

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

**Financial Statements and Independent Auditors' Report
June 30, 2022 and 2021**



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	33
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	36
Report on Compliance for Each Major Program and on Internal Control Over Compliance Required by the Uniform Guidance	38
Schedule of Findings and Questioned Costs	41



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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, 2022 and 2021, 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, 2022 and 2021, 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 August 7, 2024, 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.



Lake Charles, Louisiana
August 7, 2024

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

Statements of Financial Position

June 30, 2022 and 2021

	2022	Restated 2021
	<u>2022</u>	<u>2021</u>
ASSETS		
Current Assets		
Cash and cash equivalents	\$ 18,191,590	\$ 25,439,664
Investments	4,104,369	3,252,697
Accounts receivable, net	1,482,852	1,204,943
Loan receivable	46,931	112,690
Cash value of life insurance policies	715,563	684,188
Prepaid insurance and other expenses	253,383	265,708
Hurricane receivable, net	4,743,523	7,031,674
Property, equipment, and improvements, net	11,379,078	11,757,133
Investments pledged as collateral	100,000	100,000
Deposit in self-insurance pool	285,116	285,116
Beneficial interests in securities held in trust	1,848,592	2,234,393
Other assets	3,063	-
	<u>3,063</u>	<u>-</u>
TOTAL ASSETS	<u>\$ 43,154,060</u>	<u>\$ 52,368,206</u>
LIABILITIES AND NET ASSETS		
Current Liabilities		
Accounts payable	\$ 7,697,241	\$ 15,912,460
National collections and other payables	468,461	356,199
Accrued insurance claims payable	356,179	459,490
Contributions and benefit payables	89,852	89,781
Due to parishes	839,830	836,569
Deferred revenue	4,823	6,253
Total Current Liabilities	<u>9,456,386</u>	<u>17,660,752</u>
Other post employment benefits payable	4,940,864	5,993,717
Contingent liability	<u>-</u>	<u>-</u>
Total Liabilities	14,397,250	23,654,469
Net assets - without donor restrictions	17,531,816	16,958,584
Net assets - with donor restrictions	<u>11,224,994</u>	<u>11,755,153</u>
Total Net Assets	<u>28,756,810</u>	<u>28,713,737</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 43,154,060</u>	<u>\$ 52,368,206</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

Year ended June 30, 2022

	Without Donor Restriction	With Donor Restriction	2022 Totals
Support and Revenue:			
Parochial tithes	\$ 2,988,148	\$ -	\$ 2,988,148
Diocesan assessments	6,767,101	287,890	7,054,991
Diocesan appeals	-	166,197	166,197
Contributions and bequests	582,784	607,749	1,190,533
Grants and subsidies	-	1,884,819	1,884,819
Investment loss	(466,071)	(263,796)	(729,867)
Loss from disposal of property, equipment, and improvements	(578,260)	-	(578,260)
Specials program and other revenues	903,704	140	903,844
Net assets released from restrictions	3,213,158	(3,213,158)	-
TOTAL REVENUE	13,410,564	(530,159)	12,880,405
Expenses:			
Program expenses			
Clergy life	983,869	-	983,869
Christian formation	2,326,769	-	2,326,769
Pastoral services	2,368,228	-	2,368,228
Health care and casualty insurance	6,195,250	-	6,195,250
Supporting services			
General administration	1,994,559	-	1,994,559
Fundraising	21,510	-	21,510
TOTAL EXPENSES	13,890,185	-	13,890,185
Non-Operating Activities:			
Insurance proceeds	194,707	-	194,707
FEMA proceeds	5,868,037	-	5,868,037
Hurricane repairs	(6,062,744)	-	(6,062,744)
Pension and postemployment benefit related changes other than net periodic pension and benefit cost	1,052,853	-	1,052,853
TOTAL NON-OPERATING ACTIVITIES	1,052,853	-	1,052,853
(Decrease) Increase in net assets	573,232	(530,159)	43,073
Net assets, beginning of year as previously stated	16,958,584	11,755,153	28,713,737
Prior period adjustment	-	-	-
Net assets, beginning of year as restated	16,958,584	11,755,153	28,713,737
Net assets, end of year	\$ 17,531,816	\$ 11,224,994	\$ 28,756,810

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 - (Continued)

Year ended June 30, 2021

	Restated Without Donor Restriction	With Donor Restriction	Restated 2021 Totals
Support and Revenue:			
Parochial tithes	\$ 2,535,296	\$ -	\$ 2,535,296
Diocesan assessments	6,768,794	299,444	7,068,238
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
Loss from disposal of property, equipment, and improvements	500	-	500
Specials program and other revenues	555,979	10,744	566,723
Paycheck protection program loan forgiveness	-	750,800	750,800
Net assets released from restrictions	8,092,927	(8,092,927)	-
TOTAL REVENUE	18,797,070	2,015,781	20,812,851
Expenses:			
Program expenses			
Clergy life	924,385	-	924,385
Christian formation	1,646,268	-	1,646,268
Pastoral services	1,522,831	-	1,522,831
Health care and casualty insurance	6,128,051	-	6,128,051
Supporting services			
General administration	6,162,026	-	6,162,026
Fundraising	24,897	-	24,897
TOTAL EXPENSES	16,408,457	-	16,408,457
Non-Operating Activities:			
Insurance proceeds	31,571,566	-	31,571,566
FEMA proceeds	10,744	-	10,744
Hurricane repairs	(31,587,761)	-	(31,587,761)
Historical tax credits	1,742,525	-	1,742,525
Pension and postemployment benefit related changes other than net periodic pension and benefit cost	(32,849)	-	(32,849)
TOTAL NON-OPERATING ACTIVITIES	1,704,225	-	1,704,225
Increase (decrease) in net assets	4,092,838	2,015,781	6,108,619
Net assets, beginning of year as previously stated	13,304,999	9,739,372	23,044,371
Prior period adjustment	(439,253)	-	(439,253)
Net assets, beginning of year as restated	12,865,746	9,739,372	22,605,118
Net assets, end of year	<u>\$ 16,958,584</u>	<u>\$ 11,755,153</u>	<u>\$ 28,713,737</u>

