

UNITED STATES BANKRUPTCY COURT  
DISTRICT OF NEW MEXICO

|   |   |
|---|---|
| <p>In re:</p> <p>ROMAN CATHOLIC CHURCH OF THE<br/>DIOCESE OF GALLUP, a New Mexico<br/>corporation sole,</p> <p>Debtor.</p>  | <p>Chapter 11</p> <p>Case No. 13-13676-t11</p> <p>Jointly Administered with:</p> <p>Case No. 13-13677-t11</p> |
| <p>BISHOP OF THE ROMAN CATHOLIC<br/>CHURCH OF THE DIOCESE OF GALLUP,<br/>an Arizona corporation sole.</p> <p>This pleading applies to:</p> <p><input checked="" type="checkbox"/> All Debtors.<br/><input type="checkbox"/> Specified Debtor.</p> |   |

**MOTION FOR STAY ON APPEAL AND TO FIX BOND**

**COMES NOW**, The Most Reverend Wm. Michael Mulvey, STL., DD, as Bishop of the Diocese of Corpus Christi and his Successors in Interest, a Corporate Sole, by and through their counsel, Jennie D. Behles of the Behles Law Firm, P.C., and does move this Court for a Stay of the Order granting the 2004 Motion entered on July 31, 2014, on grounds as follows:

1. A notice of appeal has been filed on this matter on August 13, 2014, timely.
2. Basically, two (2) categories of materials are to be provided in the 2004 Order. The first are financial statements of the Diocese, which were published on its website in recent years. It is clear that the movant has these documents and the information contained herein. Attached hereto as Exhibit A are the Financial Statements taken from the website. The second category of information in regards to insurance.
3. Counsel has in statements in open court, as assured the Court and opposing counsel that there is no applicable insurance coverage.

4. According to the tenor of the motion, the purpose documents is to determine whether or not sufficient assets exist in the hands of Corpus Christi of a potential Defendant to warrant suing this Defendant, on account of actions of the now deceased Father Clement Hageman, who was a priest in the Diocese of Corpus Christi at one time, and was, after several intervening years, employed by the debtor, and while an employee of the debtor, engaged in acts which were the predicate basis for suit set forth in the UCC motion which exist as of the claims bar date, August 10, 2014.
5. It is the position of movant that as a matter of law, no such cause of action can exist and that all 2004 discovery of this sort of this non-debtor is inappropriate, and for the purposes of trying to embarrass Corpus Christi and pressure them for a plan contribution in exchange for silence.
6. Litigation should be based on its merits, not on whether a Defendant has deep pockets.
7. No damage accrual from failure to produce this public access financial material already in their name. Movant's possession and a Rule 11 based statement has been made on the subject of no insurance coverage by Corpus Christi's counsel.
8. Only a cost bond should be required for entry of a stay.
9. The cost in this appeal should be nominal.
10. James I. Stang, counsel for the unsecured creditors committee, was contacted and **has not responded**.

WHEREFORE, The Most Reverend Wm. Michael Mulvey, STL., DD, as Bishop of the Diocese of Corpus Christi and his Successors in Interest, a Corporate Sole , moves this Court for an Order granting a stay of the 2004 ruling pending appeal setting bond at costs on appeal, and for such other and further relief as the Court be deems just in the premises.

Dated: August 13, 2014

Respectfully submitted,

By: /s/ Jennie D. Behles  
Behles Law Firm, P.C.

P.O. Box 7070  
Albuquerque, NM 87194-7070  
Counsel for the Diocese of Corpus Christi

Pursuant to F.R.C.P. 5(b)(3), F.R.B.P. 9036 and NM LB;. 9036-1(b), I hereby certify that service of the foregoing "Objection to Motion for 2004 Exam" will be made on August 14, 2014 as follows:

1. TO BE SERVED BY THE COURT VIA NOTICE OF ELECTRONIC FILING (NEF):
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DIOCESE OF CORPUS CHRISTI, A CORPORATE SOLE  
(ADMINISTRATIVE OFFICES)

Financial Statements

For the Years Ended June 30, 2013 and 2012

DIOCESE OF CORPUS CHRISTI, A CORPORATE SOLE

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FLUSCHE, VAN BEVEREN,  
KILGORE, PC

CERTIFIED PUBLIC ACCOUNTANTS  
AND ADVISORS

INDEPENDENT AUDITORS' REPORT

To the Most Reverend Wm. Michael Mulvey  
Diocese of Corpus Christi, A Corporate Sole  
Administrative Offices  
Corpus Christi, Texas

We have audited the accompanying financial statements of the Diocese of Corpus Christi, A Corporate Sole, Administrative Offices (a nonprofit organization), which include the statement of financial position as of June 30, 2013 and 2012, and the related statements of activities and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes 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.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. 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 from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.



To the Most Reverend Wm. Michael Mulvey  
Diocese of Corpus Christi, A Corporate Sole  
Administrative Offices

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Diocese of Corpus Christi, A Corporate Sole as of June 30, 2013 and 2012, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matter

Our audits were conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The information in the supplemental schedules for the year ended June 30, 2013 and 2012 are presented for the purpose of additional analysis and are 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.

*Flucke, Van Buren, Kilgus PC*

November 21, 2013



DIOCESE OF CORPUS CHRISTI, A CORPORATE SOLE  
 Statements of Financial Position  
 June 30, 2013 and 2012

