	12,025	-	619,416	-	67	-	631,507
Clergy welfare assistance	26,374	2,217	-	-	810	-	29,401
Contracted services	34,931	105,653	123,092	222,022	202,013	22,980	710,691
Dues & memberships	902	345	500	-	5,219	-	6,966
Facility & equipment rental	-	14,483	6,895	-	29,641	-	51,020
Health care claim costs	-	-	-	3,132,709	-	-	3,132,709
Health care insurance	22,858	-	-	-	-	-	22,858
Hurricane/Flood disaster assistance	-	-	400	-	-	-	400
Life insurance	15,661	-	-	-	529	-	16,190
Newspaper	-	62,542	-	-	1,152	-	63,694
Office expenses	139	15,080	3,663	720	163,656	1,640	184,899
Other expenses	4,015	2,102	-	-	4,837	-	10,954
Other post retirement benefits	32,849	-	-	-	-	-	32,849
Payroll & other taxes	120	47,526	19,737	-	28,783	-	96,165
Postage & shipping	-	344	229	-	6,105	275	6,954
Property, casualty & liability claims	-	-	-	241,476	-	-	241,476
Property & casualty insurance	2,653	-	-	2,531,124	8,706	-	2,542,483
Provision for bad debts	-	-	-	-	-	-	-
Public relations	1,090	6,072	3,697	-	8,523	-	19,382
Repairs & maintenance	38,505	95,448	42,877	-	124,526	-	301,356
Residence & retreat center supplies	14,486	39,589	147,467	-	-	-	201,542
Retirement expense	444,158	3,612	661	-	36,439	-	484,870
Salaries	24,174	553,477	421,401	-	594,104	-	1,593,156
Seminars, retreats & conferences	14,980	71,100	390	-	35,496	-	121,966
Subsidies & grants	12,000	256,025	19,805	-	39,697	-	327,527
Subsidies - hurricane related	-	-	-	-	4,581,968	-	4,581,968
Subsidies - cathedral renovations	-	-	-	-	-	-	-
Subsidies - capital campaign	-	-	-	-	-	-	-
Telephone	2,501	15,616	21,145	-	15,976	1	55,239
Television & radio	-	7,196	-	-	-	-	7,196
Travel & transportation	250	2,903	9,451	-	1,967	-	14,571
Tuitions & seminarian expense	234,259	-	-	-	-	-	234,259
Utilities	12,280	78,360	34,750	-	22,235	-	147,624
	<u>951,861</u>	<u>1,417,610</u>	<u>1,476,138</u>	<u>6,128,051</u>	<u>6,101,220</u>	<u>24,897</u>	<u>16,099,777</u>
Depreciation expense	5,373	232,639	46,611	-	73,101	-	357,724
Totals	<u>\$ 957,234</u>	<u>\$ 1,650,249</u>	<u>\$ 1,522,749</u>	<u>\$ 6,128,051</u>	<u>\$ 6,174,321</u>	<u>\$ 24,897</u>	<u>\$ 16,457,501</u>

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

## The Society of the Roman Catholic Church of the Diocese of Lake Charles

### Statements of Functional Expenses - (Continued)

Year ended June 30, 2020

	Clergy Life	Christian Formation	Pastoral Services	Health Care & Casualty Insurance	General	Fundraising	2020 Totals
Assessments	\$ -	\$ 26,168	\$ -	\$ -	\$ 21,607	\$ -	\$ 47,775
Accounting, auditing & consulting	-	-	-	-	50,500	-	50,500
Auto & residence allowances	-	1,728	6,911	-	48,763	-	57,402
Book, periodicals & publications	4,642	45,554	202	-	7,619	423	58,440
Charitable donations	86,449	-	216,564	295	-	-	303,308
Clergy welfare assistance	86,405	6,120	-	-	1,002	-	93,527
Contracted services	36,880	196,929	104,397	274,111	179,856	55,379	847,552
Dues & memberships	902	1,429	6,801	-	3,869	-	13,000
Facility & equipment rental	327	30,556	5,890	-	43,294	-	80,067
Health care claim costs	-	-	-	3,105,541	-	-	3,105,541
Health care insurance	43,634	-	-	-	-	-	43,634
Hurricane/Flood disaster assistance	-	-	948,483	-	-	-	948,483
Life insurance	19,326	-	-	-	340	4,145	23,810
Newspaper	-	79,171	-	-	-	-	79,171
Office expenses	1,108	34,052	32,545	53	81,777	28,692	178,226
Other expenses	600	-	-	-	-	826	1,426
Other post retirement benefits	1,125,364	-	-	-	-	-	1,125,364
Payroll & other taxes	-	46,946	19,439	-	(36,449)	436	30,372
Postage & shipping	2	828	117	73	5,372	1,075	7,468
Property, casualty & liability claims	-	-	-	122,155	-	-	122,155
Property & casualty insurance	10,998	76,935	17,581	2,356,629	38,372	404	2,500,919
Provision for bad debts	-	-	-	-	3,522,198	-	3,522,198
Public relations	6,969	17,452	4,920	-	16,398	1,814	47,553
Repairs & maintenance	57,104	73,991	51,265	-	133,986	1,888	318,234
Residence & retreat center supplies	15,326	196,678	27,852	-	-	-	239,855
Retirement expense	383,449	3,767	841	-	8,381	7	396,445
Salaries	4,080	640,223	372,987	341	544,994	5,700	1,568,324
Seminars, retreats & conferences	9,105	270,168	6,340	-	37,657	-	323,270
Subsidies & grants	12,000	48,170	461,529	-	-	-	521,699
Subsidies - hurricane related	-	-	-	-	-	-	-
Subsidies - cathedral renovations	-	-	-	-	2,925,684	-	2,925,684
Subsidies - capital campaign	-	-	-	-	742,272	-	742,272
Telephone	8,051	18,730	27,923	-	41,016	35	95,755
Television & radio	-	27,180	-	-	-	-	27,180
Travel & transportation	7,021	12,978	13,898	-	17,658	-	51,555
Tuitions & seminarian expense	442,808	-	-	-	-	-	442,808
Utilities	9,023	62,029	21,652	-	20,469	-	113,173
	2,371,574	1,917,780	2,348,136	5,859,198	8,456,634	100,822	21,054,145
Depreciation expense	5,390	121,686	46,342	-	64,994	-	238,412
<b>Totals</b>	<b>\$ 2,376,964</b>	<b>\$ 2,039,466</b>	<b>\$ 2,394,478</b>	<b>\$ 5,859,198</b>	<b>\$ 8,521,628</b>	<b>\$ 100,822</b>	<b>\$ 21,292,557</b>

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

The Society of the Roman Catholic Church of the Diocese of Lake Charles

Statements of Cash Flows

Years Ended June 30, 2021 and 2020

	<u>2021</u>	<u>2020</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Increase (Decrease) in net assets	\$ 6,118,037	\$ (4,617,854)
Adjustments to reconcile the change in net assets to net cash provided by operating activities:		
Depreciation expense	357,724	238,412
Amortization of discount on pledges receivable	-	(70,552)
Provision for losses on accounts and pledges receivable	-	3,522,198
Gains from investment securities	(428,167)	(20,542)
Gains on beneficial interest in securities held in a trust	(415,938)	(43,616)
Gains in cash values of life insurance policies excess of premiums	(31,429)	(27,207)
Paycheck protection program loan forgiveness	(750,800)	-
(Increase) decrease in operating assets:		
Pledges receivable	450,573	1,606,953
Accounts receivable	(618,738)	(439,466)
Prepaid insurance and other expenses	134,446	427,147
Increase (decrease) in operating liabilities:		
Accounts payable	15,337,870	(865,415)
National collections and other payables	158,248	2,074
Accrued insurance claims	85,423	82,981
Contributions and benefits payable	14,786	(73,965)
Due to parishes	(105,484)	(680,154)
Deferred revenue	6,253	(18,276)
Other postretirement benefits payable	32,949	1,125,364
	<u>20,345,753</u>	<u>148,082</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Proceeds from sales and maturities of investments	1,667,083	376,995
Distribution from beneficial interests in securities held in trust	64,805	108,731
Hurricane receivable, net	(7,031,674)	-
Collections of loan receivables	12,769	7,430
Loans advanced	-	(84,500)
Purchases of investments	(3,516,300)	(25,474)
Increase in cash values of life insurance policies	(5,508)	(3,754)
Proceeds from the redemption of cash value life insurance policy	36,694	47,003
Acquisition and construction of property and equipment	(489,263)	(1,562,815)
	<u>(9,261,394)</u>	<u>(1,136,384)</u>