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 Functional Expenses

Year ended June 30, 2022

	Clergy Life	Christian Formation	Pastoral Services	Health Care & Casualty Insurance	General	Fundraising	2022 Totals
Assessments	\$ -	\$ -	\$ -	\$ -	\$ 16,233	\$ -	\$ 16,233
Accounting, auditing & consulting	-	-	-	-	32,520	-	32,520
Auto & residence allowances	-	45	-	-	53,483	-	53,528
Book, periodicals & publications	1,349	17,924	12	-	7,554	-	26,839
Charitable donations	11,750	237	1,248,852	-	-	-	1,260,839
Clergy welfare assistance	4,631	(250)	-	-	300	-	4,681
Contracted services	40,364	147,473	109,369	245,157	194,800	4,722	741,884
Dues & memberships	1,484	3,969	2,148	-	15,105	-	22,706
Facility & equipment rental	(833)	28,331	5,803	-	35,746	-	69,047
Health care claim costs	-	-	-	3,374,961	(8,749)	-	3,366,212
Health care insurance	(1,168)	(10,593)	(1,350)	-	(8,656)	-	(21,767)
Hurricane/Flood disaster assistance	-	-	15,140	-	-	-	15,140
Life insurance	9,386	-	-	-	768	-	10,154
Newspaper	-	79,601	-	-	-	-	79,601
Office expenses	40	132,173	15,135	1,180	122,562	2,875	273,965
Other expenses	3,430	6,335	-	-	(1,238)	-	8,527
Payroll & other taxes	699	46,631	29,842	-	40,619	948	118,738
Postage & shipping	606	635	1,448	-	6,195	-	8,883
Property, casualty & liability claims	-	-	-	(168,724)	-	-	(168,724)
Property & casualty insurance	1,729	(3,255)	6,186	2,742,676	10,703	-	2,758,039
Provision for bad debts	-	-	-	-	312,623	-	312,623
Public relations	1,644	12,282	1,340	-	36,980	-	52,246
Repairs & maintenance	70,075	139,585	51,789	-	85,398	(50)	346,797
Residence & retreat center supplies	33,910	108,463	137,041	-	-	325	279,739
Retirement expense	458,038	2,870	505	-	50,226	-	511,639
Salaries	40,431	521,403	471,087	-	578,164	12,690	1,623,775
Seminars, retreats & conferences	45,071	164,027	1,900	-	31,000	-	241,998
Subsidies & grants	12,000	586,926	168,450	-	10,566	-	777,942
Subsidies - hurricane related	-	-	-	-	-	-	-
Subsidies - cathedral renovations	-	-	-	-	(200)	-	(200)
Subsidies - capital campaign	-	-	-	-	-	-	-
Telephone	2,717	7,213	18,869	-	11,320	-	40,119
Television & radio	-	9,250	-	-	-	-	9,250
Travel & transportation	2,602	7,070	20,205	-	7,574	-	37,451
Tuitions & seminarian expense	221,616	-	-	-	-	-	221,616
Utilities	13,977	93,170	44,089	-	301,316	-	452,552
	<u>975,549</u>	<u>2,101,514</u>	<u>2,347,860</u>	<u>6,195,250</u>	<u>1,942,911</u>	<u>21,510</u>	<u>13,584,594</u>
Depreciation expense	8,320	225,255	20,368	-	51,648	-	305,591
Totals	<u>\$ 983,869</u>	<u>\$ 2,326,769</u>	<u>\$ 2,368,228</u>	<u>\$ 6,195,250</u>	<u>\$ 1,994,559</u>	<u>\$ 21,510</u>	<u>\$ 13,890,185</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, 2021

	Clergy Life	Christian Formation	Pastoral Services	Health Care & Casualty Insurance	General	Fundraising	2021 Totals
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	(529)	15,661
Newspaper	-	62,542	-	-	1,152	-	63,694
Office expenses	139	15,080	3,663	720	163,656	2,169	185,428
Other expenses	4,015	2,102	-	-	4,837	-	10,954
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	-	-	-	0	-	-	0
Public relations	1,090	6,072	3,697	-	8,523	-	19,382
Repairs & maintenance	38,505	95,448	42,877	-	108,331	-	285,160
Residence & retreat center supplies	14,486	35,607	147,549	-	-	-	197,642
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	-	-	-	-	3,900	-	3,900
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>919,012</u>	<u>1,413,629</u>	<u>1,476,220</u>	<u>6,128,051</u>	<u>6,088,925</u>	<u>24,897</u>	<u>16,050,733</u>
Depreciation expense	5,373	232,639	46,611	-	73,101	-	357,724
Totals	<u>\$ 924,385</u>	<u>\$ 1,646,268</u>	<u>\$ 1,522,831</u>	<u>\$ 6,128,051</u>	<u>\$ 6,162,026</u>	<u>\$ 24,897</u>	<u>\$ 16,408,457</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

Years Ended June 30, 2022 and 2021

	2022	Restated 2021
CASH FLOWS FROM OPERATING ACTIVITIES:		
Increase in net assets	\$ 43,073	\$ 6,108,619
Adjustments to reconcile the change in net assets to net cash (used) provided by operating activities:		
Depreciation expense	305,591	357,724
Provision for losses on accounts receivable	312,622	-
Losses (Gains) from investment securities	564,808	(428,167)
Losses (Gains) on beneficial interest in securities held in a trust	341,664	(415,938)
Losses from disposal of property	578,260	
Gains in cash values of life insurance policies excess of premiums	(19,844)	(31,429)
Paycheck protection program loan forgiveness	-	(750,800)
Other assets	(3,062)	-
(Increase) decrease in operating assets:		
Pledges receivable	-	450,573
Accounts receivable	(590,531)	(609,320)
Prepaid insurance and other expenses	12,325	134,446
Increase (decrease) in operating liabilities:		
Accounts payable	(8,215,220)	15,337,870
National collections and other payables	112,262	158,248
Accrued insurance claims	(103,311)	85,423
Contributions and benefits payable	71	14,786
Due to parishes	3,261	(105,484)
Deferred revenue	(1,430)	6,253
Other postretirement benefits payable	(1,052,853)	32,949
Net cash (used) provided by operating activities	(7,712,314)	20,345,753
CASH FLOWS FROM INVESTING ACTIVITIES:		
Proceeds from sales and maturities of investments	-	1,667,083
Distribution from beneficial interests in securities held in trust	44,137	64,805
Hurricane receivable, net	2,288,151	(7,031,674)
Collections of loan receivables	65,759	12,769
Loans advanced	-	-
Purchases of investments	(1,416,480)	(3,516,300)
Increase in cash values of life insurance policies	(11,531)	(5,508)
Proceeds from the redemption of cash value life insurance policy	-	36,694
Acquisition and construction of property and equipment	(505,796)	(489,263)
Net cash provided (used) by investing activities	464,240	(9,261,394)

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, 2022 and 2021

	<u>2022</u>	<u>Restated 2021</u>
Net change in cash and cash equivalents	(7,248,074)	11,084,359
Cash and cash equivalents, beginning of year	25,439,664	14,355,305
Cash and cash equivalents, end year	<u>\$ 18,191,590</u>	<u>\$ 25,439,664</u>
Supplemental disclosures of noncash investing activities:		
Maturities and renewals of certificates of deposit	<u>\$ -</u>	<u>\$ 100,000</u>

The accompanying notes are an integral part of these financial 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, 2022 and 2021 and for the years then ended is presented below.

