



Financial Statements  
June 30, 2022 and 2021

# Archdiocese of Dubuque Deposit and Loan Fund

# Archdiocese of Dubuque Deposit and Loan Fund

## Table of Contents

June 30, 2022 and 2021

---

Independent Auditor's Report.....	1
Financial Statements	
Statements of Financial Position.....	3
Statements of Activities .....	4
Statements of Cash Flows .....	5
Notes to Financial Statements .....	6



## **Independent Auditor's Report**

To the Audit Committee  
Archdiocese of Dubuque  
Dubuque, Iowa

### **Report on the Audit of the Financial Statements**

#### ***Opinion***

We have audited the financial statements of the Archdiocese of Dubuque Deposit and Loan Fund (Deposit and Loan Fund), which comprise the statements of financial position as of June 30, 2022 and 2021, and the related statements of activities, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the financial position of the Deposit and Loan Fund as of June 30, 2022 and 2021, 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.

#### ***Basis for Opinion***

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities of the Audit of the Financial Statements section of our report. We are required to be independent of the Deposit and Loan Fund 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 these financial statements in accordance with accounting principles generally accepted in the United States of America; 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 Deposit and Loan Fund'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 of 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 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 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 Deposit and Loan Fund'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 Deposit and Loan Fund'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.



Dubuque, Iowa  
February 3, 2023

# Archdiocese of Dubuque Deposit and Loan Fund

## Statements of Financial Position

June 30, 2022 and 2021

	2022	2021
<b>Assets</b>		
Cash and cash equivalents	\$ 10,778,990	\$ 15,642,772
Loans receivable, net of allowances for uncollectible loans of \$212,900 in 2022 and \$606,100 in 2021	11,784,239	15,717,153
Due from other Archdiocesan funds/organizations	3,189	4,121
Other receivables	-	23,020
Investments	128,463,300	132,639,467
Assets limited as to use	35,000	555,000
Annuity/life insurance contracts	8,319,975	9,619,975
Real estate investments	431,419	431,419
Accrued interest receivable	26,953	79,836
<b>Total assets</b>	<b>\$ 159,843,065</b>	<b>\$ 174,712,763</b>
<b>Liabilities and Net Assets</b>		
<b>Liabilities</b>		
Checks drawn in excess of available bank balances	\$ -	\$ 67,910
Accounts payable	80,577	56,578
Accrued expenses	58,880	39,084
Deposits payable	146,375,689	155,461,841
<b>Total liabilities</b>	<b>146,515,146</b>	<b>155,625,413</b>
<b>Net Assets - Without Donor Restrictions</b>	<b>13,327,919</b>	<b>19,087,350</b>
<b>Total liabilities and net assets</b>	<b>\$ 159,843,065</b>	<b>\$ 174,712,763</b>

# Archdiocese of Dubuque Deposit and Loan Fund

## Statements of Activities

Years Ended June 30, 2022 and 2021

	<u>2022</u>	<u>2021</u>
Revenues, Gains, and Other Support		
Interest income on loans, net of interest forgiven of \$8,952 in 2022 and \$9,923 in 2021	\$ 121,930	\$ 155,036
Net investment return	(12,878,276)	28,021,228
Administration fee	95,909	137,561
Property rent	<u>16,000</u>	<u>16,000</u>
Total revenues, gains, and other support	<u>(12,644,437)</u>	<u>28,329,825</u>
Expenses		
Program service expenses, including net investment return allocated to depositors	(6,905,794)	14,328,097
Management and general expenses	<u>20,788</u>	<u>64,408</u>
Total expenses	<u>(6,885,006)</u>	<u>14,392,505</u>
Change in Net Assets	(5,759,431)	13,937,320
Net Assets, Beginning of Year	<u>19,087,350</u>	<u>5,150,030</u>
Net Assets, End of Year	<u>\$ 13,327,919</u>	<u>\$ 19,087,350</u>

