

***DIOCESE OF DAVENPORT***  
***FINANCIAL STATEMENTS***  
***JUNE 30, 2025***

## ***Table Of Contents***

***Page(s)***

---

<b>Independent Auditor's Report</b> .....	1 – 2
---	-------

### **Financial Statements**

Statements Of Financial Position .....	3
Statements Of Activities .....	4
Statement Of Functional Expenses – For The Year Ended June 30, 2025 .....	5
Statement Of Functional Expenses – For The Year Ended June 30, 2024 .....	6
Statements Of Cash Flows .....	7
Notes To Financial Statements .....	8 – 19

### **Supplementary Information**

Independent Auditor's Report On Supplementary Information .....	20
Statement Of Activities – Excluding Investment Returns .....	21

## Independent Auditor's Report

To the Board of Directors  
Diocese of Davenport  
Davenport, Iowa

### Report On The Audit Of The Financial Statements

#### *Opinion*

We have audited the financial statements of Diocese of Davenport (the Diocese), which comprise the statements of financial position as of June 30, 2025 and 2024, the related statements of activities, functional expenses and cash flows for the years then ended and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of Diocese of Davenport as of June 30, 2025 and 2024 and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP).

#### *Basis For Opinion*

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (U.S. GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Diocese and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

#### *Responsibilities Of Management For The Financial Statements*

Management is responsible for the preparation and fair presentation of the financial statements in accordance with U.S. GAAP and for the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Diocese's ability to continue as a going concern for one year after the date that the financial statements are available to be issued.

### ***Auditor's Responsibilities For The Audit Of The Financial Statements***

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

In performing an audit in accordance with U.S. GAAS, we:

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

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

**HONKAMP, P.C.**

*Honkamp, P.C.*

Dubuque, Iowa  
December 19, 2025

# DIOCESE OF DAVENPORT

---

## STATEMENTS OF FINANCIAL POSITION

	June 30,	
	2025	2024
<b>Assets</b>		
Cash	\$ 558,490	\$ 528,686
Accounts receivable – related parties – parishes	198,740	274,196
Accounts receivable – related party – Catholic Foundation	339,878	157,804
Accounts receivable – other	90,513	150,345
Other assets	298,327	162,060
Investments:		
Operating	7,841,494	7,057,701
Endowment	273,375	273,375
Property and equipment	2,782,105	2,307,476
	<b>\$ 12,382,922</b>	<b>\$ 10,911,643</b>
<b>Liabilities And Net Assets</b>		
<b>Liabilities</b>		
Accounts payable	\$ 125,282	\$ 62,837
Accounts payable – special collections	277,600	606,908
Accrued expenses	629,615	337,535
<b>Total Liabilities</b>	<b>1,032,497</b>	<b>1,007,280</b>
<b>Net Assets</b>		
Without donor restrictions	10,890,900	9,459,377
With donor restrictions	459,525	444,986
<b>Total Net Assets</b>	<b>11,350,425</b>	<b>9,904,363</b>
	<b>\$ 12,382,922</b>	<b>\$ 10,911,643</b>

