ROMAN CATHOLIC DIOCESE OF AMARILLO
DIOCESAN PASTORAL CENTER

FINANCIAL STATEMENTS AND
INDEPENDENT AUDITORS' REPORT

YEARS ENDED JUNE 30, 2009 and 2008

To the Most Reverend Patrick J. Zurek, Bishop of the
Roman Catholic Diocese of Amarillo
And Members of the Finance Council
Amarillo, Texas

<u>Independent Auditors' Report</u>

We have audited the accompanying statements of financial position of the Roman Catholic Diocese of Amarillo Diocesan Pastoral Center (the "DPC") as of June 30, 2009 and 2008, and the related statements of activities and cash flow for the years then ended. These financial statements are the responsibility of the DPC's management. Our responsibility is to express an opinion on these financial statements based on our audits.

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

As more fully described in Note 2 to the financial statements, the DPC has not adopted Statement of Financial Accounting Standard No. 136 and 158 (SFAS 136 and 158). In our opinion the adoption of SFAS No. 136 and 158 is necessary for the DPC's financial statements to conform to accounting principles generally accepted in the United States of America.

In our opinion, except for the effects of the departure from Statement of Financial Accounting Standard No. 136 and 158 as discussed in the preceding paragraph, the financial statements referred to above present fairly, in all material respects, the financial position of the Roman Catholic Diocese of Amarillo Diocesan Pastoral Center, as of June 30, 2009 and 2008, and the results of its operations and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

Our audit was conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplemental information on page 13 is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Cornell & Company, P.C
November 17, 2009

ROMAN CATHOLIC DIOCESE OF AMARILLO
DIOCESAN PASTORAL CENTER
STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2009 AND 2008

	2009	2008
Assets		
Cash and cash equivalents	$ 266,717	$ 562,088
Accounts receivable:		
Parishes and other entities	320,600	351,032
Prepaid Expenses	2,175	2,175
Total current assets	589,492	915,295
Investments (Note 11)	65,114	65,114
Land, buildings and equipment, net of accumulated depreciation (Note 3)	1,275,484	1,314,793
Total assets	$ 1,930,090	$ 2,295,202
Liabilities		
Accounts payable	$ 72,760	$ 263,027
Payroll payable	6,959	1,779
Grants payable	25,000	137,200
Custodial funds	177,616	147,314
Deferred Income	56,000	37,250
Notes payable-current portion (Note 4)	491,622	635,676
Total current liabilities	829,957	1,222,246
Notes payable - long term portion (Note 4)	12,261	16,636
Total liabilities	842,218	1,238,882
Net assets		
Unrestricted:		
Undesignated	693,232	354,209
Designated (Note 5)	917	37,219
Temporarily restricted (Note 6)	393,723	664,892
Total net assets	1,087,872	1,056,320
Total liabilities and net assets	$ 1,930,090	$ 2,295,202

See Independent Auditors' report and notes to financial statements.

ROMAN CATHOLIC DIOCESE OF AMARILLO
DIOCESAN PASTORAL CENTER
COMPARATIVE STATEMENTS OF ACTIVITIES
YEARS ENDED JUNE 30, 2009 AND 2008