# Archdiocese of Dubuque Deposit and Loan Fund

## Statements of Cash Flows

Years Ended June 30, 2022 and 2021

	<u>2022</u>	<u>2021</u>
Operating Activities		
Change in net assets	\$ (5,759,431)	\$ 13,937,320
Adjustments to reconcile change in net assets to net cash from (used for) operating activities		
Provision for losses (recoveries) on loans	(28,610)	(67,800)
Realized and unrealized (gain) loss on investments	15,266,972	(26,349,539)
Changes in assets and liabilities		
Other receivables	23,020	96,248
Accrued interest receivable	52,883	17,415
Checks drawn in excess of available bank balances	(67,910)	67,910
Accounts payable	23,999	18,499
Due to other Archdiocesan funds/organizations	932	(1,505,558)
Accrued expenses	19,796	(149,626)
Net Cash from (used for) Operating Activities	<u>9,531,651</u>	<u>(13,935,131)</u>
Investing Activities		
Purchase of investments	(14,590,529)	(24,135,301)
Proceeds from sale of investments	3,499,724	6,712,935
Proceeds from annuity/life insurance contracts	1,300,000	-
Principal collection of loans receivable	3,961,524	5,517,914
New borrowings on loans receivable	<u>-</u>	<u>(1,202,085)</u>
Net Cash used for Investing Activities	<u>(5,829,281)</u>	<u>(13,106,537)</u>
Financing Activities		
Proceeds from deposits payable	67,105,789	78,382,206
Payments of deposits payable	<u>(76,191,941)</u>	<u>(51,913,139)</u>
Net Cash from (used for) Financing Activities	<u>(9,086,152)</u>	<u>26,469,067</u>
Net Change in Cash, Cash Equivalents and Restricted Cash	(5,383,782)	(572,601)
Cash, Cash Equivalents, and Restricted Cash, Beginning of Year	<u>16,197,772</u>	<u>16,770,373</u>
Cash, Cash Equivalents, and Restricted Cash, End of Year	<u>\$ 10,813,990</u>	<u>\$ 16,197,772</u>
Cash and Cash Equivalents	\$ 10,778,990	\$ 15,642,772
Assets Limited as to Use	<u>35,000</u>	<u>555,000</u>
Total Cash, Cash Equivalents, and Restricted Cash	<u>\$ 10,813,990</u>	<u>\$ 16,197,772</u>
Supplemental Disclosure of Cash Flow Information		
Cash paid during the year for interest on demand accounts	<u>\$ 464,878</u>	<u>\$ 422,653</u>

## **Note 1 - Organization and Significant Accounting Policies**

### **Organization**

Archdiocese of Dubuque Deposit and Loan Fund (Deposit and Loan Fund) provides loans to credit worthy Catholic parishes, schools, priests and other Catholic organizations located in the Archdiocese of Dubuque and provides an investment depository for Catholic parishes, schools, priests and other Catholic organizations located in the Archdiocese of Dubuque.

### **Cash and Cash Equivalents**

The Deposit and Loan Fund considers 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, or other long-term purposes of the Deposit and Loan Fund are excluded from this definition.

### **Loans receivable**

Loans receivable consist of unsecured notes and are stated at the amount of unpaid principal and interest. The allowance on loans receivable is based on management's review of specific loans and current economic conditions that may affect the borrower's ability to repay. Loans receivable are carried at the amounts owed to the Deposit and Loan Fund, less an estimate made for doubtful loans receivable based on regular review of all outstanding amounts. In evaluating the collectability of these loans, the Deposit and Loan Fund analyzes past history of payments and current circumstances of the borrowers to estimate an appropriate allowance for uncollectible loans. Accounts are written off when deemed uncollectible.

### **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 values 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 expenses.

The Deposit and Loan Fund 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 Deposit and Loan Fund will ultimately realize could differ materially.

The Deposit and Loan Fund 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.

Real estate investments are recorded at cost.

### **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 the renovation of Wahlert High School. The compromise requires HFCS to post collateral equivalent to the liability associated with the agreement. The Deposit and Loan Fund initially agreed to post up to \$900,000 of the collateral on behalf of HFCS. The amount posted as of June 30, 2022 and 2021 was \$35,000 and \$555,000, respectively.

### **Deposits Payable**

Deposits payable represent amounts deposited into the Deposit and Loan Fund by depositors (principally parishes, organizations, and priests of the Archdiocese of Dubuque) and consist of Demand Accounts, Central Endowment Funds, and Separately Managed Funds.

### **Net Assets**

Net assets, revenues, gains, and losses are classified based on the existence or absence of donor or grantor 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 restrictions.

*Net Assets With Donor Restrictions* – Net assets subject to donor (or certain grantor) restrictions. Some donor (or grantor) 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 (or grantor) restrictions are perpetual in nature, where the donor (or grantor) stipulates that resources be maintained in perpetuity. The Deposit and Loan Fund reports 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. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions.