# DIOCESE OF DAVENPORT

## STATEMENTS OF ACTIVITIES

	For The Year Ended June 30, 2025			For The Year Ended June 30, 2024		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
<b>Support And Revenue</b>						
Annual diocesan appeal	\$ 3,100,000	\$ —	\$ 3,100,000	\$ 3,050,000	\$ —	\$ 3,050,000
Support revenue for special collections	—	139,621	139,621	—	122,120	122,120
Contributions and bequests	1,689,600	—	1,689,600	1,057,677	—	1,057,677
Insurance loss	(33,648)	—	(33,648)	(191,214)	—	(191,214)
Net Investment income	1,099,775	—	1,099,775	1,001,175	—	1,001,175
Other income – including primarily education receipts	752,512	—	752,512	436,224	—	436,224
Net assets released from restrictions	125,082	(125,082)	—	185,684	(185,684)	—
<b>Total Support And Revenue</b>	<b>6,733,321</b>	<b>14,539</b>	<b>6,747,860</b>	<b>5,539,546</b>	<b>(63,564)</b>	<b>5,475,982</b>
<b>Expenses</b>						
<b>Program Services</b>						
Chancery operations and parish services	1,450,470	—	1,450,470	1,308,930	—	1,308,930
Charity and service	861,529	—	861,529	917,268	—	917,268
Evangelization and faith formation	983,565	—	983,565	813,690	—	813,690
Ministry preparation and clergy support	917,021	—	917,021	806,742	—	806,742
<b>Supporting Services</b>						
Management and general	1,089,213	—	1,089,213	1,029,795	—	1,029,795
<b>Total Expenses</b>	<b>5,301,798</b>	<b>—</b>	<b>5,301,798</b>	<b>4,876,425</b>	<b>—</b>	<b>4,876,425</b>
<b>Change In Net Assets</b>	<b>1,431,523</b>	<b>14,539</b>	<b>1,446,062</b>	<b>663,121</b>	<b>(63,564)</b>	<b>599,557</b>
<b>Net Assets – Beginning Of Year</b>	<b>9,459,377</b>	<b>444,986</b>	<b>9,904,363</b>	<b>8,796,256</b>	<b>508,550</b>	<b>9,304,806</b>
<b>Net Assets – End Of Year</b>	<b>\$ 10,890,900</b>	<b>\$ 459,525</b>	<b>\$ 11,350,425</b>	<b>\$ 9,459,377</b>	<b>\$ 444,986</b>	<b>\$ 9,904,363</b>

**DIOCESE OF DAVENPORT**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
**For The Year Ended June 30, 2025**

	Program Services					Supporting Services	
	Chancery Operations And Parish Services	Charity And Service	Evangelization And Faith Formation	Ministry Preparation And Clergy Support	Total	Management And General	Total
Salaries and benefits	\$ 866,859	\$ 663,818	\$ 824,593	\$ 372,036	\$ 2,727,306	\$ 724,162	\$ 3,451,468
Clergy and seminary support	10,757	12,086	4,251	215,928	243,022	1,543	244,565
Charitable activities and scholarships	62,250	73,285	1,872	—	137,407	45,559	182,966
Travel	14,463	5,979	14,039	25,668	60,149	5,568	65,717
Program materials and supplies	14,990	3,825	28,814	75,795	123,424	4,343	127,767
Dues and memberships	123,293	4,400	4,063	1,446	133,202	1,858	135,060
Staff development	7,465	3,564	4,815	68,856	84,700	2,543	87,243
Office supplies and printing	54,994	16,744	17,633	51,533	140,904	55,130	196,034
Miscellaneous	14,545	4,330	6,815	1,631	27,321	66,110	93,431
Occupancy	242,451	25,524	34,285	79,578	381,838	50,342	432,180
Professional fees	8,000	24,692	13,464	11,502	57,658	106,656	164,314
Depreciation	30,403	23,282	28,921	13,048	95,654	25,399	121,053
	<b>\$ 1,450,470</b>	<b>\$ 861,529</b>	<b>\$ 983,565</b>	<b>\$ 917,021</b>	<b>\$ 4,212,585</b>	<b>\$ 1,089,213</b>	<b>\$ 5,301,798</b>

**DIOCESE OF DAVENPORT**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
**For The Year Ended June 30, 2024**

	Program Services					Supporting Services	
	Chancery Operations And Parish Services	Charity And Service	Evangelization And Faith Formation	Ministry Preparation And Clergy Support	Total	Management And General	Total
Salaries and benefits	\$ 849,538	\$ 692,385	\$ 687,863	\$ 321,870	\$ 2,551,656	\$ 735,786	\$ 3,287,442
Clergy and seminary support	17,414	25,556	—	301,210	344,180	573	344,753
Charitable activities and scholarships	15,183	52,290	451	—	67,924	150	68,074
Travel	18,437	16,429	8,225	42,874	85,965	4,524	90,489
Program materials and supplies	13,350	2,299	24,965	51,921	92,535	2,598	95,133
Dues and memberships	118,910	5,319	1,559	2,100	127,888	1,990	129,878
Staff development	4,254	2,730	5,587	3,011	15,582	4,772	20,354
Office supplies and printing	38,792	15,002	14,481	4,226	72,501	51,384	123,885
Miscellaneous	11,334	5,252	1,748	1,739	20,073	23,145	43,218
Occupancy	187,921	26,249	32,190	55,483	301,843	72,861	374,704
Professional fees	2,412	48,178	11,209	10,417	72,216	104,830	177,046
Depreciation	31,385	25,579	25,412	11,891	94,267	27,182	121,449
	<b>\$ 1,308,930</b>	<b>\$ 917,268</b>	<b>\$ 813,690</b>	<b>\$ 806,742</b>	<b>\$ 3,846,630</b>	<b>\$ 1,029,795</b>	<b>\$ 4,876,425</b>