|  | 2013          | 2012          |
|--|---------------|---------------|
| <u>ASSETS</u>  |               |               |
| Current assets:  |               |               |
| Cash and cash equivalents  | \$ 1,367,826  | \$ 2,644,778  |
| Accounts receivable, net of allowance for doubtful accounts of \$356,130 and \$370,250 at June 30, 2013 and 2012, respectively | 1,733,209     | 2,026,811     |
| Investments held by Diocese of Corpus Christi Perpetual Benefit Endowment Fund, Inc. (PBEF)                                    | 4,410,684     | 4,282,768     |
| Prepaid expenses   | 25,380        | 202,011       |
| Receivable from foundations  | 599,706       | 660,620       |
| Unrestricted and temporarily restricted investments  | 10,323,951    | 8,103,313     |
| Total current assets   | 18,460,756    | 17,920,301    |
| Other assets:  |               |               |
| Properties and equipment, net of accumulated depreciation  | 20,410,372    | 16,278,924    |
| Total assets   | \$ 38,871,128 | \$ 34,199,225 |
| <u>LIABILITIES AND NET ASSETS</u>  |               |               |
| Current liabilities:   |               |               |
| Current portion of notes payable to banks  | \$ 1,624,318  | \$ -          |
| Accounts payable and accrued expenses  | 861,356       | 1,315,838     |
| Incurred but not reported (IBNR) medical claims payable  | 254,418       | 292,560       |
| Funds held for others  | 737,289       | 962,165       |
| Current portion of loan payable to Diocese Deposit and Loan fund   | 522,383       | 491,826       |
| Current portion of post retirement benefits payable  | 391,412       | 292,375       |
| Current portion of charitable gift annuities payable   | 16,759        | 16,759        |
| Total current liabilities  | 4,407,935     | 3,371,523     |
| Long-term liabilities:   |               |               |
| Post retirement benefits payable, excluding current portion  | 4,686,921     | 4,252,524     |
| Unfunded pension plan obligation   | 2,312,630     | 2,312,630     |
| Notes payable to banks   | 3,552,509     | 921,849       |
| Loan payable to Diocese Deposit and Loan fund  | 672,324       | 1,200,850     |
| Charitable gift annuities payable, excluding current portion   | 89,596        | 94,985        |
| Total long-term liabilities  | 11,313,980    | 8,782,838     |
| Total liabilities  | 15,721,915    | 12,154,361    |
| Net assets:  |               |               |
| Unrestricted   | 19,506,896    | 19,520,161    |
| Temporarily restricted   | 3,642,317     | 2,524,703     |
| Total net assets   | 23,149,213    | 22,044,864    |
| Total liabilities and net assets   | \$ 38,871,128 | \$ 34,199,225 |

See independent auditors' report and notes to the financial statements.

DIOCESE OF CORPUS CHRISTI, A CORPORATE SOLE  
Statements of Activities  
For the Years Ended June 30, 2013 and 2012

|   | 2013              |                           |                   | 2012              |
|---|-------------------|---------------------------|-------------------|-------------------|
|   | Unrestricted      | Temporarily<br>Restricted | Total             |                   |
| <u>SUPPORT AND REVENUE</u>                      |                   |                           |                   |                   |
| Diocesan assessments to parishes                | \$ 2,680,569      | \$ -                      | \$ 2,680,569      | \$ 2,629,034      |
| Catholic Sharing Appeal                         | -                 | 1,163,340                 | 1,163,340         | 1,748,274         |
| Bequests from J.G. Kenedy Trust                 | 1,319,916         | -                         | 1,319,916         | 2,145,348         |
| Insurance premiums received                     | 5,012,262         | -                         | 5,012,262         | 4,853,259         |
| Oil and gas royalty income                      | 1,117,022         | -                         | 1,117,022         | 1,667,273         |
| John G. and Marie Stella Kenedy Foundation:     |                   |                           |                   |                   |
| Bequests  | 1,155,464         | -                         | 1,155,464         | 1,043,670         |
| Grants  | -                 | 671,678                   | 671,678           | 523,410           |
| Fees for services                               | 764,368           | -                         | 764,368           | 717,918           |
| Contributions:                                  |                   |                           |                   |                   |
| Bishop's Guild                                  | -                 | 134,178                   | 134,178           | 96,527            |
| Capital campaign                                | -                 | 5,857,807                 | 5,857,807         | 1,392,274         |
| Other   | 162,166           | -                         | 162,166           | 302,501           |
| Income from investments held at PBEF            | 351,849           | -                         | 351,849           | (10,268)          |
| Endowment earnings transferred from PBEF        | 228,596           | -                         | 228,596           | 270,103           |
| Investment income from other sources            | 65,765            | -                         | 65,765            | 68,772            |
| Asset transfers to plant fund                   | 300,810           | -                         | 300,810           | 723,439           |
| Charitable gift annuities                       | -                 | (15,490)                  | (15,490)          | (139)             |
| Net assets released from restrictions           | 6,693,899         | (6,693,899)               | -                 | -                 |
| Total support and revenue and reclassifications | <u>19,852,686</u> | <u>1,117,614</u>          | <u>20,970,300</u> | <u>18,171,395</u> |
| <u>EXPENSES</u>                                 |                   |                           |                   |                   |
| PROGRAM SERVICES:                               |                   |                           |                   |                   |
| Office of Diocesan Bishop and Bishops Emeriti   | 428,380           | -                         | 428,380           | 533,190           |
| Office of Catholic Schools                      | 503,560           | -                         | 503,560           | 456,349           |
| Office of Child and Youth Protection            | 124,107           | -                         | 124,107           | 93,405            |
| Office of Communication                         | 592,513           | -                         | 592,513           | 521,164           |
| Office of Consecrated Life                      | 14,425            | -                         | 14,425            | 13,676            |
| Office of Divine Worship                        | 244,525           | -                         | 244,525           | 227,057           |
| Office of Evangelization & Catechesis           | 1,102,195         | -                         | 1,102,195         | 1,070,277         |
| Office of Judicial Vicar                        | 186,341           | -                         | 186,341           | 168,590           |
| Office of Stewardship and Development           | 455,169           | -                         | 455,169           | 411,732           |
| Office of Permanent Diaconate                   | 104,850           | -                         | 104,850           | 105,018           |
| Office of Vicar for Priests                     | 72,161            | -                         | 72,161            | 66,116            |
| Office of Vocations                             | 615,320           | -                         | 615,320           | 465,089           |
| Centennial Celebration                          | 3,424             | -                         | 3,424             | 408,642           |
| Total program services                          | <u>4,446,970</u>  | <u>-</u>                  | <u>4,446,970</u>  | <u>4,540,305</u>  |

(Continued)

See independent auditors' report and notes to the financial statements.

