



Financial Statements
June 30, 2022 and 2021

Archdiocese of Dubuque Education Fund

Archdiocese of Dubuque Education Fund

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Independent Auditor's Report

To the Audit Committee
Archdiocese of Dubuque Education Fund
Dubuque, Iowa

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Archdiocese of Dubuque Education Fund (Education 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 Education 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 Education 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 Education 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 Education 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 Education 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 Education Fund

Statements of Financial Position

June 30, 2022 and 2021

	2022	2021
Assets		
Cash and cash equivalents	\$ 10,110	\$ 4,958
Deposits in Archdiocese of Dubuque Deposit and Loan Fund	439,234	41,896
Due from Other Archdiocesan Funds/Organizations	-	12,223
Receivables - bequests	1,155,516	-
Investments	4,984,954	5,501,535
Annuity/life insurance contracts	700,000	900,000
Cash surrender value of life insurance	89,892	90,609
Beneficial interest in assets held by the Catholic Foundation in the Archdiocese of Dubuque	24,765,363	29,429,724
Total assets	\$ 32,145,069	\$ 35,980,945
Liabilities and Net Assets		
Liabilities		
Accrued expenses	\$ 365	\$ 6,515
Funds held for related organizations	119,594	188,328
Due to other Archdiocesan funds/organizations	33,453	-
Annuities payable	267,698	310,184
Total liabilities	421,110	505,027
Net Assets		
Without donor restrictions	26,938,438	30,215,523
With donor restrictions		
Perpetual in nature	5,124,953	5,124,953
Time-restricted for future periods	66,187	137,296
Underwater endowments	(405,619)	(1,854)
Total net assets with donor restrictions	4,785,521	5,260,395
Total net assets	31,723,959	35,475,918
Total liabilities and net assets	\$ 32,145,069	\$ 35,980,945

Archdiocese of Dubuque Education Fund

Statements of Activities

Years Ended June 30, 2022 and 2021

	2022	2021
Revenue, Support, and Gains		
Contributions	\$ 1,179,168	\$ 11,049
Change in value of beneficial interest in assets held by others	(3,736,582)	6,688,468
Net investment return	143,461	36,795
Net income (loss) on annuities/life insurance	(120,225)	716
Net assets released from restrictions	119,508	16,293
Total revenue, support, and gains	(2,414,670)	6,753,321
Expenses		
Program Expenses		
Transfer of investment income to Archdiocese of Dubuque	29,250	-
Education grants	822,863	1,633,989
Administrative Expenses		
Audit expense	10,220	9,830
Other expense	82	-
Total expenses	862,415	1,643,819
Change in Net Assets Without Donor Restrictions	(3,277,085)	5,109,502
Changes in Net Assets With Donor Restrictions		
Contributions	-	467,333
Net investment return	(389,716)	21,588
Change in value of split-interest agreements	34,350	45,461
Net assets released from restrictions	(119,508)	(16,293)
Change in Net Assets With Donor Restrictions	(474,874)	518,089
Change in Net Assets	(3,751,959)	5,627,591
Net Assets, Beginning of Year	35,475,918	29,848,327
Net Assets, End of Year	\$ 31,723,959	\$ 35,475,918

Archdiocese of Dubuque Education Fund

Statements of Cash Flows

Years Ended June 30, 2022 and 2021

	2022	2021
Operating Activities		
Change in net assets	\$ (3,751,959)	\$ 5,627,591
Adjustments to reconcile change in net assets to net cash used for operating activities		
Realized and unrealized (gain) loss on investments	542,837	(38,086)
Contributions restricted to endowment	-	(467,333)
Change in value of beneficial interest in assets held by others	3,736,582	(6,688,468)
Changes in assets and liabilities		
Receivables - bequests	(1,155,516)	157,560
Cash surrender value of life insurance	717	(17,009)
Accrued expenses	(6,150)	5,678
Funds held for related organizations	(68,734)	79,069
Due to/from other Archdiocesan funds/organizations	45,676	(13,422)
Annuities payable	(42,486)	(66,721)
Net Cash used for Operating Activities	(699,033)	(1,421,141)
Investing Activities		
Deposits to Archdiocese of Dubuque Deposit and Loan Fund	(1,260,468)	(1,162,920)
Withdrawal from Archdiocese of Dubuque Deposit and Loan Fund	863,130	2,219,796
Proceeds from annuity/life insurance contract	200,000	-
Withdrawal from beneficial interest in assets held by others	927,779	323,416
Purchase of investments	(26,256)	-
Proceeds from sale of investments	-	29,987
Net Cash from Investing Activities	704,185	1,410,279
Net Change in Cash and Cash Equivalents	5,152	(10,862)
Cash and Cash Equivalents, Beginning of Year	4,958	15,820
Cash and Cash Equivalents, End of Year	\$ 10,110	\$ 4,958
Supplemental Disclosure of Non-cash Activity		
Contribution of investments related to endowment, which includes receipt of prior year bequest receivable	\$ -	\$ 5,124,953

