Financial Statements
June 30, 2021 and 2020

Archdiocese of Dubuque Administrative Offices

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Independent Auditor's Report

To the Audit Committee
Archdiocese of Dubuque
Dubuque, Iowa

Report on the Financial Statements
We have audited the accompanying financial statements of the Archdiocese of Dubuque Administrative Offices (Administrative Offices), a division of the Archdiocese of Dubuque, which comprise the statements of financial position as of June 30, 2021 and 2020, and the related statements of activities, functional expenses, 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 audits. We conducted our audits 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.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Archdiocese of Dubuque Administrative Offices, as of June 30, 2021 and 2020, 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.

Dubuque, Iowa
February 15, 2022

Archdiocese of Dubuque - Administrative Offices

Statements of Financial Position

June 30, 2021 and 2020

	2021	2020
Assets		
Cash and cash equivalents	$ 75,192	$ 147,655
Deposits in Archdiocese of Dubuque		
Deposit and Loan Fund	10,825,785	8,967,026
Accounts receivable	487,612	705,737
Due from other Archdiocesan funds/organizations	123,056	1,720,196
Prepaid expenses and other assets	354,476	158,727
Investments	738,906	608,899
Assets limited as to use	555,000	830,000
Equity in Catholic Umbrella Pool	301,350	251,956
Annuity/life insurance contracts	510,000	510,000
Property and equipment, net	1,013,938	916,399
Beneficial interest in assets held by the Catholic Foundation in the Archdiocese of Dubuque	18,427,452	13,810,569
Workers' compensation escrow	505,820	505,804
Total assets	$ 33,918,587	$ 29,132,968
Liabilities and Net Assets		
Liabilities		
Checks drawn in excess of available bank balances	$ 126,520	$ -
Accounts payable	442,295	290,170
Refundable advance	-	804,700
Health claims payable	294,000	247,000
Accrued expenses	315,800	347,987
Mission offerings and collections payable	270,068	238,983
Deferred revenue	1,162,657	755,612
Estimated claims payable	1,879,000	1,610,000
Funds held for others	417,823	418,976
Total liabilities	4,908,163	4,713,428
Net Assets		
Without donor restrictions		
Designated for special purposes	18,617,317	15,166,072
Undesignated	8,096,609	7,115,579
	26,713,926	22,281,651
With donor restrictions		
Purpose restrictions	1,034,042	946,234
Perpetual in nature	1,275,307	1,275,307
Underwater endowments	(12,851)	(83,652)
	2,296,498	2,137,889
Total net assets	29,010,424	24,419,540
Total liabilities and net assets	$ 33,918,587	$ 29,132,968

See Notes to Financial Statements

Archdiocese of Dubuque - Administrative Offices

Statement of Activities

Year Ended June 30, 2021

	Without Donor Restrictions	With Donor Restrictions	Total
Revenues, Support, and Gains			
Archdiocesan Taxa	$ 2,605,865	$ -	$ 2,605,865
Fees for services	986,977	-	986,977
Programs and workshops	95,361	-	95,361
Sale/rental of materials	13,606	-	13,606
Charges to other departments	8,106	-	8,106
Paycheck Protection Program loan forgiveness	804,700	-	804,700
Contributions and bequests	935,263	15,038	950,301
Net investment return	724,309	336,429	1,060,738
Net change in equity in Catholic Umbrella Pool	49,394	-	49,394
Distributions from and change in value of beneficial interests in assets held by others	3,756,858	-	3,756,858
Rental of property	41,940	-	41,940
Loss on disposal of fixed assets	(3,762)	-	(3,762)
Assessments/subsidies	1,701	-	1,701
Property and liability insurance premiums	2,371,097	-	2,371,097
Medical insurance premiums	5,538,466	-	5,538,466
Net assets released from restrictions	42,538	(42,538)	-
Total Revenues, Support, and Gains	17,972,419	308,929	18,281,348
Expenses and Losses			
Program services expense			
Diocesan Ministries	1,248,930	-	1,248,930
Insurance Program	8,566,517	-	8,566,517
Other Diocesan Program Expenses	748,413	-	748,413
Total program expenses	10,563,860	-	10,563,860
Supporting services expense			
Management and general	2,904,194	-	2,904,194
Fundraising and development	308,220	-	308,220
Total supporting services expenses	3,212,414	-	3,212,414
Total expenses and losses	13,776,274	-	13,776,274
Revenues in Excess of Expenses	4,196,145	308,929	4,505,074

	Without Donor Restrictions	With Donor Restrictions	Total
Revenues in Excess of Expenses	$ 4,196,145	$ 308,929	$ 4,505,074
Transfers to Other Archdiocesan Organizations	-	(150,320)	(150,320)
Transfer from Seminarian Education Fund	212,618	-	212,618
Transfer from Witness	23,512	-	23,512
Total Transfers	236,130	(150,320)	85,810
Change in Net Assets	4,432,275	158,609	4,590,884
Net Assets, Beginning of Year	22,281,651	2,137,889	24,419,540
Net Assets, End of Year	$ 26,713,926	$ 2,296,498	$ 29,010,424