	<u>2022</u>	<u>2021</u>
Total current assets	\$ 35,920,975	\$ 37,596,800
Total fixed assets	143,381,147	143,325,099
Total assets	<u>\$ 179,302,122</u>	<u>\$ 180,921,899</u>
Total liabilities	\$ 7,750,957	\$ 7,988,889
Total net assets	171,551,165	172,933,010
Total liabilities and net assets	<u>\$ 179,302,122</u>	<u>\$ 180,921,899</u>
Total revenue	\$ 22,878,966	\$ 26,492,687
Total expenses	\$ 21,867,771	\$ 21,063,060

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.

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, 2022 and 2021, the balance in allowance for doubtful accounts related to accounts receivable was \$470,843.

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.

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)**

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.

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.

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)

Advertising

Advertising cost are expensed as incurred. For the years ended June 30, 2022 and 2021, the Diocese expensed \$52,246 and \$19,382, respectively.

Recently Issued Accounting Standards

In February 2016, the FASB issued ASU 2016-02, *Leases* (“ASU 2016-02”). July 2018 issued clarifying he 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.

3. RESTATEMENT

As a result of an internal review of the Diocese’s accounts receivable and billing information during 2022, the Diocese discovered that accounts receivable had been overstated. This overstatement resulted in a material error that occurred in 2021 and 2020, primarily from the overstatement of accounts receivable during those periods. Accordingly, the Diocese restated its results for the year ended June 30, 2021. The effect of the restatement was to decrease net income for 2021 by \$9,418, Retained earnings at the beginning of 2021 was decreased by \$439,253 for the effects of the restatement on 2020.

The effect of the restatement on results of operations and financial position as of and for the year ended June 30, 2021 are as follows:

	As previously Reported	Restated
	<u> </u>	<u> </u>
Total revenue	\$ 18,806,488	\$ 18,797,070
Decrease in net assets	\$ 4,102,256	\$ 4,092,838
Accounts receivables	\$ 1,572,265	\$ 1,204,943
Total assets	\$ 52,816,877	\$ 52,368,206
Net assets - without donor restrictions	\$ 17,407,255	\$ 16,958,584

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

Notes to the Financial Statements

4. LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS

The following reflects the Diocese's financial assets as of June 30, 2022 and 2021, reduced by amounts not available for general use because of time, donor or internally-imposed restrictions.

	2022	Restated 2021
Cash and equivalents	\$ 18,191,590	\$ 25,439,664
Investments	6,052,961	5,587,090
Accounts receivable, net	1,482,852	1,204,943
Pledges receivable, net	-	-
Loan receivable	46,931	112,690
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	(1,848,592)	(2,234,393)
Restricted by donor for specific purpose	(9,376,402)	(9,520,760)
Financial assets available to meet cash needs for general expenditures within one year before board designations	14,541,959	20,580,845
Less: Board designations	(16,492,058)	(18,444,713)
Financial assets available to meet cash needs for general expenditures within one year	\$ (1,950,099)	\$ 2,136,132

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.

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

Notes to the Financial Statements

5. ACCOUNTS RECEIVABLE, NET

The following is a summary of accounts receivable outstanding as of June 30, 2022 and 2021:

	2022	Restated 2021
Accounts receivable	\$ 1,953,695	\$ 1,363,163
Less: Allowance for doubtful accounts	(470,843)	(158,220)
	\$ 1,482,852	\$ 1,204,943

The following is a summary of changes to the accounts receivable allowance for doubtful accounts for the years ended June 30, 2022 and 2021:

	2022	2021
Balance, beginning of period	\$ 158,220	\$ 158,220
Charged off	-	-
Provision for losses	312,622	-
Balance, end of period	\$ 470,842	\$ 158,220

6. INVESTMENTS

The following schedule summarizes the carrying amount in investments as of June 30, 2022 and 2021:

	2022	2021
Certificates of deposit	\$ 600,000	\$ 300,000
Mutual funds	1,822,599	1,603,053
Mission Diocese Investment Fund	1,781,770	1,449,644
	4,204,369	3,352,697
Less: Investment pledged as collateral	(100,000)	(100,000)
	\$ 4,104,369	\$ 3,252,697

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

Notes to the Financial Statements

6. INVESTMENTS – (Continued)

The following schedule summarizes investment returns and their classification in the statement of activities for the year ended June 30, 2022 and 2021:

	<u>Without Donor Restriction</u>	<u>With Donor Restriction</u>	<u>Total</u>
<u>June 30, 2022</u>			
Interest and dividend income	\$ 54,724	\$ 77,868	\$ 132,592
Interest income credited to life insurance policies	19,844	-	19,844
Losses from beneficial interests in securities held in trust	-	(341,664)	(341,664)
Losses from investment securities and contracts	(564,808)	-	(564,808)
Income from self-insurance pools	24,169	-	24,169
	<u>\$ (466,071)</u>	<u>\$ (263,796)</u>	<u>\$ (729,867)</u>
<u>June 30, 2021</u>			
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
	<u>\$ 603,919</u>	<u>\$ 415,941</u>	<u>\$ 1,019,860</u>

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:

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

Notes to the Financial Statements

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

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, 2022 and 2021.

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, 2022 and 2021:

	Fair Values	Active Market Quotes for Identical Assets (Level 1)	Significant Unobservable Inputs (Level 3)
<u>June 30, 2022</u>			
Certificates of deposit	\$ 600,000	\$ 600,000	\$ -
Mutual funds	1,822,599	1,822,599	-
Investment measured at NAV	1,781,770	-	-
Loan receivable	46,931	-	46,931
Life insurance contracts	715,563	-	715,563
Beneficial interests in securities held trusts	<u>1,848,592</u>	<u>1,848,592</u>	<u>-</u>
Total	<u>\$ 6,815,455</u>	<u>\$ 4,271,191</u>	<u>\$ 762,494</u>
<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>
Total	<u>\$ 6,383,969</u>	<u>\$ 4,137,446</u>	<u>\$ 796,878</u>

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 \$46,931 and \$112,690 as of June 30, 2022 and 2021, 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 16.

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.

