

## Understanding the Roman Catholic Diocese of Las Cruces Pastoral Center Financial Statement

### FAQ's

#### Why has the financial report not been published until almost a year after the fiscal year ended?

During the past few years, the Diocese has faced financial issues and has since been diligently working to correct key internal control and operating functions. A new Financial Services Director was hired last June, we experienced a reduction in force, and have undergone restructuring in the Finance and Insurance Offices. The Finance office has continued to run understaffed throughout this year in order to realize a savings in the budget and the Audit Review Committee recommended a new auditing firm to complete the audit. Time was needed her first year in the position so the new finance director could assess the workflow within the department, work with the accounting system, in order to completely understand the financial standing of the Diocese and begin the restructuring phase during the upcoming FY 2014-2015. These were all significant and necessary reasons for the delay in our year-end report for FY 2012-2013.

#### What financial information is included in the audited financial statements?

The audited financial statements are for diocesan ministries, the Pastoral Center operations, the Parish Investment Program (PIP), the Priest Retirement & Disability Plan, the Diocesan self-insurance program and the Diocesan employee benefit program. The self-insurance and employee benefit program provide insurance coverage and services to the Pastoral Center, parishes, schools and their employees.

#### Did our Diocese have a profit or loss for Fiscal Year 2013?

The Diocese experienced a total net loss of (\$575,916) as follows:

|                                                                     | <u>Loss</u> | <u>Profit</u> |
|---------------------------------------------------------------------|-------------|---------------|
| Fund 1 (Operating Fund; operational activity of the entire Diocese) | (\$226,963) |               |
| Fund 2 (Fixed Assets Fund)                                          |             | \$68,018      |
| Fund 3 (Parish Investment Plan [PIP])                               | (\$231,926) |               |
| Fund 4 (Self-insurance Program Fund)                                | (\$185,045) |               |

#### Financially, how is our Diocese doing?

Based on the financials, the Diocese continues to incur losses which includes an increase to our bad debt expense. At the end of the fiscal year there remained \$2,033,976 in unpaid receivables from parishes, schools, missions and other diocesan related parties. These unpaid receivables are for unpaid insurance premiums, PIP loans and tax assessments.

The Diocese has undergone significant spending cuts and has continued to meet its short-term cash needs. If you refer to page 6 of the financial statement our Statement of Cash flows will indicate a net cash flow from activities.

**What is currently being done by the Diocese to address the financial issues we are facing?**

The Financial Services Office is currently reviewing processes for efficiency, revamping the general ledger and structure of the financial accounting software system, restructuring positions and duties, and reviewing budget needs for the Pastoral Center operations. We continue to work to understand the whole financial picture in order to begin the process of long-term strategies to address the issues of the non-payment of receivables by parishes, missions, and schools. Ad-hoc committees are being formed to address the formulas for UIM goals, parish tax assessments, and insurance. The Diocese also faces the ever changing compliance issues for the Affordable Care Act (ACA). ACA compliance results from parishes being under the umbrella of the Diocese for employee benefits. ACA currently mandates very detailed reporting from all the parishes, missions, schools, Pastoral Center offices and other related entities.

**We continue our commitment for transparency and accountability.**

The FY 2012-2013 audited financial statement is being shared with all our Catholic community. We will continue to increase the frequency of our financial reporting. *Best practices* shall be our standard Financial Services procedure. This process will be lengthy and sometimes painful, but will always work toward the best interest of our Diocesan family. We ask for your prayers, support, and understanding during this time.

Please know that we are optimistic about our future and pleased with the current progress being accomplished in the Financials Services department. We expect continuing positive and for accountability concerns regarding the Diocese to decrease as we work to strengthen trust among our Diocesan family.