DIOCESE OF CORPUS CHRISTI, A CORPORATE SOLE  
Statements of Activities  
For the Years Ended June 30, 2013 and 2012

| (Continuation)  | 2013          |                           |               | 2012          |
|---|---------------|---------------------------|---------------|---------------|
|   | Unrestricted  | Temporarily<br>Restricted | Total         |               |
| <b>SUPPORTING SERVICES:</b>   |               |                           |               |               |
| Vicar General   | \$ 388,800    | \$ -                      | \$ 388,800    | \$ 405,295    |
| Office of Chancellor  | 36,034        | -                         | 36,034        | 117,171       |
| Fiscal Officer  | 873,625       | -                         | 873,625       | 879,703       |
| General administration  | 107,678       | -                         | 107,678       | 111,603       |
| Office of Human Resources   | 56,885        | -                         | 56,885        | 58,420        |
| Diocesan Archives   | 96,643        | -                         | 96,643        | 52,866        |
| Capital Campaign Expense  | 808,067       | -                         | 808,067       | 686,904       |
| Capital Campaign Distributions  | 3,873,405     | -                         | 3,873,405     | -             |
| Legal and professional fees   | 247,067       | -                         | 247,067       | 169,287       |
| Interest expense  | 139,140       | -                         | 139,140       | 145,896       |
| Bad debt expense  | 97,021        | -                         | 97,021        | 104,960       |
| Total supporting services   | 6,724,365     | -                         | 6,724,365     | 2,732,105     |
| <b>SUBSIDIES:</b>   |               |                           |               |               |
| Subsidy to Catholic schools   | 973,138       | -                         | 973,138       | 971,835       |
| Subsidy to parishes   | 215,149       | -                         | 215,149       | 192,125       |
| Catholic Charities of Corpus Christi, Inc.<br>and Mother Teresa Shelter, Inc. | 291,639       | -                         | 291,639       | 291,639       |
| Diocesan Telecommunications Corporation                                       | 297,809       | -                         | 297,809       | 291,156       |
| Subsidies - Other   | 12,630        | -                         | 12,630        | 35,855        |
| Total subsidies   | 1,790,365     | -                         | 1,790,365     | 1,782,610     |
| <b>PRIESTS' RETIREMENT FUND EXPENSES:</b>                                     |               |                           |               |               |
| Pension plan contributions  | 110,000       | -                         | 110,000       | 125,000       |
| Increase (decrease) in pension plan liability                                 | -             | -                         | -             | (86,755)      |
| Medical and other post-retirement benefits                                    | 1,141,073     | -                         | 1,141,073     | 630,930       |
| Total Priests' retirement fund expenses                                       | 1,251,073     | -                         | 1,251,073     | 669,175       |
| <b>INSURANCE FUND EXPENSES:</b>   |               |                           |               |               |
| Insurance claims  | 2,668,714     | -                         | 2,668,714     | 3,658,610     |
| Insurance premiums  | 1,347,769     | -                         | 1,347,769     | 1,257,766     |
| Hospitalization administration  | 298,161       | -                         | 298,161       | 278,717       |
| Property and casualty administration  | 168,751       | -                         | 168,751       | 159,359       |
| Total insurance fund expenses   | 4,483,395     | -                         | 4,483,395     | 5,354,452     |
| <b>PLANT FUND EXPENSES:</b>   |               |                           |               |               |
| Depreciation expense  | 1,493,845     | -                         | 1,493,845     | 1,489,181     |
| Property management and maintenance   | 65,011        | -                         | 65,011        | 66,385        |
| Property taxes  | 40,889        | -                         | 40,889        | 51,146        |
| Gain on disposition of fixed assets   | (429,962)     | -                         | (429,962)     | -             |
| Total plant fund expenses   | 1,169,783     | -                         | 1,169,783     | 1,606,712     |
| Total expenses  | 19,865,951    | -                         | 19,865,951    | 16,685,359    |
| INCREASE IN NET ASSETS  | (13,265)      | 1,117,614                 | 1,104,349     | 1,486,036     |
| Net assets at beginning of year   | 19,520,161    | 2,524,703                 | 22,044,864    | 20,558,828    |
| NET ASSETS AT END OF YEAR   | \$ 19,506,896 | \$ 3,642,317              | \$ 23,149,213 | \$ 22,044,864 |

See independent auditors' report and notes to the financial statements.

DIOCESE OF CORPUS CHRISTI, A CORPORATE SOLE  
 Statements of Cash Flows  
 For the Years Ended June 30, 2013 and 2012

|  | 2013         | 2012         |
|--|--------------|--------------|
| <u>CASH FLOWS FROM OPERATING ACTIVITIES</u>  |              |              |
| Change in net assets   | \$ 1,104,349 | \$ 1,486,036 |
| Adjustments to reconcile change in net assets<br>to cash provided by operating activities: |              |              |
| Depreciation expense   | 1,493,845    | 1,413,392    |
| Change in:   |              |              |
| Accounts and notes receivable, net of doubtful accounts,<br>and promises to give           | 354,516      | 975,316      |
| Prepaid expenses   | 176,631      | (51,794)     |
| Accounts payable and accrued expenses  | (454,482)    | (249,754)    |
| IBNR medical claims payable  | (38,142)     | 67,655       |
| Funds held for others  | (224,876)    | 180,960      |
| Post retirement benefits payable   | 528,045      | (88,244)     |
| Net cash provided by operating activities  | 2,939,886    | 3,733,567    |
| <u>CASH FLOWS FROM INVESTING ACTIVITIES</u>  |              |              |
| Purchases of property and equipment  | (5,625,293)  | (1,746,879)  |
| Net increase in unrestricted and temporarily<br>restricted investments                     | (2,348,554)  | (1,119,782)  |
| Net cash used by investing activities  | (7,973,847)  | (2,866,661)  |
| <u>CASH FLOWS FROM FINANCING ACTIVITIES</u>  |              |              |
| Proceeds from loans  | 4,630,252    | 921,849      |
| Principal repayments on loans  | (873,243)    | (472,214)    |
| Net cash provided by financing activities  | 3,757,009    | 449,635      |
| (Decrease) increase in cash and cash equivalents   | (1,276,952)  | 1,316,541    |
| CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR   | 2,644,778    | 1,328,237    |
| CASH AND CASH EQUIVALENTS AT END OF YEAR   | \$ 1,367,826 | \$ 2,644,778 |
| SUPPLEMENTAL DATA:   |              |              |
| Interest paid  | \$ 139,140   | \$ 145,896   |
| Purchases of property included in accounts payable   | \$ 553,599   | \$ -         |

See independent auditors' report and notes to the financial statements.

