



Financial Statements
June 30, 2020 and 2019

Archdiocese of Dubuque Deposit and Loan Fund

Archdiocese of Dubuque Deposit and Loan Fund

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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 Deposit and Loan Fund (Deposit and Loan Fund), which comprise the statements of financial position as of June 30, 2020 and 2019, and the related statements of activities, and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our 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 Deposit and Loan Fund as of June 30, 2020 and 2019, 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.

Emphasis of Matter

As discussed in Notes 1 and 11 to the financial statements, the Deposit and Loan Fund has adopted the provisions of Financial Accounting Standards Board (FASB) Accounting Standards Update 2016-18, *Statement of Cash Flows (Topic 230): Restricted Cash*. Accordingly, the June 30, 2019 statement of cash flows has been adjusted to adopt this standard. Our opinion is not modified with respect to this matter.

A handwritten signature in cursive script that reads "Eide Bailly LLP".

Dubuque, Iowa
April 1, 2021

Archdiocese of Dubuque Deposit and Loan Fund

Statements of Financial Position

June 30, 2020 and 2019

	2020	2019
Assets		
Cash and cash equivalents	\$ 15,940,373	\$ 3,181,150
Loans receivable, net of allowances for uncollectible loans of \$673,900 in 2020 and \$746,000 in 2019	19,965,182	22,796,180
Other receivables	119,268	29,379
Investments	88,867,562	96,398,446
Assets limited as to use	830,000	390,000
Annuity/life insurance contracts	9,619,975	10,644,975
Real estate investments	431,419	1,231,601
Accrued interest receivable	97,251	110,943
Total assets	<u>\$ 135,871,030</u>	<u>\$ 134,782,674</u>
Liabilities and Net Assets		
Liabilities		
Checks drawn in excess of available bank balances	\$ -	\$ 55,130
Accounts payable	38,079	33,735
Due to other Archdiocesan funds/organizations	1,501,437	1,260,090
Accrued expenses	188,710	18,062
Deposits payable	128,992,774	127,019,721
Total liabilities	130,721,000	128,386,738
Net Assets - Without Donor Restrictions	5,150,030	6,395,936
Total liabilities and net assets	<u>\$ 135,871,030</u>	<u>\$ 134,782,674</u>

Archdiocese of Dubuque Deposit and Loan Fund

Statements of Activities

Years Ended June 30, 2020 and 2019

	2020	2019
Revenues, Gains, and Other Support		
Interest income on loans, net of interest forgiven of \$20,637 in 2020 and \$20,458 in 2019	\$ 320,634	\$ 364,557
Net investment return	2,168,421	5,023,851
Administration fee	130,836	102,108
Property rent	26,631	25,888
Total revenues, gains, and other support	2,646,522	5,516,404
Expenses		
Program service expenses	2,321,651	3,532,114
Management and general expenses	70,777	56,914
Total expenses	2,392,428	3,589,028
Revenues in Excess of Expenses	254,094	1,927,376
Transfers		
Archdiocese of Dubuque Administrative Offices	(1,400,000)	(1,090,000)
The Witness	(100,000)	(150,000)
Total transfers	(1,500,000)	(1,240,000)
Change in Net Assets	(1,245,906)	687,376
Net Assets, Beginning of Year	6,395,936	5,708,560
Net Assets, End of Year	\$ 5,150,030	\$ 6,395,936