June 30, 2022	<u>Loan Receivable</u>	<u>Life Insurance Contracts</u>
Beginning balances	\$ 112,690	\$ 684,188
Loan repayments	(65,759)	-
Loans issued	-	-
Insurance cost in excess of premiums	-	11,531
Interest income credited to cash surrender values	-	19,844
Death Benefit receivable	-	-
Ending balances	<u>\$ 46,931</u>	<u>\$ 715,563</u>
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)
Ending balances	<u>\$ 112,690</u>	<u>\$ 684,188</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 either insurance or 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, 2022.

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

Notes to the Financial Statements

8. **HURRICANE RECEIVABLE – (Continued)**

The following schedule summarizes hurricane receivables net of insurance and FEMA reimbursements:

	2022	2021
Balance at beginning of year	\$ 7,031,674	\$ -
Hurricane repair expense	3,774,593	38,613,984
Insurance reimbursements	(194,707)	(31,571,566)
FEMA reimbursements	(5,868,037)	(10,744)
Balance at end of year	<u>\$ 4,743,523</u>	<u>\$ 7,031,674</u>

9. **PROPERTY AND EQUIPMENT**

The following schedule is a summary of property and equipment as of June 30, 2022 and 2021:

	2022	2021
Saint Charles Center	\$ 6,792,869	\$ 6,796,567
Chancery building	999,009	1,648,368
Seafarers' Center	38,494	433,852
Perry building	246,176	324,452
Diocesan residence	935,763	935,763
Catholic Charities facility	918,562	1,198,229
Office of Catholic schools	-	32,733
Kirby Street Properties	386,480	450,154
St. John Vianney House of Discernment and Prayer	417,497	167,739
Camp Karol	4,829,183	4,814,183
Other assets	373,058	684,586
	<u>15,937,091</u>	<u>17,486,626</u>
Total		
Less accumulated depreciation	<u>(4,558,013)</u>	<u>(5,729,493)</u>
Net property and equipment	<u>\$ 11,379,078</u>	<u>\$ 11,757,133</u>

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 \$312,622 and \$357,724 for the years ended June 30, 2022 and 2021, 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”)

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 (Option II) for all active and retired incardinated clergy 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.

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, 2021 through June 30, 2022, as provided by the Diocese and used to form the Employer Liability calculation liability:

Active and Pre-65 Retirees: \$1,085.00 (no change from last year)

Post-65 Retirees: \$1,085.00

Plan Features:	Option II: (all retiree single participant amounts)
	In Network
	100% / 0% coinsurance
	\$-0- Deductible
	\$-0- maximum out of pocket
	Out of Network
	60% / 40% coinsurance
	\$2,000 deductible
	\$3,500 maximum out of pocket

Reimbursement Benefit:

As of 6/30/22: There is no longer any reimbursements made to retirees for out of pocket expenses.

Prior to 6/30/22: The Diocese reimburses the deductible and out of pocket expenses 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

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)

Priest covered by benefit terms – At July 1, 2021, the following employees were covered by the benefit terms:

Priest receiving benefit payments	13
Active priest	<u>28</u>
Total	<u><u>41</u></u>

Total OPEB Liability

The Diocese’s total OPEB liability of \$4,940,864 was measured as of July 1, 2021 and was determined by an actuarial valuation as of that date.

Actuarial Assumptions and other inputs – The total OPEB liability in the July 1, 2021 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, 2022:** The mortality rates are from the SOA-Pri-2012 white collar active and retiree total dataset head count-weighted table 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-2021 scale.

Discount Rate: A discount rate of 4.45% was used as of June 30, 2022.
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.

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>
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	\$12,486
55	\$15,161
60	\$18,285
65	\$20,820
70	\$22,990
75	\$25,384
80	\$26,684
85	\$28,050

The following table sets forth the changes in the accumulated benefit obligation as of and for the years ended June 30, 2022 and 2021:

	<u>2022</u>	<u>2021</u>
Accumulated benefit obligation, beginning of year	\$ 5,993,717	\$ 5,960,768
Service cost	136,017	231,799
Interest	262,223	154,654
Actuarial adjustments	(1,282,917)	(27,587)
Benefits paid	(168,176)	(325,917)
Accumulated benefit obligation, end of year	<u>\$ 4,940,864</u>	<u>\$ 5,993,717</u>

Funded status and funding progress: As of June 30, 2022 and 2021, 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>2022</u>	<u>2021</u>
Funded status	\$ 4,940,864	\$ 5,993,717
Unrecognized actuarial net gain/loss	<u>-</u>	<u>-</u>
Net accrued benefit obligation	<u>\$ 4,940,864</u>	<u>\$ 5,993,717</u>

The Diocese recognized OPEB (benefit) expense of (\$1,052,853) and \$32,849 for the years ended June 30, 2022 and 2021, 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	\$ 202,149
2023	\$ 192,809
2024	\$ 205,983
2025	\$ 218,832
2026	\$ 216,583
2027 - 2031	\$ 837,626

11. NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions consist of the following as of June 30, 2022 and 2021:

	2022	2021
Cash - capital campaign goals	\$ 836,569	\$ 836,569
Cash - employment of development director	33,232	83,507
Cash - christian formation	523,410	517,680
Cash - administrative	718,291	455,817
Transportation equipment to support pastoral services	43,819	43,819
Cash - other pastoral services	2,998,631	3,266,176
Cash - clergy life and support	4,022,791	4,117,533
Cash - maintenance of pipe organs	199,659	199,659
Beneficial interest in securities held in trust	1,848,592	2,234,393
Total	\$ 11,224,994	\$ 11,755,153

Of the above amounts reported as net assets with donor restrictions, \$1,848,592 and \$2,234,393 is permanently restricted to beneficial interest in securities held in trust for the years ended June 30, 2022 and 2021, 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, 2022 and 2021 are as follows:

	2022	2021
Clergy life	\$ 513,026	\$ 508,934
Christian formation	238,139	180,373
Pastoral services	1,845,280	1,492,044
General administration	494,854	5,350,590
Fund raising	121,859	560,986
Total	\$ 3,213,158	\$ 8,092,927

13. NET ASSETS WITHOUT DONOR RESTRICTIONS

Net assets without donor restrictions consist of the following as of June 30, 2022 and 2021:

	2022	2021
Designated by the Board -		
Operation of Saint Charles Center	\$ 38,408	\$ 79,598
Scholarships for Catholic education	311,432	313,602
Diocesan clergy retirement	2,532,799	2,258,337
Clergy long term care program	597,108	597,108
Bishop's discretionary funds	2,026,086	2,020,523
Deaf Center, Catholic Charities and Bethany Cemetery	1,071,160	1,236,225
Saint Charles Center maintenance fund	218,892	203,358
Total general fund designations	6,795,885	6,708,751
Self insured health care program	2,573,464	3,373,570
Seminarian education funding	6,180,710	6,847,232
Property and casualty insurance program	941,999	1,515,160
Total designated by board	16,492,058	18,444,713
Undesignated surplus (deficit)	1,039,758	(1,486,129)
Total net assets without donor restrictions	\$ 17,531,816	\$ 16,958,584

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, 2022 and 2021, net assets undesignated amounted to surplus (deficit) balance of \$871,034 and (\$1,486,129), 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 \$100,000 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 \$100,000 specific risk retention and \$3,585,388 aggregate risk retention. Management accrued a liability for estimated claim costs incurred but not reported of \$343,978 and \$278,565 as of June 30, 2022 and 2021, 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 \$15,000 and \$183,724 for claims incurred through June 30, 2022 and 2021, 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, 2022 and 2021 and the estimated fair value is \$189,067 and \$219,719 for the years ended June 30, 2022 and 2021, respectively. The Diocese's investment in the LCWCP has a carrying value of \$285,116 for the years ended June 30, 2022 and 2021.

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 \$53,601 and \$40,712 for the years ended June 30, 2022 and 2021, 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 \$453,826 and \$444,158 for the years ended June 30, 2022 and 2021, respectively. The Diocese received the following to assist in providing funding for its defined benefit pension payments for the years ended June 30, 2022 and 2021:

	2022	2021
Grants	\$ -	\$ 10,960
Annual collections	83,919	48,885
Parish assessments	103,309	116,179
	\$ 187,228	\$ 176,024

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, 2022 and 2021, catholic parishes contributed \$2,988,148 and \$2,535,296, respectively, to the Diocese as parochial tithes. Diocesan assessments of Catholic parishes and schools totaled \$7,054,991 and \$7,100,403 for the years ended June 30, 2022 and 2021, 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 \$1,895,411 and \$1,004,545 as of June 30, 2022 and 2021, respectively. The Diocese provided direct subsidies and grants to parishes for evangelization, religious education and pastoral services totaling \$777,942 and \$327,527.

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, 2022 and 2021 is \$46,931 and \$112,690, 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 \$69,880 and \$51,020 for the years ended June 30, 2022 and 2021, 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, 2022 and 2021, the uninsured balance was \$16,374,248 and \$24,036,908, respectively. The Diocese also has money-market holdings in the amounts of \$552,371 and \$552,163 at June 30, 2022 and 2021, respectively, which are not secured. For the years ended June 30, 2022 and 2021, the Diocese has life insurance contracts with cash values totaling \$715,563 and \$684,188, 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.

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, 2022 and 2021 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. Subsequent to June 30, 2022, the Diocese has collected approximately \$10,000,000 from FEMA, \$8,500,000 from a hurricane settlement and has borrowed \$17,000,000, while spending approximately \$33,000,000.

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, 2022

Federal Grantor/Pass-through Grantor/Program or Cluster Title	Federal CFDA Number	Pass-through Grantor's Number	Federal Expenditures
United States Department of Homeland Security			
Passed through Louisiana Governor's Office of Homeland Security and Emergency Preparedness:			
Public Assistance (Presidentially-Declared Disasters)	97.036	N/A	<u>\$ 5,626,185</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, 2022

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, 2022, and the related notes to the financial statements and have issued our report thereon dated August 7, 2024.

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 2022-1 (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.

Joyce Williams, Co., P.C.

Lake Charles, Louisiana
August 7, 2024



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

LESTER LANGLEY, JR.
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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, 2022. 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, 2022.

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 Auditors' 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 2022-2 (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

Langley, Williams & Co, LLC
Lake Charles, Louisiana
August 7, 2024

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, 2022**

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, 2022**

A. Internal Control:

There were no internal control findings related to internal controls.

B. Compliance:

2022-01 (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.

2022-02 (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.

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, 2022 – (Continued)**

B. Compliance: - (Continued)

2022-02 (C) – Timely Filing of the Federal Data Collection Form – (Continued)

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, 2022**

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

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.

Current Status: See schedule of findings, item 2022-01 (C)

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

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.

Current Status: See schedule of findings, item 2022-02 (C)

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.



Langley, Williams
& Company, L.L.C.
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INDEPENDENT ACCOUNTANTS' REPORT ON APPLYING AGREED-UPON PROCEDURES

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

To the Governing Board of the Society of the Roman Catholic Church of the Diocese of Lake Charles, Inc.
and the Louisiana Legislative Auditor:

We have performed the procedures enumerated below on the control and compliance (C/C) areas identified in the Louisiana Legislative Auditor's (LLA's) Statewide Agreed-Upon Procedures (SAUPs) for the fiscal period July 1, 2021 through June 30, 2022. The Society of the Roman Catholic Church of the Diocese of Lake Charles, Inc.'s management is responsible for those C/C areas identified in the SAUPs.

The Society of the Roman Catholic Church of the Diocese of Lake Charles, Inc. has agreed to and acknowledged that the procedures performed are appropriate to meet the intended purpose of the engagement, which is to perform specified procedures on the C/C areas identified in LLA's SAUPs for the fiscal period July 1, 2021 through June 30, 2022. Additionally, LLA has agreed to and acknowledged that the procedures performed are appropriate for its purposes. This report may not be suitable for any other purpose. The procedures performed may not address all the items of interest to a user of this report and may not meet the needs of all users of this report and, as such, users are responsible for determining whether the procedures performed are appropriate for their purposes.

The procedures and associated findings are as follows:

Written Policies and Procedures

1. Obtain and inspect the entity's written policies and procedures and observe whether they address each of the following categories and subcategories if applicable to public funds and the entity's operations:
 - a) **Budgeting**, including preparing, adopting, monitoring, and amending the budget.
 - b) **Purchasing**, including (1) how purchases are initiated; (2) how vendors are added to the vendor list; (3) the preparation and approval process of purchase requisitions and purchase orders; (4) controls to ensure compliance with the Public Bid Law; and (5) documentation required to be maintained for all bids and price quotes.
 - c) **Disbursements**, including processing, reviewing, and approving.