DIOCESE OF CORPUS CHRISTI, A CORPORATE SOLE  
(ADMINISTRATIVE OFFICES)  
Notes to the Financial Statements  
For the Years Ended June 30, 2013 and 2012

NOTE 1 - ORGANIZATION

The Diocese of Corpus Christi, A Corporate Sole, Administrative Offices (Diocese) provides planning and direction in the administration of pastoral, educational, and support services to its parishes, Diocesan institutions, and affiliated organizations of the Diocese. Not included in the accompanying financial statements are the assets, liabilities, and financial activities of the various religious orders, lay social societies, and religious organizations which operate within the Diocese, and are not fiscally responsible to the Bishop. Additionally, parishes and schools have not been included in the accompanying financial statements.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Revenue Recognition

Contributions are recognized as revenue when they are received or unconditionally pledged, except for capital campaigns. Unconditional promises to give due in the next year are reflected as current promises to give and are recorded at their net realizable value. Unconditional promises to give due in subsequent years are reflected as long-term promises to give and are recorded at the present value of their net realizable value.

Contributions for capital campaigns are recognized when received. Pledges for contributions in future years are not recognized until received due to the length of the pledges and uncertainties for those years.

Donated Services

Donated services are recognized if the services received (a) create or enhance nonfinancial assets, or (b) require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donations. No amounts have been reported in the statements for donated services since they did not meet the criteria under generally accepted accounting principles. However, religious and lay personnel have donated significant amounts of their time to the Diocese.

Property and Equipment

Depreciation of buildings and equipment is provided over the estimated useful lives of the respective assets on a straight-line basis. Purchases of land, buildings, and equipment of \$5,000 or more are capitalized. Purchases of lesser amounts are expensed as incurred.

DIOCESE OF CORPUS CHRISTI, A CORPORATE SOLE  
(ADMINISTRATIVE OFFICES)  
Notes to the Financial Statements  
For the Years Ended June 30, 2013 and 2012

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Assessments and Fees for Services

A nominal fee may be charged to related entities to defray the cost of providing administrative services. Specific assessments for insurance, support and other items provided to parishes are determined annually based on certain financial indicators provided by the parishes.

Contributions

Contributions are recorded as unrestricted, temporarily restricted, or permanently restricted support depending on the existence and/or nature of any donor restrictions. When a restriction expires (that is, when a stipulated time restriction ends or when the purpose of the 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.

The Diocese reports gifts of land, buildings, and equipment as unrestricted support unless donor stipulations specify how the donated assets must be used. The gifts of long-lived assets with restrictions on how the assets are to be used and gifts of cash or other assets that must be used to acquire long-lived assets are reported as restricted support. Absent donor stipulations, the Diocese reports expiration of restrictions when the donated or acquired long-lived assets are placed in service.

Cash Equivalents

The Diocese considers all deposits held by financial institutions and financial service companies to be cash equivalents. As of June 30, 2013 and 2012, the Diocese maintained deposits in excess of federally insured limits or other collateralized means amounting to approximately \$1,710,000 and \$1,570,000, respectively. The Diocese also maintained deposits with brokerage firms insured against loss due to theft or misappropriation by the Security Investor Protection Corporation. The Diocese further manages risk by maintaining all deposits at reputable financial institutions and financial services companies.

The Diocese maintains cash balances with a related corporation, the Diocese of Corpus Christi Deposit and Loan Fund, Inc. (Fund) amounting to approximately \$185,000 and \$160,000 as of June 30, 2013 and 2012, respectively. This balance is not covered by deposit insurance or otherwise collateralized. Consequently, these deposits are at risk if the Fund failed to perform its fiduciary duties.

Restricted cash totaled \$753,000 and \$1,012,000 as of June 30, 2013 and 2012, respectively.

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NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Investments

Investments are measured at fair value in the accompanying statements of financial position, with the net realized and unrealized gains and losses reported in the accompanying statements of activities.

Allowance for Doubtful Accounts

The Diocese uses the allowance method to provide for doubtful accounts. The allowance for doubtful accounts is based on management's annual estimate after considering historical collection rates and an analysis of current accounts receivable.

Income Taxes

The Diocese is exempt from federal income tax provisions under Section 501(c)(3) of the Internal Revenue Code.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles in the United States requires management to make estimates and assumptions that affect the amounts reported in the combined financial statements and accompanying notes. Actual results could differ from those estimates.

Reclassifications

Amounts in the financial statements for 2012 may have been reclassified to conform to the presentation for 2013. These reclassifications had no effect on the reported changes in net assets.

Subsequent Events

Subsequent events have been evaluated through November 21, 2013. This corresponds to the date the financial statements were available for issuance.

NOTE 3 – ACCOUNTS RECEIVABLE

Accounts receivable include principally assessments receivable from parishes and short-term pledges. When management considers amounts to be uncollectible, the amounts are charged against reserves. Increases in reserves for uncollectible assessments are charged to operating revenues.

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NOTE 4 -- CAPITAL CAMPAIGN PLEDGES

In early 2012 the Diocese began a campaign to develop pledges for funding of long-term projects including a priests residence and retirement, campus ministry, parish support and Catholic education and outreach. As of June 30, 2013, the campaign was not complete and total unpaid pledges at that time amounted to approximately \$18 million. Since the campaign was not complete, the pledges are non-binding, and the pledges will be paid over an extended period, revenues will be recognized only upon collection.

NOTE 5 - INVESTMENTS HELD BY THE DIOCESE OF CORPUS CHRISTI PERPETUAL BENEFIT ENDOWMENT FUND, INC.

The Diocese deposits funds in the Diocese of Corpus Christi Perpetual Benefit Endowment Fund, Inc. (PBEF). The funds are managed in accordance with the investment policies established by the Board of Directors of the PBEF. The PBEF was audited for the fiscal years ending June 30, 2013 and 2012 and received unqualified opinions on its financial statements.

