



Financial Statements  
June 30, 2020 and 2019

# St. Raphael Priest Fund Society of the Archdiocese of Dubuque

St. Raphael Priest Fund Society of the Archdiocese of Dubuque

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June 30, 2020 and 2019

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## Independent Auditor's Report

To the Audit Committee  
St. Raphael Priest Fund Society of the Archdiocese of Dubuque  
Dubuque, Iowa

### Report on the Financial Statements

We have audited the accompanying financial statements of St. Raphael Priest Fund Society of the Archdiocese of Dubuque (St. Raphael Priest 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 of 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 St. Raphael Priest 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 conformity with accounting principles generally accepted in the United States of America.

A handwritten signature in cursive script that reads "Eric Sully LLP".

Dubuque, Iowa

April 1, 2021

# St. Raphael Priest Fund Society of the Archdiocese of Dubuque

Statements of Financial Position

June 30, 2020 and 2019

	2020	2019
<b>Assets</b>		
Cash and cash equivalents	\$ 167,177	\$ 250,550
Deposits in Archdiocese of Dubuque Deposit and Loan Fund	1,047,294	813,153
Accounts receivable	6,900	48,350
Interest receivable	2,503	2,615
Other receivable	258,784	121,082
Due from other Archdiocesan funds/organizations	263,156	257,574
Prepaid expenses	26,283	23,923
Note receivable	248,219	259,391
Investments	6,075,481	5,695,761
Cash surrender value of life insurance	39,144	36,671
Property and equipment, net	1,471,564	1,577,797
Total assets	\$ 9,606,505	\$ 9,086,867
 <b>Liabilities and Net Assets</b>		
<b>Liabilities</b>		
Accounts payable		
Trade	\$ 106,378	\$ 52,978
Estimated claims	20,001	71,630
Accrued payroll and vacation	5,196	3,737
Annuities payable	1,598,025	1,655,670
Deferred revenue	484,500	463,250
Total liabilities	2,214,100	2,247,265
 <b>Net Assets</b>		
Without Donor Restrictions		
Designated to provide benefits for priests with extraordinary needs	7,392,405	6,839,602
Total liabilities and net assets	\$ 9,606,505	\$ 9,086,867

St. Raphael Priest Fund Society of the Archdiocese of Dubuque

Statements of Activities

Years Ended June 30, 2020 and 2019

	2020			2019		
	Operating Fund	Villa Raphael	Total	Operating Fund	Villa Raphael	Total
Revenue, Support and Gains						
Contributions						
Annuities	\$ 109,619	\$ -	\$ 109,619	\$ 124,576	\$ -	\$ 124,576
Other	462,229	-	462,229	129,254	-	129,254
Health insurance premiums	950,475	-	950,475	921,100	-	921,100
Net investment return	396,531	-	396,531	254,985	-	254,985
Loss on sale of land, buildings, and equipment	-	-	-	-	(3,109)	(3,109)
Rent	-	240,830	240,830	-	236,608	236,608
Change in split-interest agreements	(147,248)	-	(147,248)	(232,218)	-	(232,218)
Total revenue, support and gains	<u>1,771,606</u>	<u>240,830</u>	<u>2,012,436</u>	<u>1,197,697</u>	<u>233,499</u>	<u>1,431,196</u>
Expenses						
Program services expense	988,379	395,251	1,383,630	1,134,687	393,750	1,528,437
Management and general	75,779	224	76,003	75,203	1,770	76,973
Total expenses	<u>1,064,158</u>	<u>395,475</u>	<u>1,459,633</u>	<u>1,209,890</u>	<u>395,520</u>	<u>1,605,410</u>
Change in Net Assets	707,448	(154,645)	552,803	(12,193)	(162,021)	(174,214)
Net Assets, Beginning of Year	<u>9,149,646</u>	<u>(2,310,044)</u>	<u>6,839,602</u>	<u>9,161,839</u>	<u>(2,148,023)</u>	<u>7,013,816</u>
Net Assets, End of Year	<u>\$ 9,857,094</u>	<u>\$ (2,464,689)</u>	<u>\$ 7,392,405</u>	<u>\$ 9,149,646</u>	<u>\$ (2,310,044)</u>	<u>\$ 6,839,602</u>