### **Revenue and Revenue Recognition**

The Deposit and Loan Fund recognizes revenue from administration fees as the service is provided. The Deposit and Loan Fund earns administration fees from cash management services provided to its customers. The Deposit and Loan Fund receives these fees on a monthly basis based upon customer activity for the month.

### **Functional Allocation of Expenses**

The costs of program and supporting service activities have been summarized on a functional basis in the statements of activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited. Note 9 presents the natural classification detail of expenses by function. The expenses are generally directly attributable to a functional category with no significant allocations between program service activities and administrative activities occurring.

### **Incomes Taxes**

The Deposit and Loan Fund is organized as an Iowa non-profit corporation and has been recognized by the Internal Revenue Service (IRS) 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) as an integrated auxiliary of a church. The Deposit and Loan Fund is not required to file a Return of Organization Exempt from Income Tax (Form 990) with the IRS. However, the Deposit and Loan Fund is subject to income tax on net income that is derived from business activities that are unrelated to its exempt purposes. The Deposit and Loan Fund 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 Deposit and Loan Fund believes that it has appropriate support 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 Deposit and Loan Fund 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.

### **Financial Instruments and Credit Risk**

The Deposit and Loan Fund manages 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 Deposit and Loan Fund has not experienced losses in any of these accounts. 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 Deposit and Loan Fund.

### **Performance Indicator**

Revenues in excess of expenses is the performance indicator and excludes transfers of assets to and from related parties.

## Archdiocese of Dubuque Deposit and Loan Fund

Notes to Financial Statements

June 30, 2022 and 2021

---

### Subsequent Events

The Deposit and Loan Fund has evaluated subsequent events through February 3, 2023, 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 uses, within one year of the statement of financial position, comprise the following at June 30, 2022 and 2021:

	2022	2021
Cash and cash equivalents	\$ 10,778,990	\$ 15,642,772
Due from other Archdiocesan funds/organizations	3,189	4,121
Other receivables	-	23,020
Accrued interest receivable	26,953	79,836
Investments (excluding investments measured at net asset value)	88,905,618	94,968,168
	<u>\$ 99,714,750</u>	<u>\$ 110,717,917</u>

As part of the Archdiocese's liquidity management plan, cash in excess of daily requirements is invested in short term investments and money market funds.

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, as well as other investments measured at net asset value, 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.

Additionally, the Deposit and Loan Fund has a \$5 million revolving line of credit, as discussed in more detail in Note 8. As of June 30, 2022, \$5 million remained available on the Deposit and Loan Fund's line of credit.

**Note 3 - Fair Value Measurements and Disclosures**

The Deposit and Loan Fund has 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 significant portion of the Deposit and Loan Fund's 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.

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. The Deposit and Loan Fund's 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.

There have been no changes in valuation techniques used for any assets measured at fair value during the year ended June 30, 2022 and 2021.

# Archdiocese of Dubuque Deposit and Loan Fund

Notes to Financial Statements

June 30, 2022 and 2021

The following table presents assets measured at fair value on a recurring basis, except those measured by using NAV per share as a practical expedient as identified in the following, at June 30, 2022:

		Fair Value Measurements at Report Date Using		
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
	Total			
Growth Funds				
Domestic and international mutual funds	\$ 65,943,141	\$ 65,943,141	\$ -	\$ -
Domestic and international common stocks	1,527,190	1,527,190	-	-
Risk Reduction Assets				
Domestic fixed income mutual funds	21,435,287	21,435,287	-	-
At NAV				
Growth funds	11,908,783	-	-	-
Inflation protection assets	1,989,284	-	-	-
Hedge funds	6,318,264	-	-	-
Alternative investments trust	19,341,351	-	-	-
	<u>\$ 128,463,300</u>	<u>\$ 88,905,618</u>	<u>\$ -</u>	<u>\$ -</u>

The following table presents assets measured at fair value on a recurring basis, except those measured by using NAV per share as a practical expedient as identified in the following, at June 30, 2021:

		Fair Value Measurements at Report Date Using		
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
	Total			
Growth Funds				
Domestic and international mutual funds	\$ 75,853,134	\$ 75,853,134	\$ -	\$ -
Domestic and international common stocks	2,178,804	2,178,804	-	-
Risk Reduction Assets				
Domestic fixed income mutual funds	16,936,230	16,936,230	-	-
At NAV				
Growth funds	14,697,193	-	-	-
Inflation protection assets	2,031,580	-	-	-
Hedge funds	5,160,645	-	-	-
Alternative investments trust	15,781,881	-	-	-
	<u>\$ 132,639,467</u>	<u>\$ 94,968,168</u>	<u>\$ -</u>	<u>\$ -</u>