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

The Society of the Roman Catholic Church of the Diocese of Lake Charles

Statements of Cash Flows - (Continued)

Years Ended June 30, 2021 and 2020

	<u>2021</u>	<u>2020</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>		
Proceeds from paycheck protection program loan payable	<u>-</u>	<u>750,800</u>
Net cash provided by financing activities	<u>-</u>	<u>750,800</u>
Net change in cash and cash equivalents	11,084,359	(237,502)
Cash and cash equivalents, beginning of year	14,436,654	14,674,156
Cash and cash equivalents, end year	<u><u>\$ 25,521,013</u></u>	<u><u>\$ 14,436,654</u></u>
 <b>Supplemental disclosures of noncash investing activities:</b>		
Maturities and renewals of certificates of deposit	<u><u>\$ 100,000</u></u>	<u><u>\$ 200,000</u></u>

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

The Society of the Roman Catholic Church of  
The Diocese of Lake Charles

Notes to the Financial Statements

**1. ORGANIZATION AND BASIS OF PRESENTATION**

The Society of the Roman Catholic Church of the Diocese of Lake Charles, Inc., (“the Diocese”) is a not-for-profit entity incorporated in the State of Louisiana in 1980. The Diocese is dedicated to spreading the Gospel through establishing, developing, and promoting all aspects of church ministry within the surrounding communities. The Diocese is supported primarily through contributions from benefactors and assessments from various church parishes within the boundaries of the Diocese. The Bishop of the Diocese is the president of the corporation and president of thirty-nine Catholic parishes and two Catholic schools, each incorporated in the State of Louisiana and located in one of five civil parishes located in Southwest Louisiana and encompassed by the ecclesiastical province of the Diocese of Lake Charles. Numerous financial transactions occur in the ordinary course of business between the Diocese and the thirty-nine Catholic parishes.

These financial statements are derived from the underlying accounting records of the Diocese which include the administrative and program offices and departments of the Diocese. The financial statements do not include the assets, liabilities, revenue and expenses of all Catholic parishes and schools. Each maintain separate accountability and provides its own services and programs. A summary of the unaudited financial data of the thirty-nine Catholic parishes as of June 30, 2021 and 2020 and for the years then ended is presented below.

	<u>2021</u>	<u>2020</u>
Total current assets	\$ 37,596,800	\$ 32,404,006
Total fixed assets	143,325,099	142,061,902
Total assets	<u>\$ 180,921,899</u>	<u>\$ 174,465,908</u>
Total liabilities	\$ 7,988,889	\$ 8,791,536
Total net assets	172,933,010	165,674,372
Total liabilities and net assets	<u>\$ 180,921,899</u>	<u>\$ 174,465,908</u>
Total revenue	\$ 26,492,687	\$ 24,901,584
Total expenses	\$ 21,063,060	\$ 22,915,810

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Basis of Accounting

The financial statements of the Diocese have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted (“GAAP”) in the United States of America.

Basis of Presentation

As required by U.S. GAAP, the Diocese classifies revenues, expenses, gains, and losses based on the existence or absence of donor-imposed restrictions. As a result, the net assets of the Diocese and the changes therein are classified and reported as either with or without donor restrictions.

The Society of the Roman Catholic Church of  
The Diocese of Lake Charles

Notes to the Financial Statements

2. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (Continued)**

Basis of Presentation – (Continued)

*Net assets without donor restrictions* - Net assets which are not subject to donor-imposed stipulations.

*Net assets with donor restrictions* - Net assets subject to donor-imposed stipulations that will either (1) expire by incurring expenses satisfying the restricted purpose (purpose restricted), and/or the passage of time (time restricted), or (2) will never expire (perpetual in nature). When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions.

Use of Estimates

The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and reported amounts of revenue and expenses during the reporting period. Accordingly, actual results may differ from those estimates.

Cash and Cash Equivalents

Cash and cash equivalents include cash in bank deposit accounts, money market accounts, U.S. Treasury Bills with 91-day maturities or less and interest-bearing securities held by financial institutions under repurchase agreements. Cash and cash equivalents are reported in the financial statements at cost, which approximates fair value.

Investments and Securities

In accordance with U.S. GAAP, all 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. Unrealized gains and losses are included in the change in net assets. Investment income and gains restricted by a donor are reported as increases in restricted net assets.

Revenue Recognition

Contributions are recognized when the donor makes an unconditional promise to transfer assets. Contributions received are recorded as with or without donor restrictions, depending on the existence and/or nature of any donor stipulations. Amounts received that are designated for future periods or restricted by the donor for a specific purpose are reported as support with donor restrictions and as an increase to the related net asset class. If a restriction is fulfilled in the same period in which the contribution is received, the Diocese reports the support as unrestricted. In the event that monies both with and without donor restrictions are available for use for activities that comply with donor restrictions, the Diocese will use funds having donor restrictions first.

The Society of the Roman Catholic Church of  
The Diocese of Lake Charles

Notes to the Financial Statements

2. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (Continued)**

Accounts Receivable

Accounts receivable includes diocesan assessments of parishes for clergy retirement costs and welfare benefits, liability and casualty insurance premiums and other program related costs and assessments of seminarians for part of their undergraduate tuition costs and related expenses. The assessments are expected to be received in less than a year and are reported in the statement of financial position at the net realizable value which management considers a reasonable estimate of fair value. No interest is charged on past due balances. Management periodically reviews accounts receivable balances and records valuation allowances for estimated uncollectible balances.

Pledges Receivable

Pledges receivable are promises to give. During 2015, the Diocese initiated its Return to the Lord Campaign (“Capital Campaign”), raising funds through pledges and contributions over a five-year period. Pledges received as part of this campaign are shared by the Diocese and individual Parishes based on a predetermined formula. Pledges that are expected to be collected in future years are recognized in the year the promise was made, at fair value, which is measured as the present value of their future cash flows. The discounts on those amounts are computed using risk-adjusted interest rates (0.00% and 3.28% for the years ended June 30, 2021 and 2020, respectively), applicable to the years in which the promises are received. Amortization of the discounts is included in contribution revenue.

Unconditional pledges are recorded as donor restricted revenues and are available for their intended purposes once the pledge is collected. Conditional pledges are not included as support until the conditions are substantially met.

The Return to the Lord Campaign ended December 31, 2020.

Allowance for Doubtful Accounts

The Diocese uses the allowance method to determine uncollectible accounts receivable. The allowance is based on prior years’ experience and management's evaluation of potential uncollectible accounts receivable balances at year end. As of June 30, 2021 and 2020, the balance in allowance for doubtful accounts related to accounts receivable was \$158,220.

Pledges receivable are recorded net of an allowance for doubtful accounts. The Diocese estimates the allowance based on an analysis of pledge balances by Parish and individual donors at year end, taking into consideration the age of past due amounts, an assessment of the donor’s ability to pay, and considering the current economic conditions. The allowance for doubtful accounts for pledge receivable was \$4,151,310 as of June 30, 2021 and 2020.

The Society of the Roman Catholic Church of  
The Diocese of Lake Charles

Notes to the Financial Statements

2. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (Continued)**

**Property and Equipment**

The Diocese’s property and equipment are capitalized at cost, if purchased, or at estimated fair market value if donated, with a capitalization threshold of \$1,000. Donations of property and equipment are recorded as contributions at their estimated fair value. In the absence of donor stipulations regarding how long the contributed assets must be used, the Diocese has adopted a policy of establishing time restrictions on contributions of such assets that expire over the useful lives of the assets. Maintenance and repairs are expensed as incurred; however, those that significantly increase asset values or extend useful lives are capitalized. Depreciation is computed by the straight-line method at rates based on the following estimated useful lives:

	<u>Years</u>
Buildings and improvements	5 – 60
Furniture and fixtures	3 – 20
Computer equipment and software	3 – 5

**Federal and State Income Taxes**

The Internal Revenue Service (IRS) has issued to the United States Conference of Catholic Bishops, a group tax exemption ruling with respect to the Catholic organizations listed in The Official Catholic Directory (OCD) (“Group Ruling”). The Group Ruling establishes that organizations included in the OCD are exempt from federal income tax under section 501(c) (3) of the Internal Revenue Code. The Diocese is included in the OCD; however, inclusion in the Group Ruling has no effect on an organization’s liability for any federal excise taxes.