Archdiocese of Dubuque - Administrative Offices

Statement of Activities

Year Ended June 30, 2020

	Without Donor Restrictions	With Donor Restrictions	Total
Revenues, Support, and Gains			
Archdiocesan Taxa	$ 2,622,664	$ -	$ 2,622,664
Fees for services	928,495	-	928,495
Programs and workshops	1,164,186	-	1,164,186
Sale/rental of materials	34,586	-	34,586
Charges to other departments	18,736	-	18,736
Contributions and bequests	173,799	17,138	190,937
Net investment return	220,712	(10,589)	210,123
Net change in equity in Catholic Umbrella Pool	(30,079)	-	(30,079)
Distributions from and change in value of beneficial interests in assets held by others	290,771	-	290,771
Rental of property	48,060	-	48,060
Gain on disposal of fixed assets	(4,767)	-	(4,767)
Property and liability insurance premiums	2,362,410	-	2,362,410
Medical insurance premiums	5,200,861	-	5,200,861
Net assets released from restrictions	67,177	(67,177)	-
Total Revenues, Support, and Gains	13,097,611	(60,628)	13,036,983
Expenses and Losses			
Program services expense			
Diocesan Ministries	2,390,661	-	2,390,661
Insurance Program	7,025,542	-	7,025,542
Other Diocesan Program Expenses	544,033	-	544,033
Total program expenses	9,960,236	-	9,960,236
Supporting services expense			
Management and general	3,220,660	-	3,220,660
Fundraising and development	379,970	-	379,970
Total supporting services expenses	3,600,630	-	3,600,630
Total expenses and losses	13,560,866	-	13,560,866
Revenues Less Than Expenses	(463,255)	(60,628)	(523,883)

	Without Donor Restrictions	With Donor Restrictions	Total
Revenues Less Than Expenses	$ (463,255)	$ (60,628)	$ (523,883)
Transfers to Other Archdiocesan Organizations	-	(35,483)	(35,483)
Transfer from Seminarian Education Fund	205,176	-	205,176
Transfer from Deposit and Loan Fund	1,400,000	-	1,400,000
Total Transfers	1,605,176	(35,483)	1,569,693
Change in Net Assets	1,141,921	(96,111)	1,045,810
Net Assets, Beginning of year	21,139,730	2,234,000	23,373,730
Net Assets, End of year	$ 22,281,651	$ 2,137,889	$ 24,419,540

Archdiocese of Dubuque - Administrative Offices

Statement of Functional Expenses

Year Ended June 30, 2021

	Program Services						
	Diocesan Ministries	Insurance Program	Other Diocesan Program	Total	Management and General	Fundraising and Development	Total
Salaries	$ 887,643	$ 32,954	$ 456,812	$ 1,377,409	$ 1,592,310	$ 254,202	$ 3,223,921
Employee benefits	103,739	4,495	101,003	209,237	182,157	31,608	423,002
Medical insurance premiums and claims	-	5,530,601	-	5,530,601	-	-	5,530,601
Property and liability insurance	-	2,048,598	-	2,048,598	-	-	2,048,598
Supplemental insurance premiums	-	634,710	-	634,710	-	-	634,710
Insurance service fees	-	178,705	-	178,705	-	-	178,705
Professional services	1,388	136,309	37,430	175,127	194,193	20,858	390,178
Occupancy	7,430	-	39,777	47,207	145,985	-	193,192
Office supplies and expenses	8,308	145	6,099	14,552	58,012	258	72,822
Telephone	-	-	2,104	2,104	39,407	-	41,511
Travel, conventions, and meetings	7,052	-	27,769	34,821	5,043	864	40,728
Dues and memberships	3,092	-	1,826	4,918	127,097	430	132,445
Depreciation	-	-	-	-	96,514	-	96,514
Programs and workshops	78,020	-	47,276	125,296	3,186	-	128,482
Materials for resale or rental	13,607	-	1,110	14,717	29,596	-	44,313
Education of priests and seminarians	-	-	5,847	5,847	293,854	-	299,701
Interest	-	-	-	-	8,002	-	8,002
Grants and contributions	138,651	-	21,360	160,011	128,838	-	288,849
Total	$ 1,248,930	$ 8,566,517	$ 748,413	$ 10,563,860	$ 2,904,194	$ 308,220	$ 13,776,274

Archdiocese of Dubuque - Administrative Offices

Statement of Functional Expenses

Year Ended June 30, 2020

	Program Services						
	Diocesan Ministries	Insurance Program	Other Diocesan Program	Total	Management and General	Fundraising and Development	Total
Salaries	$ 913,349	$ 17,648	$ 361,163	$ 1,292,160	$ 1,555,324	$ 292,253	$ 3,139,737
Employee benefits	109,389	2,226	72,681	184,296	205,369	35,949	425,614
Medical insurance premiums and claims	-	4,568,862	-	4,568,862	-	-	4,568,862
Property and liability insurance	-	1,496,804	-	1,496,804	-	-	1,496,804
Supplemental insurance premiums	-	635,956	-	635,956	-	-	635,956
Insurance service fees	-	173,492	-	173,492	-	-	173,492
Professional services	-	119,793	1,105	120,898	209,638	19,221	349,757
Occupancy	12,710	-	2,000	14,710	177,128	3,360	195,198
Office supplies and expenses	16,904	206	14,222	31,332	112,588	25,143	169,063
Telephone	-	-	972	972	53,016	3	53,991
Travel, conventions, and meetings	48,955	-	32,107	81,062	15,240	3,428	99,730
Dues and memberships	4,550	-	1,996	6,546	157,304	613	164,463
Depreciation	-	-	-	-	71,374	-	71,374
Programs and workshops	1,101,722	-	37,473	1,139,195	5,231	-	1,144,426
Materials for resale or rental	20,992	-	5,330	26,322	17,426	-	43,748
Education of priests and seminarians	-	-	7,644	7,644	597,992	-	605,636
Interest	-	10,555	-	10,555	-	-	10,555
Grants and contributions	162,090	-	7,340	169,430	43,030	-	212,460
Total	$ 2,390,661	$ 7,025,542	$ 544,033	$ 9,960,236	$ 3,220,660	$ 379,970	$ 13,560,866

