



Financial Statements
June 30, 2017 and 2016

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 Deposit and Loan Fund
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, 2017 and 2016, 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, 2017 and 2016, 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.

Change in Accounting Principle

As discussed in Note 1 to the financial statements, management has elected to early adopt the guidance contained in Accounting Standards Update 2015-07, *Disclosures for Investments in Certain Entities That Calculate Net Asset Value per Share (or Its Equivalent)* in 2017, which requires that investments for which fair value is measured using the net asset value practical expedient be removed from the fair value hierarchy. The updates of Accounting Standards Update 2015-07 have been applied retrospectively to the 2016 notes to the financial statements. Our opinion is not modified with respect to this matter.

The image shows a handwritten signature in cursive script that reads "Eide Sully LLP".

Dubuque, Iowa
August 28, 2018

Archdiocese of Dubuque Deposit and Loan Fund
 Statements of Financial Position
 June 30, 2017 and 2016

	2017	2016
Assets		
Cash and cash equivalents	\$ 1,504,141	\$ 720,232
Loans receivable, net of allowances for uncollectible loans of \$915,000 in 2017 and \$820,500 in 2016 - Note 4	25,120,310	25,140,118
Other receivables	73,020	73,345
Investments - Note 2	89,024,925	85,296,955
Assets limited as to use		
Cash and cash equivalents	620,000	1,030,000
Annuity/life insurance contracts - Note 5	11,869,975	11,869,975
Real estate investments	1,231,601	1,231,601
Accrued interest receivable	65,553	89,096
Total assets	\$ 129,509,525	\$ 125,451,322
Liabilities and Net Assets		
Liabilities		
Checks drawn in excess of available bank balances	\$ 559,892	\$ -
Accounts payable	89,019	545,938
Due to other Archdiocesan funds/organizations	3,714,783	147,891
Line of credit - Note 7	2,000,000	500,000
Deposits payable - Note 6	116,811,390	119,077,106
Total liabilities	123,175,084	120,270,935
Net Assets - Unrestricted	6,334,441	5,180,387
Total liabilities and net assets	\$ 129,509,525	\$ 125,451,322

Archdiocese of Dubuque Deposit and Loan Fund

Statements of Activities

Years Ended June 30, 2017 and 2016

	2017	2016
Revenues, Gains, and Other Support		
Interest income on loans, net of interest forgiven of \$23,600 in 2017 and \$26,600 in 2016	\$ 346,488	\$ 364,546
Net investment return - Note 3	11,322,866	428,501
Administration fee	133,097	158,036
Property rent	34,250	33,500
Total revenues, gains, and other support	11,836,701	984,583
Expenses		
Interest to depositors - Note 6	6,537,329	231,760
Provision for losses on loans	94,499	220,780
Professional fees	334,149	328,797
Employee compensation	-	23,894
Employee benefits	-	3,245
Interest expense	35,629	34,439
Rental property expenses	5,270	6,491
Contributions	75,000	125,000
Office supplies and expenses	771	752
Total expenses	7,082,647	975,158
Revenues in Excess of Expenses	4,754,054	9,425
Transfers		
Archdiocese of Dubuque Administrative Offices	(3,600,000)	-
Change in Net Assets	1,154,054	9,425
Net Assets, Beginning of Year	5,180,387	5,170,962
Net Assets, End of Year	\$ 6,334,441	\$ 5,180,387

Archdiocese of Dubuque Deposit and Loan Fund
Statements of Cash Flows
Years Ended June 30, 2017 and 2016