	2009 Unrestricted	2009 Temporarily Restricted	2009 Total	2008 Unrestricted	2008 Temporarily Restricted	2008 Total
Change in net assets:						
Revenue and other support						
United Catholic Appeal	$ 743,069	$ 157,912	$ 900,981	$ 783,810	$ 234,579	$ 1,018,389
Cathedraticum tax	657,972	-	657,972	614,832	-	614,832
Other assessments	297,887	124,427	422,314	325,373	122,361	447,734
Contributions and bequests	151,481	-	151,481	49,321	-	49,321
Capital Campaign Income	-	230,000	230,000	-	520,000	520,000
Net investments income	22,900	-	22,900	27,552	-	27,552
Deposit & Loan Distribution	157,837	-	157,837	-	-	-
Rent income	23,249	-	23,249	18,788	-	18,788
Miscellaneous income	132,483	104,246	236,729	134,636	130,497	265,133
Grant income (Note 10)	-	1,078,602	1,078,602	-	1,037,932	1,037,932
Fund raising income	-	83,936	83,936	-	77,039	77,039
Total revenue and other support	2,186,878	1,779,123	3,966,001	1,954,312	2,122,408	4,076,720
Net assets released from restrictions (Note 6)	2,050,292	(2,050,292)	-	2,414,188	(2,414,188)	-
Total increases (decreases) in net assets before expenses	4,237,170	(271,169)	3,966,001	4,368,500	(291,780)	4,076,720
Expenses:						
Program services:						
Amarillo Catholic School System	128,055	-	128,055	140,022	-	140,022
Tuition assistance	149,708	-	149,708	167,623	-	167,623
Tribunal	71,203	-	71,203	76,725	-	76,725
Education	80,738	-	80,738	37,246	-	37,246
City ministries	147,061	-	147,061	110,014	-	110,014
Hispanic ministries	4,492	-	4,492	11,138	-	11,138
Christian formation	52,475	-	52,475	59,451	-	59,451
Seminary education	426,569	-	426,569	597,070	-	597,070
Diaconate office	126,976	-	126,976	198,031	-	198,031
West Texas Catholic Newspaper	188,578	-	188,578	224,433	-	224,433
Youth ministries	188,270	-	188,270	230,880	-	230,880
Priest service	277,989	-	277,989	209,739	-	209,739
Miscellaneous program services	225,683	-	225,683	223,232	-	223,232
Planned annual subsidies	120,572	-	120,572	114,304	-	114,304
Grant distributions	79,305	-	79,305	114,708	-	114,708
Supporting services:						
Administrative and general	1,570,775	-	1,570,775	1,931,364	-	1,931,364
Fund-raising	96,000	-	96,000	96,000	-	96,000
Total expenses	3,934,449	-	3,934,449	4,541,980	-	4,541,980
Change in net assets	302,721	(271,169)	31,552	(173,480)	(291,780)	(465,260)
Prior Period Adjustment (Note 18)	-	-	-	28,001	-	28,001
Net assets (deficit) at beginning of year	391,428	664,892	1,056,320	536,907	956,672	1,493,579
Net assets (deficit) at end of year	$ 694,149	$ 393,723	$ 1,087,872	$ 391,428	$ 664,892	$ 1,056,320

See Independent Auditors' Report and notes to financial statements.

ROMAN CATHOLIC DIOCESE OF AMARILLO
DIOCESAN PASTORAL CENTER
STATEMENTS OF CASH FLOW
FOR THE YEARS ENDED JUNE 30, 2009 AND 2008

	2008	2008
Cash flows from operating activities:		
Change in net assets	$ 31,552	$ (465,260)
Adjustments to reconcile change in net assets to net cash flows from operating activities:		
Depreciation	82,031	74,297
(Increase) decrease in:		
Accounts receivable	30,432	55,963
Increase (decrease) in:		
Accounts payable	(190,267)	63,507
Payroll payable	5,180	(3,219)
Custodial funds	30,302	(29,397)
Deferred Income	18,750	37,250
Grants Payable	(112,200)	81,400
Net cash flows from operating activities	(104,220)	(185,459)
Cash flows from investing activities:		
Purchase of equipment	(42,722)	(82,544)
Net cash flows from investing activities	(42,722)	(82,544)
Cash flows from financing activities:		
Payment on debt	(580,545)	(135,774)
Proceeds from issuance of debt	432,116	367,612
Net cash flow from financing activities	(148,429)	231,838
Net increase in cash and equivalents	(295,371)	(36,165)
Cash and equivalents, beginning of year	562,088	598,253
Cash and equivalents, end of year	$ 266,717	$ 562,088
Supplemental disclosures of cash flow information:		
Cash paid during the year for:		
Interest on loans	$ 44,885	$ 39,860

See Independent Auditors' Report and notes to financial statements.