- d) **Receipts/Collections**, including receiving, recording, and preparing deposits. Also, policies and procedures should include management's actions to determine the completeness of all collections for each type of revenue or agency fund additions (e.g., periodic confirmation with outside parties, reconciliation to utility billing after cutoff procedures, reconciliation of traffic ticket number sequences, agency fund forfeiture monies confirmation).
- e) **Payroll/Personnel**, including (1) payroll processing, (2) reviewing and approving time and attendance records, including leave and overtime worked, and (3) approval process for employee(s) rate of pay or approval and maintenance of pay rate schedules.
- f) **Contracting**, including (1) types of services requiring written contracts, (2) standard terms and conditions, (3) legal review, (4) approval process, and (5) monitoring process.
- g) **Credit Cards (and debit cards, fuel cards, P-Cards, if applicable)**, including (1) how cards are to be controlled, (2) allowable business uses, (3) documentation requirements, (4) required approvers of statements, and (5) monitoring card usage (e.g., determining the reasonableness of fuel card purchases).
- h) **Travel and Expense Reimbursement**, including (1) allowable expenses, (2) dollar thresholds by category of expense, (3) documentation requirements, and (4) required approvers.
- i) **Ethics**, including (1) the prohibitions as defined in Louisiana Revised Statute (R.S.) 42:1111-1121, (2) actions to be taken if an ethics violation takes place, (3) system to monitor possible ethics violations, and (4) a requirement that documentation is maintained to demonstrate that all employees and officials were notified of any changes to the entity's ethics policy.
- j) **Debt Service**, including (1) debt issuance approval, (2) continuing disclosure/Electronic Municipal Market Access ("EMMA") reporting requirements, (3) debt reserve requirements, and (4) debt service requirements.
- k) **Information Technology Disaster Recovery/Business Continuity**, including (1) identification of critical data and frequency of data backups, (2) storage of backups in a separate physical location isolated from the network, (3) periodic testing/verification that backups can be restored, (4) use of antivirus software on all systems, (5) timely application of all available system and software patches/updates, and (6) identification of personnel, processes, and tools needed to recover operations after a critical event.
- l) **Sexual Harassment**, including R.S. 42:342-344 requirements for (1) agency responsibilities and prohibitions, (2) annual employee training, and (3) annual reporting.

Exception: The entity does have written policy and procedures but are missing certain items listed above.

Management's response: Management intends update their written policies and procedures that will address those as required by the LLA.

Board or Finance Committee

- 2. Obtain and inspect the board/finance committee minutes for the fiscal period, as well as the board's enabling legislation, charter, bylaws, or equivalent document in effect during the fiscal period, and:
 - a) Observe that the board/finance committee met with a quorum at least monthly, or on a frequency in accordance with the board's enabling legislation, charter, bylaws, or other equivalent document.

There were no exceptions noted as a result of applying this procedure.

- b) For those entities reporting on the governmental accounting model, observe whether the minutes referenced or included monthly budget-to-actual comparisons on the general fund, quarterly budget-to-actual, at a minimum, on proprietary funds, and semi-annual budget- to-actual, at a minimum, on all special revenue fund. *Alternately, for those entities reporting on the nonprofit accounting model, observe that the minutes referenced or included financial activity relating to public funds if those public funds comprised more than 10% of the entity's collections during the fiscal period.*

The entity does not report on the governmental accounting model; therefore, making this procedure not applicable.

- c) For governmental entities, obtain the prior year audit report and observe the unassigned fund balance in the general fund. If the general fund had a negative ending unassigned fund balance in the prior year audit report, observe that the minutes for at least one meeting during the fiscal period referenced or included a formal plan to eliminate the negative unassigned fund balance in the general fund.

The entity is not a governmental entity; therefore, making this procedure not applicable.

Bank Reconciliations

3. Obtain a listing of entity bank accounts for the fiscal period from management and management's representation that the listing is complete. Ask management to identify the entity's main operating account. Select the entity's main operating account and randomly select 4 additional accounts (or all accounts if less than 5). Randomly select one month from the fiscal period, obtain and inspect the corresponding bank statement and reconciliation for each selected account, and observe that:

We obtained a list of bank accounts from management and management's representation that the list was complete.

- a) Bank reconciliations include evidence that they were prepared within 2 months of the related statement closing date (e.g., initialed and dated or electronically logged);

There were no exceptions noted as a result of applying this procedure.

- b) Bank reconciliations include evidence that a member of management/board member who does not handle cash, post ledgers, or issue checks has reviewed each bank reconciliation (e.g., initialed and dated, electronically logged); and

Exception: No documentation of a member of management who does not handle cash reviewing the bank reconciliations.

Management's response: Management will review and document that they have reviewed and approved all bank reconciliations.

- c) Management has documentation reflecting it has researched reconciling items that have been outstanding for more than 12 months from the statement closing date, if applicable.

Exception: For one of the bank accounts tested, there was no evidence of research for reconciling items outstanding over 12 months.

Management's response: Management will research and maintain documentation for reconciling items over 12 months.

Collections (excluding electronic funds transfers)

4. Obtain a listing of deposit sites for the fiscal period where deposits for cash/checks/money orders (cash) are prepared and management's representation that the listing is complete. Randomly select 5 deposit sites (or all deposit sites if less than 5).
5. For each deposit site selected, obtain a listing of collection locations and management's representation that the listing is complete. Randomly select one collection location for each deposit site (i.e., 5 collection locations for 5 deposit sites), obtain and inspect written policies and procedures relating to employee job duties (if no written policies or procedures, inquire of employees about their job duties) at each collection location, and observe that job duties are properly segregated at each collection location such that:
 - a) Employees responsible for cash collections do not share cash drawers/registers.
 - b) Each employee responsible for collecting cash is not responsible for preparing/making bank deposits, unless another employee/official is responsible for reconciling collection documentation (e.g., pre-numbered receipts) to the deposit.
 - c) Each employee responsible for collecting cash is not responsible for posting collection entries to the general ledger or subsidiary ledgers, unless another employee/official is responsible for reconciling ledger postings to each other and to the deposit.
 - d) The employee(s) responsible for reconciling cash collections to the general ledger and/or subsidiary ledgers, by revenue source and/or agency fund additions, are not responsible for collecting cash, unless another employee/official verifies the reconciliation.
6. Obtain from management a copy of the bond or insurance policy for theft covering all employees who have access to cash. Observe the bond or insurance policy for theft was enforced during the fiscal period.
7. Randomly select two deposit dates for each of the 5 bank accounts selected for procedure #3 under "Bank Reconciliations" above (select the next deposit date chronologically if no deposits were made on the dates randomly selected and randomly select a deposit if multiple deposits are made on the same day). *Alternately, the practitioner may use a source document other than bank statements when selecting the deposit dates for testing, such as a cash collection log, daily revenue report, receipt book, etc.* Obtain supporting documentation for each of the 10 deposits and:
 - a) Observe that receipts are sequentially pre-numbered.
 - b) Trace sequentially pre-numbered receipts, system reports, and other related collection documentation to the deposit slip.
 - c) Trace the deposit slip total to the actual deposit per the bank statement.
 - d) Observe the deposit was made within one business day of receipt at the collection location (within one week if the depository is more than 10 miles from the collection location or the deposit is less than \$100 and the cash is stored securely in a locked safe or drawer).
 - e) Trace the actual deposit per the bank statement to the general ledger.

