Financial Statements
June 30, 2020 and 2019

Archdiocese of Dubuque Priests' Pension Plan

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Independent Auditor's Report

To the Audit Committee
Archdiocese of Dubuque Priests' Pension Plan
Dubuque, Iowa

Report on the Financial Statements
We have audited the accompanying financial statements of the Archdiocese of Dubuque Priests' Pension Plan (Plan), which comprise the statements of net assets available for benefits and accumulated plan benefits as of June 30, 2020 and 2019 and the related statements of changes in net assets available for benefits 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 net assets available for benefits and accumulated plan benefits of the Plan as of June 30, 2020 and 2019, and the change in net assets available for benefits for the years ended June 30, 2020 and 2019 in accordance with accounting principles generally accepted in the United States of America.

Eide Bailly LLP

Dubuque, Iowa
April 1, 2021

	2020	2019
Assets		
Cash and cash equivalents	$ 223,550	$ 212,614
Note receivable	763,750	798,125
Interest receivable	7,700	8,047
Receivable from The Catholic Foundation in the Archdiocese of Dubuque - ArchdioceseOne	238,137	-
Investments, at fair value	13,414,457	13,882,439
Annuity/life insurance contracts	1,550,000	1,950,000
Total assets	16,197,594	16,851,225
Liabilities		
Accounts payable	10,517	5,077
Refundable advance	85,000	-
Due to other Archdiocesan funds/organizations	442,082	262,950
Payable to Archdiocese of Dubuque Deposit and Loan Fund	471,750	1,348
Total liabilities	1,009,349	269,375
Net Assets Available for Benefits	$ 15,188,245	$ 16,581,850

Statements of Changes in Net Assets Available for Benefits

Years Ended June 30, 2020 and 2019

	2020	2019
Additions		
Investment Return		
Interest	$ 202,076	$ 195,555
Dividends	187,660	238,127
Net realized gains	418,254	1,764,747
Net appreciation (depreciation) in fair value of investments	(350,535)	(1,160,748)
	457,455	1,037,681
Contributions		
Parishes	85,000	-
Donations	554,998	-
	639,998	-
Total additions	1,097,453	1,037,681
Deductions		
Benefits paid	2,255,452	2,161,945
Professional fees	235,606	70,211
Total deductions	2,491,058	2,232,156
Net Decrease	(1,393,605)	(1,194,475)
Net Assets Available for Benefits		
Beginning of year	16,581,850	17,776,325
End of year	$ 15,188,245	$ 16,581,850

	2020	2019
Actuarial Present Value of Accumulated Plan Benefits *		
Vested Benefits		
Participants currently receiving payments	$ 15,868,473	$ 17,996,023
Other participants	8,999,689	9,814,173
	24,868,162	27,810,196
Nonvested benefits	380,061	312,278
Total Actuarial Present Value of Accumulated Plan Benefits	$ 25,248,223	$ 28,122,474
Net Assets Available for Benefits (Market Value Basis)	$ 15,188,245	$ 16,581,850

* Includes Pension and Retiree Medical Benefits

Note 1 - Description of the Plan

The following brief description of the Archdiocese of Dubuque Priests' Pension Plan (Plan) is provided for general information purposes only. Participants should refer to the Plan Document for a more complete description of the Plan’s provisions.

General

The Plan is a noncontributory defined benefit Church plan covering all Priests ordained or incardinated into the Archdiocese. The Plan is subject to the provisions of the Internal Revenue Code. The Plan Board of Trustees controls and manages the operations and administration of the Plan.

Pension Benefits

Priests with 25 years of service who have attained age 70 (normal retirement age) are entitled to monthly pension benefits. Benefits are based on a fixed benefit schedule ($1,995 and $1,955 per month for 2020 and 2019) established and updated by the Trustees of the Plan. There is a pro rata reduction of the retirement benefit for members with more than 10 but less than 25 years of service. Those members continuing to serve after age 70 receive partial benefits ($965 and $945 per month for 2020 and 2019).