# St. Raphael Priest Fund Society of the Archdiocese of Dubuque

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

	2020	2019
Operating Activities		
Change in net assets	\$ 552,803	\$ (174,214)
Adjustments to reconcile change in net assets to net cash from operating activities		
Depreciation	114,299	113,399
Loss on disposal of equipment	-	3,109
Net realized and unrealized gain on investments	(302,795)	(171,481)
Changes in assets and liabilities		
Accounts receivable	41,450	59,325
Interest receivable	112	105
Other receivable	(137,702)	105,319
Due to/from other Archdiocesan funds/organizations	(5,582)	228,153
Prepaid expenses	(2,360)	(12,210)
Note receivable	11,172	10,359
Cash surrender value of life insurance	(2,473)	(3,175)
Accounts payable	1,771	33,353
Accrued payroll and vacation	1,459	(821)
Annuities payable	(57,645)	150,848
Deferred revenue	21,250	36,850
Net Cash from Operating Activities	235,759	378,919
Investing Activities		
Deposits to Archdiocese of Dubuque Deposit and Loan Fund	(1,202,268)	(1,417,630)
Withdrawals from Archdiocese of Dubuque Deposit and Loan Fund	968,127	1,146,223
Purchase of investments	(1,922,336)	(368,523)
Proceeds from sale of investments	1,845,411	256,159
Purchases of property and equipment	(8,066)	(16,411)
Net Cash used for Investing Activities	(319,132)	(400,182)
Net Change in Cash and Cash Equivalents	(83,373)	(21,263)
Cash and Cash Equivalents, Beginning of Year	250,550	271,813
Cash and Cash Equivalents, End of Year	\$ 167,177	\$ 250,550

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

### **Organization**

The purpose of St. Raphael Priest Fund Society of the Archdiocese of Dubuque (St. Raphael Priest Fund) is to assist the Archdiocese of Dubuque (Archdiocese) in the support and care of its retired, disabled, and infirm priests in conformance with the laws, theology, philosophy, teachings, and doctrines of the Roman Catholic Church.

St. Raphael Priest Fund also operates the Villa Raphael, a 16-unit independent living facility for retired priests. Villa Raphael offers a full range of services, including meals, laundry, and housekeeping. All retired priests of the Archdiocese of Dubuque are eligible to live at the Villa Raphael.

### **Cash and Cash Equivalents**

St. Raphael Priest 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 St. Raphael Priest Fund are excluded from this definition.

### **Receivables and Credit Policies**

Accounts receivable consist primarily of noninterest-bearing amounts due to cover insurance and other benefits for priests in the Archdiocese. Management determines the allowance for uncollectible accounts receivable based on historical experience, an assessment of economic conditions, and a review of subsequent collections. Accounts receivable are written off when deemed uncollectible. At June 30, 2020 and 2019, the allowance was \$0.

### **Note Receivable**

Note receivable is stated at principal amount and is collateralized by a real estate mortgage. Payments of the note receivable are allocated first to accrued and unpaid interest with the remainder to the outstanding principal balance. Management reviews all notes receivable periodically and estimates a portion, if any, of the balance that will not be collected. Accrued interest is stated separately.

### **Property and Equipment**

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



St. Raphael Priest Fund reviews the carrying values of property and equipment for impairment whenever events or circumstances indicate that the carrying value of an asset may not be recoverable from the estimated future cash flows expected to result from its use and eventual disposition. When considered impaired, an impairment loss is recognized to the extent carrying value exceeds the fair value of the asset. There were no indicators of asset impairment during the years ended June 30, 2020 and 2019.

### **Charitable Gift Annuities**

Under charitable gift annuity contracts, St. Raphael Priest 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 the 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 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.

St. Raphael Priest 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 St. Raphael Priest Fund will ultimately realize could differ materially.

St. Raphael Priest 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.