ROMAN CATHOLIC DIOCESE OF AMARILLO
DIOCESAN PASTORAL CENTER
STATEMENT OF NET ASSETS
PROPRIETARY FUND
JUNE 30, 2009 and 2008

	2009	2008
Assets		
Cash and cash equivalents	$ 185,654	$ 251,541
Total assets	$ 185,654	$ 251,541
Net assets		
Unrestricted Net Assets	$ 185,654	$ 251,541
Total net assets	$ 185,654	$ 251,541

See Independent Auditors' Report and notes to financial statements.

ROMAN CATHOLIC DIOCESE OF AMARILLO
DIOCESAN PASTORAL CENTER
STATEMENT OF CHANGES IN NET ASSETS
PROPRIETARY FUND
FOR THE YEAR ENDED JUNE 30, 2009 AND 2008

	2009	2008
Changes in net assets		
Operating Revenue	$ 1,593,884	$ 1,115,022
Total increase in net assets before expenses	1,593,884	1,115,022
Expenses		
Administrative Fees & Claims Paid	1,659,771	1,096,535
Total Expenses	1,659,771	1,096,535
Changes in Net Assets	(65,887)	18,487
Net Assets at beginning of year	251,541	233,054
Net Assets at end of year	$ 185,654	$ 251,541

See Independent Auditors' Report and notes to financial statements.

ROMAN CATHOLIC DIOCESE OF AMARILLO
DIOCESAN PASTORAL CENTER
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2009 AND 2008

Note 1 – Summary of significant accounting policies:

Nature of Operations

The Roman Catholic Diocese of Amarillo (the "Diocese") was established August 25, 1926. It includes 34 parishes, 13 mission communities, 6 elementary schools, 1 diocesan high school and other institutions under the direct supervision of the Bishop of Amarillo. The Bishop of Amarillo is a de facto corporation sole. The Bishop of Amarillo has dominion over the entities indicated and property is titled: The Most Reverend Patrick J. Zurek, Bishop of the Roman Catholic Diocese of Amarillo, and /or his successors in office. The Dioceses is part of the Catholic Church of America, also known as the United States Catholic Conference, and of the Texas Catholic Conference.

The Diocesan Pastoral Center (the "DPC) includes the departments that provide services at the diocesan level of administration that are fiscally responsible to the Bishop. As such, the DPC is presented as a segment of the Diocese: separated entities (parishes, schools, etc.) are not included in the accompanying financial statements.

Basis Of Presentation

The accompanying financial statements are prepared in accordance with accounting principles generally accepted in the United States of America as applicable to non-profit organizations. They include the assets, liabilities, net assets and financial activities of all departments providing services at the diocesan level of administration, which are fiscally responsible to the Bishop of Amarillo.

A portion of the operating revenue received by the DPC comes from assessments/taxes that are collected from other entities operating within the Diocese. The amounts are generally derived based on percentages of an entity's gross revenues and are assessed and collected monthly. Additional operating revenue is received from United Catholic Appeal campaign. Under this campaign, each parish in the diocese is assessed an annual financial quota by the Bishop to be met by the parishioners. If the parish is not able to meet the financial quotas set by the Bishop from their parishioners, the parish must then meet the quota by using money from their annual operating funds.

The accompanying financial statements exclude assets, liabilities, net assets and financial activities of individual parishes, schools, the Bishop DeFalco Retreat Center and other church organizations, which operate within the Diocese of Amarillo. Each, although ultimately responsible to the Bishop, is an operating entity distinct from the DPC, maintains separate financial records, and provides its own services and programs.

Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Contributions

Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support, depending on the existence and/or nature of any donor restrictions. All donor-restricted support is reported as an increase in temporarily or permanently restricted net assets, depending on the nature of the restriction. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), temporarily restricted net assets are reclassified to unrestricted net assets and reported in the Statement of Activities as net assets released from restrictions. Permanently restricted net assets represent contributions received that, according to donor wishes, are to be held in perpetuity, with related income being available for specific use within the Diocese. Contributions received with donor-imposed restrictions that are met in the same year in which the contributions are received are classified as unrestricted contributions.

Donated equipment, materials and supplies are reflected as contributions in the accompanying financial statements at their estimated values at date of receipt. No amounts have been reflected in the accompanying financial statements for donated services since no objective basis is available to measure the value of such services.