**Beneficial Interests in Securities Held in Trusts**

Beneficial interests in securities held in trusts represent irrevocable interests in assets held by third parties under perpetual trust agreements. They are measured at the fair value of the underlying trust assets in the statement of financial position, with the change in fair value reported as a investment income in the statement of activities and changes in net assets. Because the Diocese is only entitled to income generated by the trusts and not the underlying investments, the interests are included as net assets with donor restrictions. The income generated by the trusts, if not expended during the current year and if subject to donor restrictions, is included as investment income with donor restrictions in the accompanying statement of activities and changes in net assets until such time that the donor restrictions have been met.

**Expense Recognition and Functional Allocation**

The cost of providing the Diocese’s programs and other activities is summarized on a functional basis in the statement of functional expenses. Substantially all expenses can be identified with a specific program and are directly charged to the applicable program. Any remaining costs common to multiple functions have been allocated among the various functions benefited and consist primarily of salaries and related fringe benefits, which have been allocated based on estimates of time and effort.



The Society of the Roman Catholic Church of  
The Diocese of Lake Charles

Notes to the Financial Statements

2. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (Continued)**

Financial Instruments and Credit Risk

The Diocese manages deposit concentration risk by placing cash, money market accounts, and certificates of deposit with financial institutions believed to be creditworthy. At times, amounts on deposit may exceed insured limits or include uninsured investments in money market mutual funds. To date, the Diocese has not experienced losses in any of these accounts. Credit risk associated with pledges receivable is considered to be limited due to high historical collection.

Compensated Absences

Compensated absences for sick pay and personal time have not been accrued since they cannot be reasonably estimated. The Diocese's policy is to recognize these costs when actually paid.

Government Grant – Paycheck Protection Program

The Diocese has elected to apply FASB ASC 958-605 to the accounting treatment of the government grant received under the paycheck protection program ("PPP"). Under this model, government assistance is not recognized until there is reasonable assurance that (1) any conditions attached to the assistance will be met and (2) the assistance will be received.

Once there is reasonable assurance that the conditions will be met, the earnings impact of government grants is recorded "on a systemic basis over the periods in which the grants are intended to compensate." Accordingly, the Diocese recorded the initial cash inflow from the PPP loan as a deferred income liability. Subsequent to initial recognition, the Diocese reduced the liability with the offset through earnings included in the statement of operations under other income as it recognized the related cost to which the loan relates.

Advertising

Advertising cost are expensed as incurred. For the years ended June 30, 2021 and 2020, the Diocese expensed \$19,382 and \$47,553, respectively.

Recently Issued Accounting Standards

In February 2016, the FASB issued ASU 2016-02, *Leases* ("ASU 2016-02"). July 2018 issued clarifying standards ASU 2018-10 and 2018-11, in December 2018 narrow-scope improvement ASU 2018-20 and in March 2019 a codification improvement ASU 2019-01. The new standard establishes a right-of-use ("ROU") model that requires a lessee to record a ROU asset and a lease liability on the balance sheet for all leases with terms longer than 12 months. Leases will be classified as either finance or operating, with classification affecting the pattern of expense recognition in the income statement. ASU 2016-02, 2018-10, 2018-11, and 2019-01 are effective for fiscal years beginning after December 15, 2021, including interim periods within those fiscal years. Early adoption is permitted. A modified retrospective transition approach is required for lessees for capital and operating leases existing at, or entered into after, the beginning of the earliest comparative period presented in the financial statements, with certain practical expedients available. The Diocese is evaluating the impact that ASU 2016-02 will have on their financial statements and related disclosures.

The Society of the Roman Catholic Church of  
The Diocese of Lake Charles

Notes to the Financial Statements

**3. LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS**

The following reflects the Diocese's financial assets as of June 30, 2021 and 2020, reduced by amounts not available for general use because of time, donor or internally-imposed restrictions.

	2021	2020
Cash and equivalents	\$ 25,521,013	\$ 14,436,654
Investments	5,587,090	2,958,573
Accounts receivable, net	1,572,265	953,527
Pledges receivable, net	-	450,573
Loan receivable	112,690	125,459
Less: Those unavailable for general expenditures within one year, due to:		
Loan receivable, maturing after one year	(7,381)	(8,389)
Restricted by donor in perpetuity	(2,234,393)	(1,883,260)
Restricted by donor for specific purpose	(9,520,760)	(7,856,112)
<b>Financial assets available to meet cash needs for general expenditures within one year before board designations</b>	<b>21,030,524</b>	<b>9,177,025</b>
Less: Board designations	(18,444,713)	(16,419,157)
<b>Financial assets available to meet cash needs for general expenditures within one year</b>	<b>\$ 2,585,811</b>	<b>\$ (7,242,132)</b>

The Diocese is substantially supported by unrestricted and restricted contributions. Because a donor's restriction requires resources to be used in a particular manner or in a future period, the Diocese must maintain sufficient resources to meet those responsibilities to its donors. Thus, financial assets may not be available for general expenditure within one year. As part of the Diocese's liquidity management, the Diocese structures its financial assets to be available as its general expenditures, liabilities, and other obligation become due. The Diocese also has established guidelines for making decisions related to managing short-term cash reserves and other investments in a prudent manner. The sub-total "Financial assets available to meet cash needs for general expenditures within one year before board designations" represents another liquidity total, as board-designated reserves can be reversed and made available for immediate use in the event of an urgent liquidity need.

**4. ACCOUNTS RECEIVABLE, NET**

The following is a summary of accounts receivable outstanding as of June 30, 2021 and 2020:

	2021	2020
Accounts receivable	\$ 1,730,485	\$ 1,111,747
Less: Allowance for doubtful accounts	(158,220)	(158,220)
	\$ 1,572,265	\$ 953,527

The Society of the Roman Catholic Church of  
The Diocese of Lake Charles

Notes to the Financial Statements

5. **PLEDGES RECEIVABLE, NET**

The following is a summary of changes to the accounts receivable allowance for doubtful accounts for the years ended June 30, 2021 and 2020:

	<u>2021</u>	<u>2020</u>
Balance, beginning of period	\$ 158,220	\$ 148,728
Charged off	-	-
Provision for losses	-	9,492
Balance, end of period	<u>\$ 158,220</u>	<u>\$ 158,220</u>

Beginning in 2015, the Diocese initiated a \$16,000,000 capital campaign program known as “Return to the Lord, A Campaign for our Future”, the purpose was to raise money for Priest retirement, Seminarian education, the Cathedral restoration, Camp Karol, Catholic Charities, all Parishes and the Diocese. As of June 30, 2021, the Diocese has collected \$18,137,385 of the \$22,288,695 that was committed.

Pledge receivables relating to this campaign consist of the following as of June 30, 2021 and 2020:

	<u>2021</u>	<u>2020</u>
Capital campaign pledge receivables:		
Receivable within one year	\$ 4,151,310	\$ 4,601,883
Receivable in one to five years	-	-
Gross pledge receivable	<u>4,151,310</u>	<u>4,601,883</u>
Less: Unamortized discount	-	-
Pledge receivable, net of unamortized discount	<u>4,151,310</u>	<u>4,601,883</u>
Less: Allowance for uncollectible pledges	<u>(4,151,310)</u>	<u>(4,151,310)</u>
Pledge receivable, net	<u>\$ -</u>	<u>\$ 450,573</u>

Included in contributions and bequest revenues is the amortization of discounts on pledges receivable of \$-0- and \$70,552 for the years ended June 30, 2021 and 2020, respectively.