# St. Raphael Priest Fund Society of the Archdiocese of Dubuque

Notes to Financial Statements

June 30, 2020 and 2019

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## **Net Assets**

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

*Net Assets Without Donor Restrictions* – Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions.

*Net Assets With Donor Restrictions* – Net assets subject to donor (or certain grantor) imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. The St. Raphael Priest 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-imposed 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**

St. Raphael Priest Fund recognizes revenue from health insurance premiums during the year in which the insurance period covers. The performance obligation of providing health insurance is simultaneously received and consumed by the priests; therefore, the revenue is recognized ratably over the course of the insurance year. All amounts received in advance are deferred to the applicable period in which the insurance period covers.

Rental revenues are recorded at amounts billed to and paid by tenants at rates established by management. Rent revenue that is received in advance is deferred until earned.

St. Raphael Priest Fund recognizes contributions 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.

## **Benefits**

St. Raphael Priest Fund covers active priests' health insurance premiums and special health needs. Parishes and other Archdiocesan institutions contribute a portion of the active priests' health insurance premiums.

## **Functional Allocation of Expenses**

The costs of program and supporting services activities have been reported based on natural classification in Note 13. The financial statements 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.

### **Incomes Taxes**

St. Raphael Priest 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. St. Raphael Priest Fund is not required to file a Return of Organization Exempt from Income Tax (Form 990) with the IRS. In addition, St. Raphael Priest Fund is subject to income tax on net income that is derived from business activities that are unrelated to its exempt purposes. St. Raphael Priest 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.

St. Raphael Priest 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. St. Raphael Priest 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**

St. Raphael Priest 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, St. Raphael Priest Fund has not experienced losses in any of these accounts. Credit risk associated with accounts receivable is considered to be limited due to high historical collection rates and because substantial portions of the outstanding amounts are due from related entities within the Archdiocese. Investments are made by diversified investment managers whose performance is monitored by management and the Finance Council. Although the fair values of investments are subject to fluctuation on a year-to-year basis, management and the Finance Council believe that the investment policies and guidelines are prudent for the long-term welfare of St. Raphael Priest Fund.

### **Change in Accounting Principle**

As of July 1, 2019, St. Raphael Priest 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. St. Raphael Priest Fund has implemented Topic 606 retrospectively to all periods presented, with no effect on net assets.

# St. Raphael Priest Fund Society of the Archdiocese of Dubuque

Notes to Financial Statements

June 30, 2020 and 2019

As of July 1, 2019, St. Raphael Priest Fund also 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 St. Raphael Priest Fund in evaluating whether transactions should be accounted for as contributions or exchange transactions and determining whether a contribution is conditional. St. Raphael Priest Fund 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.

St. Raphael Priest Fund has adopted these standards as management believes the standards improve the usefulness and understandability of their financial reporting.

## Subsequent Events

St. Raphael Priest 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 use, within one year of the statement of financial position date, comprise the following, at June 30, 2020 and 2019:

	2020	2019
Cash and cash equivalents	\$ 167,177	\$ 250,550
Deposits in Archdiocese of Dubuque Deposit and Loan Fund	1,047,294	813,153
Accounts receivable - current portion	6,900	41,450
Interest receivable	2,503	2,615
Other receivable	258,784	121,082
Due from other Archdiocesan funds/organizations	263,156	257,574
Note receivable - current portion	11,985	11,172
Investments (not including Alternative Investments Trust)	5,965,063	5,582,645
	<u>7,722,862</u>	<u>7,080,241</u>
Less: annuities payable	<u>(1,598,025)</u>	<u>(1,655,670)</u>
	<u>\$ 6,124,837</u>	<u>\$ 5,424,571</u>

As part of a liquidity management plan, cash in excess of daily requirements is invested in money market accounts and other 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 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 St. Raphael Priest Fund can access 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, St. Raphael Priest Fund develops inputs 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, considering 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 St. Raphael Priest Fund's assessment of the quality, risk or liquidity profile of the asset.

A significant portion of St. Raphael Priest 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.