Plan Termination

The Archdiocese may, at any time, terminate the Plan, but only after consultation with the Board of Trustees and after consideration of any recommendations made by the Board of Trustees in regard thereto. The Plan shall be deemed to have been terminated upon complete discontinuance of contributions by the contributors.

In the event of termination of the Plan, the pension fund shall be allocated to pensioners and participants as provided in the following order. First, there shall be allocated to each person who shall be a pensioner, or is working beyond his normal retirement date, at the date of such termination an amount which shall be estimated, on an actuarial basis, to be sufficient to provide for the pension that is payable to him under the provisions of the Plan. Second, any remaining portion of the pension fund shall be allocated to each participant who has terminated services with a vested interest in an amount which shall be estimated, on an actuarial basis, to be sufficient to provide him with the vested benefit. Third, any remaining portion of the pension fund shall be allocated to all other participants as though each had terminated service with a vested interest. Upon the date of termination, a participant’s right to his accrued benefit shall be 100% non-forfeitable. The amount of such allocation shall be an amount which shall be estimated, on an actuarial basis, to be sufficient to provide for the benefit which is assumed to be vested.

Note 2 - Significant Accounting Policies

Basis of Accounting

The financial statements of the Plan are prepared using the accrual basis of accounting.

Cash and Cash Equivalents

Cash and cash equivalents consist of highly liquid financial instruments with an original maturity of three months or less.

Receivable from the Catholic Foundation in the Archdiocese of Dubuque - ArchdioceseOne

ArchdioceseOne is a special appeal to help the poor and to support the mission of the Church. The Plan is a financial beneficiary of ArchdioceseOne, and its portion of the appeal is being used to fund the Plan. The Catholic Foundation in the Archdiocese of Dubuque (The Catholic Foundation) has agreed to collect and track promises to give and cash receipts related to the appeal. Amounts pledged, as well as amounts received and not yet remitted to the respective financial beneficiaries of the appeal, are recorded as an agency fund liability on The Catholic Foundation's financial statements. The Plan has recorded a receivable to reflect its portion of the appeal funds that have not yet been received from The Catholic Foundation.

Refundable Advance

Refundable advance represents contributions collected from parishes that pertain to a future period. Amounts are billed once at the beginning of a calendar year. The funds are recorded as a refundable advance when received and are recognized as revenues in the statement of changes in net assets available for benefits throughout the year in which they apply.

Use of Estimates

The preparation of the financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities and changes therein, disclosures of contingent assets and liabilities, and the actuarial present value of accumulated plan benefits at the date of the financial statements. Accordingly, actual results may differ from those estimates.

Revenue and Revenue Recognition

The Plan recognizes contributions when cash, securities or other assets; an unconditional promise to give; or a 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 met. Funds received in advance of the conditions being met are recorded as a refundable advance.

Investment Valuation and Income Recognition

Investments are reported at fair value. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. See Note 4 for discussion of fair value measurements.

The Plan 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.

Purchases and sales of securities are recorded on a trade-date basis. Interest income is recorded on the accrual basis. Dividends are recorded on the ex-dividend date. Net realized gains include the Plan’s gains and losses on investments bought and sold during the year. Net appreciation (depreciation) in fair value of investments includes the Plan’s gains and losses on investments held during the year.

Payments of Benefits

Benefit payments to participants are recorded upon distribution.

Expenses

The Plan’s expenses are paid by either the Plan or the Plan Sponsor (Archdiocese of Dubuque), as provided by the Plan document. Certain expenses incurred in connection with the general administration of the Plan that are paid by the Plan are recorded as deductions in the accompanying statements of changes in net assets available for benefits.