# DIOCESE OF DAVENPORT

## STATEMENTS OF CASH FLOWS

	For The Years Ended	
	June 30,	
	2025	2024
<b>Cash Flows From Operating Activities</b>		
Change in net assets	\$ 1,446,062	\$ 599,557
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Depreciation	121,053	121,449
Realized and unrealized gain on investments	(948,394)	(895,734)
Changes in assets and liabilities:		
Accounts receivable – related parties – parishes	75,456	(110,382)
Accounts receivable – related party – Catholic Foundation	(182,074)	(7,555)
Accounts receivable – other	59,832	(32,643)
Other assets	(136,267)	255,670
Accounts payable	62,445	(80,323)
Accounts payable – special collections	(329,308)	151,120
Accrued expenses	292,080	(112,256)
<b>Net Cash Provided By (Used In) Operating Activities</b>	<b>460,885</b>	<b>(111,097)</b>
<b>Cash Flows From Investing Activities</b>		
Purchase of investments	(135,399)	(551,207)
Purchase of property and equipment	(595,682)	(60,486)
Proceeds from sales of investments	300,000	451,281
<b>Net Cash Used In Investing Activities</b>	<b>(431,081)</b>	<b>(160,412)</b>
<b>Change In Cash</b>	<b>29,804</b>	<b>(271,509)</b>
<b>Cash – Beginning Of Year</b>	<b>528,686</b>	<b>800,195</b>
<b>Cash – End Of Year</b>	<b>\$ 558,490</b>	<b>\$ 528,686</b>

# DIOCESE OF DAVENPORT

---

## NOTES TO FINANCIAL STATEMENTS

### 1. Nature Of Business And Significant Accounting Policies

The Diocese of Davenport (the Diocese) is an Iowa nonprofit corporation. The Diocese is affiliated with numerous other Iowa nonprofit corporations because the Bishop of the Diocese, as Ordinary of the Catholic Church activities in southeast Iowa, serves as president of this and the following affiliated organizations:

- Approximately 90 parish and school corporations
- The Catholic Messenger
- St. Ambrose University Board of Trustees
- St. Vincent's Home
- Newman Catholic Student Center of Iowa City, Iowa
- Catholic Foundation for the Diocese of Davenport

None of the assets or liabilities of these affiliated organizations, or any other related organizations, are included in this financial report.

Chancery operations and parish services – The Diocese provides an operational center for all diocesan office personnel and retired priests. The program is also used as an outreach center for parishes when they are unable to provide the services themselves.

Charity and service – The Diocese provides various charitable services to the community which includes supervising diocesan programs on immigration, writing grants for parishes, overseeing the Pacem In Terris Peace and Freedom Award and coordinating diocesan activities.

Evangelization and faith formation – The Diocese provides administrative support and guidance for programs that are being run by parishes and schools. These would include marriage preparation, ministry formation, youth ministry, baptism and confirmation preparation.

Ministry preparation and clergy support – The Diocese assists with the cost of seminarians, deacon formation, ongoing education for members and the organization and provision of funding for annual retreats.

A summary of the Diocese's significant accounting policies follows:

#### **Use Of 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 the reported amounts of assets and liabilities, disclosures of contingent assets and liabilities and the reported amounts of revenue and expenses. Actual results could differ from those estimates.

# **DIOCESE OF DAVENPORT**

---

## Notes To Financial Statements (*Continued*)

### **Cash**

The Diocese places its cash with high credit quality financial institutions. At times, such amounts may be in excess of the Federal Deposit Insurance Corporation insurance limits.