	2021	2020
Operating Activities		
Change in net assets	$ 4,590,884	$ 1,045,810
Adjustments to reconcile change in net assets to net cash from (used for) operating activities		
Depreciation	96,514	71,374
Loss on disposal of fixed assets	3,762	4,767
Realized and unrealized gain/loss on investments	(90,039)	(43,935)
Endowment net investment return	(334,966)	15,194
Change in equity in Catholic Umbrella Pool	75,718	156,211
Change in beneficial interests held by others	(4,616,883)	233,123
Equity transfers from other Archdiocesan organizations	(236,130)	(1,605,176)
Changes in assets and liabilities		
Accounts receivable	218,125	(64,836)
Due from other Archdiocesan funds/organizations	1,597,140	(583,290)
Prepaid expenses and other assets	(195,749)	58,864
Checks drawn in excess of available bank balances	126,520	-
Accounts payable	152,125	(23,594)
Refundable advance	(804,700)	804,700
Health claims payable	47,000	22,666
Accrued expenses	(32,187)	65,412
Mission offerings and collections payable	31,085	(108,908)
Deferred revenue	407,045	(958,526)
Estimated claims payable	269,000	356,054
Funds held for others	(1,153)	(204,310)
Net Cash from (used for) Operating Activities	1,303,111	(758,400)
Investing Activities		
Purchase of property and equipment	(213,315)	(295,970)
Proceeds from disposal of property and equipment	15,500	6,672
Deposits to Archdiocese of Dubuque Deposit and Loan Fund	(14,744,086)	(13,995,691)
Withdrawal from Archdiocese of Dubuque Deposit and Loan Fund	12,885,327	13,006,237
Withdrawal from endowment	120,488	35,483
Purchase of investments	(102,787)	(230,706)
Proceeds from sale of investments	277,297	630,316
Proceeds from annuity/life insurance contracts	-	175,000
Contributions to Catholic Umbrella Pool	(125,112)	(126,132)
Net Cash used for Investing Activities	(1,886,688)	(794,791)

	2021	2020
Financing Activities		
Equity transfers from other Archdiocesan organizations	$ 236,130	$ 1,605,176
Net Change in Cash, Cash Equivalents, and Restricted Cash	(347,447)	51,985
Cash, Cash Equivalents and Restricted Cash, Beginning of Year	1,483,459	1,431,474
Cash, Cash Equivalents and Restricted Cash, End of Year	$ 1,136,012	$ 1,483,459
Cash and cash equivalents	$ 75,192	$ 147,655
Assets limited as to use	555,000	830,000
Workers' compensation escrow	505,820	505,804
Total Cash, Cash Equivalents, and Restricted Cash	$ 1,136,012	$ 1,483,459
Supplemental Disclosure of Cash Flow Information		
Cash paid during the year for interest	$ 8,002	$ 10,555

Note 1 - Organization and Summary of Significant Accounting Policies

Organization

The information contained in the financial statements relates only to the operations of the Archdiocese of Dubuque - Administrative Offices (Administrative Offices), a division of the Archdiocese of Dubuque. Support for the Administrative Offices comes from Archdiocesan assessments, contributions, insurance premiums and service fees.

Cash and Cash Equivalents

The Administrative Offices consider all cash and highly liquid financial instruments with original maturities of three months or less, and which are neither held for nor restricted by donors for long-term purposes, to be cash and cash equivalents. Cash and highly liquid financial instruments restricted to capital expenditures, permanent endowment, assets limited as to use, or other long-term purposes of the Administrative Offices are excluded from this definition.

Receivables and Credit Policies

Accounts receivable consist primarily of uncollateralized individual obligations and amounts due from insured agencies for premiums. The net accounts receivable balance at June 30, 2021, June 30, 2020, and July 1, 2019 was $487,612, $705,737, and $640,901, respectfully. Unpaid accounts receivable are not charged interest on amounts owed. Management determines the allowance for uncollectable accounts receivable based on historical experience, an assessment of economic conditions, and a review of subsequent collections. Accounts receivables are written off when deemed uncollectable. At June 30, 2021 and 2020, the allowance was $0.

Investments

Investment purchases are recorded at cost, or if donated, at fair value on the date of donation. Thereafter, investments are reported at their fair value in the statements of financial position. Net investment return is reported in the statements of activities and consists of interest and dividend income, and realized and unrealized capital gains and losses, less investment fees.

The Administrative Offices utilizes various investment instruments. Investment securities, in general, are exposed to various risks, such as interest rate, credit, and overall market volatility. Due to the level of risk associated with certain investment securities, it is reasonably possible that changes in the values of investment securities will occur in the near term and such changes could materially affect the amounts reported in the statements of financial position. Significant fluctuations in fair values could occur from year to year and the amounts the Administrative Office will ultimately realize could differ materially.

The Administrative Offices invests some of its funds in the Archdiocese of Dubuque Alternative Investments Grantor Trust (Alternative Investments Trust), a pooled investment trust. Holdings in this trust consist of alternative investments which do not have readily determinable fair values and may include partnerships and other interests that invest in multi-strategy funds, private equity funds, hedge funds, private debt funds, and real asset funds, among others. Investment income and gains or losses are allocated based on a proportionate share of each entity's fair value at the time of each periodic allocation.

Assets Limited as to Use

Holy Family Catholic Schools, Dubuque (HFCS) entered into an interest rate swap agreement with Piper Jaffray to "fix" the interest rate on $8.5 million of bonds issued in 2005. The proceeds from the bond issue funded the construction of Mazzuchelli Middle School. As part of the agreement there are covenants which HFCS must comply with. One of the covenants limits the amount HFCS can spend on capital expenditures annually.

HFCS and Piper Jaffray negotiated a compromise to the covenant which allowed HFCS to conduct a capital campaign to fund renovation of Wahlert High school. The compromise requires HFCS to post collateral equivalent to the liability associated with the agreement. The Administrative Offices initially agreed to post up to $900,000 of the collateral on behalf of HFCS. The amounts posted as of June 30, 2021 and 2020 were $555,000 and $830,000.