Change in Accounting Principle

As of July 1, 2019, the Plan adopted the provisions of Accounting Standards Update (ASU) 2018-08, *Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*, to clarify and improve the scope and the accounting guidance for contributions received and contributions made. This standard assists the Plan in evaluating whether transactions should be accounted for as contributions or exchange transactions and determining whether a contribution is conditional. The Plan has implemented the provisions of ASU 2018-08 applicable to contributions received in the accompanying financial statements under a modified prospective basis. Accordingly, there is no effect on net assets in connection with the implementation of ASU 2018-08.

The Plan has adopted this standard as management believes the standard improves the usefulness and understandability of the Plan’s financial reporting.

Subsequent Events

The Plan Sponsor has evaluated subsequent events through April 1, 2021, the date which the financial statements were available to be issued.

Note 3 - Liquidity and Availability

Financial assets available for general expenditure, that is, without restrictions limiting their use, within one year of the statement of net assets available for benefits date, comprise the following as of June 30, 2020 and 2019:

	2020	2019
Cash and cash equivalents	$ 223,550	$ 212,614
Note receivable (current portion)	36,875	34,375
Interest receivable	7,700	8,047
Investments (not including Alternative Investments Trust)	11,712,588	12,477,868
	$ 11,980,713	$ 12,732,904

As part of a liquidity plan, cash in excess of daily requirements is invested in various types of investments.

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

Note 4 - Fair Value Measurements

The framework for measuring fair value provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). The three levels of the fair value hierarchy under the Financial Accounting Standards Board Accounting Standard Codification 820 are described as follows:

Level 1 - Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Plan has the ability to access.

Level 2 - Inputs to the valuation methodology include:
- Quoted prices for similar assets or liabilities in active markets;
- Quoted prices for identical or similar assets or liabilities in inactive markets;
- Inputs other than quoted prices that are observable for the asset or liability;
- Inputs that are derived principally from or corroborated by observable market data by correlation or other means.

If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.

Level 3 - Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The asset's or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

The following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used at June 30, 2020 and 2019.

Domestic and international growth funds: Valued at the closing price reported on the active market on which the individual securities are traded.

Domestic fixed asset mutual funds: Valued at the daily closing price as reported by the fund. Mutual funds held by the Plan are open-ended mutual funds that are registered with the Securities and Exchange Commission. These funds are required to publish their daily net asset value (NAV) and to transact at that price. The mutual funds held by the Plan are deemed to be actively traded.

Alternative Investment Trust: Valued 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 methods described above may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while the Plan believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

The following tables present 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 and 2019:

		Fair Value Measurements at Report Date Using		
June 30, 2020	Total	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Investments				
Growth funds				
Domestic and international	$ 10,045,489	$ 10,045,489	$ -	$ -
Risk reduction assets				
Domestic fixed asset mutual funds	1,667,099	1,667,099	-	-
At NAV				
Alternative Investments Trust	1,701,869	-	-	-
	$ 13,414,457	$ 11,712,588	$ -	$ -

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)
Investments				
Growth funds				
Domestic and international	$ 10,859,680	$ 10,859,680	$ -	$ -
Risk reduction assets				
Domestic fixed asset mutual funds	1,618,188	1,618,188	-	-
At NAV				
Alternative Investments Trust	1,404,571	-	-	-
	$ 13,882,439	$ 12,477,868	$ -	$ -

Transfers between Levels

For the years ended June 30, 2020 and 2019, there were no significant transfers between Level 1 and 2 and no transfers in or out of Level 3.

The following table summarizes investments for which fair value is measured using the net asset value per share practical expedient as of June 30, 2020 and 2019:

	Fair value	Unfunded Commitments	Redemption Frequency	Redemption Notice Period
June 30, 2020				
Alternative Investments Trust	$ 1,701,869	$ -	(1)	None
June 30, 2019				
Alternative Investments Trust	$ 1,404,571	$ -	(1)	None

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

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

Note 5 - Note Receivable

During the fiscal year ended June 30, 2010, the Plan entered into a loan agreement with another non-profit organization. The $1,000,000 promissory note requires bi-annual payments (principal and interest) ranging from $34,918 to $41,311, with a lump sum payment of $578,125 in October 2024. The note bears interest at 6% and is secured by a mortgage. The balance of this note as of June 30, 2020 and 2019 was $763,750 and $798,125.