The fair value recorded in these financial statements is based on the proportionate share of the fair market value of the investment portfolio of the PBEF, amounting to approximately 18 percent as of June 30, 2013 and 2012, respectively. The methods used to measure fair value may produce an amount that may not be indicative of net realizable value or reflective of future fair values. Furthermore, although the PBEF believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date. The total fair market value of investments held in the PBEF for the years ended June 30, 2013 and 2012 were \$4,410,684 and \$4,282,768, respectively.

Income from these investments for the years ended June 30, 2013 and 2012 consists of the following:

|  | 2013       | 2012        |
|--|------------|-------------|
| Dividends and interest   | \$ 284,706 | \$ 149,557  |
| Realized and unrealized (losses) gains,<br>net of investment costs | 67,143     | (159,825)   |
| Total PBEF investment (loss) income                                | \$ 351,849 | \$ (10,268) |

NOTE 6 -- UNRESTRICTED AND TEMPORARILY RESTRICTED INVESTMENTS

In addition to investments of the Diocese held by the PBEF, see the footnote above, investments are also held in accounts through brokerage and investment advisors and through pooled investment accounts with other Catholic organizations. Investments in publicly traded securities are presented at fair value based on quoted market prices. Catholic umbrella pools have been presented at cost since market values could not be reasonably estimated. The fair value of

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NOTE 6 – UNRESTRICTED AND TEMPORARILY RESTRICTED INVESTMENTS  
(continued)

unrestricted and temporarily restricted investments as of June 30, 2013 and 2012, are summarized below:

|  | 2013          | 2012         |
|--|---------------|--------------|
| Mutual Funds:  |               |              |
| Multi-asset  | \$ 7,083,842  | \$ 3,270,551 |
| Municipal short-term   | 1,527,191     | 1,301,336    |
| Bond fund, intermediate                                      | 648,347       | 557,827      |
| Bond fund, international                                     | 663,484       | 651,326      |
| Bond fund, inflation indexed                                 | -             | 103,404      |
| Money market   | -             | 1,812,488    |
| Catholic insurance fund                                      | 401,087       | 406,381      |
| Total unrestricted and temporarily<br>restricted investments | \$ 10,323,951 | \$ 8,103,313 |

NOTE 7 - FAIR VALUE MEASUREMENTS

Investments are reported at fair value in the accompanying statements. The methods used to measure fair value may produce an amount that may not be indicative of net realizable value or reflective of future fair values. Furthermore, although the Diocese believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date. Investments are held by a brokerage company and managed by third parties under policies established by the Diocese.

Generally accepted accounting principles provide for three levels of measurements for fair value. Level 1 values rely on quoted prices in active markets for identical assets, typically negotiable stocks, bonds and mutual funds. Level 2 values rely on other observable inputs for calculating values besides actively traded markets, such as quoted prices in markets that are not actively traded or other observable inputs such as interest rates. Level 3 values are based on unobservable inputs where no actively traded markets exist, such as general economic conditions affecting real estate values.

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NOTE 7 - FAIR VALUE MEASUREMENTS (continued)

The following table summarizes financial assets measured at fair value on a recurring basis as of June 30, 2013, segregated by the level of the valuation inputs within the fair value hierarchy utilized to measure fair value:

|                          | <u>Fair Value</u>    | <u>Level 1</u>      | <u>Level 2</u> | <u>Level 3</u>    |
|--------------------------|----------------------|---------------------|----------------|-------------------|
| Mutual funds:            |                      |                     |                |                   |
| Multi-asset              | \$ 7,083,842         | \$ 7,083,842        | \$ -           | \$ -              |
| Municipal short-term     | 1,527,191            | 1,527,191           | -              | -                 |
| Bond fund, intermediate  | 648,347              | 648,347             | -              | -                 |
| Bond fund, international | 663,484              | 663,484             | -              | -                 |
| Catholic insurance fund  | <u>401,087</u>       | <u>-</u>            | <u>-</u>       | <u>401,087</u>    |
| Total                    | <u>\$ 10,323,951</u> | <u>\$ 9,922,864</u> | <u>\$ -</u>    | <u>\$ 401,087</u> |

The following table summarizes financial assets measured at fair value on a recurring basis as of June 30, 2012, segregated by the level of the valuation inputs within the fair value hierarchy utilized to measure fair value:

|                              | <u>Fair Value</u>   | <u>Level 1</u>      | <u>Level 2</u> | <u>Level 3</u>    |
|------------------------------|---------------------|---------------------|----------------|-------------------|
| Mutual funds:                |                     |                     |                |                   |
| Multi-asset                  | \$ 3,270,551        | \$ 3,270,551        | \$ -           | \$ -              |
| Money market                 | 1,812,488           | 1,812,488           | -              | -                 |
| Municipal short-term         | 1,301,336           | 1,301,336           | -              | -                 |
| Bond fund, intermediate      | 557,827             | 557,827             | -              | -                 |
| Bond fund, international     | 651,326             | 651,326             | -              | -                 |
| Bond fund, inflation indexed | 103,404             | 103,404             | -              | -                 |
| Catholic insurance fund      | <u>406,381</u>      | <u>-</u>            | <u>-</u>       | <u>406,381</u>    |
| Total                        | <u>\$ 8,103,313</u> | <u>\$ 7,696,932</u> | <u>\$ -</u>    | <u>\$ 406,381</u> |

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NOTE 8 - PROPERTY AND EQUIPMENT

Property and equipment consisted of the following as of June 30, 2013 and 2012:

|                               | <u>2013</u>          | <u>2012</u>          |
|-------------------------------|----------------------|----------------------|
| Land                          | \$ 4,699,665         | \$ 4,699,665         |
| Land improvements             | 1,546,711            | 1,524,646            |
| Buildings                     | 29,596,034           | 24,103,220           |
| Equipment                     | 1,575,947            | 1,521,129            |
| Furniture and fixtures        | 279,500              | 239,411              |
| Automobiles                   | <u>252,256</u>       | <u>246,349</u>       |
| Total property and equipment  | 37,950,113           | 32,334,420           |
| Less accumulated depreciation | <u>17,539,741</u>    | <u>16,055,496</u>    |
| Net property and equipment    | <u>\$ 20,410,372</u> | <u>\$ 16,278,924</u> |

Included in property and equipment are assets leased to affiliated corporations at a nominal rate. Additions to depreciable assets made by each of the affiliated corporations are recorded as assets on the books of the Diocese and subsidies to these entities reduced by a corresponding amount.