Equity in Catholic Umbrella Pool

The Administrative Offices accounts for its participation interest in the Catholic Umbrella Pool under the equity method. The Administrative Offices shares in the operating and investment income and expenses of the Catholic Umbrella Pool based on their contributions into the fund.

Property and Equipment

Property and equipment additions over $500 are recorded at cost, or if donated, at the fair value on the date of donation. Depreciation is computed using the straight-line method over the estimated useful lives of the assets ranging from 4 to 40 years. When assets are sold or otherwise disposed of, the cost and related depreciation are removed from the accounts, and any remaining gain or loss is included in the statements of activities. Costs of maintenance and repairs that do not improve or extend the useful lives of the respective assets are expensed.

The Administrative Offices review the carrying values of property and equipment for impairment whenever events or circumstances indicate that the carrying value of an asset may not be recoverable from the estimated future cash flows expected to result from its use and eventual disposition. When considered impaired, an impairment loss is recognized to the extent carrying value exceeds the fair value of the asset. There were no indicators of asset impairment during the years ended June 30, 2021 and 2020.

Beneficial Interest in Assets Held by the Catholic Foundation in the Archdiocese of Dubuque

The Administrative Offices established a fund under the Catholic Foundation in the Archdiocese of Dubuque (CFAD). The Administrative Offices granted variance power to CFAD which allows CFAD to modify any condition or restriction on its distributions for any specified charitable purpose or to any specified organization if, in the sole judgment of CFAD's Board of Directors, such restriction or condition becomes unnecessary, incapable of fulfillment, or inconsistent with the mission of CFAD. The fund is held and invested by CFAD for the benefit of the Administrative Offices, and is reported at fair value in the statements of financial position, with distributions and changes in fair value recognized in the statements of activities.

Net Assets

Net assets, revenues, gains, and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

Net Assets Without Donor Restrictions – Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions. The Administrative Offices have designated, from net assets without donor restrictions, net assets to support various missions and programs at the direction of the Archbishop.

Net Assets With Donor Restrictions – Net assets subject to donor (or certain grantor) imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. The Administrative Offices report contributions restricted by donors as increases in net assets without donor restrictions if the restrictions expire (that is, when a stipulated time restriction ends or purpose restriction is accomplished) in the reporting period in which the revenue is recognized. All other donor-restricted contributions are reported as increases in net assets with donor restrictions, depending on the nature of the restrictions. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purposed for which the resource was restricted has been fulfilled, or both. These restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities as net assets released from restrictions.

Property and Liability Insurance Claims

The Administrative Offices provides insurance coverage to all Catholic parishes, schools, cemeteries and other Catholic organizations of the Archdiocese of which the Archbishop of Dubuque is the president of the corporation. Insurance claims reserves are the estimated amounts necessary to settle outstanding claims, based on the facts in each case and the Archdiocese's experience with similar cases. The agencies are assessed insurance premiums to fund claims and operating expenses of the Administrative Offices.

Revenue and Revenue Recognition

The Administrative Offices recognizes revenue such as Taxa services, fees for services, rental income, sale/rental of materials, and insurance premiums over the period provided, which is generally one year. Programs and workshops and charges to other departments are recorded when the performance obligation takes place. The Administrative Offices assists in organizing the National Catholic Youth Conference on a pre-paid basis. Payments received for the conference in advance are deferred to the applicable period in which the related services are performed, or expenditures are incurred. Performance obligations are determined based on the nature of the services provided by the Administrative Offices. Revenue for performance obligations satisfied over time is recognized based on actual charges incurred. The Administrative Offices believe that this method provides a reasonable depiction of the transfer of services over the term of the performance obligation based on the inputs needed to satisfy the obligation. Revenue for performance obligations satisfied at a point in time is recognized when goods or services are provided, and the Administrative Office does not believe it is required to provide additional goods or services.

Contributions are recognized when cash, securities or other assets, an unconditional promise to give, or notification of a beneficial interest is received. Conditional promises to give – that is, those with a measurable performance or other barrier and a right or return - are not recognized until the conditions on which they depend have been substantially met.

Functional Allocation of Expenses

The statements of functional expenses present the natural classification detail of expenses by function and reports categories of expenses that are attributed to program service activities or supporting service activities. The expenses are generally directly attributable to a functional category with no significant allocations between program service activities and supporting service activities occurring.

Income Taxes

The Archdiocese of Dubuque is organized as an Iowa non-profit corporation and has been recognized by the Internal Revenue Service as exempt from federal income taxes under Section 501(a) of the Internal Revenue Code as an organization described in Section 501(c)(3), and qualifies for the charitable contribution deduction under Section 170(b)(1)(A)(i). The Archdiocese of Dubuque is not required to file a Return of Organization Exempt from Income Tax (Form 990) with the IRS. In addition, the Archdiocese of Dubuque is subject to income tax on net income that is derived from business activities that are unrelated to its exempt purposes. The Archdiocese of Dubuque has determined it is not subject to unrelated business income tax and has not filed an Exempt Organization Business Income Tax Return (Form 990-T) with the IRS.

The Administrative Offices believes that it has appropriate purpose for any tax positions taken affecting its annual filing requirements, and as such, does not have any uncertain tax positions that are material to the financial statements. The Administrative Offices would recognize future accrued interest and penalties related to unrecognized tax benefits and liabilities in income tax expense if such interest and penalties are incurred.

Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates and those differences could be material.

Performance Indicator

Revenue in excess of (less than) expenses is the performance indicator and excludes transfers of assets to and from related parties.