Note 6 - Deposits in/Payable to Archdiocese of Dubuque Deposit and Loan Fund

Certain funds of the Priests' Pension Plan are deposited in/payable to the Archdiocese of Dubuque Deposit and Loan Fund, a separate 501(c)(3) corporation. These deposits can be withdrawn on demand and earned interest at the rate of 1.5% and 1.0% per annum at June 30, 2020 and 2019, respectfully. Negative deposit (payable) balances accrue interest at 1.0% and 1.5%. Effective April 1, 2020, the Archdiocese of Dubuque Deposit and Loan interest rate for payable balances decreased from 2.0% to 1.0% due to the economic hardship created by COVID-19.

Note 7 - Annuity/Life Insurance Contracts

Annuity/life insurance contracts are designed to provide the Plan with interest/annuity payments throughout the life of the annuitant/insured. The Plan 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 8 - Actuarial Present Value of Accumulated Plan Benefits

Accumulated plan benefits are those future periodic payments that are attributable under the Plan’s provisions to the service Priests have rendered. Accumulated plan benefits include benefits expected to be paid to (a) currently active and retired priests, (b) temporary or permanently disabled priests, and (c) ill or indigent priests. Benefits under the Plan are based on a fixed benefit schedule established and updated by the Trustees. The accumulated Plan benefits for active Priests are based on past and future service and assumes all active members will accrue a full year of benefit service each year.

Management’s estimate for accumulated plan benefits is determined by actuaries and represents the future periodic payments of the Plan for the services Priests have rendered. The actuarial present value of accumulated plan benefits is determined by an actuary and is that amount which results from applying actuarial assumptions to adjust the accumulated Plan benefits to reflect the time value of money (through discounts for interest) and the probability of payment (by means of decrements such as for death, disability, withdrawal, or retirement) between the valuation date and the expected date of payment. Management’s policy is to update the actuarial valuation every three years. The estimated accumulated plan benefits as of June 30, 2020 was based on an actuarial calculation dated July 1, 2020 while the June 30, 2019 estimated accumulated plan benefits was based on an actuarial calculation dated July 1, 2017.

The tables below illustrate the present value of accumulated Plan benefits categorized between retired, leave of absence, and active priests at June 30, 2020 and 2019:

June 30, 2020	Retired	Leave of Absence	Active	Total
Retirement	$ 12,539,419	$ 316,864	$ 8,250,662	$ 21,106,945
Medical	2,132,453	-	2,008,825	4,141,278
	$ 14,671,872	$ 316,864	$ 10,259,487	$ 25,248,223

June 30, 2019	Retired	Leave of Absence	Active	Total
Retirement	$ 13,219,563	$ 189,710	$ 9,453,988	$ 22,863,261
Medical	2,326,248	-	2,932,965	5,259,213
	$ 15,545,811	$ 189,710	$ 12,386,953	$ 28,122,474

The following is a summary of the more significant actuarial assumptions underlying the actuarial computations for the years ended June 30, 2020 and 2019, which are based on the July 1, 2020 and July 1, 2017 actuarial calculation, respectfully:

Assumptions Concerning Future Events:	
Interest, net after investment expenses	Funding: 6.00% at July 1, 2020 and 2019
Mortality basis	RP-2014 Mortality Table at July 1, 2020 and 2019
Retirement age	70
Disability incidence and continuance	None assumed
Withdrawal rates	None assumed
Inflation in medical premiums	5%
Inflation in retirement benefits	3%

Assumptions Concerning Member Data:

Priests considered in valuation	All Plan participants
Future service	All active members will accrue a full year of benefit service each year
Retirement benefit	Most current benefit rate $1,995 (as of July 1, 2020) reflected for valuation purposes at July 1, 2020 and benefit rate $1,915 (as of July 1, 2017) at July 1, 2019
Medical benefit	Monthly benefit for valuation purposes is assumed to equal average per participant medical insurance premiums and prescription drug reimbursements for the prior plan year, but not less than the amount used in the prior valuation. The monthly average as of July 1, 2020 and 2019 was $300 per participant
Actuarial cost method	Projected Unit Credit Cost Method
Actuarial value of assets	Market value
Benefits not valued	All significant benefits defined in the plan have been included in the valuation

The foregoing actuarial assumptions are based on the presumption that the Plan will continue. Were the Plan to terminate, different actuarial assumptions and other factors might be applicable in determining the actuarial present value of accumulated Plan benefits.

The following table reconciles the actuarial present value of accumulated plan benefits between June 30, 2019 and June 30, 2020. The Plan's update of its actuarial calculation between the years ended June 30, 2020 and 2019 resulted in significant changes in the present value of accumulated plan benefits.

	2020	2019
Actuarial Present Value of Accumulated Plan Benefits, Beginning of Year	$ 28,122,474	$ 28,122,474
Increase (decrease) during the year attributable to		
Contributions	639,998	-
Interest and dividends	389,736	-
Gain (loss) from sales	418,254	-
Change in unrealized appreciation	(350,535)	-
Investment fees	(50,512)	-
Benefits paid	(2,255,451)	-
Admin expenses	(185,095)	-
Change in actuarial assumptions	(1,480,646)	-
Net decrease	(2,874,251)	-
Actuarial Present Value of Accumulated Plan Benefits, End of Year	$ 25,248,223	$ 28,122,474

Note 9 - Income Tax Status

The Plan is recognized by the Internal Revenue Service (IRS) as exempt from federal income taxes as a Section 170(b)(1)(A)(i) organization described in Section 501(c)(3). The Plan is not required to file a Return of Organization Exempt from Income Tax (Form 990) with the IRS. However, the Plan is subject to income tax on net income that is derived from business activities that are unrelated to its exempt purpose. The Plan 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. Therefore, no provision for income taxes has been included in the Plan's financial statements. As a "church plan," it is generally not subject to the provisions of the Employee Retirement Income Security Act of 1974 (ERISA).

The Internal Revenue Service (IRS) has determined and informed the Plan Sponsor by a letter dated December 20, 1998, that the Plan was designed in accordance with the applicable regulations of the Internal Revenue Code (IRC). Subsequent to this issuance of the determination letter, the Plan was amended. However, Plan management believes that the Plan is currently designed and operated in compliance with the applicable requirements of the IRC, and the Plan continues to be tax-exempt.

Note 10 - Risks and Uncertainties

The Plan invests in various investment securities. Investment securities are exposed to various risks such as interest rate, market, and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect participants' account balances and the amounts reported in the statements of net assets available for benefits.

Plan contributions are made and the actuarial present value of accumulated plan benefits are reported based on certain assumptions pertaining to interest rates, inflation rates, and employee demographics, all of which are subject to change. Due to uncertainties inherent in the estimations and assumptions process, it is at least reasonably possible that changes in these estimates and assumptions in the near-term would-be material to the financial statements.

Note 11 - Related Party Transactions

The Fund has money deposited with and/or payable to the Archdiocese of Dubuque Deposit and Loan Fund and invests in the Archdiocese of Dubuque Alternative Investments Grantor Trust, both of which are related/affiliated organizations through common management and/or board membership and religious affiliation.

The due to other Archdiocesan funds/organizations of $442,082 and $262,950 at June 30, 2020 and 2019 primarily includes amounts due to the Archdiocese of Dubuque Administrative Offices Fund which are owed for expenses paid on the Plan's behalf.