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

The Archdiocese of Dubuque Education Fund (Education Fund) is an endowment-like fund in which the principal is invested and maintained intact with only the income earned from the investments available for Catholic education in the Archdiocese of Dubuque.

Cash and Cash Equivalents

The Education 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, endowments that are perpetual in nature, or other long-term purposes of the Education Fund are excluded from this definition.

Receivables

Receivables consist primarily of noninterest-bearing amounts due from bequests. The receivables – bequests balance was \$1,155,516, \$0, and \$4,815,180, respectively, at June 30, 2022, June 30, 2021, and July 1, 2020.

Assets Held and Liabilities Under Split-Interest Agreements*Charitable Gift Annuities*

Under charitable gift annuity contracts, the Education Fund receives immediate and unrestricted title to contributed assets and agrees to make fixed recurring payments over the stipulated period. Contributed assets are recorded at fair value on the date of receipt. The related liability for future payments to be made to specified beneficiaries is recorded at fair value using present value techniques and risk-adjusted discount rates designed to reflect the assumptions market participants would use in pricing the liability. The excess of contributed assets over the annuity liability is recorded as a contribution without donor restrictions. In subsequent years, the liability for future annuity payments is reduced by payments made to the specified beneficiaries and is adjusted to reflect amortization of the discount and changes in actuarial assumptions at the end of the year. Upon termination of the annuity contract, the remaining liability is removed and recognized as income.

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 management and custodial fees.

The Education 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 Education Fund will ultimately realize could differ materially.

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

The Education Fund has established a fund under the Catholic Foundation in the Archdiocese of Dubuque (CFAD). The Education Fund 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 Education Fund, and is reported at fair value in the statements of financial position, with distributions and changes in fair value recognized in the statement of activities.

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 (or certain grantor) restrictions.

Net Assets With Donor (and Grantor) Restrictions – Net assets subject to donor (or certain grantor) restrictions. Some donor (and 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 stipulates that resources be maintained in perpetuity. The Education 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. Donor (and grantor) restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose 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 statement of activities as net assets released from restrictions.

Revenue and Revenue Recognition

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 of return—are not recognized until the conditions on which they depend have been substantially met.

Functional Allocation of Expenses

The statements of activities report categories of expenses that are attributed to program service activities or supporting services 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 Education Fund 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 Education Fund is not required to file a Return of Organization Exempt from Income Tax (Form 990) with the IRS. However, the Education Fund is subject to income tax on net income that is derived from business activities that are unrelated to its exempt purposes. The Education 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 Education 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 Education 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 Education 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 Education 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 Education Fund.

Subsequent Events

The Education Fund has evaluated subsequent events through February 3, 2023, the date which the financial statements were available to be issued.

Archdiocese of Dubuque Education Fund

Notes to Financial Statements

June 30, 2022 and 2021

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 date, comprise the following:

	2022	2021
Cash and cash equivalents	\$ 10,110	\$ 4,958
Deposits in Archdiocese of Dubuque Deposit and Loan Fund	439,234	41,896
Receivables - bequests	1,155,516	-
Investments	4,984,954	5,501,535
Cash surrender value of life insurance	89,892	90,609
	<u>6,679,706</u>	<u>5,638,998</u>
Annuities payable	(267,698)	(310,184)
Funds held for related organizations	(119,594)	(188,328)
Net assets with donor restrictions	<u>(4,785,521)</u>	<u>(5,260,395)</u>
	<u>(5,172,813)</u>	<u>(5,758,907)</u>
Anticipated distributions from beneficial interest in assets held by Catholic Foundation in the Archdiocese of Dubuque	<u>-</u>	<u>927,779</u>
Financial assets available to meet general expenditures within one year	<u>\$ 1,506,893</u>	<u>\$ 807,870</u>

The Education Fund established a fund under the Catholic Foundation in the Archdiocese of Dubuque (CFAD). Funds with beneficial interest in assets held by CFAD are invested to provide long-term growth and financial support. The Education Fund can receive annual distributions from CFAD and includes the anticipated distribution above, if the Education Fund elects to receive a distribution, since the funds would be available to meet general expenditures.