	2017	2016
Operating Activities		
Change in net assets	\$ 1,154,054	\$ 9,425
Adjustments to reconcile change in net assets to net cash used for operating activities		
Provision for losses on loans	94,499	220,780
Loan receivable forgiven (contribution expense)	75,000	125,000
Realized and unrealized gain on investments	(9,401,297)	1,473,887
Changes in assets and liabilities		
Other receivables	325	(21,489)
Assets limited as to use	410,000	(420,000)
Due to other Archdiocesan funds/organizations	3,566,892	(2,852,727)
Accrued interest receivable	23,543	(10,130)
Checks drawn in excess of available bank balances	559,892	-
Accounts payable	(456,919)	522,486
Accrued payroll and vacation	-	(1,648)
Net Cash used for Operating Activities	(3,974,011)	(954,416)
Investing Activities		
Purchase of investments	(11,850,903)	(8,119,019)
Proceeds from sale of investments	17,524,230	12,016,482
Principal collection of loans receivable	8,250,804	6,683,192
New borrowings on loans receivable	(8,400,495)	(7,551,870)
Net Cash provided by Investing Activities	5,523,636	3,028,785
Financing Activities		
Proceeds from deposits payable	67,452,343	38,078,579
Payments of deposits payable	(69,718,059)	(40,180,208)
Net change in line of credit	1,500,000	300,000
Net Cash used for Financing Activities	(765,716)	(1,801,629)
Net Change in Cash and Cash Equivalents	783,909	272,740
Cash and Cash Equivalents, Beginning of Year	720,232	447,492
Cash and Cash Equivalents, End of Year	\$ 1,504,141	\$ 720,232
Supplemental Disclosure of Cash Flow Information		
Cash paid during the year for interest on demand accounts	\$ 662,525	\$ 643,693

Note 1 - Organization and Summary of Significant Accounting Policies

Organization

The 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, assets limited as to use, permanent endowment, or other long-term purposes of the Deposit and Loan Fund are excluded from this definition.

Investments

Investment purchases are recorded at cost, or if donated, at fair value on the date of donation. Thereafter, investments are reported at their fair value in the statements of financial position. Net investment return is reported in the statements of activities and consists of interest and dividend income, and realized and unrealized capital gains and losses.

Certain Catholic organizations of the Archdiocese of Dubuque, including the Deposit and Loan Fund, invest some of their funds in the Archdiocese of Dubuque Alternative Investments Grantor Trust (Alternative Investments Trust), a pooled investment trust managed by the Archdiocese of Dubuque. 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.

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.

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 limit 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 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. However, due to the increase in required collateral as of June 30, 2016, the amount posted by the Deposit and Loan Fund increased as well. The required collateral decreased at June 30, 2017. The amount posted as of June 30, 2017 and 2016 was \$620,000 and \$1,030,000.

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:

Unrestricted Net Assets – Net assets available for use in general operations.

Temporarily Restricted Net Assets – Net assets subject to donor restrictions that may or will be met by expenditures or actions of the Deposit and Loan Fund and/or the passage of time, and certain income earned on permanently restricted net assets that has not yet been appropriated for expenditure by management.

The Deposit and Loan Fund reports contributions restricted by donors as increases in unrestricted net assets 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 temporarily or permanently restricted net assets, depending on the nature of the restrictions. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

Permanently Restricted Net Assets – Net assets whose use is limited by donor-imposed restrictions that neither expire by the passage of time nor can be fulfilled or otherwise removed by action of the Deposit and Loan Fund. The restrictions stipulate that resources be maintained permanently, but permit the Deposit and Loan Fund to expend the income generated in accordance with the provisions of the agreements.

Revenue and Revenue Recognition

Revenue is recognized when earned. Contributions are recognized when cash, securities or other assets, an unconditional promise to give, or notification of a beneficial interest is received. Conditional promises to give are not recognized until the conditions on which they depend have been substantially met.

Functional Allocation of Expenses

The costs of program and supporting services activities have reported based on natural classification in the statements of activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited. Note 10 presents total expenses by function.

Incomes Taxes

The Deposit and Loan Fund is organized as an Iowa non-profit corporation and has been recognized by the Internal Revenue Service as exempt from federal income taxes under Section 501(a) of the Internal Revenue Code as an organization described in Section 501(c)(3), and qualifies for the charitable contribution deduction under Section 170(b)(1)(A)(i).

The Deposit and Loan Fund is not required to file a Return of Organization Exempt from Income Tax (Form 990) with the IRS. In addition, 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.

Change in Accounting Principle

Management has elected to early adopt the guidance contained in ASU 2015-07, *Disclosures for Investments in Certain Entities That Calculate Net Asset Value per Share (or Its Equivalent)* in 2017, which requires that investments for which fair value is measured using the net asset value practical expedient be removed from the fair value hierarchy. ASU 2015-07 was applied retrospectively to disclosures presented in 2016 (Note 2). The Deposit and Loan Fund has adopted this standard as it eliminates a known diversity in practice for determining whether assets measured at fair value by using the net asset value per share as practical expedient are classified as Level 2 or Level 3 within the fair value hierarchy.