The following is a summary of changes to the pledges receivable allowance for doubtful accounts for the years ended June 30, 2021 and 2020:

	<u>2021</u>	<u>2020</u>
Balance, beginning of period	\$ 4,151,310	\$ 648,465
Charged off	-	(19,353)
Provision for losses	-	3,522,198
Balance, end of period	<u>\$ 4,151,310</u>	<u>\$ 4,151,310</u>

The Society of the Roman Catholic Church of  
The Diocese of Lake Charles

Notes to the Financial Statements

**6. INVESTMENTS**

The following schedule summarizes the carrying amount in investments as of June 30, 2021 and 2020:

	2021	2020
Certificates of deposit	\$ 300,000	\$ 200,000
Mutual funds	1,603,053	697,394
Mission Diocese Investment Fund	1,449,644	177,919
	3,352,697	1,075,313
Less: Investment pledged as collateral	(100,000)	(100,000)
	\$ 3,252,697	\$ 975,313

The Diocese granted to the Louisiana Office of Workers' Compensation a continuing security interest in a \$100,000 certificate of deposit to partially secure the payment of obligations arising from the Diocese's participation in the Louisiana Catholic Workers' Compensation Pool. The \$100,000 certificate of deposit is included in the total above and reported separately in the statement of financial position.

The following schedule summarizes investment returns and their classification in the statement of activities for the year ended June 30, 2021 and 2020:

	Without Donor Restriction	With Donor Restriction	Total
June 30, 2021			
Interest and dividend income	\$ 117,212	\$ 3	\$ 117,215
Interest income credited to life insurance policies	36,937	-	36,937
Gains from beneficial interests in securities held in trust	-	415,938	415,938
Gains from investment securities and contracts	428,167	-	428,167
Income from self-insurance pools	21,603	-	21,603
	\$ 603,919	\$ 415,941	\$ 1,019,860
June 30, 2020			
Interest and dividend income	\$ 117,407	\$ 213	\$ 117,620
Interest income credited to life insurance policies	27,207	-	27,207
Gains from beneficial interests in securities held in trust	-	43,616	43,616
Gains from investment securities and contracts	20,542	-	20,542
Income from self-insurance pools	10,524	-	10,524
	\$ 175,680	\$ 43,829	\$ 219,509

The Society of the Roman Catholic Church of  
The Diocese of Lake Charles

Notes to the Financial Statements

7. **FAIR VALUE MEASUREMENTS**

The Diocese reports certain asset and liabilities at fair value in the financial statements. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction in the principal, or most advantageous, market at the measurement date under current market conditions regardless of whether that price is directly observable or estimated using another valuation technique. Inputs used to determine fair value refer broadly to the assumptions that market participants would use in pricing the asset or liability, including assumptions about risk. Inputs may be observable or unobservable. Observable inputs are inputs that reflect the assumptions market participants would use in pricing the asset or liability based on market data obtained from sources independent of the reporting entity. Unobservable inputs are inputs that reflect the reporting entity's own assumptions about the assumptions market participants would use in pricing the asset or liability based on the best information available. A three-tier hierarchy categorizes the inputs as follows:

Level I — Quoted prices are available in active markets for identical investments as of the reporting date. The type of investments included in Level I are publicly traded equity securities.

Level II — Pricing inputs are other than quoted prices in active markets, which are either directly or indirectly observable as of the reporting date, and fair value is determined through the use of models or other valuation methodologies.

Level III — Pricing inputs are unobservable and include situations where there is little, if any, market activity for the investment. Fair value for these investments is determined using valuation methodologies that consider a range of factors, including but not limited to the price at which the investment was acquired, the nature of the investment, local market conditions, trading values on public exchanges for comparable securities, current and projected operating performance, and financing transactions subsequent to the acquisition of the investment. The inputs into the determination of fair value require significant measurement judgment. Due to the inherent uncertainty of these estimates, these values may differ materially from the values that would have been used had a ready market for these investments existed.

In some cases, the inputs used to measure the fair value of an asset or a liability might be categorized within different levels of the fair value hierarchy. In those cases, the fair value measurement is categorized in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement. Assessing the significance of a particular input to entire measurement requires judgment, taking into account factors specific to the asset or liability. The categorization of an asset within the hierarchy is based upon the pricing transparency of the asset and does not necessarily correspond to our assessment of the quality, risk, or liquidity profile of the asset or liability.

The inputs or methodology used for valuing investments are not necessarily an indication of the risk associated with investing in those investments. There have been no changes in methodologies used to value the investments at June 30, 2021 and 2020.

The Society of the Roman Catholic Church of  
The Diocese of Lake Charles

Notes to the Financial Statements

7. **FAIR VALUE MEASUREMENTS – (Continued)**

The following table summarizes the valuation of the Diocese’s investments by the above FAS 157 fair value hierarchy levels as of June 30, 2021 and 2020:

	<b>Fair Values</b>	<b>Active Market Quotes for Identical Assets (Level 1)</b>	<b>Significant Unobservable Inputs (Level 3)</b>
<u>June 30, 2021</u>			
Certificates of deposit	\$ 300,000	\$ 300,000	\$ -
Mutual funds	1,603,053	1,603,053	-
Investment measured at NAV	1,449,645	-	-
Loan receivable	112,690	-	112,690
Life insurance contracts	684,188	-	684,188
Beneficial interests in securities held trusts	<u>2,234,393</u>	<u>2,234,393</u>	<u>-</u>
<b>Total</b>	<b><u>\$ 6,383,969</u></b>	<b><u>\$ 4,137,446</u></b>	<b><u>\$ 796,878</u></b>
<u>June 30, 2020</u>			
Certificates of deposit	\$ 200,000	\$ 200,000	\$ -
Mutual funds	697,394	697,394	-
Investment measured at NAV	177,919	-	-
Loan receivable	125,459	-	125,459
Life insurance contracts	683,945	-	683,945
Beneficial interests in securities held trusts	<u>1,883,260</u>	<u>1,883,260</u>	<u>-</u>
<b>Total</b>	<b><u>\$ 3,767,977</u></b>	<b><u>\$ 2,780,654</u></b>	<b><u>\$ 809,404</u></b>

The fair values of certificates of deposit, mutual funds, common stocks and beneficial interests in securities held in trust are determined by reference to quoted market prices for identical securities, referred to as level 1 inputs. The fair values of loans receivable and life insurance contracts are estimated by management using unobservable inputs, referred to as level 3 inputs, as a result of limited or no market activity for similar assets.

The carrying values reported in the statement of financial position for the following financial instruments approximates fair value because of the short maturities of these instruments: accounts receivable in less than one year, grants and contributions receivable in less than one year, accounts payable, national collections and other payables, accrued insurance claims payable and contributions payable other than a loan receivable of \$112,690 and \$125,459 as of June 30, 2021 and 2020, respectively, the carrying value of which equals management’s estimate of the fair value of a related loan receivable valued using level 3 inputs and more fully described in Note 15.

The Society of the Roman Catholic Church of  
The Diocese of Lake Charles

Notes to the Financial Statements

**7. FAIR VALUE MEASUREMENTS – (Continued)**

The following schedule is a reconciliation of the change between beginning and ending balances of assets measured at estimated fair value on a recurring basis using level 3 inputs.

	<b>Loan Receivable</b>	<b>Life Insurance Contracts</b>
June 30, 2021		
Beginning balances	\$ 125,459	\$ 683,945
Loan repayments	(12,769)	-
Loans issued	-	-
Insurance cost in excess of premiums	-	5,508
Interest income credited to cash surrender values	-	31,429
Death Benefit receivable	-	(36,694)
	<u>\$ 112,690</u>	<u>\$ 684,188</u>
June 30, 2020		
Beginning balances	\$ 48,389	\$ 699,987
Loan repayments	(7,430)	-
Loans issued	84,500	-
Insurance cost in excess of premiums	-	3,754
Interest income credited to cash surrender values	-	27,207
Death Benefit receivable	-	(47,003)
	<u>\$ 125,459</u>	<u>\$ 683,945</u>

No unrealized gains or losses in assets valued using level 3 inputs are included in the change in net assets reported in the statement of activities.