Depreciable assets used by these affiliates and the accumulated depreciation related to these assets as of June 30, 2013 are as follows:

|  | <u>Cost</u>         | <u>Accumulated<br/>Depreciation</u> | <u>Net Book Value</u> |
|--|---------------------|-------------------------------------|-----------------------|
| Diocesan Telecommunications Corporation    | \$ 1,052,857        | \$ 933,304                          | \$ 119,553            |
| Villa Maria of Corpus Christi Inc.         | 2,890,880           | 2,602,149                           | 288,731               |
| Catholic Charities of Corpus Christi, Inc. | 1,781,222           | 855,369                             | 925,853               |
| Mother Teresa Shelter, Inc.                | <u>1,875,684</u>    | <u>495,515</u>                      | <u>1,380,169</u>      |
| Total                                      | <u>\$ 7,600,643</u> | <u>\$ 4,886,337</u>                 | <u>\$ 2,714,306</u>   |

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NOTE 8 - PROPERTY AND EQUIPMENT (continued)

Similar account balances as of June 30, 2012 were as follows:

|  | <u>Cost</u>         | <u>Accumulated<br/>Depreciation</u> | <u>Net Book Value</u> |
|--|---------------------|-------------------------------------|-----------------------|
| Diocesan Telecommunications Corporation    | \$ 1,000,721        | \$ 894,685                          | \$ 106,036            |
| Villa Maria of Corpus Christi Inc.         | 2,876,647           | 2,494,500                           | 382,147               |
| Catholic Charities of Corpus Christi, Inc. | 1,771,990           | 780,744                             | 991,246               |
| Mother Teresa Shelter, Inc.                | <u>1,650,475</u>    | <u>435,916</u>                      | <u>1,214,559</u>      |
| Total                                      | <u>\$ 7,299,833</u> | <u>\$ 4,605,845</u>                 | <u>\$ 2,693,988</u>   |

Depreciation is calculated using the straight-line method over the useful life of the assets. Depreciation expense amounted to \$1,493,845 and \$1,489,181 for the years ended June 30, 2013 and 2012, respectively.

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NOTE 9 – NOTES PAYABLE TO BANK

Notes payable to bank consists of the following as of June 30, 2013 and 2012:

|  | 2013         | 2012       |
|--|--------------|------------|
| Loan payable to bank, interest due quarterly at 3.25 percent, principal plus interest due at maturity; matures August 2014; unsecured  | \$ 1,546,575 | \$ 921,849 |
| Loan payable to bank, interest due quarterly at 3.25 percent, principal plus interest due at maturity; matures January 2014; unsecured   | 1,409,166    | -          |
| Loan payable to bank, 67 monthly payments, interest only for first seven payments; remaining payments in the amount of \$30,736 each, including accrued interest; matures November 2018; unsecured | 1,180,325    | -          |
| Loan payable to bank, revolving line of credit for \$2,000,000; interest due quarterly at 3.25 percent; matures September 2017; unsecured  | 1,040,761    | -          |
|  | 5,176,827    | 921,849    |
| Less current maturities  | 1,624,318    | -          |
| Long-term portion  | \$ 3,552,509 | \$ 921,849 |

NOTE 10 – LOAN PAYABLE TO DEPOSIT AND LOAN FUND

The Diocese borrowed \$2.5 million from the Diocese of Corpus Christi Deposit and Loan Fund, Inc., a related entity that provides loans to churches, schools and other Diocesan entities. The terms of the unsecured loan require quarterly installments of \$145,614, including interest at six percent per annum. The loan matures in August 2015. A schedule of principal payments for the remaining three years is as follows:

| <u>Fiscal Year Ending</u> | <u>Principal Payments</u> |
|---------------------------|---------------------------|
| June 30, 2014             | 522,383                   |
| June 30, 2015             | 554,438                   |
| June 30, 2016             | 117,886                   |

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NOTE 11 - DESIGNATED NET ASSETS

The Diocese held designated, unrestricted net assets for the following purposes at June 30, 2013 and 2012:

|  | <u>2013</u>         | <u>2012</u>         |
|--|---------------------|---------------------|
| Property and Casualty Insurance          | \$ 3,755,380        | \$ 4,612,695        |
| Diocesan/Cathedral Restoration           | 1,077,203           | 1,073,376           |
| Diocesan Unemployment Compensation Trust | 472,901             | 503,860             |
| Medical Insurance                        | 959,172             | 567,612             |
| Infirm/Retired Priests                   | 552,809             | 532,046             |
| Parking Lot Maintenance                  | <u>313,031</u>      | <u>269,474</u>      |
| Total                                    | <u>\$ 7,130,496</u> | <u>\$ 7,559,063</u> |

NOTE 12 - TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets were available for the following purposes at June 30, 2013 and 2012:

|  | <u>2013</u>         | <u>2012</u>         |
|--|---------------------|---------------------|
| Capital Campaign                           | \$ 2,926,680        | \$ 1,392,274        |
| Catholic Sharing Appeal Supported Programs | 331,890             | 587,581             |
| Other Diocesan projects                    | 224,076             | 348,752             |
| Charitable Gift Annuities                  | 125,065             | 136,968             |
| Kenedy Memorial Foundation Projects        | 15,269              | 50,000              |
| Bishop's Guild Supported Projects          | <u>19,337</u>       | <u>9,128</u>        |
| Total                                      | <u>\$ 3,642,317</u> | <u>\$ 2,524,703</u> |

Net assets were released from donor restrictions by incurring expenses satisfying the following restrictions as follows:

|   | <u>2013</u>         | <u>2012</u>         |
|---|---------------------|---------------------|
| Capital Campaign                            | \$ 4,323,401        | \$ -                |
| Catholic Sharing Appeal Supported Programs  | 1,419,031           | 1,599,568           |
| Kenedy Memorial Foundation Capital Projects | 706,409             | 473,410             |
| Bishop's Guild Supported Projects           | 123,969             | 110,192             |
| Charitable Gift Annuities                   | (3,587)             | 5,031               |
| Other Diocesan Projects                     | <u>124,676</u>      | <u>(99,760)</u>     |
| Total                                       | <u>\$ 6,693,899</u> | <u>\$ 2,088,441</u> |