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. St. Raphael Priest Fund's estimate of fair value of the Alternative Investments Trust is determined using the calculated allocation of net asset value provided by the trust administrator. Investments that are measured at fair value using NAV per share as a practical expedient are not classified in the fair value hierarchy.

## St. Raphael Priest Fund Society of the Archdiocese of Dubuque

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, 2020:

<u>Assets</u>	<u>Total</u>	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>Investments</u>				
Growth funds				
Domestic and international	\$ 5,268,148	\$ 5,268,148	\$ -	\$ -
Risk reduction assets				
Domestic fixed assets mutual funds	696,915	696,915	-	-
At NAV				
Alternative Investments Trust	<u>110,418</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total investments	<u>\$ 6,075,481</u>	<u>\$ 5,965,063</u>	<u>\$ -</u>	<u>\$ -</u>

The following table presents assets measured at fair value on a recurring basis, except those measured by using NAV per share as a practical expedient as identified in the following, at June 30, 2019:

<u>Assets</u>	<u>Total</u>	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>Investments</u>				
Growth funds				
Domestic and international	\$ 4,900,577	\$ 4,900,577	\$ -	\$ -
Risk reduction assets				
Domestic fixed assets mutual funds	682,068	682,068	-	-
At NAV				
Alternative Investments Trust	<u>113,116</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total investments	<u>\$ 5,695,761</u>	<u>\$ 5,582,645</u>	<u>\$ -</u>	<u>\$ -</u>

# St. Raphael Priest Fund Society of the Archdiocese of Dubuque

Notes to Financial Statements

June 30, 2020 and 2019

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

	Fair Value	Unfunded Commitments	Redemption Frequency	Redemption Notice Period
<u>June 30, 2020</u>				
Alternative Investments Trust	<u>\$ 110,418</u>	<u>\$ -</u>	(1)	None
<u>June 30, 2019</u>				
Alternative Investments Trust	<u>\$ 113,116</u>	<u>\$ -</u>	(1)	None

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

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

## **Note 4 - Net Investment Return**

Net investment return consists of the following:

	2020	2019
Interest and dividends	\$ 132,804	\$ 121,537
Net realized and unrealized gain	302,795	171,481
Investment fees	<u>(39,068)</u>	<u>(38,033)</u>
	<u>\$ 396,531</u>	<u>\$ 254,985</u>

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

Certain funds of St. Raphael Priest Fund 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 earn interest at the rate of 1.5% per annum and 1.0% per annum at June 30, 2020 and 2019, respectfully.

## **Note 6 - Note Receivable**

During the fiscal year ended June 30, 2010, St. Raphael Priest Fund entered into a loan agreement with another non-profit organization. The \$325,000 promissory note requires bi-annual payments (principal and interest) ranging from \$11,348 to \$13,426 with a lump sum payment of \$187,890 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 \$248,219 and \$259,391.

St. Raphael Priest Fund Society of the Archdiocese of Dubuque

Notes to Financial Statements

June 30, 2020 and 2019

**Note 7 - Property and Equipment**

Property and equipment consist of the following:

	2020		2019	
	Cost	Accumulated Depreciation	Cost	Accumulated Depreciation
Land	\$ 60,996	\$ -	\$ 60,996	\$ -
Land improvements	16,672	16,672	16,672	16,672
Buildings and improvements	3,253,617	1,853,234	3,253,617	1,741,055
Equipment	49,244	39,059	52,145	47,906
	<u>\$ 3,380,529</u>	<u>\$ 1,908,965</u>	<u>\$ 3,383,430</u>	<u>\$ 1,805,633</u>
Net property and equipment		<u>\$ 1,471,564</u>		<u>\$ 1,577,797</u>

**Note 8 - Split-Interest Agreements**

St. Raphael Priest Fund has entered into irrevocable agreements with donors whereby in exchange for the gift from the donor, St. Raphael Priest Fund is obligated to provide an annuity to the donor or other designated beneficiaries for the life of the annuitant.