Reclassifications

Reclassifications of amounts previously reported have been made to the accompanying financial statements to properly report 2016 net investment return (revenue) and 2016 interest to depositors (expense). The reclassifications had no impact on previously reported net assets or changes in net assets.

Subsequent Events

The Deposit and Loan Fund has evaluated subsequent events through August 28, 2018, the date which the financial statements were available to be issued.

Note 2 - 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 the Deposit and Loan 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, the Deposit and Loan 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, 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. 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 an assessment of the quality, risk or liquidity profile of the asset.

A portion of the Deposit and Loan Fund's investment assets are classified within Level 1 because they are comprised of open-end mutual funds, stocks, and commodities 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. The Deposit and Loan Fund's estimate of fair value of the Alternative Investments Trust is determined using the calculated allocation of net asset value provided by the trust administrator. Investments that are measured at fair value using NAV per share as a practical expedient are not classified in the fair value hierarchy.

Archdiocese of Dubuque Deposit and Loan Fund
Notes to Financial Statements
June 30, 2017 and 2016

The following table presents assets measured at fair value on a recurring basis, except those measured at cost or by using NAV per share as a practical expedient as identified in the following, at June 30, 2017:

	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 Measured at NAV
Cash and Money Market					
Accounts (at Cost)	\$ 376,059	\$ -	\$ -	\$ -	\$ -
Growth Funds					
Interest in limited partnerships	12,198,423	-	-	-	12,198,423
Domestic and international Common stocks domestic and international	44,906,885	44,906,885	-	-	-
Inflation Protection Assets					
Interest in limited partnership	5,187,748	-	-	-	5,187,748
Risk Reduction Assets					
Domestic fixed assets					
mutual funds	8,150,091	8,150,091	-	-	-
Hedge funds	4,328,626	-	-	-	4,328,626
Alternative Investments Trust	10,184,720	-	-	-	10,184,720
	<u>\$ 89,024,925</u>	<u>\$ 56,749,349</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 31,899,517</u>

Archdiocese of Dubuque Deposit and Loan Fund
Notes to Financial Statements
June 30, 2017 and 2016

The following table presents assets measured at fair value on a recurring basis, except those measured at cost or by using NAV per share as a practical expedient as identified in the following, at June 30, 2016:

	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 Measured at NAV
Cash and Money Market					
Accounts (at Cost)	\$ 67,905	\$ -	\$ -	\$ -	\$ -
Growth Funds					
Interest in limited partnerships	12,164,068	-	-	-	12,164,068
Domestic and international Common stocks domestic and international	42,747,901 3,029,439	42,747,901 3,029,439	- -	- -	- -
Inflation Protection Assets					
Interest in limited partnership	4,376,477	-	-	-	4,376,477
Risk Reduction Assets					
Domestic and international Domestic fixed assets mutual funds	871,371 8,933,161	871,371 8,933,161	- -	- -	- -
Global fixed assets mutual funds	2,224,538	2,224,538	-	-	-
Hedge funds	10,882,095	-	-	-	10,882,095
	<u>\$ 85,296,955</u>	<u>\$ 57,806,410</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 27,422,640</u>

Archdiocese of Dubuque Deposit and Loan Fund
Notes to Financial Statements
June 30, 2017 and 2016

Investments in certain entities that calculate NAV per share are as follows at June 30, 2017 and 2016:

	<u>Fair value</u>	<u>Unfunded Commitments</u>	<u>Redemption Frequency</u>	<u>Redemption Notice Period</u>
<u>June 30, 2017</u>				
Growth Funds				
Interest in limited partnerships	\$ 12,198,423	\$ 9,449,976	Illiquid	None
Inflation Protection Assets				
Interest in limited partnerships	5,187,748	460,763	Illiquid	None
Risk Reduction Assets				
Hedge funds	4,328,626	2,052,840	(1)	(1)
Alternative Investments Trust	10,184,720	-	(2)	None
	<u>\$ 31,899,517</u>	<u>\$ 11,963,579</u>		
<u>June 30, 2016</u>				
Growth Funds				
Interest in limited partnerships	\$ 12,164,068	\$ 11,094,306	Illiquid	None
Inflation Protection Assets				
Interest in limited partnerships	4,376,477	1,190,587	Illiquid	None
Risk Reduction Assets				
Hedge funds	10,882,095	2,382,840	(1)	(1)
	<u>\$ 27,422,640</u>	<u>\$ 14,667,733</u>		

(1) Redemption frequency of the hedge funds is either quarterly with notice periods of 60 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 growth funds interest in limited partnerships' objectives are to maximize the total return to shareholders through cash dividends and appreciation in the value of the shares through investments in domestic and international markets that are both privately and publicly traded, focusing in the following markets: distressed companies, global buyout funds, venture capital, real estate, and emerging markets.