Cash internally designated for insurance purposes totaled \$214,163 and \$162,772 as of June 30, 2025 and 2024, respectively. Cash for insurance purposes totaled \$344,327 and \$365,914 as of June 30, 2025 and 2024, respectively.

### **Accounts Receivable – Related Parties – Parishes**

Accounts receivable represent outstanding assessments from parishes. Accounts receivable are stated at the amount management expects to collect from outstanding balances. Management provides for probable uncollectible amounts through a charge to operating expenses and a credit to allowance for credit loss. At each statement of financial position date, the Diocese recognizes an expected allowance for credit loss. In addition, this estimate is updated to reflect any changes in credit risk since the receivable was initially recorded.

Management evaluates all accounts receivable balances by customer as each customer does not share similar risk characteristics. Management determines whether an allowance for credit loss is necessary using historical loss information by aging category adjusted for current economic conditions and reasonable and supportable forecasts. Balances are charged off against the allowance when management believes there is no possibility of recovery. Management has determined that an allowance for credit loss was not necessary at June 30, 2025. Accounts receivable – related parties as of June 30, 2025 and 2024 were \$198,740 and \$274,196, respectively.

### **Investments And Investment Income**

Investments in equity securities with readily determinable fair values are measured at fair value in the statements of financial position. Investment income or loss (including realized and unrealized gain and loss on investments, interest and dividends, less investment management and custodial fees) are recorded as changes in net assets without donor restrictions in the statements of activities unless their use is restricted by explicit stipulations or law.

### **Unconditional Promises To Give – Related Party – Catholic Foundation**

Unconditional promises to give are recognized as revenue in the period in which the promise is received.

Unconditional promises to give are expected to be collected within one year and are recorded at net realizable value. The allowance for uncollectable promises to give is based on historical experience and an assessment of remaining collections. Unconditional promises to give are written off when deemed uncollectible. The Diocese has determined that no allowance for uncollectable unconditional promises to give is necessary as of June 30, 2025

# DIOCESE OF DAVENPORT

## Notes To Financial Statements (*Continued*)

### Property And Equipment

Property and equipment are carried at cost, less accumulated depreciation. Major expenditures for improvements and those which substantially increase useful lives are capitalized if the associated costs are in excess of the capitalization policy threshold of \$5,000. Maintenance, repairs and minor renewals are expensed as incurred. When assets are retired or otherwise disposed of, their costs and related accumulated depreciation are removed from the accounts and resulting gains or losses are included in the statements of activities. Property and equipment are depreciated using the straight-line method over the assets' estimated useful lives.

### Net Assets

The Diocese's resources are classified into two separate classes of net assets as follows:

#### ***Net Assets Without Donor Restrictions***

Net assets which are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objective of the Diocese. The Diocese's board of directors may designate net assets without restrictions for specific operational purposes from time to time. Net assets without donor restrictions consist of the following:

	<u>2025</u>	<u>2024</u>
Undesignated	\$ 9,664,339	\$ 8,271,679
Board designated Woltering trust (A)	1,012,353	873,571
Board designated Coughlin trust (B)	—	14,127
Board designated priest expenses	214,208	300,000
	<u>\$ 10,890,900</u>	<u>\$ 9,459,377</u>

(A) An annual withdrawal can be made from these funds of up to \$50,000 to be spent on priest sabbaticals, education of priests and deacons, seminarian education, pastoral care of students at St. Ambrose University, vocations or respect for human life.

(B) These funds are to be used for the installation or ordination of a new bishop.

## DIOCESE OF DAVENPORT

### Notes To Financial Statements (Continued)

#### **Net Assets With Donor Restrictions**

Net assets subject to stipulations imposed by donors or grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the Diocese or by passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity. The Diocese reports contributions restricted by donors as increases in net assets with donor restrictions if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends, or purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets released from restrictions. The Diocese reports contributions restricted by donors as increases in net assets without donor restrictions if the restrictions expire in the same fiscal year in which in the contribution was received.