# Archdiocese of Dubuque Deposit and Loan Fund

Notes to Financial Statements

June 30, 2022 and 2021

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

June 30, 2022	Number of Investments	Fair value	Unfunded Commitments	Redemption Frequency	Redemption Notice Period
Growth Funds					
Interest in limited partnerships	10	\$ 11,908,783	\$ 4,396,254	Illiquid	None
Inflation Protection Assets					
Interest in limited partnerships	6	1,989,284	416,289	Illiquid	None
Risk Reduction Assets					
Hedge funds	4	6,318,264	1,071,973	(1)	(1)
Alternative Investments					
Trust	1	<u>19,341,351</u>	<u>-</u>	(2)	None
		<u>\$ 39,557,682</u>	<u>\$ 5,884,516</u>		
June 30, 2021	Number of Investments	Fair value	Unfunded Commitments	Redemption Frequency	Redemption Notice Period
Growth Funds					
Interest in limited partnerships	10	\$ 14,697,193	\$ 5,205,276	Illiquid	None
Inflation Protection Assets					
Interest in limited partnerships	6	2,031,580	418,426	Illiquid	None
Risk Reduction Assets					
Hedge funds	4	5,160,645	1,251,973	(1)	(1)
Alternative Investments					
Trust	1	<u>15,781,881</u>	<u>-</u>	(2)	None
		<u>\$ 37,671,299</u>	<u>\$ 6,875,675</u>		

(1) Redemption frequency of the hedge funds is either quarterly with notice periods of 45 days or illiquid.

(2) 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 interest in limited partnership's objective is to maximize the total return to shareholders through cash dividends and appreciation in the value of the shares through investment in a real estate portfolio consisting of undeveloped land, residential, multi-family, condominium units, industrial, retail, and office properties.

The hedge funds' objectives are to generate consistent long-term capital appreciation with low volatility and little correlation with the equity and bond markets through portfolios having a diversified risk profile.

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.

# Archdiocese of Dubuque Deposit and Loan Fund

Notes to Financial Statements

June 30, 2022 and 2021

## Note 4 - Net Investment Return

Net investment return consists of the following:

	2022	2021
Interest and dividends	\$ 2,672,683	\$ 1,927,850
Net realized and unrealized gain (loss)	(15,266,972)	26,349,539
Less investment fees	(283,987)	(256,161)
	<u>\$ (12,878,276)</u>	<u>\$ 28,021,228</u>

## Note 5 - Loans Receivable

Loans receivable consist of unsecured notes and earn interest at a rate of 1.0% at June 30, 2022 and 2021. The net loans receivable balance was \$11,784,239, \$15,717,153, and \$19,965,182 as of June 30, 2022, June 30, 2021, and July 1, 2020, respectfully.

Changes in the allowances for uncollectible loans receivable for the years ended June 30, 2022 and 2021, were as follows:

	2022	2021
Balance, beginning of year	\$ 606,100	\$ 673,900
Provision for losses (recoveries) on loans	(28,862)	(67,800)
Loans written off	(364,338)	-
	<u>\$ 212,900</u>	<u>\$ 606,100</u>

## Note 6 - Annuity/Life Insurance Contracts

Annuity/life insurance contracts are designed to provide the Deposit and Loan Fund with interest/annuity payments throughout the life of the annuitant/insured. The Deposit and Loan Fund 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 - Deposits Payable and Interest to Depositors

Depositors are principally parishes, organizations and priests of the Archdiocese of Dubuque. Deposit accounts consist of Demand Accounts, Central Endowment Funds and Separately Managed Funds.

# Archdiocese of Dubuque Deposit and Loan Fund

Notes to Financial Statements

June 30, 2022 and 2021

Demand Accounts earn interest at 0.5% per annum at June 30, 2022 and 2021, and can be withdrawn on demand. The Central Endowment Fund is an investment pool for education endowment funds. Depositors earn income based upon the actual return of the underlying assets of the fund, net of fees. Funds can be withdrawn semi-annually on May 1 and November 1. Separately Managed Funds consist of education endowment funds of entities which have entrusted the investment of the funds to the Deposit and Loan Fund. Depositors earn income based upon the actual return of the underlying assets of the fund, net of fees. Funds can be withdrawn on demand.