The inflation protection assets interest in limited partnerships' objectives are to maximize the total return to shareholders through cash dividends and appreciation in the value of the shares through investments in depleting natural resource investments as well as real estate portfolios consisting of undeveloped land, residential, multi-family, condominium units, industrial, retail, and office properties.

The risk reduction assets 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 including private equity and real assets investments.

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 3 - Net Investment Return

Net investment return consists of the following for the years ended June 30, 2017 and 2016:

	2017	2016
Interest and Dividends	\$ 1,921,569	\$ 1,902,388
Net Realized and Unrealized Gain	9,401,297	(1,473,887)
	\$ 11,322,866	\$ 428,501

Note 4 - Loans Receivable

Loans receivable consist of unsecured notes and earn interest at a rate of 1.5% per annum at both June 30, 2017 and 2016.

Note 5 - 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 6 - 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 1.0% per annum at both June 30, 2017 and 2016, 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.

Archdiocese of Dubuque Deposit and Loan Fund
Notes to Financial Statements
June 30, 2017 and 2016

Deposits payable consist of the following at June 30, 2017 and 2016:

	2017	2016
Demand Accounts	\$ 66,381,094	\$ 66,795,578
Central Endowment Fund	18,801,276	22,608,935
Separately Managed Funds	31,629,020	29,672,593
	\$ 116,811,390	\$ 119,077,106

Interest to depositors consist of the following for the years ended June 30, 2017 and 2016:

	2017	2016
Demand Accounts	\$ 662,525	\$ 643,693
Central Endowment Fund	2,305,873	(621,773)
Separately Managed Funds	3,568,931	209,840
	\$ 6,537,329	\$ 231,760

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 7 - 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 3.750% (previously 3.250%). The line of credit is secured by securities held in various accounts and matures August 26, 2018, which was a renewal from the line that previously matured. The outstanding balance under the line of credit as of June 30, 2017 and 2016 was \$2,000,000 and \$500,000.

Note 8 - 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 and \$15,000 for the years ended June 30, 2017 and 2016. At June 30, 2017 and 2016, \$0 and \$15,000 related to this fee is included in accounts payable on the statements of financial position.

Archdiocese of Dubuque Deposit and Loan Fund

Notes to Financial Statements

June 30, 2017 and 2016

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

	2017	2016
Loans Receivable from:		
Archdiocese of Dubuque Administrative Offices	\$ 3,719,946	\$ 5,175,317
The Witness	126,927	55,000
Archdiocese of Dubuque Seminarian Education Fund	-	245,273
Deposits Payable to:		
Archdiocese of Dubuque Administrative Offices	\$ 3,089,402	\$ 5,247,888
Archdiocese of Dubuque Priests' Pension Plan	686,869	57,350
Archdiocese of Dubuque Seminarian Education Fund	513,289	-
Archdiocese of Dubuque Education Fund	382,880	678,479
St. Raphael Priest Fund Society of the Archdiocese of Dubuque	133,093	219,643
Archdiocese of Dubuque Perpetual Care Fund	86,471	480,791

The Deposit and Loan Fund also transferred \$3,600,000 and \$0 to the Archdiocese of Dubuque Administrative Offices during the years ended June 30, 2017 and 2016.

Note 9 - Bond Issue Guarantee

The Archdiocese of Dubuque Deposit and Loan Fund, Education Fund and Administrative Offices previously guaranteed a bond issue for Newman Catholic School. The debt was restructured during fiscal year 2017, and a guarantee is no longer required.

Note 10 - Functionalized Expenses

Total expenses by function were as follows:

	2017	2016
Program Expenses	\$ 7,026,406	\$ 916,826
Administration and General	56,241	58,332
Total expenses	\$ 7,082,647	\$ 975,158