**8. HURRICANE RECEIVABLE**

In 2020, southwest Louisiana was struck by two hurricanes, Laura and Delta, which caused significant damage to the Diocese. The Diocese has recorded a hurricane receivable for what they have spent and requested reimbursement from Federal Emergency Management Agency (“FEMA”) via the Governor’s Office of Homeland Security and Emergency Preparedness (“GOHSEP”) which will reimburse the Diocese for hurricane recovery related to costs through June 30, 2021.

The following schedule summarizes hurricane receivables net of FEMA reimbursements:

	2021	2020
Hurricane repair expense	\$ 38,603,240	\$ -
FEMA reimbursements	(31,571,566)	-
Hurricane receivables, net	<u>\$ 7,031,674</u>	<u>\$ -</u>

The Society of the Roman Catholic Church of  
The Diocese of Lake Charles

Notes to the Financial Statements

**9. PROPERTY AND EQUIPMENT**

The following schedule is a summary of property and equipment as of June 30, 2021 and 2020:

	2021	2020
Saint Charles Center	\$ 6,796,567	\$ 6,796,567
Chancery building	1,648,368	1,648,368
Seafarers' Center	433,852	433,852
Perry building	324,452	324,452
Diocesan residence	935,763	935,763
Catholic Charities facility	1,198,229	1,198,229
Office of Catholic schools	32,733	32,733
Kirby Street Properties	450,154	450,154
St. John Vianney House of Discernment and Prayer	167,739	167,739
Camp Karol	4,814,183	-
Other assets	684,586	553,124
Construction in process - Camp Karol	-	4,456,382
 Total	 17,486,626	 16,997,363
 Less accumulated depreciation	 (5,729,493)	 (5,371,769)
 Net property and equipment	 \$ 11,757,133	 \$ 11,625,594

Net property and equipment includes non-depreciable assets, primarily land, totaling \$1,645,674. Eight parcels of land with a carrying value of \$528,966 are not used in current operations. Seven of the parcels were acquired from donor bequests. The Seafarer's Center is located on land owned by the Port of Lake Charles. The St. John Vianney House of Discernment and Prayer is a former rectory owned by St. Louis Catholic High School which granted perpetual use to the Diocese. Depreciation expense totaled \$357,724 and \$238,412 for the years ended June 30, 2021 and 2020, respectively.

**10. OTHER POSTRETIREMENT EMPLOYMENT BENEFITS ("OPEB")**

The Diocese provides postretirement health care for incardinated priests. This is a noncontributory plan provided by the Diocese which pays for the health insurance of its priests for life.

General Information about the OPEB Plan

**Plan Benefit Schedule:** Blue Cross/Blue Shield PPO medical and prescription drug benefit program for all active and retired incardinated priests of the Diocese of Lake Charles.

**Eligibility:** To be eligible for retiree medical/prescription drug coverage, a person must be a retired incardinated priest of the Diocese of Lake Charles with 20 years of service and at least 70 years old.



The Society of the Roman Catholic Church of  
The Diocese of Lake Charles

Notes to the Financial Statements

10. **OTHER POSTRETIREMENT EMPLOYMENT BENEFITS (“OPEB”) – (Continued)**

**Spouse Benefit:** Not applicable.

**Cost Sharing:** Non-contributory for the retiree.

**Plan Premiums:** The following are the per person, monthly plan premium, effective July 1, 2020, as provided by the Diocese and used to form the Employer Liability calculation liability:

**Active and Pre-65 Retirees:** \$1,085.00

**Post-65 Retirees:** \$668.00

<b>Plan Features:</b>	<b>As of July 1, 2020:</b> (all retiree single participant amounts)	
	In Network	70% / 30% coinsurance \$1,500 Deductible \$3,000 maximum out of pocket
	Out of Network	60% / 40% coinsurance \$2,000 deductible \$3,000 maximum out of pocket
	<b>Prior to July 1, 2020:</b> (all retiree single participant amounts)	
	In Network	80% / 20% coinsurance \$750 Deductible \$1,000 deductible Out of pocket \$1,750 maximum out of pocket
	Out of Network	60% / 40% coinsurance \$1,000 deductible \$1,000 out of pocket deductible \$2,000 maximum out of pocket

**Reimbursement Benefit:** The Diocese reimburses the deductible and out of pocket expense a retiree submits.

**Prescription Drug Benefit:** The following are the retail co-pay amounts per retiree:  
Generic \$14  
Preferred Brand \$28  
Non-Preferred Brand \$43

**Priest covered by benefit terms** – At July 1, 2020, the following employees were covered by the benefit terms:

Priest receiving benefit payments	14
Active priest	30
	<hr/>
Total	44
	<hr/> <hr/>

The Society of the Roman Catholic Church of  
The Diocese of Lake Charles

Notes to the Financial Statements

10. **OTHER POSTRETIREMENT EMPLOYMENT BENEFITS (“OPEB”) – (Continued)**

**Total OPEB Liability**

The Diocese’s total OPEB liability of \$5,993,717 was measured as of July 1, 2020 and was determined by an actuarial valuation as of that date.

*Actuarial Assumptions and other inputs* – The total OPEB liability in the July 1, 2020 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

**Mortality:** **As of June 30, 2021:** The mortality rates are from the SOA-RPH2014 total head count-weighted table adjusted to 2006 and then projected fully generational with MP-2021 scale.

**Prior to June 30, 2021:** The mortality rates are from the SOA-RPH2014 total head count-weighted table adjusted to 2006 and then projected fully generational with MP-2020 scale.

**Discount Rate:** A discount rate of 2.79% was used as of June 30, 2021.  
A discount rate of 2.64% was used as of June 30, 2020.  
A discount rate of 3.49% was used as of June 30, 2019.

**Retirement Rates:** It was assumed that 100% of the Priests would retire at age 75.

**Termination Rates:** It was assumed that termination rates are not applicable.

**Trend:** It was assumed that claims would increase according to the following rates:

<u>Year</u>	<u>Rate</u>
2019	5.10%
2020	4.95%
2021	4.80%
2022	4.65%
2023+	4.50%

**Participation Rate:** It was assumed that 100% of the current active employees covered under the active plan on the day before retirement would enroll in the retiree benefit plans upon retirement.

**Spousal Coverage:** The benefit is for retiree only coverage.

The Society of the Roman Catholic Church of  
The Diocese of Lake Charles

Notes to the Financial Statements

10. **OTHER POSTRETIREMENT EMPLOYMENT BENEFITS (“OPEB”) – (Continued)**

**Per Capita Claims:**

The plan participants’ premium claim experience for the plan year formed the basis of the per capita claim costs used in this valuation as provided by the employer. Sample annual 2020 per capita claims costs are as follows:

<u>Age</u>	<u>Claims Cost</u>
50	\$12,164
55	\$14,769
60	\$17,813
65	\$20,282
70	\$22,395
75	\$24,728
80	\$25,994
85	\$27,325

The following table sets forth the changes in the accumulated benefit obligation as of and for the years ended June 30, 2021 and 2020:

	<u>2021</u>	<u>2020</u>
Accumulated benefit obligation, beginning of year	\$ 5,960,768	\$ 4,835,404
Service cost	231,799	158,407
Interest	154,654	166,289
Actuarial adjustments	(27,587)	942,023
Benefits paid	(325,917)	(141,355)
Accumulated benefit obligation, end of year	<u>\$ 5,993,717</u>	<u>\$ 5,960,768</u>

*Funded status and funding progress:* As of June 30, 2021 and 2020, respectively, the OPEB plans had no assets, therefore the funded ratio (defined as the actuarial value of plan assets divided by the accumulated benefit obligation) is 0%.

The following table sets forth the unfunded amount of the accumulated benefit obligation (funded status) and net accrued benefit obligation recognized as of June 30, 2021 and 2020:

	<u>2021</u>	<u>2020</u>
Funded status	\$ 5,993,717	\$ 5,960,768
Unrecognized actuarial net gain/loss	<u>-</u>	<u>-</u>
Net accrued benefit obligation	<u>\$ 5,993,717</u>	<u>\$ 5,960,768</u>

The Diocese recognized OPEB expense of \$32,849 and \$1,125,364 for the years ended June 30, 2021 and 2020, respectively.