A liability is recognized for the estimated present value of the annuity obligation, and the assets are recorded at their gross market value for agreements where St. Raphael Priest Fund is the trustee. Annuities payable represents the net present value of the estimated remaining payments (using a discount rate of 8%) due to annuitants; this liability is reevaluated annually for changes in the life expectancy of the annuitants. Assets of St. Raphael Priest Fund that are derived from split-interest agreements are held in general cash and investments.

**Note 9 - Estimated Claims Payable**

St. Raphael Priest Fund self-insures for losses related to priest health benefits. A provision for estimated claims payable at June 30, 2020 and 2019, has been accrued in the amounts of \$20,001 and \$71,630 .



**Note 10 - Related Party Transactions**

St. Raphael Priest Fund engages in transactions with the Archdiocese of Dubuque and its parishes, institutions, and organizations. St. Raphael Priest 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 \$65,000 for the years ended June 30, 2020 and 2019. St. Raphael Priest Fund has property insurance coverage through the Dubuque Archdiocese Protection Plan (DAPP) for the Villa Raphael. The insurance premium was \$28,000 for the years ended June 30, 2020 and 2019. At June 30, 2020 and 2019, included in accounts payable is \$0 and \$14,000 payable to Dubuque Archdiocesan Protection Plan (DAPP), which is a part of the Archdiocese of Dubuque Administration Fund.

St. Raphael Priest 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 organizations through common management and religious affiliation.

**Note 11 - Dissolution of the Society**

In the event of dissolution of St. Raphael Priest Fund, its remaining assets will be distributed to the Archdiocese of Dubuque to be held by the Archdiocese as a permanent endowment. The income from the endowment shall be restricted for the care and support of retired, disabled, or infirm priests of the Archdiocese.

**Note 12 - Health Insurance Claims**

St. Raphael Priest Fund self-insures for losses related to health benefits for active priests not covered by Medicare. For those active priests who are covered by Medicare, St. Raphael Priest Fund purchases Medicare supplemental insurance. St. Raphael Priest Fund purchases reinsurance for coverage of specific individual claims in excess of \$50,000 and aggregate claims in excess of 125% of actuarially estimated claims. A provision for estimated health claims outstanding is included in liabilities.

# St. Raphael Priest Fund Society of the Archdiocese of Dubuque

Notes to Financial Statements

June 30, 2020 and 2019

## Note 13 - Functionalized Expenses

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

	Program Services			Management and General	Total
	St. Raphael Priest Fund	Villa Raphael	Total		
Salaries	\$ -	\$ 126,117	\$ 126,117	\$ -	\$ 126,117
Employee taxes and benefits		17,129	17,129	-	17,129
Benefits paid	988,346	-	988,346	-	988,346
Professional services	33	7,919	7,952	75,270	83,222
Occupancy	-	125,770	125,770	-	125,770
Office supplies and expenses	-	3,446	3,446	333	3,779
Travel	-	362	362	400	762
Dues and memberships	-	209	209	-	209
Depreciation	-	114,299	114,299	-	114,299
	<u>\$ 988,379</u>	<u>\$ 395,251</u>	<u>\$ 1,383,630</u>	<u>\$ 76,003</u>	<u>\$ 1,459,633</u>

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

	Program Services			Management and General	Total
	St. Raphael Priest Fund	Villa Raphael	Total		
Salaries	\$ -	\$ 120,109	\$ 120,109	\$ -	\$ 120,109
Employee taxes and benefits	-	16,256	16,256	-	16,256
Benefits paid	1,134,654	-	1,134,654	-	1,134,654
Professional services	33	15,453	15,486	73,100	88,586
Occupancy	-	123,355	123,355	-	123,355
Office supplies and expenses	-	3,981	3,981	1,909	5,890
Travel	-	1,177	1,177	1,964	3,141
Dues and memberships	-	20	20	-	20
Depreciation	-	113,399	113,399	-	113,399
	<u>\$ 1,134,687</u>	<u>\$ 393,750</u>	<u>\$ 1,528,437</u>	<u>\$ 76,973</u>	<u>\$ 1,605,410</u>