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NOTE 13 - EMPLOYEE BENEFIT PLAN

Employees of the Diocese and related entities who have completed two years of service are eligible to participate in the defined contribution plan (Plan) of the Diocese covering all full-time lay personnel. Bi-weekly contributions to the Plan are required based on a percentage of gross salary ranging from 3 percent to 10 percent, depending on years of service. Employees are fully vested in contributions and may make voluntary tax-deferred contributions up to limits specified by federal income tax regulations. All contributions into the Plan are credited to individual accounts maintained by the Plan's trustee for each participating employee. The total contributions attributable to the Diocese for the year ended June 30, 2013 and 2012 were \$122,576 and \$113,609, respectively.

NOTE 14 - INSURANCE FUNDS

The Diocese is self-insured for medical benefits, unemployment compensation, individual workers' compensation, automotive losses, and property and liability losses as described below. Various religious organizations, parishes, and schools participate with the Diocese in the self-insurance plans. Premiums paid to the Diocese by these organizations are included in insurance revenue.

The Diocese is a member of the Catholic Employees Benefit Group Trust (the Trust) to provide medical benefits for employees and dependents. The Trust purchases an excess loss policy from an independent insurance company to provide medical benefits on all claims exceeding \$200,000 per employee and dependents per year.

As a member of the Trust, the Diocese participates in a self-insured pool to fund medical benefits on claims up to \$200,000 per covered employee. The individual excess loss policy of the Trust provides for maximum annual coverage of \$1,250,000 per individual without an aggregate limitation. An independent administrator processes all claims. Claims amounted to \$2,495,818 and \$2,480,042 for the years ended June 30, 2013 and 2012, respectively.

The Diocese is self-insured with respect to unemployment compensation. Claims and benefits paid were not significant for the years ended June 30, 2013 and 2012.

The Diocese is self-insured for individual workers' compensation losses of \$50,000 or less, and has purchased excess loss policies covering individual losses exceeding \$50,000 and aggregate losses exceeding \$150,000 per policy year. Total workers' compensation claims paid amounted to \$57,644 and \$41,252 for the years ended June 30, 2013 and 2012, respectively.

The Diocese is self-insured for individual automotive losses of \$100,000 or less, and has purchased excess loss policies covering individual losses exceeding \$100,000 and aggregate losses exceeding \$200,000 per policy year. Claims paid amounted to \$5,238 and \$2,222 for the years ended June 30, 2013 and 2012, respectively.

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NOTE 14 - INSURANCE FUNDS (continued)

The Diocese is self-insured for individual property and liability losses of \$25,000 or less, and has purchased excess loss policies covering individual losses exceeding \$25,000 and aggregate losses exceeding \$175,000 per policy year. Property damage resulting from a named, tropical storm is subject to a 3 percent deductible with a \$50,000,000 per-occurrence and annual aggregate.

NOTE 15 - RELATED PARTY TRANSACTIONS AND SUPPORT

The Diocese leases radio broadcast, telecommunications and other property, buildings, equipment, autos, and furniture to the Diocesan Telecommunications Corporation, Villa Maria of Corpus Christi, Inc. (Villa Maria), Catholic Charities of Corpus Christi, Inc., and Mother Teresa Shelter, Inc. for a nominal sum per year. The fair value of these leases has not been determined and is not included in the financial statements. The lessees are responsible for all operating costs and maintenance associated with the property and equipment subject to these leases.

Except for Villa Maria, these entities are dependent on continued support from the Diocese for their operations. The Diocese provided \$589,448 and \$582,795 in operating subsidies to the entities during the years ended June 30, 2013 and 2012, respectively, for current year operations.

The Diocese also provides accounting support to the entities above and others. The Diocese charged \$81,252 and \$75,013 for accounting support during the years ended June 30, 2013 and 2012, respectively.

NOTE 16 - COMMITMENTS AND CONTINGENCIES

The Diocese is involved in various legal proceedings and litigation. The outcome of these matters is not presently known, but in the opinion of management and legal counsel, the ultimate liability of these proceedings and litigation will not materially affect the Diocese's financial position.

NOTE 17 - PRIESTS' PENSION PAYABLE

The Diocese sponsors a defined benefit pension plan for its priests who meet certain age and service requirements. The plan requires benefits to be paid to eligible priests at retirement based on years of participation. The funding policy of the Diocese is to contribute the annual pension costs as determined by the plan's actuary. The last actuarial estimate was made as of July 1, 2012, and as of June 30, 2012, a liability was recorded for the unfunded plan benefits and included in long-term liabilities on the statement of financial position. A current portion has not been reflected on the statements of financial position at June 30, 2013 and 2012 because it is anticipated the current portion will be paid from plan assets.

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NOTE 17 - PRIESTS' PENSION PAYABLE (continued)

Since a new actuarial study was not performed to determine the estimate of unfunded plan benefits as of June 30, 2013, the Diocese has elected not to reduce its unfunded liability from the prior year until a new actuarial study is performed.

Disclosures concerning the plan as of June 30, 2013 and 2012 are as follows:

|                           | 2013                | 2012                |
|---------------------------|---------------------|---------------------|
| Accumulated plan benefits | \$ <u>5,160,783</u> | \$ <u>5,160,783</u> |
| Fair value of plan assets | \$ <u>3,151,497</u> | \$ <u>2,848,153</u> |
| Unfunded plan benefits    | \$ <u>2,009,286</u> | \$ <u>2,312,630</u> |
| Employer contributions    | \$ <u>630,564</u>   | \$ <u>690,158</u>   |
| Expense                   | \$ <u>68,069</u>    | \$ <u>42,312</u>    |
| Benefits paid             | \$ <u>445,910</u>   | \$ <u>432,160</u>   |

Assumptions used by the actuary in the accounting for the plan:

|   | 2012 |
|---|------|
| Assumed discount rate                       | 7%   |
| Expected long-term rate of return on assets | 7%   |

NOTE 18 - POST RETIREMENT BENEFITS PAYABLE

The Diocese is obligated under Canon Law to provide for the care of its retired priests. Such care includes medical and housing needs and other related costs. The estimated liability as of June 30, 2013 and 2012 totaled \$5,078,000 and \$4,545,000, respectively. Of this amount, \$391,412 and \$292,375 are reported as current liabilities as of June 30, 2013 and 2012, respectively. The estimate projects retirement obligations based on the age of each priest, an inflation rate of 3 percent, and a present value discount rate of 6 percent.