Financial Instruments and Credit Risk

The Administrative Offices manage deposit concentration risk by placing cash and money market accounts with financial institutions believed by management to be creditworthy. At times, amounts on deposit may exceed insured limits or include uninsured investments in money market mutual funds. To date, the Administrative Offices have not experienced losses in any of these accounts. Credit risk associated with accounts receivable is considered to be limited due to high historical collection rates and because substantial portions of the outstanding amounts are due from related entities within the Archdiocese. Investments are made by diversified investment managers whose performance is monitored by management and the Finance Council. Although the fair values of investments are subject to fluctuation on a year-to-year basis, management and the Finance Council believe that the investment policies and guidelines are prudent for the long-term welfare of the Administrative Offices.

Reclassifications

Certain reclassifications of amounts previously reported have been made to the accompanying financial statements to maintain consistency between periods presented. The reclassifications had no impact on previously reported net assets or changes in net assets.

Subsequent Events

The Administrative Offices have evaluated subsequent events through February 15, 2022, the date which the financial statements were available to be issued.

Note 2 - Liquidity and Availability

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the statement of financial position, comprise the following at June 30, 2021 and 2020:

	2021	2020
Cash and cash equivalents	$ 75,192	$ 147,655
Deposits in Archdiocese of Dubuque Deposit and Loan Fund	10,825,785	8,967,026
Accounts receivable	487,612	705,737
Due from other Archdiocesan funds/organizations	123,056	1,720,196
Investments (excluding Alternative Investments Trust)	714,214	588,778
	$ 12,225,859	$ 12,129,392

The Alternative Investment Trust's strategy is for long-term preservation of capital and maximizing long-term total returns. Funds invested in the Alternative Investments Trust are considered illiquid due to the limitation of divesting assets. Therefore, due to the uncertainty of time it would take to divest these assets, they have not been included in the table above.

The Administrative Offices established a fund under the Catholic Foundation in the Archdioceses of Dubuque (CFAD). Funds with beneficial interest in assets held by CFAD are invested to provide long-term growth and financial support. Since there are restrictions on amounts that can be withdrawn from CFAD, they have not been included in the table above.

Note 3 - Fair Value Measurements and Disclosures

The Administrative Offices have determined the fair value of certain assets and liabilities in accordance with generally accepted accounting principles, which provides a framework for measuring fair value.

Fair value is defined as the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date. Valuation techniques should maximize the use of observable inputs and minimize the use of unobservable inputs. A fair value hierarchy has been established, which prioritizes the valuation inputs into three broad levels.

Level 1 inputs consist of quoted prices (unadjusted) in active markets for identical assets or liabilities that can be accessed at the reporting date. Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for the related 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 the liability and market-corroborated inputs. Level 3 inputs are unobservable inputs related to the asset or liability. In these situations, inputs are developed using the best information 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 within the hierarchy is based upon the pricing transparency of the asset and does not necessarily correspond to our assessment of the quality, risk, or liquidity profile of the asset or liability.

A portion of the Administrative Offices' investment assets are classified within Level 1 because they are comprised of open-end mutual funds and common stock with readily determinable fair values based on daily redemption values. Bonds are valued by the custodians of the securities using pricing models based on credit quality, time to maturity, stated interest rates and market-rate assumptions, and are classified within Level 2.

Net Asset Value (NAV) per share, or its equivalent, such as member units or an ownership interest in partners' capital, is used to estimate the fair value of certain hedge funds, pooled investment funds, and common trust funds which do not have readily determinable fair values. Investments that are measured at fair value using NAV per share as a practical expedient are not classified in the fair value hierarchy.

The fair value of the beneficial interest in assets held by the Catholic Foundation in the Archdiocese of Dubuque (CFAD) is based on the fair value of the fund investments as reported by CFAD. These are considered to be Level 3 measurements.

There have been no changes in valuation techniques used for any assets measured at fair value during the year ended June 30, 2021.

The Administrative Offices uses Net Asset Value (NAV) per share, or its equivalent, such as member units or an ownership interest in partners' capital, to estimate the fair values of certain commodities funds and real estate funds which do not have readily determinable fair values. The Administrative Offices' estimate of fair value of the Alternative Investments Trust is determined using the calculated allocation of net asset value provided by the trust administrator. Investments that are measured at fair value using NAV per share as a practical expedient are not classified in the fair value hierarchy.

Assets measured at fair value on a recurring basis, except those measured at cost or by using NAV per share as a practical expedient as identified in the following, at June 30, 2021 are as follows:

		Fair Value Measurements at Report Date Using		
	Total	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Investments				
Growth Funds				
Domestic and international	$ 587,768	$ 587,768	$ -	$ -
Risk Reduction Assets				
Domestic fixed assets mutual funds	126,446	126,446	-	-
At NAV				
Alternative Investments Trust	24,692	-	-	-
	$ 738,906	$ 714,214	$ -	$ -
Beneficial Interest in Assets Held by the Catholic Foundation in the Archdiocese of Dubuque	$ 18,427,452	$ -	$ -	$ 18,427,452

Assets measured at fair value on a recurring basis, except those measured at cost or by using NAV per share as a practical expedient as identified in the following, at June 30, 2020 are as follows:

		Fair Value Measurements at Report Date Using		
	Total	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Investments				
Growth Funds				
Domestic and international	$ 460,753	$ 460,753	$ -	$ -
Risk Reduction Assets				
Domestic fixed assets mutual funds	128,025	128,025	-	-
At NAV				
Alternative Investments Trust	20,121	-	-	-
	$ 608,899	$ 588,778	$ -	$ -
Beneficial Interest in Assets Held by the Catholic Foundation in the Archdiocese of Dubuque	$ 13,810,569	$ -	$ -	$ 13,810,569

Below is a reconciliation for Level 3 assets measured at fair value on a recurring basis:

Fair Value Measurements at Report Date Using Significant Unobservable Inputs (Level 3)	2021	2020
Beginning Balance	$ 13,810,569	$ 14,043,692
Total gains or losses included in earnings (or changes in net assets)	4,102,789	283,065
Purchases/contributions of investments	1,056,439	28,705
Distributions	(542,345)	(544,893)
Ending Balance	$ 18,427,452	$ 13,810,569

Investments in certain entities that calculate NAV per share are as follows:

	Number of Investments	Fair Value	Unfunded Commitments	Redemption Frequency	Redemption Notice Period
June 30, 2021					
Alternative Investments Trust	1	$ 24,692	$ -	(1)	None
June 30, 2020					
Alternative Investments Trust	1	$ 20,121	$ -	(1)	None

(1) Generally, participants may make contributions to and withdrawals from the Trust at any time, subject to minimum and upper balance limits that the trustees may set from time to time.