The only public funds that the entity collects are FEMA revenues, which are deposited via EFT. Per the LLA, EFT's are excluded from SAUP testing; therefore, making these procedures not applicable.

Non-Payroll Disbursements (excluding card purchases/payments, travel reimbursements, and petty cash purchases)

8. Obtain a listing of locations that process payments for the fiscal period and management's representation that the listing is complete. Randomly select 5 locations (or all locations if less than 5).
9. For each location selected under #8 above, obtain a listing of those employees involved with non-payroll purchasing and payment functions. Obtain written policies and procedures relating to employee job duties (if the agency has no written policies and procedures, inquire of employees about their job duties), and observe that job duties are properly segregated such that:
 - a) At least two employees are involved in initiating a purchase request, approving a purchase, and placing an order/making the purchase.
 - b) At least two employees are involved in processing and approving payments to vendors.
 - c) The employee responsible for processing payments is prohibited from adding/modifying vendor files, unless another employee is responsible for periodically reviewing changes to vendor files.
 - d) Either the employee/official responsible for signing checks mails the payment or gives the signed checks to an employee to mail who is not responsible for processing payments.
10. For each location selected under #8 above, obtain the entity's non-payroll disbursement transaction population (excluding cards and travel reimbursements) and obtain management's representation that the population is complete. Randomly select 5 disbursements for each location, obtain supporting documentation for each transaction, and:
 - a) Observe whether the disbursement matched the related original itemized invoice and supporting documentation indicates deliverables included on the invoice were received by the entity.
 - b) Observe whether the disbursement documentation included evidence (e.g., initial/date, electronic logging) of segregation of duties tested under #9, as applicable.

Per the LLA, these procedures are not applicable due to testing in single audit.

Credit Cards/Debit Cards/Fuel Cards/P-Cards

11. Obtain from management a listing of all active credit cards, bank debit cards, fuel cards, and P-cards (cards) for the fiscal period, including the card numbers and the names of the persons who maintained possession of the cards. Obtain management's representation that the listing is complete.
12. Using the listing prepared by management, randomly select 5 cards (or all cards if less than 5) that were used during the fiscal period. Randomly select one monthly statement or combined statement for each card (for a debit card, randomly select one monthly bank statement), obtain supporting documentation, and:
 - a) Observe whether there is evidence that the monthly statement or combined statement and supporting documentation (e.g., original receipts for credit/debit card purchases, exception reports for excessive fuel card usage) were reviewed and approved, in writing (or electronically approved), by someone other than the authorized card holder. [Note: Requiring such approval may constrain the legal authority of certain public officials (e.g., mayor of a Lawrason Act municipality); these instances should not be reported.]
 - b) Observe that finance charges and late fees were not assessed on the selected statements.

13. Using the monthly statements or combined statements selected under #12 above, excluding fuel cards, randomly select 10 transactions (or all transactions if less than 10) from each statement, and obtain supporting documentation for the transactions (i.e., each card should have 10 transactions subject to testing). For each transaction, observe it is supported by (1) an original itemized receipt that identifies precisely what was purchased, (2) written documentation of the business/public purpose, and (3) documentation of the individuals participating in meals (for meal charges only). For missing receipts, the practitioner should describe the nature of the transaction and note whether management had a compensating control to address missing receipts, such as a “missing receipt statement” that is subject to increased scrutiny.

Per the LLA, these procedures are not applicable due to testing in single audit.

Travel and Travel-Related Expense Reimbursements (excluding card transactions)

14. Obtain from management a listing of all travel and travel-related expense reimbursements during the fiscal period and management’s representation that the listing or general ledger is complete. Randomly select 5 reimbursements, obtain the related expense reimbursement forms/prepaid expense documentation of each selected reimbursement, as well as the supporting documentation. For each of the 5 reimbursements selected:
- a) If reimbursed using a per diem, observe the approved reimbursement rate is no more than those rates established either by the State of Louisiana or the U.S. General Services Administration (www.gsa.gov).
 - b) If reimbursed using actual costs, observe the reimbursement is supported by an original itemized receipt that identifies precisely what was purchased.
 - c) Observe each reimbursement is supported by documentation of the business/public purpose (for meal charges, observe that the documentation includes the names of those individuals participating) and other documentation required by written policy (procedure #1h).
 - d) Observe each reimbursement was reviewed and approved, in writing, by someone other than the person receiving reimbursement.

The only public funds that the entity collects is FEMA revenues and there were no travel or travel-related expense reimbursements in relation to the FEMA revenues; therefore, making these procedures not applicable.

Contracts

15. Obtain from management a listing of all agreements/contracts for professional services, materials and supplies, leases, and construction activities that were initiated or renewed during the fiscal period. *Alternately, the practitioner may use an equivalent selection source, such as an active vendor list.* Obtain management’s representation that the listing is complete. Randomly select 5 contracts (or all contracts if less than 5) from the listing, excluding the practitioner’s contract, and:
- a) Observe whether the contract was bid in accordance with the Louisiana Public Bid Law (e.g., solicited quotes or bids, advertised), if required by law.
 - b) Observe whether the contract was approved by the governing body/board, if required by policy or law (e.g., Lawrason Act, Home Rule Charter).

- c) If the contract was amended (e.g., change order), observe the original contract terms provided for such an amendment and that amendments were made in compliance with the contract terms (e.g., if approval is required for any amendment, was approval documented).
- d) Randomly select one payment from the fiscal period for each of the 5 contracts, obtain the supporting invoice, agree the invoice to the contract terms, and observe the invoice and related payment agreed to the terms and conditions of the contract.

Per the LLA, these procedures are not applicable due to testing in single audit.