NOTE 19 - CHARITABLE GIFT ANNUITIES

The Diocese administers various charitable gift annuities. Under these agreements, the Diocese pays the donor a fixed annuity in equal annual or quarterly installments for the life of the donor. The obligation for annuity payments terminates with the death of the donor. The remaining portion of the annuity amount shall be transferred to the unrestricted net assets fund of the

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NOTE 19 - CHARITABLE GIFT ANNUITIES (continued)

Diocese for its unrestricted use unless restricted by the donor. Charitable gift annuities totaled \$131,420 and \$148,712 as of June 30, 2013 and 2012, respectively and are reported at fair market value in the statements of financial position in unrestricted and temporarily restricted investments. The present value of the estimated future payments is based on life expectancy tables published by the Internal Revenue Service. The Diocese has a reserve of \$100,000 arising from charitable gift annuities.

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SUPPLEMENTAL SCHEDULES

DIOCESE OF CORPUS CHRISTI, A CORPORATE SOLE  
Schedule of Program Services Expenses  
For the Years Ended June 30, 2013 and 2012

|   | <u>2013</u>         | <u>2012</u>         |
|---|---------------------|---------------------|
| Office of Diocesan Bishop and Bishops Emeriti:      |                     |                     |
| Bishop Mulvey                                       | \$ 258,053          | 319,549             |
| Bishop Emeritus- Gracida                            | 97,142              | 96,234              |
| Bishop Emeritus- Carmody                            | 73,185              | 117,407             |
| Total Office of Diocesan Bishop and Bishops Emeriti | <u>428,380</u>      | <u>533,190</u>      |
| Office of Catholic Schools                          | <u>503,560</u>      | <u>456,349</u>      |
| Office of Judicial Vicar                            | <u>186,341</u>      | <u>168,590</u>      |
| Office of Vicar for Priests                         | <u>72,161</u>       | <u>66,116</u>       |
| Office of Consecrated Life                          | <u>14,425</u>       | <u>13,676</u>       |
| Office of Stewardship and Development               | <u>455,169</u>      | <u>411,732</u>      |
| Office of Evangelization & Catechesis               |                     |                     |
| Department of Evangelization & Catechesis           | 332,561             | 318,114             |
| Youth Ministry                                      | 321,389             | 226,297             |
| Life, Justice, & Human Dignity                      | 96,200              | 146,086             |
| St. Thomas Aquinas, A&M Kingsville                  | 116,893             | 138,151             |
| Family Life   | 129,240             | 122,527             |
| Young adult & campus ministry                       | 69,552              | 84,065              |
| Cardinal Newman Student Center                      | 36,359              | 35,037              |
| Total Office of Evangelization & Catechesis         | <u>1,102,194</u>    | <u>1,070,277</u>    |
| Office of Communication                             |                     |                     |
| South Texas Catholic                                | 505,232             | 438,040             |
| Information Technology                              | 87,281              | 83,124              |
| Web Master  | -                   | 0                   |
| Total Office of Communication                       | <u>592,513</u>      | <u>521,164</u>      |
| Office of Child & Youth Protection                  | <u>124,107</u>      | <u>93,405</u>       |
| Office of Vocations                                 |                     |                     |
| Major Seminary Department                           | 495,706             | 415,585             |
| Vocations Office                                    | 119,618             | 49,504              |
| Total Office of Vocations                           | <u>615,324</u>      | <u>465,089</u>      |
| Office of Permanent Diaconate                       |                     |                     |
| Deacons' Formation                                  | 60,864              | 64,494              |
| Permanent Diaconate                                 | 43,987              | 40,524              |
| Total Office of Permanent Diaconate                 | <u>104,851</u>      | <u>105,018</u>      |
| Office of Divine Worship                            | <u>244,525</u>      | <u>227,057</u>      |
| Centennial Celebration                              | <u>3,424</u>        | <u>408,642</u>      |
| TOTAL PROGRAM SERVICES                              | <u>\$ 4,446,974</u> | <u>\$ 4,540,305</u> |

See independent auditors' report.

DIOCESE OF CORPUS CHRISTI, A CORPORATE SOLE  
Schedule of Supporting Services Expenses  
For the Years Ended June 30, 2013 and 2012

|   | 2013         | 2012         |
|---|--------------|--------------|
| Fiscal Officer:                           |              |              |
| Finance/Accounting                        | \$ 450,453   | \$ 466,235   |
| Parish and School LOGOS Accounting Office | 100,084      | 143,100      |
| Cemeteries                                | 118,371      | 121,579      |
| Construction Contracts                    | 134,771      | 79,658       |
| LOGOS Management Information Office       | 57,366       | 56,489       |
| Diocesan Parking Lot                      | 12,580       | 12,642       |
| Total Fiscal Officer                      | 873,625      | 879,703      |
| Vicar General                             | 388,800      | 405,295      |
| Secretary for Personnel Services          | 56,885       | 58,420       |
| Diocesan Archives:                        |              |              |
| Archives                                  | 54,998       | 32,960       |
| Department of Records                     | 41,645       | 19,906       |
| Total Diocesan Archives                   | 96,643       | 52,866       |
| General Administration                    | 105,577      | 111,603      |
| Bad Debt Expense                          | 97,021       | 104,960      |
| Legal and Professional Fees               | 247,067      | 169,287      |
| Capital Campaign Expense/Distributions    | 4,681,472    | 686,904      |
| Chancellor                                | 36,034       | 117,171      |
| Interest Expense                          | 139,140      | 145,896      |
| TOTAL SUPPORTING SERVICES                 | \$ 6,722,264 | \$ 2,732,105 |

See independent auditors' report.