Note 3 - Fair Value Measurements and Disclosures

The Education 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 Education Fund's investment assets are classified within Level 1 because they are comprised of open-end mutual funds and stocks with readily determinable fair values based on daily redemption values. The fair value of beneficial interest in assets held by CFAD is based on the fair value of 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 years ended June 30, 2022 and 2021.

Archdiocese of Dubuque Education Fund

Notes to Financial Statements

June 30, 2022 and 2021

The following table presents assets measured at fair value on a recurring basis 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)
<u>Assets</u>	<u>Total</u>			
Investments				
Cash and money market (at cost)	\$ 33,348	\$ -	\$ -	\$ -
Growth funds				
Domestic and international mutual funds	695,644	695,644	-	-
Risk reduction assets				
Domestic and international bonds and mutual funds	<u>4,255,962</u>	<u>4,255,962</u>	<u>-</u>	<u>-</u>
Total investments	<u>\$ 4,984,954</u>	<u>\$ 4,951,606</u>	<u>\$ -</u>	<u>\$ -</u>
Beneficial Interest in Assets Held by the Catholic Foundation in the Archdiocese of Dubuque	<u>\$ 24,765,363</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 24,765,363</u>

Archdiocese of Dubuque Education Fund

Notes to Financial Statements

June 30, 2022 and 2021

The following table presents assets measured at fair value on a recurring basis 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)
<u>Assets</u>	<u>Total</u>			
Investments				
Cash and money market (at cost)	\$ 33,527	\$ -	\$ -	\$ -
Growth funds				
Domestic and international mutual funds	781,902	781,902	-	-
Risk reduction assets				
Domestic and international bonds and mutual funds	<u>4,686,106</u>	<u>4,686,106</u>	<u>-</u>	<u>-</u>
Total investments	<u>\$ 5,501,535</u>	<u>\$ 5,468,008</u>	<u>\$ -</u>	<u>\$ -</u>
Beneficial Interest in Assets Held by the Catholic Foundation in the Archdiocese of Dubuque	<u>\$ 29,429,724</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 29,429,724</u>

Below is a reconciliation of the beginning and ending balance of assets measured at fair value on a recurring basis using significant unobservable inputs (Level 3):

	Fair Value Measurements at Report Date Using Significant Unobservable Inputs (Level 3)	
	<u>2022</u>	<u>2021</u>
Beneficial Interest in Assets Held by the Catholic Foundation in the Archdiocese of Dubuque		
Beginning Balance	\$ 29,429,724	\$ 23,064,672
Net gains (losses)	(3,736,582)	6,688,468
Purchases/contributions of investments	-	550,000
Distributions	<u>(927,779)</u>	<u>(873,416)</u>
Ending Balance	<u>\$ 24,765,363</u>	<u>\$ 29,429,724</u>

Note 4 - Net Investment Return

Net investment return consists of the following:

	2022	2021
Interest and dividends	\$ 330,160	\$ 46,859
Net realized and unrealized gain (loss)	(542,837)	38,086
Less investment fees	(33,578)	(26,562)
	<u>\$ (246,255)</u>	<u>\$ 58,383</u>

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

Certain funds are deposited in the Archdiocese of Dubuque Deposit and Loan Fund, a separate 501(c)(3) corporation. These deposits can be withdrawn on demand and currently earn interest at the rate of 0.5% per annum at June 30, 2022 and 2021.

Note 6 - Annuity/Life Insurance Contracts and Cash Surrender Value of Life Insurance

Annuity/life insurance contracts are designed to provide the Education Fund with interest/annuity payments throughout the life of the annuitant/insured. The Education 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.

The cash surrender value of life insurance value is recorded based on the equity method with adjustments for interest rate changes.