Payroll and Personnel

- 16. Obtain a listing of employees and officials employed during the fiscal period and management's representation that the listing is complete. Randomly select 5 employees or officials, obtain related paid salaries and personnel files, and agree paid salaries to authorized salaries/pay rates in the personnel files.
- 17. Randomly select one pay period during the fiscal period. For the 5 employees or officials selected under #16 above, obtain attendance records and leave documentation for the pay period, and:
 - a) Observe all selected employees or officials documented their daily attendance and leave (e.g., vacation, sick, compensatory). (Note: Generally, officials are not eligible to earn leave and do not document their attendance and leave. However, if the official is earning leave according to a policy and/or contract, the official should document his/her daily attendance and leave.)
 - b) Observe whether supervisors approved the attendance and leave of the selected employees or officials.
 - c) Observe any leave accrued or taken during the pay period is reflected in the entity's cumulative leave records.
 - d) Observe the rate paid to the employees or officials agree to the authorized salary/pay rate found within the personnel file.
- 18. Obtain a listing of those employees or officials that received termination payments during the fiscal period and management's representation that the list is complete. Randomly select two employees or officials, obtain related documentation of the hours and pay rates used in management's termination payment calculations and the entity's policy on termination payments. Agree the hours to the employee or officials' cumulative leave records, agree the pay rates to the employee or officials' authorized pay rates in the employee or officials' personnel files, and agree the termination payment to entity policy.
- 19. Obtain management's representation that employer and employee portions of third-party payroll related amounts (e.g., payroll taxes, retirement contributions, health insurance premiums, garnishments, workers' compensation premiums, etc.) have been paid, and any associated forms have been filed, by required deadlines.

These procedures are not applicable due to no federal money being spent on payroll.

Ethics

20. Using the 5 randomly selected employees/officials from procedure #16 under “Payroll and Personnel” above, obtain ethics documentation from management, and:

- a. Observe whether the documentation demonstrates each employee/official completed one hour of ethics training during the fiscal period.

Exception: The entity does not require employees to complete ethics trainings.

Management’s response: Management will include this annual requirement in its policies and procedures.

- b. Observe whether the entity maintains documentation which demonstrates each employee and official were notified of any changes to the entity’s ethics policy during the fiscal period, as applicable.

Exception: The entity does not require employees to complete ethics trainings.

Management’s response: Management will include this annual requirement in its policies and procedures.

Debt Service

21. Obtain a listing of bonds/notes and other debt instruments issued during the fiscal period and management’s representation that the listing is complete. Select all debt instruments on the listing, obtain supporting documentation, and observe State Bond Commission approval was obtained for each debt instrument issued.

There were no exceptions noted as a result of applying this procedure.

22. Obtain a listing of bonds/notes outstanding at the end of the fiscal period and management’s representation that the listing is complete. Randomly select one bond/note, inspect debt covenants, obtain supporting documentation for the reserve balance and payments, and agree actual reserve balances and payments to those required by debt covenants (including contingency funds, short-lived asset funds, or other funds required by the debt covenants).

There were no exceptions noted as a result of applying this procedure.

Fraud Notice

23. Obtain a listing of misappropriations of public funds and assets during the fiscal period and management’s representation that the listing is complete. Select all misappropriations on the listing, obtain supporting documentation, and observe that the entity reported the misappropriation(s) to the legislative auditor and the district attorney of the parish in which the entity is domiciled.

Management has asserted that the entity did not have any misappropriations of public funds or assets.

24. Observe the entity has posted, on its premises and website, the notice required by R.S. 24:523.1 concerning the reporting of misappropriation, fraud, waste, or abuse of public funds.

Exception: The notice required by R.S. 24:523.1 was not posted on the entity's premises or its website.

Management's response: Management is working on updating their website to include this notice. Also, they plan to post the notice on their premises.

Information Technology Disaster Recovery/Business Continuity

25. Perform the following procedures, verbally discuss the results with management, and report "We performed the procedure and discussed the results with management."

- a) Obtain and inspect the entity's most recent documentation that it has backed up its critical data (if no written documentation, inquire of personnel responsible for backing up critical data) and observe that such backup occurred within the past week. If backups are stored on a physical medium (e.g., tapes, CDs), observe evidence that backups are encrypted before being transported.

We performed the procedure and discussed the results with management.

- b) Obtain and inspect the entity's most recent documentation that it has tested/verified that its backups can be restored (if no written documentation, inquire of personnel responsible for testing/verifying backup restoration) and observe evidence that the test/verification was successfully performed within the past 3 months.

We performed the procedure and discussed the results with management.

- c) Obtain a listing of the entity's computers currently in use and their related locations, and management's representation that the listing is complete. Randomly select 5 computers and observe while management demonstrates that the selected computers have current and active antivirus software and that the operating system and accounting system software in use are currently supported by the vendor.

We performed the procedure and discussed the results with management.

Sexual Harassment

26. Using the 5 randomly selected employees/officials from procedure #16 under "Payroll and Personnel" above, obtain sexual harassment training documentation from management, and observe the documentation demonstrates each employee/official completed at least one hour of sexual harassment training during the calendar year.

Exception: The entity does not require employees to complete sexual harassment trainings.

Management's response: Management will include this annual requirement in its policies and procedures.

27. Observe the entity has posted its sexual harassment policy and complaint procedure on its website (or in a conspicuous location on the entity's premises if the entity does not have a website).

Exception: The entity did not have its sexual harassment policy and complaint procedure on its website or posted on the entity's premises.

Management's response: Management is working on updating their website to include this policy and procedure. Also, they plan to post the policy and procedure on their premises.

28. Obtain the entity's annual sexual harassment report for the current fiscal period, observe that the report was dated on or before February 1, and observe it includes the applicable requirements of R.S. 42:344:

- a) Number and percentage of public servants in the agency who have completed the training requirements;
- b) Number of sexual harassment complaints received by the agency;
- c) Number of complaints which resulted in a finding that sexual harassment occurred;
- d) Number of complaints in which the finding of sexual harassment resulted in discipline or corrective action; and
- e) Amount of time it took to resolve each complaint.

Exception: The entity did not prepare an annual sexual harassment report.

Management's response: Management will add this procedure to its policies and procedures.

We were engaged by the Society of the Roman Catholic Church of the Diocese of Lake Charles, Inc.'s Office to perform this agreed-upon procedures engagement and conducted our engagement in accordance with attestation standards established by the American Institute of Certified Public Accountants and applicable standards of *Government Auditing Standards*. We were not engaged to and did not conduct an examination or review engagement, the objective of which would be the expression of an opinion or conclusion, respectively, on those C/C areas identified in the SAUPs. Accordingly, we do not express such an opinion or conclusion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

We are required to be independent of the Society of the Roman Catholic Church of the Diocese of Lake Charles, Inc.'s Office and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements related to our agreed-upon procedures engagement.

This report is intended solely to describe the scope of testing performed on those C/C areas identified in the SAUPs, and the result of that testing, and not to provide an opinion on control or compliance. Accordingly, this report is not suitable for any other purpose. Under Louisiana Revised Statute 24:513, this report is distributed by the LLA as a public document.