Archdiocese of Dubuque Deposit and Loan Fund

Statements of Cash Flows
Years Ended June 30, 2020 and 2019

	2020	2019 (Restated)
Operating Activities		
Change in net assets	\$ (1,245,906)	\$ 687,376
Adjustments to reconcile change in net assets to net cash used for operating activities		
Provision for losses (recoveries) on loans	(72,100)	(205,400)
Realized and unrealized gain on investments	814,264	(3,275,696)
Gain on sale of investment in real estate	(1,235,038)	-
Changes in assets and liabilities		
Other receivables	(89,889)	331,589
Accrued interest receivable	13,692	26,773
Checks drawn in excess of available bank balances	(55,130)	(525,252)
Accounts payable	4,344	(42,320)
Due to other Archdiocesan funds/organizations	241,347	(6,951,030)
Accrued expenses	170,648	18,062
Net Cash used for Operating Activities	<u>(1,453,768)</u>	<u>(9,935,898)</u>
Investing Activities		
Purchase of investments	(7,478,369)	(4,425,734)
Proceeds from sale of investments	14,194,989	4,015,578
Proceeds from sale of investment in real estate	2,035,220	-
Proceeds from annuity/life insurance contracts	1,025,000	-
Principal collection of loans receivable	4,148,499	10,733,992
New borrowings on loans receivable	(1,245,401)	(7,363,018)
Net Cash from Investing Activities	<u>12,679,938</u>	<u>2,960,818</u>
Financing Activities		
Proceeds from deposits payable	62,920,173	60,053,698
Payments of deposits payable	(60,947,120)	(53,202,733)
Net Cash from Financing Activities	<u>1,973,053</u>	<u>6,850,965</u>
Net Change in Cash, Cash Equivalents and Restricted Cash	13,199,223	(124,115)
Cash, Cash Equivalents, and Restricted Cash, Beginning of Year	<u>3,571,150</u>	<u>3,695,265</u>
Cash, Cash Equivalents, and Restricted Cash, End of Year	<u>\$ 16,770,373</u>	<u>\$ 3,571,150</u>
Cash and Cash Equivalents	15,940,373	3,181,150
Assets Limited as to Use	830,000	390,000
Total Cash, Cash Equivalents, and Restricted Cash	<u>\$ 16,770,373</u>	<u>\$ 3,571,150</u>
Supplemental Disclosure of Cash Flow Information		
Cash paid during the year for interest on demand accounts	<u>\$ 1,016,970</u>	<u>\$ 667,905</u>

See Notes to Financial Statements

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. 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.

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, 2020 and 2019 was \$830,000 and \$390,000, 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) 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 restrictions are perpetual in nature, where the donor 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.

Change in Accounting Policy

As of July 1, 2019, the Deposit and Loan Fund adopted the provisions of Accounting Standards Codification Topic 606, *Revenue from Contracts with Customers* (Topic 606), as amended. These standards supersede or replace nearly all Generally Accepted Accounting Principles (GAAP) revenue recognition guidance. These standards establish a new contract and control-based revenue recognition model, change the basis for deciding when revenue is recognized over time or at a point in time, and expands disclosures about revenue. The Deposit and Loan Fund has implemented Topic 606 retrospectively to all periods presented, with no effect on net assets.

As of July 1, 2019, the Deposit and Loan Fund adopted the provisions of ASU 2016-18, *Statement of Cash Flows (Topic 230): Restricted Cash*. This update requires that a statement of cash flows explain the change during the period in the total of cash, cash equivalents, and amounts generally described as restricted cash or restricted cash equivalents, by including amounts generally described as restricted cash and restricted cash equivalents with cash and cash equivalents when reconciling beginning-of-period and end-of-period total amounts shown on the statements of cash flows. Retrospective application of the amendment is required. The Deposit and Loan Fund has adopted this standard as management believes this presentation eliminates a diversity in practice in the presentation of restricted cash and restricted cash equivalents in the statement of cash flows.

The Deposit and Loan Fund has adopted these standards as management believes the standards improves the usefulness and understandability of the Deposit and Loan Fund’s financial reporting.

Subsequent Events

The Deposit and Loan Fund has evaluated subsequent events through April 1, 2021, 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, 2020 and 2019:

	2020	2019
Cash and cash equivalents	\$ 15,940,373	\$ 3,181,150
Other receivables	119,268	29,379
Investments (excluding investments measured at net asset value)	58,772,482	63,941,626
	\$ 74,832,123	\$ 67,152,155

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, 2020, \$5 million remained available on the Deposit and Loan Fund's line of credit.

Note 3 - Fair Value Measurements and Disclosures

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

A three-tier hierarchy categorizes the inputs as follows:

Level 1 – Quoted prices (unadjusted) in active markets for identical assets that can be accessed at the measurement date.

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

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

In some cases, the inputs used to measure the fair value of an asset 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. The categorization of an asset within the hierarchy is based upon the pricing transparency of the asset and does not necessarily correspond to the Deposit and Loan Fund's assessment of the quality, risk or liquidity profile of the asset.

A significant portion of investments 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.