Deposits payable consist of the following:

	2022	2021
Demand accounts	\$ 90,317,308	\$ 93,538,403
Central Endowment Fund	17,899,321	22,613,477
Separately managed funds	38,159,060	39,309,961
	<u>\$ 146,375,689</u>	<u>\$ 155,461,841</u>

Net investment return allocated to depositors consists of the following:

	2022	2021
Demand accounts	\$ 464,878	\$ 422,653
Central Endowment Fund	(2,600,141)	5,208,199
Separately managed funds	(4,884,073)	8,678,934
	<u>\$ (7,019,336)</u>	<u>\$ 14,309,786</u>

For the Central Endowment Fund and the Separately Managed Funds, interest to depositors represents an offset to the total net investment return on these funds as depositors share in 100% of the net investment return.

## Note 8 - Line of Credit

The Deposit and Loan Fund has a revolving line of credit with a bank, under which they can borrow up to \$5,000,000 at an interest rate equal to the prime rate as published in the Wall Street Journal with a floor of 3.75%. The line of credit is secured by securities held in various accounts and matured July 30, 2022, which was a renewal from the line that previously matured. In July 2022, the Deposit and Loan Fund renewed their line of credit. Under their renewed line of credit, they can borrow up to \$5,000,000 at an interest rate equal to the prime rate as published in the Wall Street Journal with a floor of 3.25%. The line of credit is secured by securities held in various accounts and matures July 30, 2023. The outstanding balance under the line of credit as of June 30, 2022 and 2021 was \$0.

# Archdiocese of Dubuque Deposit and Loan Fund

Notes to Financial Statements

June 30, 2022 and 2021

## Note 9 - Functionalized Expenses

Total expenses by function were as follows for the year ended June 30, 2022:

	Program Expenses	Management and General	Total
Net investment return allocated to depositors	\$ (7,019,336)	\$ -	\$ (7,019,336)
Provision for losses (recoveries) on loans	(28,610)	-	(28,610)
Professional fees	142,152	19,630	161,782
Interest expense	-	-	-
Rental property expenses	-	948	948
Office supplies and expenses	-	210	210
	<u>\$ (6,905,794)</u>	<u>\$ 20,788</u>	<u>\$ (6,885,006)</u>

Total expenses by function were as follows for the year ended June 30, 2021:

	Program Expenses	Management and General	Total
Net investment return allocated to depositors	\$ 14,309,786	\$ -	\$ 14,309,786
Provision for losses (recoveries) on loans	(67,800)	-	(67,800)
Professional fees	47,978	63,120	111,098
Interest expense	13	-	13
Rental property expenses	-	854	854
Office supplies and expenses	38,120	434	38,554
	<u>\$ 14,328,097</u>	<u>\$ 64,408</u>	<u>\$ 14,392,505</u>

## Note 10 - Related Party Transactions

The Deposit and Loan Fund engages in transactions with the Archdiocese of Dubuque and other separately incorporated nonprofit Catholic institutions and organizations of the Archdiocese. There is corresponding interest expense on deposits and interest income from loans to/from these institutions and organizations. The Deposit and Loan Fund invests in the Archdiocese of Dubuque Alternative Investments Grantor Trust. These institutions and organizations are related/affiliated through common management and/or board membership and religious affiliation.

## Archdiocese of Dubuque Deposit and Loan Fund

Notes to the Financial Statements

June 30, 2022 and 2021

The following balances represent funds owed to (deposits payable) or receivable from (loans receivable) certain related Archdiocesan organizations:

	<u>2022</u>	<u>2021</u>
Loans Receivable from:		
Archdiocese of Dubuque Priests' Pension Plan	\$ 509,369	\$ -
Archdiocese of Dubuque Perpetual Care Fund	-	551,789
Archdiocese of Dubuque Administrative Offices	-	407,780
Deposits Payable to:		
Archdiocese of Dubuque Administrative Offices	\$ 10,538,137	\$ 11,233,565
Our Faith, Our Children, Our Future, School Tuition Organization, Inc.	6,493,545	5,103,257
St. Raphael Priest Fund Society of the Archdiocese of Dubuque	889,143	1,329,119
Archdiocese of Dubuque Education Fund	439,234	41,896
Archdiocese of Dubuque Alternative Investments Grantor Trust	89,947	97,835
Archdiocese of Dubuque Seminarian Education Fund	70,549	41,749
Archdiocese of Dubuque Perpetual Care Fund	16,623	-
Archdiocese of Dubuque Priests' Pension Plan	-	258,326