The Society of the Roman Catholic Church of  
The Diocese of Lake Charles

Notes to the Financial Statements

**10. OTHER POSTRETIREMENT EMPLOYMENT BENEFITS (“OPEB”) – (Continued)**

The following schedule of benefits expected to be paid to the OPEB plans in each of the next five fiscal years and in the aggregate for the five fiscal years thereafter is based on the latest actuarial valuation as of June 30, 2021:

Year Beginning July 1,	Amount
2022	\$ 206,091
2023	\$ 189,508
2024	\$ 201,525
2025	\$ 213,738
2026	\$ 211,300
2027 - 2032	\$ 1,075,096

**11. NET ASSETS WITH DONOR RESTRICTIONS**

Net assets with donor restrictions consist of the following as of June 30, 2021 and 2020:

	2021	2020
Grants receivable	\$ -	\$ 67,500
Pledges receivable - capital campaign	-	450,573
Cash - capital campaign goals	836,569	942,053
Cash - employment of development director	83,507	83,507
Cash - christian formation	517,680	517,680
Cash - administrative	455,817	372,176
Transportation equipment to support pastoral services	43,819	43,819
Cash - other pastoral services	3,266,176	928,599
Cash - clergy life and support	4,117,533	4,250,546
Cash - maintenance of pipe organs	199,659	199,659
Beneficial interest in securities held in trust	2,234,393	1,883,260
Total	\$ 11,755,153	\$ 9,739,372

Of the above amounts reported as net assets with donor restrictions, \$1,663,226 and \$1,433,971 is permanently restricted to beneficial interest in securities held in trust for the years ended June 30, 2021 and 2020, respectively.

The Diocese holds a beneficial interest in two separate trusts. One trust is subject to a donor stipulation that the trust be maintained for the longest period allowed under the laws of the State of Louisiana. Annual distributions and the beneficial interest in the remaining assets upon termination are to be used to support Saint Charles Center.

The second trust is subject to a donor stipulation requiring the principal be invested in perpetuity and annual distributions used for the benefit of the poor and needy including direct assistance for food, clothing, housing, medical and other basic needs. Alternatively, distributions may be used to provide scholarships for academically deserving financially needy students seeking a baccalaureate degree from a Louisiana accredited college or university. Annual distributions are reported as temporarily restricted net assets.

The Society of the Roman Catholic Church of  
The Diocese of Lake Charles

Notes to the Financial Statements

**11. NET ASSETS WITH DONOR RESTRICTIONS – (Continued)**

Louisiana Revised Statute 9:1833 limits the term of a trust to twenty years from the death of the decedent, referred to as settlor, if the settlor is a natural person but none of the income beneficiaries are natural persons. Accordingly, each trust referenced above will terminate upon the expiration of twenty years from the death of the respective settlor.

**12. NET ASSETS RELEASED FROM RESTRICTIONS**

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purposes or by occurrence of other events specified by donors during the years ended June 30, 2021 and 2020 are as follows:

	2021	2020
Clergy life	\$ 508,934	\$ 1,111,548
Christian formation	180,373	817,549
Pastoral services	1,492,044	1,762,535
General administration	5,350,590	191,968
Fund raising	560,986	6,716,476
Total	\$ 8,092,927	\$ 10,600,076

**13. NET ASSETS WITHOUT DONOR RESTRICTIONS**

Net assets without donor restrictions consist of the following as of June 30, 2021 and 2020:

	2021	2020
Designated by the Board -		
Operation of Saint Charles Center	\$ 79,598	\$ 164,218
Scholarships for Catholic education	313,602	277,145
Diocesan clergy retirement	2,258,337	1,924,565
Clergy long term care program	597,108	597,108
Bishop's discretionary funds	2,020,523	1,936,377
Deaf Center, Catholic Charities and Bethany Cemetery	1,236,225	623,132
Saint Charles Center maintenance fund	203,358	202,449
Total general fund designations	6,708,751	5,724,994
Self insured health care program	3,373,570	3,616,778
Seminarian education funding	6,847,232	5,575,202
Property and casualty insurance program	1,515,160	1,502,183
Total designated by board	18,444,713	16,419,157
Undesignated surplus (deficit)	(1,037,458)	(3,114,158)
Total net assets without donor restrictions	\$ 17,407,255	\$ 13,304,999

The Society of the Roman Catholic Church of  
The Diocese of Lake Charles

Notes to the Financial Statements

**13. NET ASSETS WITHOUT DONOR RESTRICTIONS – (Continued)**

As of June 30, 2021 and 2020, net assets undesignated amounted to deficit balance of \$2,379,923 and \$3,705,823, respectively. The deficit balance was the result the paying a subsidy in the amount of \$2,925,684 and \$7,098,626 in 2020 and 2019, respectively, for the renovations of the Cathedral.

Funding of the deficits includes a normalization of assessment and annual appeal revenues and future excesses of unrestricted revenues over expenses.

**14. INSURANCE PROGRAMS AND SIGNIFICANT ESTIMATES**

The Diocese maintains a self-insured hospitalization insurance program for employees of the Diocese and each Catholic parish and school. The program is administered by the Louisiana Health Service and Indemnity Company d/b/a Blue Cross Blue Shield of Louisiana (Blue Cross) and funded with premiums paid by each participating entity. The Diocese reimburses Blue Cross for the first \$75,000 of claims paid per participant contract in each policy period. The Diocese maintains reinsurance coverage for stop-loss protection under a reinsurance policy which pays claim costs in excess of the Diocese's \$75,000 specific risk retention and \$3,681,295 aggregate risk retention. Management accrued a liability for estimated claim costs incurred but not reported of \$278,565 and \$201,904 as of June 30, 2021 and 2020, respectively.

The Diocese maintains property and liability insurance coverage that extends to each Catholic parish and school. The Diocese's self-insured retention is \$25,000 per location for property coverage and \$25,000 per occurrence for liability coverage with an annual aggregate limit of \$225,000. Property coverage for named storms is limited to \$30,000,000 and the deductible is 3% of the insured value of each building. The loss exposure for named storms is not subject to the \$25,000 per location self-insured retention. Flood insurance coverage is limited to \$250,000 per location except those locations in specific flood zones which are subject to a deductible of \$500,000 before the \$250,000 coverage applies. The \$500,000 deductible is insured under the federal flood insurance program. Flood coverage under the diocesan insurance program is limited to \$5,000,000 per occurrence. Primary liability coverage is generally limited to \$500,000 with certain exceptions specified in the policy. Excess liability coverage is \$10,000,000 subject to specific limits based on the nature of the claim. Property and liability coverage is provided for claims incurred and reported during a policy period. Management accrued a liability for estimated property and liability claim costs of \$183,724 and \$172,163 for claims incurred through June 30, 2021 and 2020, respectively.

The Diocese is a participant in the Catholic Umbrella Pool II (Cup II), a self-insurance pool that provides excess liability coverage for its membership on claims exceeding \$1,500,000 subject to certain limits. Participating Dioceses are responsible for any losses in excess of the Cup II's obligations.

The Diocese is a participant in the Louisiana Catholic Workers' Compensation Pool (LCWCP), an unincorporated self-insurance pool created to provide workers' compensation insurance coverage to its membership consisting of four Catholic dioceses in Louisiana including related Catholic parishes, schools and other entities.

Investments in insurance pools are reported at cost. The Diocese's investment in the Cup II has a carrying value of \$-0- for the years ended June 30, 2021 and 2020 and the estimated fair value is \$219,719 and \$200,106 for the years ended June 30, 2021 and 2020, respectively. The Diocese's investment in the LCWCP has a carrying value of \$285,116 for the years ended June 30, 2021 and 2020.

The Society of the Roman Catholic Church of  
The Diocese of Lake Charles

Notes to the Financial Statements

**15. RETIREMENT PLANS**

The Diocese sponsors a defined contribution retirement plan under Internal Revenue Code Section 403(b) for all lay employees. Tax deferred contributions are made to segregated accounts through voluntary salary reduction agreements. The Diocese also maintains a defined contribution retirement plan under Internal Revenue Code Section 401(a), which allows employees to make after tax contributions that are pooled and invested in a fixed income account.