Cash and cash equivalents

For purposes of the statement of cash flows, the DPC considers cash in operating bank accounts, cash on hand and all highly liquid debt instruments purchased with a maturity of three months or less to be cash equivalents.

Note 1 – Summary of significant accounting policies (continued):

Accounts receivable

The DPC follows the direct write-off method of expensing accounts receivable when considered uncollectible. The effect of using this method (as compared to an allowance method) on the statement of activities is immaterial. Management evaluates each account individually to determine its collectability.

Property and Equipment

Property and equipment are recorded at cost, less accumulated depreciation. Depreciation is computed using the straight-line method over the estimated useful lives of the related assets, ranging from 3-40 years. Property and equipment donated to the DPC are recorded at fair market value and are depreciated in the same manner as purchased assets. Purchased and donated property with a value over $500 is capitalized.

Grants

The DPC receives grants from various agencies and foundations for the benefit of various entities within the Diocese. These grants are intended for the benefit of departments or ministries that are managed through the DPC, as well as other entities within the Diocese (i.e. parishes, schools, etc.). Grants are recognized as revenue when susceptible to accrual and grant distribution expense is recorded when the related entity receives their portion of the grant from the DPC.

Proprietary Funds

Revenues and expenses related to services provided inside the DPC on a cost reimbursement basis are accounted for in an internal service fund. The DPC Service Fund is: Self Funded Health Insurance Plan. Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues result from providing goods and services in connection with a proprietary fund's principal ongoing operations; they usually come from exchange or exchange-like transactions. All other revenues are nonoperating. Operating expenses can be tied specifically to the production of the goods and services, such as materials and labor and direct overhead. Other expenses are nonoperating.

Income taxes

The Diocese is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code and therefore has made no provision for federal income taxes in the accompanying financial statements. In addition, the Diocese has been determined by the Internal Revenue Service not to be a "private foundation" within the meaning of Section 509(a) of the Internal Revenue Code.

Note 2 – Departures from GAAP:

In June 1999, the Financial Accounting Standards Board (FASB) implemented Statement of Financial Accounting Standard No. 136 – *Transfers of Assets to a Not-for-Profit Organization or Charitable Trust that Raises or Holds Contributions for Others* (SFAS No. 136). SFAS No. 136 is effective for financial statements issued for fiscal periods beginning after December 15, 1999. SFAS No. 136 establishes standards for transactions in which an entity – the *donor* - makes a contribution by transferring assets to a not-for-profit organization or charitable trust – the *recipient organization* – that accepts the assets from the donor and agrees to use those assets on behalf of or transfer those assets, the return on investment of those assets, or both to another entity – the *beneficiary* – that is specified by the donor. If the recipient organization and the beneficiary are financially interrelated, the beneficiary is required to recognize its interest in the net assets adjusted by its share of the change in net assets of the recipient organization.

The DPC chose not to implement SFAS No. 136 even though the DPC has assets as a beneficiary as described above at June 30, 2009 and 2008. The results of this departure from accounting principles generally accepted in the United States of America (GAAP) is summarized as follows:

	2009	2008
Assets Understated	$ 2,029,111	$ 2,111,684
Temporarily Restricted Net Assets Understated	36,391	46,983
Permanently Restricted Net Assets Understated	1,992,720	2,064,701
Change in Net Assets Understated (Overstated)	(77,516)	(45,415)

In September 2006, the Financial Accounting Standards Board (FASB) implemented Statement of Financial Accounting Standard No. 158 – *Employers' Accounting for Defined Benefit Pension and Other Postretirement Plans* (SFAS No. 158). SFAS No. 158 is effective for fiscal years ending after June 15, 2007. The purpose of SFAS No. 158 is to "improve financial reporting by requiring an employer to recognize the overfunded or underfunded status of a defined benefit plan as an asset or liability in its statement of financial position" and to recognize changes in the funded

Note 2 – Departures from GAAP (Continued):

status of the plan through changes in unrestricted net assets. (See Note 15.)