Net assets with donor restrictions are restricted for the following purposes or period:

	<b>2025</b>	2024
<b>Restricted For Specific Purposes</b>		
Seminary scholarships	\$ 5	\$ 5
Special collections – volunteer program	38,393	38,393
Special collections – works of charity	91,292	65,069
Sisters exchange program	51,916	63,600
Prison ministry	294	294
Deacon ordination	4,250	4,250
	<b>186,150</b>	171,611
<b>Endowments Held In Perpetuity</b>		
Clergy education	273,375	273,375
	<b>\$ 459,525</b>	\$ 444,986

Net assets released from donor restrictions due to the Organization incurring expenses that satisfy the restricted purpose were as follows for the years ended June 30, 2025 and 2024, respectively.

	<b>2025</b>	2024
Seminary scholarships	\$ —	\$ 2,794
Special collections – works of charity	7,743	55,754
Sisters exchange program	117,339	36,400
Seminarian training	—	90,736
Elevator project *	595,682	—
	<b>\$ 720,764</b>	\$ 185,684

\* Funds were received and used for the specific purpose in the same year.

## **DIOCESE OF DAVENPORT**

---

### Notes To Financial Statements (*Continued*)

#### **Revenue Recognition**

##### *Revenue from annual diocesan appeal*

The Diocese recognizes revenue from the annual appeal over time during the fiscal year in which the related services are provided to the parishes. The performance obligations of providing clergy staffing and other diocesan services such as back-office accounting services and payroll processing are simultaneously received and consumed by the parishes; therefore, the revenue is recognized ratably over the course of the fiscal year as services are performed for each performance obligation. Payment received from the parishes to the Diocese that are in excess of the annual amount due are recorded within accrued expenses and payments received that are less than the annual amount due are recorded as accounts receivable within accounts receivable – related parties – parishes. Payments are due by the end of the fiscal year and there is no significant financing available to the parishes.

##### *Revenue from education*

Revenue from education is recognized at a point in time when the course takes place, which coincides with payment for attendance of the course.

##### *Revenue from contributions*

The Diocese records support revenue, contributions and bequests when cash, securities or other assets or an unconditional promise to give is received. Conditional promises to give, that is, those with a measurable performance or other barriers and a right of return, are not recognized until the conditions on which they depend have been substantially met. The Diocese does not have any conditional contributions, grants or promises to give as of June 30, 2025 and 2024.

##### *Principal vs. agent*

The Diocese acts as an agent to collect funds from parishes for youth to attend the biennial National Catholic Youth Conference. Accordingly, the associated revenue is reported net of the cost of the underlying service in the statements of activities. The Diocese recorded net revenue of \$1,514 for the year ended 2024, and no income for the year ended June 30, 2025. The net revenues or expenses are presented within Other income – including primarily education receipts in the statements of activities.

For the Diocese's remaining revenue, the Diocese is recording revenue on a gross basis as they are acting as a principal.

#### **Functional Allocation Of Expenses**

The costs of providing various programs and supporting services have been summarized on a functional basis in the statements of activities and functional expenses. The statements of functional expenses present the natural classification detail of expenses by function. Accordingly, costs have been allocated between program and supporting service classifications by management for certain functions. These expenses are allocated on the basis of time records or estimates of time and effort and actual expenses incurred.

# DIOCESE OF DAVENPORT

## Notes To Financial Statements (*Continued*)

### Income Tax Matters

The Diocese is exempt from income taxes under section 501(c)(3) of the Internal Revenue Code and a similar section of state tax law, which provides tax exemption for entities organized and operated exclusively for religious, charitable or educational purposes.

### Subsequent Events

Management has evaluated subsequent events through December 19, 2025, the date which the financial statements were available to be issued.