The Diocese matches employee contributions up to 1.5% of annual compensation and contributes a fixed amount of \$904 annually for all diocesan priests not assigned to a parish. Retirement contributions on behalf of all diocesan priests assigned to parishes are paid from the general assets of the parish. Retirement contributions to all defined contribution type plans totaled \$40,712 and \$12,996 for the years ended June 30, 2021 and 2020, respectively.

The Diocese has a policy of providing specific retirement benefits to retired diocesan priests, which benefits are determined each year. Under the policy, the Diocese pays at its discretion from its general assets a monthly retirement benefit in an amount that, when added to the monthly pension annuity available under the defined contribution plan equals the base salary of current diocesan priests. Retirement benefit payments to retired diocesan priests totaled \$444,158 and \$382,843 for the years ended June 30, 2021 and 2020, respectively. The Diocese received the following to assist in providing funding for its defined benefit pension payments for the years ended June 30, 2021 and 2020:

	2021	2020
Grants	\$ 10,960	\$ 10,960
Annual collections	48,885	110,136
Parish assessments	116,179	105,667
	\$ 176,024	\$ 226,763

**16. RELATED PARTY TRANSACTIONS**

Numerous financial transactions occur in the ordinary course of activities between the Diocese and related Catholic parishes and schools. For the years ended June 30, 2021 and 2020, catholic parishes contributed \$2,535,296 and \$2,499,693, respectively, to the Diocese as parochial tithes. Diocesan assessments of Catholic parishes and schools totaled \$7,100,403 and \$7,319,657 for the years ended June 30, 2021 and 2020, respectively, and are used primarily to provide funding for the self-insured health care program, property and liability insurance coverage for parish and school employees and facilities, seminarian education costs and retirement and health care benefits for diocesan priests. Included in accounts receivable for these assessments is \$1,004,545 and \$608,562 as of June 30, 2021 and 2020, respectively. The Diocese provided direct subsidies and grants to parishes for evangelization, religious education and pastoral services totaling \$327,527 and \$521,699.

The Diocese provided a loan to two parishes to renovate their church. Concurrently, the Diocese committed to provide funding to repay the loan as resources become available. The outstanding balances at June 30, 2021 and 2020 is \$112,690 and \$125,459, respectively, and is reported in the statements of financial position as a component of loans receivable and the commitment to provide funds to repay the loan receivable is reported as contributions payable.

The Society of the Roman Catholic Church of  
The Diocese of Lake Charles

Notes to the Financial Statements

**17. LEASES**

The Diocese leases certain facilities and equipment under month-to-month operating leases. Total rent expense under these leases totaled \$51,020 and \$80,067 for the years ended June 30, 2021 and 2020, respectively.

**18. CONCENTRATIONS OF CREDIT RISK AND ECONOMIC RESOURCES**

The Diocese maintains deposit accounts with large, multi-state financial institutions. The balances at each of these financial institutions are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000. The Diocese has not experienced any losses in such accounts. As of June 30, 2021 and 2020, the uninsured balance was \$24,036,908 and \$13,652,121, respectively. The Diocese also has money-market holdings in the amounts of \$552,163 and \$2,112,781 at June 30, 2021 and 2020, respectively, which are not secured. For the years ended June 30, 2021 and 2020, the Diocese has life insurance contracts with cash values totaling \$684,188 and \$683,945, respectively, with a single life insurance company. The Diocese does not require collateral or specific segregation of the securities to mitigate its risk concentrations in financial instruments.

Financial support for the Diocese is derived primarily through the parochial tithes and other assessments of Catholic parishes located in Southwest Louisiana. The Diocese receives grants and subsidies of approximately \$1,000,000 annually from national Catholic organizations. These concentrations make the Diocese vulnerable to the risk of severe impact in the event of adverse economic conditions in the local area and in the fund-raising activities of the national Catholic organizations.

The outbreak of the novel coronavirus has adversely impacted commercial activity and contributed to significant declines and volatility in financial markets. The coronavirus pandemic and government responses are creating disruption in global supply chains and adversely impacting many industries. The outbreak could have continued material adverse impact on economic and market conditions and trigger a period of global economic slowdown. The rapid development and fluidity of this situation precludes any prediction as to the ultimate material adverse impact of the novel coronavirus.

**19. GOVERNMENT GRANT - PPP**

In April 2020, the Diocese received proceeds of \$750,800 from the paycheck protection program administered by the Small Business Administration. Under the terms of the Coronavirus Aid, Relief and Economic Security Act (CARES Act), PPP loan recipients can apply for and be granted forgiveness for all or a portion of loans granted under the PPP. The Note is subject to forgiveness to the extent proceeds are used for payroll costs, including payments required to continue group health care benefits, and certain rent, utility, and mortgage interest expenses (collectively, "Qualifying Expenses"), pursuant to the terms and limitations of the PPP. The Diocese believes that it used all of the proceeds from the Note for Qualifying Expenses. The Diocese's Qualifying Expenses totaled \$750,800. The Diocese applied for loan forgiveness and was granted the forgiveness in February of 2021 and in October of 2021.

**20. COMMITMENTS AND CONTINGENCIES**

Donor imposed assets held by the Diocese at June 30, 2021 and 2020 and the restrictions to which the Diocese is committed to future expenditures are reported in Note 11. Other commitments for which the Diocese has contractual obligations for future expenditures are disclosed in Note 13.



The Society of the Roman Catholic Church of  
The Diocese of Lake Charles

Notes to the Financial Statements

**21. SUBSEQUENT EVENTS**

On August 27, 2020, Hurricane Laura made landfall in Southwest Louisiana. On October 9, 2020, Hurricane Delta made landfall in Southwest Louisiana. As a result, there were significant damages across the region. The financial impact of these events on the Entity has yet to be determined.

Management of the Diocese has evaluated subsequent events through the date of the independent auditors' report, which is the date the financials were available to be issued. Other than the events disclosed above, the Diocese is not aware of any subsequent events which required recognition or disclosure in the financial statements.

The Society of the Roman Catholic Church of  
The Diocese of Lake Charles

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

FOR THE YEAR ENDED JUNE 30, 2021

Federal Grantor/Pass-through Grantor/Program or Cluster Title	Federal CFDA Number	Pass-through Grantor's Number	Federal Expenditures
<b>United States Department of Homeland Security</b>			
Passed through Louisiana Governor's Office of Homeland Security and Emergency Preparedness:			
Public Assistance (Presidentially-Declared Disasters)	97.036	N/A	<u>\$ 38,603,240</u>

The accompanying notes are an integral part of the basic financial statements.

The Society of the Roman Catholic Church of  
The Diocese of Lake Charles

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

FOR THE YEAR ENDED JUNE 30, 2021

**NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**

NOTE 1—BASIS OF PRESENTATION AND SIGNIFICANT ACCOUNTING POLICIES

The accompanying schedule of expenditures of federal awards (“SEFA”) includes the federal grant activity of The Society of the Roman Catholic Church of the Diocese of Lake Charles, Inc. and is presented on the accrual basis of accounting. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the SEFA presents only a selected portion of the operations of The Society of the Roman Catholic Church of the Diocese of Lake Charles, Inc., it is not intended to and does not present the financial position, changes in net assets, or cash flows of The Society of the Roman Catholic Church of the Diocese of Lake Charles, Inc.

NOTE 2—FEDERAL DE MINIMIS INDIRECT COST RATE

The Society of the Roman Catholic Church of the Diocese of Lake Charles, Inc. did not elect to use the 10% de minimis cost rate allowed under the Uniform Guidance.

# **COMPLIANCE SECTION**



Langley, Williams  
& Company, L.L.C.  
CERTIFIED PUBLIC ACCOUNTANTS

LESTER LANGLEY, JR.  
DANNY L. WILLIAMS  
PHILLIP D. ABSHIRE, JR.  
DAPHNE BORDELON BERKEN

NICHOLAS J. LANGLEY  
PHILLIP D. ABSHIRE, III  
SARAH CLARK WERNER  
ALEXIS H. O'NEAL  
JESSICA LOTT-HANSEN

INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER  
FINANCIAL REPORTING AND ON COMPLIANCE AND  
OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL  
STATEMENTS PERFORMED IN ACCORDANCE WITH  
*GOVERNMENT AUDITING STANDARDS*

The Most Reverend Glen John Provost, D.D.  
Bishop of the Diocese of Lake Charles

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of The Society of the Roman Catholic Church of the Diocese of Lake Charles, Inc. ("the Diocese"), as of and for the year ended June 30, 2021, and the related notes to the financial statements and have issued our report thereon dated July 10, 2023.