The DPC chose not to implement SFAS No. 158 for its defined benefit plan. The results of this departure from accounting principles generally accepted in the United States of America (GAAP) is summarized as follows:

	2009	2008
Liabilities Understated	$ 1,832,706	$ 2,509,074
Unrestricted Net Assets Overstated	1,832,706	2,509,074

Note 3 – Land, buildings and equipment:

A summary of land, building and equipment at June 30, follows:

	2009	2008
Land	$ 22,605	$ 22,605
Buildings and Improvements	2,687,459	2,679,809
Holy Cross Academy Building	1,122,711	1,122,711
Vehicles	56,118	56,118
Furniture and Equipment	396,374	361,302
Total, at cost	4,285,267	4,242,545
Less: accumulated depreciation	3,009,783	2,927,752
Net Land, Buildings and Equipment	$ 1,275,484	$ 1,314,793

Note 4 – Notes payable:

At year-end, notes payable are compromised of the following:

	2009	2008
Operating line of credit from Amarillo National Bank due on September 30, 2009. Principal and interest are payable monthly. Secured by real property.	$ 337,720	$ 362,470
Note payable to Ford Credit for vehicle. Due in monthly installments of $372, including interest at 13%. Secured by vehicle.	6,969	10,049
Note payable to CitiCapital for software. Due in monthly installments of $1,406, including interest at 6%.	9,667	25,438
Note payable to Great American Phone. Due in monthly installments of $424, including interest at 11%.	12,929	-
Note payable to the Diocese of Amarillo Deposit and Loan Fund for building renovations. Interest is payable monthly at 5.5%.	136,598	254,355
Total Notes Payable	503,883	652,312
Less: Current Portion	491,622	635,676
Long Term Portion	$ 12,261	$ 16,636

Long term debt matures as follows:

2011	$ 7,468
2012	4,793
	$ 12,261

Note 5 – Designated net assets:

The Bishop and Finance Council have designated a fund to accumulate a reserve to repay loans of seminary students at graduation. Seminary students are granted loans by the Deposit and Loan Fund to pay for education expenses. Upon graduation, the DPC will repay the loan. However, if the seminarian terminates his education, he is personally responsible for repayment. At June 30, 2009 and 2008, this fund had a balance of $14 and $36,350 respectively.

The Bishop and Finance Council have designated a fund to accumulate donations made to the Bishop for distribution to charities at the discretion of the Bishop. The funds are held in a separate Deposit and Loan account. At June 30, 2009 and 2008 and this fund had a balance of $903 and $869, respectively.

Note 6 - Temporarily restricted net assets:

Temporarily restricted assets at June 30, 2009 are available for the following purposes:

	Balance 6/30/08	Additions	Releases	Balance 6/30/09
Revenue restricted for:				
United Catholic Appeal restricted for future periods	$ 234,579	$ 157,912	$ (234,579)	$ 157,912
Sabbaticals and continuing education	86,126	17,199	-	103,325
Priests' Study Week	19,109	8,124	(14,133)	13,100
Capital Campaign Income	-	230,000	(230,000)	-
Seminary Burse Endowment	-	41,461	(41,461)	-
Catholic Schools Tuition Assistance	86,970	123,916	(187,812)	23,074
Bichsel Estate	-	11,936	(11,936)	-
Bishop's Charities	869	2,408	(2,374)	903
Respect Life	716	81,528	(82,244)	-
Youth Rally	-	26,172	(26,172)	-
Youth Summer Camp	-	71,125	(71,125)	-
World Youth Day	-	6,949	(6,949)	-
Grant revenue restricted for:				
Home mission	131,264	170,000	(267,459)	33,805
Christian formation	25,669	54,500	(65,732)	14,437
Seminary education	-	251,913	(251,913)	-
Tuition assistance	-	61,000	(61,000)	-
Communications	-	25,000	(25,000)	-
Priest Services	-	65,000	(65,000)	-
Campus ministry	32,483	15,000	(47,483)	-
Office of diaconate	-	90,000	(90,000)	-
Youth ministry	-	80,000	(80,000)	-
Spirituality & Evangelical	-	6,000	(6,000)	-
Preservation of photographic records	1,250	-	(1,250)	-
City Ministries	-	103,500	(103,500)	-
Discernment House	-	35,000	(35,000)	-
Hispanic Ministry	-	7,000	(7,000)	-
Bishop's Installation	-	25,000	(10,670)	14,330
Stewardship	-	5,000	(5,000)	-
Catholic Mutual - Risk Management	4,000	-	-	4,000
Mass stipends	41,857	6,480	(19,500)	28,837
Totals	$ 664,892	$ 1,779,123	$ (2,050,292)	$ 393,723