The Alternative Investments Trust's strategy includes long-term preservation of capital, maximizing long-term total return and avoidance of market timing techniques that rely upon subjective short-term market forecasts.

Note 4 - Net Investment Return

Net investment return consists of the following:

	2021	2020
Interest and dividends	$ 641,183	$ 187,706
Net realized and unrealized gain (loss)	425,005	28,741
Less investment fees	(5,450)	(6,324)
	$ 1,060,738	$ 210,123

Note 5 - Deposits in Archdiocese of Dubuque Deposit and Loan Fund

Certain funds are deposited into the Archdiocese of Dubuque Deposit and Loan Fund. These deposits can be withdrawn on demand and currently earn interest at the rate of 0.5% and 1.5% per annum at June 30, 2021 and 2020. The interest earned on these deposits amounted to $107,548 and $53,053 for the years ended June 30, 2021 and 2020.

Note 6 - Annuity/Life Insurance Contracts

Annuity/life insurance contracts are designed to provide the Administrative Offices with interest/annuity payments throughout the life of the annuitant/insured. The Administrative Offices is the owner and named beneficiary of life insurance policies in the amount of the initial investment in these contracts. These investments are recorded at the original amount invested.

Note 7 - Property and Equipment

Property and equipment consists of the following:

	2021		2020	
	Cost	Accumulated Depreciation	Cost	Accumulated Depreciation
Land	$ 33,372	$ -	$ 33,372	$ -
Land improvements	43,781	33,420	43,781	31,649
Buildings and improvements	2,553,301	1,680,932	2,418,535	1,613,351
Equipment	295,963	213,595	508,096	442,385
Construction in Progress	15,468	-	-	-
	$ 2,941,885	$ 1,927,947	$ 3,003,784	$ 2,087,385
Net property and equipment	$ 1,013,938		$ 916,399	

Note 8 - Refundable Advance

The Administrative Offices was granted a $804,700 loan under the Paycheck Protection Program (PPP) administered by a Small Business Administration (SBA) approved partner. The loan was uncollateralized and was fully guaranteed by the Federal government. The Administrative Offices has elected to account for the funding as a conditional contribution by applying ASC 958-605, *Not-for-Profit – Revenue Recognition*. The Administrative Offices initially recorded the loan as a refundable advance and subsequently recognized contribution revenue in accordance with guidance for conditional contributions, that is, once the measurable performance or other barrier and right of return of the PPP loan no longer existed. The Administrative Offices has recognized $804,700 as contribution revenue for the year ended June 30, 2021. Since the entire loan was forgiven, the Administrative Offices is not required to repay any remaining balance.

Note 9 - Health Claims Payable

The Administrative Offices offer health insurance coverage to all eligible lay and religious employees of parishes, schools, cemeteries, and other agencies. Health claims payable reflects an estimated amount established for claims occurred by, but reported after, June 30, 2021 and 2020.

The Administrative Offices purchase reinsurance for coverage of specific individual claims in excess of $160,000 and aggregate claims in excess of 125% of estimated claims based on individual plans and demographic actuarial information.

Note 10 - Estimated Claims Payable

Estimated claims payable reflects an estimated amount established for claims occurred by, but reported after, June 30, 2021 and 2020.

Note 11 - Funds Held for Others

Funds held for others include funds held by the Archdiocese of Dubuque on behalf of other agencies or organizations to which principal and/or investment income is to be disbursed.

Note 12 - Mission Offerings and Collections Payable

The Administrative Offices receive mission offerings on behalf of The Society for the Propagation of the Faith, as well as the proceeds of other collections held in the Archdiocese. These funds are held temporarily by the Administrative Offices before being transferred to the designated agencies or organizations. The balance is comprised of the following:

	2021	2020
Missions offerings payable	$ 5,419	$ 33,881
Collections payable	264,649	205,102
	$ 270,068	$ 238,983

Note 13 - Endowments

The Administrative Offices' endowment (the Endowment) consists of individual funds established by donors to provide annual funding for specific activities and general operations. Net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions.

The Administrative Offices' Finance Council has interpreted the Iowa 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, unless there are explicit donor stipulations to the contrary. At June 30, 2021 and 2020, there were no such donor stipulations. As a result of this interpretation, the Administrative Offices retain in perpetuity (a) the original value of gifts donated to the Endowment, (b) the original value of subsequent gifts donated to the Endowment (including promises to give net of discount and allowance for doubtful accounts), and (c) accumulations to the endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added. Donor-restricted amounts not retained in perpetuity are subject to appropriation for expenditure in a manner consistent with the standard of prudence prescribed by UPMIFA. The Administrative Offices consider the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

- The duration and preservation of the fund
- The purposes of the organization and the donor-restricted endowment fund
- General economic conditions
- The possible effect of inflation and deflation
- The expected total return from income and the appreciation of investments
- Other resources of the organization
- The investment policies of the organization

The Administrative Offices had the following endowment net asset composition by type of fund:

	Without Donor Restrictions	With Donor Restrictions	Total
June 30, 2021			
Donor-restricted endowment funds			
Original donor-restricted gift amount and amounts required to be maintained in perpetuity by donor	$ -	$ 1,275,307	$ 1,275,307
Accumulated investment gains	-	344,457	344,457
	$ -	$ 1,619,764	$ 1,619,764
June 30, 2020			
Donor-restricted endowment funds			
Original donor-restricted gift amount and amounts required to be maintained in perpetuity by donor	$ -	$ 1,275,307	$ 1,275,307
Accumulated investment gains	-	129,979	129,979
	$ -	$ 1,405,286	$ 1,405,286

From time to time, certain donor-restricted endowment funds had fair values less than the amount required to be maintained by donors or by law (underwater endowments). The Organization has interpreted UPMIFA to permit spending from underwater endowments in accordance with prudent measures required under law. At June 30, 2021, funds with original gift values of $61,748, fair values of $48,897 and deficiencies of $12,851 were reported in net assets with donor restrictions. At June 30, 2020, funds with original gift values of $615,633, fair values of $531,981 and deficiencies of $83,652 were reported in net assets with donor restrictions. These deficiencies, which the Organization believes are temporary, resulted from unfavorable market fluctuations in the past few years. The Board determined that continued appropriation during fiscal years ended June 30, 2021 and 2020 for certain programs was prudent.

Investment and Spending Policies

The Administrative Offices have 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 Administrative Offices must hold in perpetuity or for a donor-specified period(s). Under this policy, as approved by the Finance Council, the endowment assets are invested in a manner that is intended to produce results that exceed the price and yield results of the S&P 500 index while assuming a moderate level of investment risk. The Administrative Offices expect its endowment funds, over time, to provide an average rate of return of approximately 8 percent annually. Actual returns in any given year may vary from this amount.

To satisfy its long-term rate-of-return objectives, the Administrative Offices rely 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 Administrative Offices target a diversified asset allocation that places a greater emphasis on equity-based investments to achieve its long-term return objectives within prudent risk constraints.

Changes in Endowment net assets are as follows:

June 30, 2021	Without Donor Restrictions	With Donor Restrictions	Total
Endowment net assets, beginning of year	$ -	$ 1,405,286	$ 1,405,286
Investment return, net	-	334,966	334,966
Appropriation of endowment assets for expenditure	-	(120,488)	(120,488)
Endowment net assets, end of year	$ -	$ 1,619,764	$ 1,619,764

June 30, 2020	Without Donor Restrictions	With Donor Restrictions	Total
Endowment net assets, beginning of year	$ -	$ 1,455,963	$ 1,455,963
Investment return, net	-	(15,194)	(15,194)
Appropriation of endowment assets for expenditure	-	(35,483)	(35,483)
Endowment net assets, end of year	$ -	$ 1,405,286	$ 1,405,286

Note 14 - Net Assets with Donor Restrictions

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

Subject to Expenditure for Specified Purpose	2021	2020
Archdiocesan funds restricted for the benefit of other Archdiocesan organizations		
Fr. Frese Estate	$ -	$ 29,749
Waterloo Deanery Priests Vocational School	4,674	4,650
Communications	230,145	256,893
Vocations	77,064	77,364
Seminarians	3,111	1,663
Annulments	2,625	4,525
Flood Relief	71,999	71,999
Unexpended Technology Grant	14,251	14,251
Latin American Fund	272,045	270,693
C. Menke - for masses	820	816
	676,734	732,603
Endowments		
Subject to appropriation and expenditure when a specified event occurs		
Restricted by donor for		
C. Helin Estate	-	871
Conrin Estate	106	320
Ertl Scholarship	7,847	-
Ed Helin Estate	-	87
M. Beatrice Spiegel Trust	1,498	1,465
William Butt Estate	109,250	109,250
Ray/Eileen Seitz Scholarship Fund	7,251	1,209
Fr. Nestor Goedken Trust	231,030	100,112
Diaconate Formation Scholarships	326	317
	357,308	213,631

Endowments (Continued)	2021	2020
Perpetual in nature, earnings from which are subject to endowment spending policy appropriation		
C. Helin Estate	$ 10,000	$ 10,000
Kohl Estate	27,878	27,878
Conrin Estate	42,640	42,640
John Fassbinder Trust	500,000	500,000
Ertl Scholarship	53,885	53,885
Ed Helin Estate	1,000	1,000
M. Beatrice Spiegel Trust	5,000	5,000
Amy Koschmeder Memorial Fund	33,870	33,870
William Butt Estate	384,534	384,534
Ray/Eileen Seitz Scholarship Fund	15,000	15,000
Fr. Nestor Goedken Trust	200,000	200,000
Diaconate Formation Scholarships	1,500	1,500
Underwater endowments	(12,851)	(83,652)
	1,262,456	1,191,655
Total endowments	1,619,764	1,405,286
	$ 2,296,498	$ 2,137,889

Net assets were released from donor restrictions as follows:

	2021	2020
Satisfaction of Purpose Restrictions		
Communications	$ 26,969	$ 58,301
Annulments	2,300	-
Seminarians	12,869	-
Vocations	400	8,876
	$ 42,538	$ 67,177

Note 15 - Pension Plan

The Administrative Offices have a defined contribution contributory pension plan under code Section 401(k) which covers employees who have worked for the Archdiocese for at least one year. The Administrative Offices contributes up to 5% of employee compensation, based on the amount of employee contributions. The policy is to fund pension cost as accrued. The total expense for the plan for the years ended June 30, 2021 and 2020 was $109,977 and $119,022.