***Report on Internal Control Over Financial Reporting***

In planning and performing our audit of the financial statements, we considered the Diocese's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purposes of expressing an opinion on the effectiveness of the Diocese's internal control. Accordingly, we do not express an opinion on the effectiveness of the Diocese's internal control over financial reporting.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

### ***Report on Compliance and Other Matters***

As part of obtaining reasonable assurance about whether the Diocese's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed one instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which is described in the accompanying schedule of findings and questioned cost as item 2021-1 (C).

### ***Purpose of This Report***

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or compliance. This report is an integral part of the audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*Joyly Williams, Co., P.C.*

Lake Charles, Louisiana  
July 10, 2023



Langley, Williams  
& Company, L.L.C.  
CERTIFIED PUBLIC ACCOUNTANTS

LESTER LANGLEY, JR.  
DANNY L. WILLIAMS  
PHILLIP D. ABSHIRE, JR.  
DAPHNE BORDELON BERKEN

NICHOLAS J. LANGLEY  
PHILLIP D. ABSHIRE, III  
SARAH CLARK WERNER  
ALEXIS H. O'NEAL  
JESSICA LOTT-HANSEN

INDEPENDENT AUDITORS' REPORT ON COMPLIANCE  
FOR EACH MAJOR PROGRAM  
AND ON INTERNAL CONTROL OVER COMPLIANCE  
REQUIRED BY THE UNIFORM GUIDANCE

The Most Reverend Glen John Provost, D.D.  
Bishop of the Diocese of Lake Charles

**Report on Compliance for Each Major Federal Program**

***Opinion on Each Major Federal Program***

We have audited The Society of the Roman Catholic Church of the Diocese of Lake Charles, Inc. ("the Diocese") compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of the Diocese's major federal programs for the year ended June 30, 2021. The Diocese's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, the Diocese complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2021.

***Basis for Opinion on Each Major Federal Program***

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the Diocese and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of the Diocese's compliance with the compliance requirements referred to above.

### ***Responsibilities of Management for Compliance***

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to the Diocese's federal programs.

### ***Auditors' Responsibilities for the Audit of Compliance***

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the Diocese's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the Diocese's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, 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 Diocese's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the Diocese's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the Diocese's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

### ***Other Matters***

The results of our auditing procedures disclosed instances of noncompliance which are required to be reported in accordance with the Uniform Guidance and which are described in the accompanying schedule of findings and questioned costs as item 2021-2 (C). Our opinion on each major federal program is not modified with respect to these matters.



*Government Auditing Standards* requires the auditor to perform limited procedures on the Diocese's response to the noncompliance findings identified in our audit described in the accompanying schedule of findings and questioned costs. The Diocese's response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

### **Report on Internal Control over Compliance**

*A deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the Auditors' Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.



Langley, Williams & Co, LLC  
Lake Charles, Louisiana  
July 10, 2023

THE SOCIETY OF THE ROMAN CATHOLIC CHURCH  
OF THE DIOCESE OF LAKE CHARLES, INC.

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2021**

SECTION 1 – SUMMARY OF AUDITORS' RESULTS

Financial Statements

Type of auditors' report issued: Unmodified opinion

Internal control over financial reporting:

Material weaknesses identified?  Yes  No

Significant deficiency identified not considered  
to be material weaknesses?  Yes  No

Noncompliance material to financial statements  
noted?  Yes  No

Federal Awards

Internal control over major programs:

Material weaknesses identified?  Yes  No

Significant deficiency identified not considered  
to be material weaknesses?  Yes  None reported

Type of auditors' report issued on compliance  
for major programs: Unmodified opinion

Any audit findings disclosed that are required to  
be reported in accordance with Uniform Guidance,  
Section. 200.516(a)  Yes  No

Identification of major program:

97.036 Disaster Grants - Public Assistance (Presidentially-Declared Disasters)

Dollar threshold used to distinguish between Type A and Type B programs: **\$750,000**

Auditee qualified as low-risk auditee?  Yes  No

THE SOCIETY OF THE ROMAN CATHOLIC CHURCH  
OF THE DIOCESE OF LAKE CHARLES, INC.

**Current Year Findings with Corrective Action Plan  
For the Year Ended June 30, 2021**

**Internal Control - Financial Statements:**

There were no internal control findings related to internal controls.

**Compliance – Financial Statements:**

**2021-01 (C) – Late filing of audit with Louisiana Legislative Auditor**

*Condition:* The Diocese did not submit the audited financial statements to the Louisiana Legislative Auditor by the due date.

*Criteria:* L.R.S. 24:513 provides that the financial statements are to be filed with the Legislative Auditor within six months of the close of the fiscal year.

*Cause:* Accounting records and other information was not complete in order to begin the audit in a timely manner due to Hurricane Laura and Delta effecting the Diocese.

*Effect:* According to the Legislative Auditor of the State of Louisiana, failure to comply with the six-month statutory submission of the financial reports is a reportable instance of noncompliance with state law.

*Recommendation:* We recommend the Diocese establish appropriate controls for ensuring the required reports will be submitted timely in the future.

*Views of Responsible Officials and Planned Corrective Actions:* Management is aware of the annual filing requirement of the Louisiana Legislative Auditor. The Diocese recognizes that the audit must be completed and submitted to the Louisiana Legislative Auditor within 6 months of the year ending. The Diocese will implement procedures to ensure the federal data collection form is filed timely.

**Compliance – Financial Statements:**

**2021-02 (C) – Timely Filing of the Federal Data Collection Form**

*Condition:* The Diocese did not submit the audited financial statements to the Office of Management and Budget by the due date.

*Criteria:* The Office of Management and Budget (OMB) designated the Census Bureau as the National Clearinghouse (or Federal Audit Clearinghouse (FAC) for the receipt of Single Audit Reports from state and local governments (later to include nonprofit organizations). In this capacity, the Census Bureau serves as the central collection point and repository for audit reports prepared and submitted under provisions of the Single Audit Act of 1984 (amended in 1996), and Uniform Guidance. States, local governments, Indian Tribes or Tribal Organizations, institutions of higher education (IHEs), and nonprofit organizations that annually expend \$750,000 or more in federal awards must perform a Single Audit and complete Form SFSAC for every fiscal period during which they meet the reporting dollar threshold. The central collection point for single audit reports is the Federal Audit Clearing House Internet Data Entry

System (IDES) website. Without any waivers, the report is due no later than nine months after an entity's year end.

*Cause:* Accounting records and other information was not complete in order to begin the audit in a timely manner due to Hurricane Laura and Delta effecting the Diocese.

*Effect:* The lack of timely filing may result in delays or denial of federal grant assistance.

*Recommendation:* The federal data collection form should be filed timely.

*Views of Responsible Officials and Planned Corrective Actions:* Management is aware of the annual filing requirement of the Federal Data Collection Form. The Diocese recognizes that the audit must be completed and submitted to the FAC within 9 months of the year ending. The Diocese will implement procedures to ensure the federal data collection form is filed timely.

**Internal Control – Federal Awards:**

There were no internal control findings related to major federal award programs.

**Compliance – Federal Awards:**

There were no compliance findings related to major federal award programs.

THE SOCIETY OF THE ROMAN CATHOLIC CHURCH  
OF THE DIOCESE OF LAKE CHARLES, INC.

**Schedule of Prior Year Findings – (Continued)**  
**For the Year Ended June 30, 2021**

**Internal Control - Financial Statements:**

There were no prior year internal control findings.

**Compliance - Financial Statements:**

There were no prior year compliance findings.

**Internal Control – Federal Awards:**

No federal awards. Not applicable.

**Compliance – Federal Awards:**

No federal awards. Not applicable.