Note 7 – Lay employee pension plan:

The DPC has a defined contribution pension plan for all eligible lay employees. The plan requires annual contributions of 5% of eligible employee salaries. The DPC contributed $ 33,554 and $26,298, during the years ended June 30, 2009 and 2008 respectively.

Note 8 – Commitments and Contingencies:

Litigation

The Diocese is subject to various commitments and contingent liabilities, including general litigation. Various lawsuits and claims are pending against the Diocese, the majority of which are subject to coverage under the Diocese's insurance programs. While amounts claimed in some cases are substantial, management believes that the resolution of such matters will not have a material impact on the financial condition of the Diocese.

Guarantees

The DPC from time to time acts as guarantor on various loans obtained by other entities included in the Diocese (i.e. parishes, schools, etc.). The books and records of these entities are not included in the accompanying financial statements. However, the DPC is responsible for repayment for the related indebtedness should the debtor entity not repay the obligation. During the year ended June 30, 2009, the DPC guaranteed outstanding loans for parishes totaling approximately $1.5 million. The loans relate to repairs and construction. In the case of default, the DPC would be responsible for any remaining balance. At year-end, the parishes were performing under the obligations.

Note 9 – Concentration of credit risk:

The DPC maintains various bank accounts at institutions insured by the Federal Deposit Insurance Corporation (FDIC). Cash at these institutions exceeded federally insured limits. The amounts in excess of FDIC insurance totaled $285,419 as of June 30, 2009 and $593,000 as of June 30, 2008.

Note 10 – Grant income:

Grant income received includes grants from the following sources:

	2009	2008
Catholic Chuch Extension Society	$ 306,480	$ 339,440
Kennedy Memorial Foundation	181,000	290,000
Committee on the Home Missions	156,250	-
Scanlan Foundation	325,000	300,000
Catholic Foundation of the Texas Panhandle	66,273	71,517
Black and Indian Mission Office	6,000	-
Others	37,599	36,975
	$ 1,078,602	$ 1,037,932

Note 11 – Investments:

The DPC is a member of a self-insurance pool and has a less than 1% equity interest. The interest is recorded using the equity method under which cost is adjusted for the DPC's share of the profits or losses and distributions. The DPC receives unrestricted dividends. The equity amount as of June 30, 2009 and 2008 is $65,114 and $65,114.

Note 12 – Leases:

The DPC entered into an operating lease for office equipment in August 2004. Total lease payments were $3600 for 2009 and $3,600 for 2008. The lease obligation for 2010 is $300.

Note 13 – Self – Insurance Plan

The DPC is partially self insured for benefits provided under an employee health insurance plan. The Plan provides for DPC self-insurance up to an annual liability of $120,000 per individual and $1.20 million in the aggregate. As of June 30, 2009, the Company had exceeded its stop loss coverage and therefore no contingent liability has been provided.

Note 14 – Priests' pension plan:

The DPC has a noncontributory defined benefit pension plan covering all diocesan priests and contributions are provided to orders of religious personnel. The following is information from the most recent actuarial valuation on July 1, 2008. The plan will be valued on an annual basis that coincides with the fiscal year of the DPC.