Archdiocese of Dubuque Deposit and Loan Fund

Notes to Financial Statements

June 30, 2020 and 2019

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 values of certain hedge funds, private equity funds, funds of funds, and limited partnerships which do not have readily determinable fair values. The Deposit and Loan Fund's estimate of the 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.

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, 2020:

	Total	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)
Growth Funds				
Domestic and international Common stocks domestic and international	\$ 47,621,982	\$ 47,621,982	\$ -	\$ -
	1,554,669	1,554,669	-	-
Risk Reduction Assets				
Domestic fixed assets mutual funds	9,595,831	9,595,831	-	-
At NAV				
Growth funds	11,424,463	-	-	-
Inflation protection assets	1,926,535	-	-	-
Hedge funds	4,560,805	-	-	-
Alternative investments trust	12,183,277	-	-	-
	<u>\$ 88,867,562</u>	<u>\$ 58,772,482</u>	<u>\$ -</u>	<u>\$ -</u>

Archdiocese of Dubuque Deposit and Loan Fund

Notes to Financial Statements

June 30, 2020 and 2019

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, 2019:

	Total	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)
Growth Funds				
Domestic and international Common stocks domestic and international	\$ 51,626,923	\$ 51,626,923	\$ -	\$ -
	2,392,073	2,392,073	-	-
Risk Reduction Assets				
Domestic fixed assets mutual funds	9,922,630	9,922,630	-	-
At NAV				
Growth funds	11,939,372	-	-	-
Inflation protection assets	3,258,321	-	-	-
Hedge funds	4,539,383	-	-	-
Alternative investments trust	12,719,744	-	-	-
	<u>\$ 96,398,446</u>	<u>\$ 63,941,626</u>	<u>\$ -</u>	<u>\$ -</u>

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

June 30, 2020	Fair value	Unfunded Commitments	Redemption Frequency	Redemption Notice Period
Growth Funds				
Interest in limited partnerships	\$ 11,424,463	\$ 5,574,353	Illiquid	None
Inflation Protection Assets				
Interest in limited partnerships	1,926,535	163,750	Illiquid	None
Risk Reduction Assets				
Hedge funds	4,560,805	1,301,595	(1)	(1)
Alternative Investments Trust	12,183,277	-	(2)	None
	<u>\$ 30,095,080</u>	<u>\$ 7,039,698</u>		

Archdiocese of Dubuque Deposit and Loan Fund

Notes to Financial Statements

June 30, 2020 and 2019

<u>June 30, 2019</u>	<u>Fair value</u>	<u>Unfunded Commitments</u>	<u>Redemption Frequency</u>	<u>Redemption Notice Period</u>
Growth Funds				
Interest in limited partnerships	\$ 11,939,372	\$ 6,367,995	Illiquid	None
Inflation Protection Assets				
Interest in limited partnerships	3,258,321	163,750	Illiquid	None
Risk Reduction Assets				
Hedge funds	4,539,383	1,611,594	(1)	(1)
Alternative Investments Trust	<u>12,719,744</u>	<u>-</u>	(2)	None
	<u>\$ 32,456,820</u>	<u>\$ 8,143,339</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.

Note 4 - Net Investment Return

Net investment return consists of the following:

	<u>2020</u>	<u>2019</u>
Interest and dividends	\$ 1,990,108	\$ 2,002,095
Net realized and unrealized gain	420,774	3,275,696
Less investment fees	<u>(242,461)</u>	<u>(253,940)</u>
	<u>\$ 2,168,421</u>	<u>\$ 5,023,851</u>

Archdiocese of Dubuque Deposit and Loan Fund

Notes to Financial Statements

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Note 5 - Loans Receivable

Loans receivable consist of unsecured notes and earn interest at a rate of 1.0% and 1.5% at June 30, 2020 and 2019. Effective April 1, 2020, the Deposit and Loan Fund interest rate for loan receivable balances decreased from 2.0% to 1.0% due to the economic hardship created by COVID-19.

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.