## 2. Availability And Liquidity

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the statements of financial position date, comprise of the following:

	2025	2024
<b>Financial Assets</b>		
Cash	\$ 558,490	\$ 528,686
Accounts receivable – related party – parishes	198,740	274,196
Accounts receivable – related party – Catholic Foundation	339,878	157,804
Accounts receivable – other	90,513	150,345
Other assets	298,327	162,060
Investments – operating	7,841,494	7,057,701
	<b>9,327,442</b>	<b>8,330,792</b>
Less: Those unavailable for general expenditures within one year		
Prepaid expenses included within other assets	222,454	102,209
Accounts receivable – other	—	3,171
Net assets with donor restrictions – purpose restriction	186,150	171,611
<b>Financial Assets Available To Meet Cash Needs For General Expenditures Within One Year</b>	<b>\$ 8,918,838</b>	<b>\$ 8,053,801</b>

The Diocese has board designated net assets of \$1,226,561 and \$1,187,698 as of June 30, 2025 and 2024, respectively. Although the Diocese does not intend to spend funds included in these board designated net assets, these amounts could be made available, if necessary, through approval of the Board of Directors. As part of the Diocese's liquidity management, the Diocese structures its financial assets to be available as its general expenditures, liabilities and other obligations come due. The Diocese also has \$500,000 available on a line of credit to use for operations, as described in Note 5.

# DIOCESE OF DAVENPORT

---

## Notes To Financial Statements (*Continued*)

### 3. Fair Value Measurements And Disclosures

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

A three-tier hierarchy categorizes the inputs as follows:

Level 1 – Quoted prices unadjusted in active markets for identical assets or liabilities that the Diocese can access at the measurement date.

Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly. These include quoted prices for similar assets or liabilities in active markets, quoted prices for identical or similar assets or liabilities in markets that are not active, inputs other than quoted prices that are observable for the asset or liability and market-corroborated inputs.

Level 3 – Unobservable inputs for the asset or liability. In these situations, inputs are developed using the best information available in the circumstances.

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

The Diocese's investments are open-ended mutual funds with readily determinable fair values based on daily redemption values and are categorized as Level 1 investments.

## DIOCESE OF DAVENPORT

### Notes To Financial Statements (Continued)

---

Net Investment income consists of the following for the years ended June 30:

	<u>2025</u>	<u>2024</u>
Interest and dividends, net of fees	\$ 151,405	\$ 105,441
Realized and unrealized gains	948,370	895,734
	<u>\$ 1,099,775</u>	<u>\$ 1,001,175</u>

#### 4. Property And Equipment

Property and equipment consists of:

	<u>2025</u>	<u>2024</u>
Land	\$ 275,000	\$ 275,000
Land improvements	382,899	382,899
Automobiles	280,599	280,599
Buildings and improvements	3,598,643	3,002,961
Equipment and furniture	434,012	434,012
	<u>4,971,153</u>	<u>4,375,471</u>
Less: Accumulated depreciation	<u>2,189,048</u>	<u>2,067,995</u>
	<u>\$ 2,782,105</u>	<u>\$ 2,307,476</u>

#### 5. Line Of Credit And Subsequent Event

The Diocese has a line of credit agreement with a bank with borrowing capacity of up to \$500,000 and a maturity date of September 2025. The Diocese had \$500,000 available on the line of credit as of June 30, 2025. Interest is payable monthly at the Wall Street Journal Prime Rate plus 0.25%, with a floor of 6.00% and a ceiling of 21.00% (effective rate of 7.75% as of June 30, 2025). The line of credit is collateralized by substantially all the Diocese's assets.

Subsequent to year-end, the line of credit agreement was renewed extending the maturity date to September 2026, with all other terms of the agreement unchanged.

## **DIOCESE OF DAVENPORT**

---

### Notes To Financial Statements (*Continued*)

#### **6. Retirement Plan**

The Diocese has adopted a Church retirement plan which covers substantially all of its employees who are 21 years old and have completed one month of service. The Diocese will match 100% of the employees' contributions up to 2% of the employees' compensation. The Diocese also has the option to make discretionary contributions to the plan. The Diocese's matching and discretionary contributions totaled \$155,345 and \$170,746 for the years ended June 30, 2025 and 2024, respectively.

#### **7. Related-Party Transactions**

The Diocese has a receivable from the Catholic Foundation for the Diocese of Davenport (the Foundation) of \$339,878 and \$157,804 as of June 30, 2025 and 2024, respectively. The Diocese recorded contributions from the Foundation totaling \$1,354,282 and \$607,485 for the years ended June 30, 2025 and 2024, respectively.