Note 16 - Related Party Transactions

The Administrative Offices by its nature engages in transactions with other separately incorporated nonprofit Catholic institutions and organizations in northeast Iowa. The Archdiocese of Dubuque is a separate corporate entity. The Administrative Offices receive financial support from these other entities. Among these transactions include transfers from the Archdiocese of Dubuque Education Fund and Seminarian Education Fund for education expenses incurred during the year, transfers to various Archdiocesan agencies to fulfill restricted purposes, deposits with the Archdiocese of Dubuque Deposit & Loan Fund, and a note payable with the Archdiocese of Dubuque Deposit and Loan Fund. The Administrative Offices also invests in the Archdiocese of Dubuque Alternative Investments Grantor Trust. The Archdiocese of Dubuque Deposit and Loan Fund and the Archdiocese of Dubuque Alternative Investments Grantor Trust are related/affiliated organizations through common management and/or board membership and religious affiliation. The following table summarizes the respective amounts:

	2021	2020
Archdiocese of Dubuque Deposit and Loan Fund:		
Funds deposited on account	$ 10,825,785	$ 8,967,026
Transfer from Archdiocese of Dubuque Deposit and Loan Fund	-	1,400,000
Administration fee charged for services	45,000	45,000
Investment in Archdiocese of Dubuque Alternative Investment Trust	24,692	20,121
St. Raphael Priest Fund Society of the Archdiocese of Dubuque:		
Administration fee charged for services	65,000	65,000
Prepaid insurance premiums	31,238	24,225
Insurance premium charges received	28,000	28,000
Archdiocese of Dubuque Seminarian Education Fund - received transfer of funds	212,618	205,176
Our Faith, Our Children, Our Future, School Tuition Organization, Inc.		
Administration fee charged for services	162,910	162,250

Note 17 - Bond Issue Guarantee

The Archdiocese of Dubuque Deposit and Loan Fund, Education Fund and Administrative Offices has guaranteed the following bond issue:

	2021	2020
Holy Family Catholic Schools, Dubuque - Variable Rate Demand Education Facilities Revenue Bonds, Due Periodically Beginning 2021 Through 2036	$ 9,595,000	$ 10,000,000

Note 18 - Loss Contingency

In addition to the estimated claims payable reflected in these financial statements, additional significant losses from unreported occurrences and from claims in excess of the estimated liability for reported occurrences are possible. Since the Administrative Offices is responsible for approximately the first $1,000,000 for each occurrence after July 6, 1987, the potential amount of additional loss is significant.

Note 19 - Insurance Coverages Provided

The Administrative Offices provides insurance coverage to all parishes, institutions, cemeteries, and agencies.

The types and amount of different coverages follow:

Type of Coverage	Amount of Coverage
Property Loss	Full replacement cost with $500 deductible per occurrence
Autos – Collision	Actual cost value with $500 deductible per occurrence
Autos – Comprehensive	Repair cost up to actual cash value with $500 deductible
Liability	Full with no deductible
Boiler	Full replacement cost with $500 deductible
Workers' Compensation	Statutory; no deductible

There are no co-insurance provisions for any coverage provided.

Note 20 - Supplemental Insurance Coverage

The Administrative Offices is currently reinsured by commercial carriers as follows (coverage limits are different for claims prior to fiscal year 1998):

	Reinsurance Coverage
Claims Basis	Occurrence
Specific Excess Coverage (Per Occurrence):	
Boiler	Over $1,000
Workers' compensation claims	Over $1,000,000
All other claims (excluding sexual misconduct)	Over $1,000,000
Aggregate Excess Coverage (Total all claims by year)	$2,000,000

The cost of claims up to the reinsurance level is the sole responsibility of the Administrative Offices, except for a $500 deductible for each property, automobile and boiler loss. The reinsurance coverage has a limit of $20,000,000 per occurrence and in the aggregate for liability claims and $99,000,000 per occurrence and in the aggregate for property claims.

Reinsurance coverage for sexual misconduct, subsequent to July 1, 1999, is as follows:

	Reinsurance Coverage
Aggregate Excess Coverage (Total all claims by year)	up to $1,000,000

The Administrative Offices has no specific coverage for sexual misconduct claims prior to July 1, 1990.

The Administrative Offices joined several other similar entities to participate in the Catholic Umbrella Pool (CUP). CUP was formed to insure participants for excess general liability and morality claims. The participating entities are liable for any losses beyond CUP's ability to fund losses. However, the Administrative Offices' exposure to additional loss funding, if any, because of its participation in CUP is unknown.

The Administrative Offices' contribution to CUP was $125,112 and $126,132 for the years ended June 30, 2021 and 2020. The Administrative Offices' equity interest in the pool increased by $49,394 and decreased by $30,079 during the years ended June 30, 2021 and 2020, respectively. The Administrative Offices has a 1.32% and 1.34% equity interest in the pool at June 30, 2021 and 2020.

Note 21 - Workers' Compensation Escrow

The state of Iowa requires $500,000 to be held in escrow at a bank to fund the self-insured workers' compensation plan.

Note 22 - Pending Claims

The Archdiocese of Dubuque is subject to various unresolved claims at June 30, 2021. While amounts claimed may be substantial, the ultimate liability to the Administrative Offices, with respect to such claims, cannot be determined at this time. Conversely, the Administrative Offices has instituted subrogation proceedings against others whom the Administrative Offices deems financially responsible for certain claims paid by the Administrative Offices. The amount to be received by the Administrative Offices with respect to such proceedings cannot be determined at this time.

Note 23 - COVID-19 Pandemic

During 2021 and 2020, the world-wide coronavirus pandemic impacted national and global economies. The Administrative Offices is closely monitoring its operations, liquidity and capital resources and is actively working to minimize the current and future impact of this unprecedented situation. As of the date of issuance of these financial statements, the current and future full impact to the Administrative Offices is not known.