Demand Accounts earn interest at 1.5% and 1.0% per annum at June 30, 2020 and June 30, 2019, 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:

	2020	2019
Demand accounts	\$ 78,284,961	\$ 68,967,213
Central Endowment Fund	19,613,623	21,557,074
Separately managed funds	31,094,190	36,495,434
	\$ 128,992,774	\$ 127,019,721

Interest to depositors consist of the following:

	2020	2019
Demand accounts	\$ 1,016,970	\$ 667,905
Central Endowment Fund	275,709	884,823
Separately managed funds	887,391	2,109,215
	\$ 2,180,070	\$ 3,661,943

Archdiocese of Dubuque Deposit and Loan Fund

Notes to Financial Statements

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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 matures March 30, 2021, which was a renewal from the line that previously matured. The outstanding balance under the line of credit as of June 30, 2020 and 2019 was \$0.

Note 9 - Functionalized Expenses

Total expenses by function were as follows for the year ended June 30, 2020:

	Program Expenses	Management and General	Total
Interest to depositors	\$ 2,180,070	\$ -	\$ 2,180,070
Provision for losses (recoveries) on loans	(72,100)	-	(72,100)
Professional fees	211,814	61,045	272,859
Interest expense	1,867	-	1,867
Rental property expenses	-	9,401	9,401
Office supplies and expenses	-	331	331
	\$ 2,321,651	\$ 70,777	\$ 2,392,428

Total expenses by function were as follows for the year ended June 30, 2019:

	Program Expenses	Management and General	Total
Interest to depositors	\$ 3,661,943	\$ -	\$ 3,661,943
Provision for losses on loans	(205,400)	-	(205,400)
Professional fees	73,400	56,430	129,830
Interest expense	2,171	-	2,171
Office supplies and expenses	-	484	484
	\$ 3,532,114	\$ 56,914	\$ 3,589,028

Archdiocese of Dubuque Deposit and Loan Fund

Notes to Financial Statements

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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.

The Deposit and Loan Fund has a technical services agreement with the Archdiocese of Dubuque Administration Fund for bookkeeping and financial reporting services. The fee for this service was \$45,000 for the years ended June 30, 2020 and 2019.

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

	2020	2019
Loans Receivable from:		
Archdiocese of Dubuque Alternative Investments Grantor Trust	\$ 1,427,174	\$ -
Archdiocese of Dubuque Priests' Pension Plan	471,750	1,348
Archdiocese of Dubuque Perpetual Care Fund	349,840	298,250
Archdiocese of Dubuque Education Fund	-	126,660
The Witness	-	51,927
Archdiocese of Dubuque Administrative Offices	778,660	-
Deposits Payable to:		
Archdiocese of Dubuque Administrative Offices	\$ 9,745,686	\$ 7,977,642
Our Faith, Our Children, Our Future, School Tuition Organization, Inc.	5,042,037	6,159,228
Archdiocese of Dubuque Seminarian Education Fund	1,129,150	809,980
Archdiocese of Dubuque Education Fund	1,098,772	-
St. Raphael Priest Fund Society of the Archdiocese of Dubuque	1,047,294	813,153
Archdiocese of Dubuque Alternative Investments Grantor Trust	-	92,799

The Deposit and Loan Fund also transferred \$1,400,000 and \$1,090,000 to the Archdiocese of Dubuque Administrative Offices and \$100,000 and \$150,000 to the Witness during the years ended June 30, 2020 and 2019.

Note 11 - Restatement Resulting from Change in Accounting Policy

As disclosed in Note 1, the Deposit and Loan Fund adopted the provisions of ASU 2016-18, *Statement of Cash Flows Topic 230: Restricted Cash*, as of July 1, 2019. As part of the adoption, changes were made to the presentation of the statement of cash flows. Following is a summary of the effects of the change in accounting policy on the Deposit and Loan Fund's June 30, 2019 statement of cash flows.

	As Previously Reported	Adoption of ASU 2016-18	As Restated
Statement of Cash Flows			
Net cash used for operating activities	\$ (9,965,898)	\$ 30,000	\$ (9,935,898)
Net change in cash and cash equivalents	(154,115)	30,000	(124,115)
Cash, cash equivalents and restricted cash, beginning of year	3,335,265	360,000	3,695,265
Cash, cash equivalents and restricted cash, end of year	3,181,150	390,000	3,571,150

Note 12 - COVID-19 Pandemic

During 2020, the world-wide coronavirus pandemic impacted national and global economies. The Deposit and Loan Fund 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 Deposit and Loan Fund is not known.