The Diocese has an agreement with the Foundation to provide the services of the Finance Department including the processing of pledges, pledge payments, pledge reminders, preparing financial reports for board meetings and assistance with the financial statement review. The Foundation pays the Diocese once a year for the percentage of the time the finance employees spend on the Foundation work valued at salary plus estimated benefits. Revenue recorded by the Diocese for the years ended June 30, 2025 and 2024 totaled \$83,939 and \$80,308, respectively.

The Diocese has receivables outstanding with parishes of \$198,740 and \$274,196 as of June 30, 2025 and 2024, respectively. The Diocese recorded revenue from parishes for the annual appeal of \$3,100,000 and \$3,050,000 for the years ended June 30, 2025 and 2024, respectively.

#### **8. Endowment**

The Diocese has established an endowment fund consisting of donor-restricted funds to be held in perpetuity. As required by generally accepted accounting principles, net assets associated with endowment funds, including funds designated by the Board of Directors designed to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions.

## **DIOCESE OF DAVENPORT**

---

### Notes To Financial Statements (*Continued*)

#### **Interpretation Of Relevant Law**

The Board of Directors of the Diocese has interpreted the Uniform Prudent Management of Institutional Funds Act (UPMIFA) as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, the Diocese classifies as net assets with donor restriction – endowments held in perpetuity (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The remaining portion of the donor-restricted endowment fund that is not held in perpetuity is classified as net assets without donor restrictions until those amounts are appropriated for expenditure by the Diocese in a manner consistent with the standard of prudence prescribed by UPMIFA.

In accordance with UPMIFA, the Diocese considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

- 1) The duration and preservation of the fund
- 2) The purposes of the Diocese and the donor-restricted endowment fund
- 3) General economic conditions
- 4) The possible effect of inflation and deflation
- 5) The expected total return from income and the appreciation of investments
- 6) Other resources of the Diocese
- 7) The investment policy of the Diocese

#### **Return Objectives And Risk Parameters**

The Diocese has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment while seeking to maintain the purchasing power of the endowment assets. Endowment assets include those assets of donor-restricted funds that the Diocese must hold in perpetuity.

The Diocese's endowment assets are commingled with its other investments. Under its investment policy, as approved by the Board of Directors, the assets are invested in a manner that will help to ensure that the assets are managed in the best interest of the Diocese and at the most economical cost. The primary goal of the Diocese's investment assets is to achieve long-term real rate-of-return growth. According to the investment policy, at a minimum, over rolling three-to-five-year periods, the total expected return of the investment portfolio should meet or exceed 5%. Actual returns in any given year may vary from this amount. The Diocese can assume an above-average degree of fluctuation in the return to maintain the purchasing power of the investments. Specifically relating to endowments, the investment policy states that principal in restricted endowment funds to be held in perpetuity shall not be invaded for any reason other than to satisfy the requirements of applicable law, which would otherwise deprive the Diocese of its tax-exempt and/or public charity status.

# DIOCESE OF DAVENPORT

## Notes To Financial Statements (*Continued*)

---

### Strategies Employed For Achieving Objectives

To satisfy its long-term rate-of-return objectives, the Diocese relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). The Diocese targets a diversified asset allocation that places a greater emphasis on equity-based investments to achieve its long-term return objectives within prudent risk constraints. The risk profile will be re-evaluated on an annual basis and adjusted, if necessary, to reflect subsequent changes in the investments, earnings or capital market conditions.

Changes in endowment net assets were as follows:

	<u>2025</u>	<u>2024</u>
Endowment net assets – beginning of year	\$ 273,375	\$ 273,375
Investment gain (loss)	138,782	110,417
Transfers (to) from operations	(138,782)	(110,417)
<u>Endowment net assets – end of year</u>	<u>\$ 273,375</u>	<u>\$ 273,375</u>

## 9. Insurance Funds

The Diocese established property insurance funds to provide uniform property and casualty, worker's compensation and blanket liability coverage under one comprehensive plan for all parishes and affiliates of the Diocese. The fund collects fees from subscribers and remits premiums to the insurance carriers during the policy year. The various insurance policies have deductibles ranging from none to \$25,000. Any potential deductibles incurred are the responsibility of the Diocese and would be paid from accumulated cash.