Actuarial Valuation Information

Actuarial Valuation Date	07/01/2006	07/01/2007	07/01/2008
Actuarial Cost Method	entry age	entry age	entry age
Amortization Method	level percentage of payroll, open	level percentage of payroll, open	level percentage of payroll, open
Amortization Period in Years	16.8	16.8	15.7
Asset Valuation Method	long-term appreciation with adjustment	long-term appreciation with adjustment	long-term appreciation with adjustment
Retirement Age	70	70	70
Actuarial Assumptions:			
Investment return*	4.75%	4.75%	4.75%
Projected salary increases*	4.00%	4.00%	4.00%
Inflation	3.50%	3.50%	3.50%
Cost-of-living adjustments	0.00%	0.00%	0.00%

* Includes inflation at the stated rate

	Pension Plan as of 07/01/06	Pension Plan as of 07/01/07	Pension Plan as of 07/01/08
Projected Benefit Obligation	$ 4,221,716	$ 4,045,012	$ 4,007,219
Plan Assets at Fair Value	1,263,707	1,535,938	2,174,513
Excess of Benefit Obligation over Assets	2,958,009	2,509,074	1,832,706
Net Periodic Pension Costs	435,295	348,902	180,444
Contributions	(182,980)	(640,625)	(833,960)

The Unfunded Net Obligation for the Priests' Pension Benefit Plan is an actuarial estimate that will be funded over the next 10 to 30 years. Recommended funding for 2009 was $337,418 and for 2008 was $372,925 per year from contributions. The DPC contributed $812,384 and $833,960 during the years ended June 30, 2009 and 2008 respectively.

All assets were held in the form of certificates of deposit on June 30, 2009 and 2008. Investment risk is mitigated by using only FDIC insured investments and not exceeding the insured limit of $250,000. No assets are expected to be returned to the DPC during 2010.

The DPC has made significant contributions to the plan in each of the last three fiscal years. A portion of the contributions was from distributions made by the Capital Campaign (See Note 15). Plan assets have also been re-invested at substantially higher earnings.

Please refer to the actuarial report for more information.

Note 15 – Going Concern

Current liabilities exceed current assets and management has chosen not to implement SFAS 158 (See Note 2). If the statement had been adopted, current liabilities would significantly exceed current assets and the unrestricted fund balance would be significantly negative. Therefore, uncertainty about the Diocese's ability to continue as a going concern exists.

The Bishop and his advisors have implemented a long-term plan to reduce liabilities and increase funding sources. The plans included a Capital Campaign that targeted debt repayment, the priests' pension fund and certain program services. As of the report date, the Campaign had contributed over $3 million for targeted areas.

The financial statements do not include any adjustments that might be necessary if the DPC is unable to continue as a going concern.

Note 16 – Related Party Transactions

The DPC has significant transactions with the Roman Catholic Diocese of Amarillo Deposit and Loan (the D&L). The D&L is a cooperative investment and lending program for the mutual benefit of diocesan organizations. The DPC's account balances are as follows:

	2009	2008
Funds on Deposit		
Seminarian Loan Fund	$ 14	$ 36,350
Diocese Savings	5,129	4,883
Bishop's Charity	903	869
Catholic School System	9,899	9,403
	$ 15,945	$ 51,505
Loans Outstanding		
Operating Loan	$ 136,598	$ 254,355

Note 17 – Reclassifications

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

Note 18 – Prior Period Adjustment

Certain errors resulting in an understatement of previously reported fixed assets were discovered during the prior year. Accordingly, an adjustment of $28,001 was made during 2008 to increase fixed assets as of the beginning of the year. A corresponding entry was made to increase previously reported unrestricted fund balance.

ROMAN CATHOLIC DIOCESE OF AMARILLO
DIOCESAN PASTORAL CENTER
ADMINISTRATIVE AND GENERAL EXPENSES
YEAR ENDED JUNE 30, 2009 AND 2008

	2009	2008
Charter Costs	$ 306,376	$ 274,002
General Administrative	279,638	437,587
Priests' Pension Plan	230,000	520,000
Business Office	223,795	197,430
Plant and Maintenance	165,504	159,889
Development Office	119,695	114,842
Human Resources	63,135	64,965
Central Accounting	59,937	59,799
Interest	44,885	39,860
IT Department	28,967	-
Building & Equipment Depreciation	21,131	17,111
Discernment House	17,042	45,879
Diocesan Assembly	10,670	-
	$ 1,570,775	$ 1,931,364

See Independent Auditors' report and notes to financial statements.