Note 7 - Endowments

The Education Fund's endowment (the Endowment) consists of an individual fund established by a donor to provide funding for families needing financial assistance to attend Catholic schools. Net assets associated with endowment funds are classified and reported based on the existence or absence of donor restrictions. The Education Fund's 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, 2022 and 2021, there were no such donor stipulations. As a result of this interpretation, the Education Fund retains 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 Education Fund considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

Archdiocese of Dubuque Education Fund

Notes to Financial Statements

June 30, 2022 and 2021

- 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 Education Fund had the following endowment net asset composition by type of fund:

	Without Donor Restrictions	With Donor Restrictions	Total
June 30, 2022			
Donor-restricted endowment funds			
Original donor-restricted gift amount and amounts required to be maintained in perpetuity by donor	\$ -	\$ 5,124,953	\$ 5,124,953
Underwater	-	(405,619)	(405,619)
	<u>\$ -</u>	<u>\$ 4,719,334</u>	<u>\$ 4,719,334</u>
June 30, 2021			
Donor-restricted endowment funds			
Original donor-restricted gift amount and amounts required to be maintained in perpetuity by donor	\$ -	\$ 5,124,953	\$ 5,124,953
Underwater	-	(1,854)	(1,854)
	<u>\$ -</u>	<u>\$ 5,123,099</u>	<u>\$ 5,123,099</u>

From time to time, certain donor-restricted endowment funds could have fair values less than the amount required to be maintained by donors or by law (underwater endowments). The Education Fund has interpreted UPMIFA to permit spending from underwater endowments in accordance with prudent measures required under law. At June 30, 2022, a fund with original gift value of \$5,124,953, fair value of \$4,719,334, and deficiency of \$405,619 was reported in net assets with donor restrictions. At June 30, 2021, the same fund with the original gift value of \$5,124,953, fair value of \$5,123,099, and deficiency of \$1,854 was reported in net assets with donor restrictions.

Archdiocese of Dubuque Education Fund

Notes to Financial Statements

June 30, 2022 and 2021

Investment and Spending Policies

The Education Fund 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 Education Fund must hold in perpetuity. As specified by the donor, endowment assets will be invested solely in high grade bonds.

Ninety percent of annual income shall be distributed as the Education Fund deems appropriate. The remaining ten percent shall be accumulated and added to principal to offset the effect of inflation.

Changes in Endowment net assets for the year ended June 30, 2022 are as follows:

	Without Donor Restrictions	With Donor Restrictions	Total
Endowment net assets, beginning of year	\$ -	\$ 5,123,099	\$ 5,123,099
Investment return, net	-	(403,765)	(403,765)
Endowment net assets, end of year	<u>\$ -</u>	<u>\$ 4,719,334</u>	<u>\$ 4,719,334</u>

Changes in Endowment net assets for the year ended June 30, 2021 are as follows:

	Without Donor Restrictions	With Donor Restrictions	Total
Endowment net assets, beginning of year	\$ -	\$ -	\$ -
Investment return, net	-	(1,854)	(1,854)
Contributions	-	467,333	467,333
Collection of promise to give	-	4,657,620	4,657,620
Endowment net assets, end of year	<u>\$ -</u>	<u>\$ 5,123,099</u>	<u>\$ 5,123,099</u>

Note 8 - Net Assets with Donor Restrictions

Net assets with donor restriction are restricted for the following period.

	<u>2022</u>	<u>2021</u>
Subject to the Passage of Time		
Assets held under split-interest agreements	<u>\$ 66,187</u>	<u>\$ 137,296</u>
Endowment		
Perpetual in nature, earnings from which will be subject to		
endowment spending policy appropriation for tuition assistance	5,124,953	5,124,953
Underwater endowment	<u>(405,619)</u>	<u>(1,854)</u>
Total endowment	<u>4,719,334</u>	<u>5,123,099</u>
	<u><u>\$ 4,785,521</u></u>	<u><u>\$ 5,260,395</u></u>

Net assets with donor restrictions represent split-interest agreements in the form of gift annuities and charitable remainder unitrusts. The Education Fund accepts the contribution and is obligated to make payments to the donor or a third-party beneficiary until the death of the donor or third-party beneficiary. Net assets with donor restrictions also include an endowment fund from a donor.

Note 9 - Related Party Transactions

The Education Fund has money deposited with the Archdiocese of Dubuque Deposit & Loan Fund, which is a related/affiliated organization through common management and/or board membership and religious affiliation.