The Diocese also established a medical insurance fund to provide medical and dental insurance for parishes and affiliates of the Diocese. The Diocese is fully insured for medical and is self-insured for dental insurance. The fund collected fees from subscribers and remitted premiums to the insurance carrier during the policy year.

## DIOCESE OF DAVENPORT

### Notes To Financial Statements (Continued)

Activity in these funds consists of:

	For The Year Ended June 30, 2025		
	Property Insurance Fund	Medical Insurance Fund	Total
Fees collected	\$ 1,966,222	\$ 2,224,205	\$ 4,190,427
Premiums paid	(1,970,275)	(2,126,469)	(4,096,744)
Recoveries	42,743	—	42,743
Insurance premium – operations	(23,184)	—	(23,184)
Claims expense	(42,743)	(104,147)	(146,890)
	\$ (27,237)	\$ (6,411)	\$ (33,648)

	For The Year Ended June 30, 2024		
	Property Insurance Fund	Medical Insurance Fund	Total
Fees collected	\$ 1,691,046	\$ 1,860,969	\$ 3,552,015
Premiums paid	(1,853,401)	(1,779,202)	(3,632,603)
Recoveries	1,318,504	—	1,318,504
Insurance premium – operations	4,275	—	4,275
Claims expense	(1,339,599)	(93,806)	(1,433,405)
	\$ (179,175)	\$ (12,039)	\$ (191,214)

## 10. Risks And Uncertainties

The Diocese invests in a variety of investment securities. Investment securities are exposed to various risks such as interest rate, market and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect investment balances and the amounts reported in the statements of financial position and statements of activities.

## Independent Auditor's Report On Supplementary Information

To the Board of Directors  
Diocese of Davenport  
Davenport, Iowa

We have audited the financial statements of Diocese of Davenport as of and for the years ended June 30, 2025 and 2024, and have issued our report thereon dated December 19, 2025, which contained an unmodified opinion on those financial statements. Our audits were performed for the purpose of forming an opinion on the financial statements as a whole.

The supplementary information on page 21 is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

**HONKAMP, P.C.**

*Honkamp, P.C.*

Dubuque, Iowa  
December 19, 2025

# DIOCESE OF DAVENPORT

## STATEMENT OF ACTIVITIES – EXCLUDING INVESTMENT RETURNS

	For The Year Ended June 30, 2025			For The Year Ended June 30, 2024		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
<b>Support And Revenue</b>						
Annual diocesan appeal	\$ 3,100,000	\$ —	\$ 3,100,000	\$ 3,050,000	\$ —	\$ 3,050,000
Support revenue for special collections	—	139,621	139,621	—	122,120	122,120
Contributions and bequests	1,689,600	—	1,689,600	1,057,677	—	1,057,677
Insurance loss	(33,648)	—	(33,648)	(191,214)	—	(191,214)
Other income – including primarily education receipts	752,512	—	752,512	436,224	—	436,224
Net assets released from restrictions	125,082	(125,082)	—	185,684	(185,684)	—
<b>Total Support And Revenue</b>	<b>5,633,546</b>	<b>14,539</b>	<b>5,648,085</b>	<b>4,538,371</b>	<b>(63,564)</b>	<b>4,474,807</b>
<b>Expenses</b>						
<b>Program Services</b>						
Chancery operations and parish services	1,450,470	—	1,450,470	1,308,930	—	1,308,930
Charity and service	861,529	—	861,529	917,268	—	917,268
Evangelization and faith formation	983,565	—	983,565	813,690	—	813,690
Ministry preparation and clergy support	917,021	—	917,021	806,742	—	806,742
<b>Supporting Services</b>						
Management and general	1,089,213	—	1,089,213	1,029,795	—	1,029,795
<b>Total Expenses</b>	<b>5,301,798</b>	<b>—</b>	<b>5,301,798</b>	<b>4,876,425</b>	<b>—</b>	<b>4,876,425</b>
<b>Change In Net Assets</b>	<b>\$ 331,748</b>	<b>\$ 14,539</b>	<b>\$ 346,287</b>	<b>\$ (338,054)</b>	<b>\$ (63,564)</b>	<b>\$ (401,618)</b>