Financial Statements
June 30, 2017 and 2016

# 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, 2017 and 2016 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, 2017 and 2016, and the change in net assets available for benefits for the years ended June 30, 2017 and 2016 in accordance with accounting principles generally accepted in the United States of America.

**Change in Accounting Policies**
As discussed in Note 2 to the financial statements, management has elected to early adopt the guidance contained in Accounting Standards Update No. 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. Also described in Note 2, the Plan changed accounting policies related to simplification of the investment disclosures by adopting ASU No. 2015-12, *Plan Accounting: (Topics 960, 962 and 965) - (Part II): Plan Investment Disclosures* in 2017. The updates of ASU No. 2015-07 and ASU No. 2015-12 have been retrospectively applied to the 2016 notes to the financial statements. Our opinion is not modified with respect to these matters.

Eide Bailly LLP

Dubuque, Iowa
August 28, 2018

| | 2017 | 2016 |
|---|---|---|
| Assets | | |
| Investments, at fair value – Note 4 | $ 14,804,585 | $ 15,246,916 |
| Cash and cash equivalents | 251,787 | 252,473 |
| Deposits in Archdiocese of Dubuque Deposit and Loan Fund - Note 6 | 686,869 | 57,350 |
| Note receivable – Note 5 | 859,375 | 886,250 |
| Interest receivable | 8,664 | 8,963 |
| Annuity/life insurance contracts – Note 3 | 2,325,000 | 2,325,000 |
| Total assets | 18,936,280 | 18,776,952 |
| Liabilities | | |
| Accounts payable | 8,220 | 3,804 |
| Due to other Archdiocesan funds/organizations - Note 10 | 487,398 | 218,657 |
| Total liabilities | 495,618 | 222,461 |
| Net Assets Available for Benefits | $ 18,440,662 | $ 18,554,491 |

| | 2017 | 2016 |
|---|---|---|
| Investment Return | | |
| Interest | $ 236,758 | $ 237,298 |
| Dividends | 238,291 | 276,893 |
| Net realized gains | 920,563 | 203,275 |
| Net appreciation (depreciation) in fair value of investments | 888,082 | (638,052) |
| Net investment return | 2,283,694 | 79,414 |
| Deductions | | |
| Benefits paid | 2,328,891 | 2,352,218 |
| Professional fees | 68,632 | 65,398 |
| Total deductions | 2,397,523 | 2,417,616 |
| Net Decrease | (113,829) | (2,338,202) |
| Net Assets Available for Benefits | | |
| Beginning of year | 18,554,491 | 20,892,693 |
| End of year | $ 18,440,662 | $ 18,554,491 |

| | 2017 | 2016 |
|---|---|---|
| Actuarial Present Value of Accumulated Plan Benefits * | | |
| Vested Benefits | | |
| Participants currently receiving payments | $ 17,996,023 | $ 15,416,279 |
| Other participants | 9,814,173 | 6,092,448 |
| | 27,810,196 | 21,508,727 |
| Nonvested benefits | 312,278 | 95,407 |
| Total Actuarial Present Value of Accumulated Plan Benefits | $ 28,122,474 | $ 21,604,134 |
| Net Assets Available for Benefits (Market Value Basis) | $ 18,440,662 | $ 18,554,491 |

* Includes Pension and Retiree Medical Benefits - Note 6

## 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 ($1,875 and $1,860 per month for 2017 and 2016) 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 ($905 and $900 per month for 2017 and 2016).

### 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 and Use of Estimates

### 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 investments with an original maturity of three months or less.

**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.

**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.

Certain Catholic organizations of the Archdiocese Diocese of Dubuque, including the Plan, 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.

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.

**Administrative 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 statement of changes in net assets available for benefits. In addition, certain investment related expenses are included in net appreciation of fair value of investments presented in the accompanying statement of changes in net assets available for benefits.

**Change in Accounting Policies**

The Plan adopted the provisions of Accounting Standards Update (ASU) 2015-12 (Part II), *Plan Accounting (Topics 960, 962 and 965): Plan Investment Disclosures*. This ASU eliminates the disclosure of individual investments that represent 5 percent or more of net assets available for benefits, eliminates the net appreciation or depreciation for investments by general type, and requires that investments be grouped only by general type, eliminating the need to disaggregate the investments by nature, characteristics, and risks. The Plan has adopted this standard as Plan management believes this presentation is more relevant to the users of the financial statements. Accordingly, the accounting change has been retrospectively applied to the prior period presented, as required.

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 4). The Plan 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.

**Subsequent Events**

The Plan Sponsor has evaluated subsequent events through August 28, 2018, the date which the financial statements were available to be issued.

## Note 3 - 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 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, 2017 and 2016.

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

Domestic and international and global 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.

Interest in limited partnership and hedge funds: Valued at NAV, or its equivalent, such as member units or an ownership interest in partners' capital and is used as a practical expedient.

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 NAV 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 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:

| | | Fair Value Measurements at Report Date Using | | | |
|---|---|---|---|---|---|
| | Total | 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 |
| Investments | | | | | |
| Growth funds | | | | | |
| Domestic and international | $ 12,258,459 | $ 12,258,459 | $ - | $ - | $ - |
| Inflation protection assets | | | | | |
| Interest in limited partnership | 1,917 | - | - | - | 1,917 |
| Risk reduction assets | | | | | |
| Domestic fixed assets mutual funds | 1,175,794 | 1,175,794 | - | - | - |
| Hedge funds | 36,197 | - | - | - | 36,197 |
| Alternative Investments Trust | 1,332,218 | - | - | - | 1,332,218 |
| | $ 14,804,585 | $ 13,434,253 | $ - | $ - | $ 1,370,332 |

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:

| | | Fair Value Measurements at Report Date Using | | | |
|---|---|---|---|---|---|
| | Total | 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 |
| Investments | | | | | |
| Growth funds | | | | | |
| Domestic and international | $ 10,606,748 | $ 10,606,748 | $ - | $ - | $ - |
| Inflation protection assets | | | | | |
| Interest in limited partnership | 10,612 | - | - | - | 10,612 |
| Risk reduction assets | | | | | |
| Domestic and international | 614,755 | 614,755 | - | - | - |
| Domestic fixed assets mutual funds | 1,141,588 | 1,141,588 | - | - | - |
| Global fixed assets mutual funds | 529,990 | 529,990 | - | - | - |
| Hedge funds | 2,343,223 | - | - | - | 2,343,223 |
| | $ 15,246,916 | $ 12,893,081 | $ - | $ - | $ 2,353,835 |

**Transfers between Levels**

The availability of observable market data is monitored to assess the appropriate classifications of financial instruments within the fair value hierarchy. Changes in economic conditions or model-based valuation techniques may require transfer of financial instruments from one fair value level to another. In such instances, the transfer is reported at the beginning of the reporting period.

We evaluated the transfers between levels based upon the nature of the financial instrument and size of the transfer relative to total net assets available for benefits. For the years ended June 30, 2017 and 2016, there were no transfers in or out of Levels 1, 2, or 3.

*Fair Value Measurement and Disclosures* (Topic 820): Investments in Certain Entities that Calculate Net Asset Value Per Share (or its Equivalent) requires disclosures of certain attributes in entities that calculate a net asset value per share (or its equivalent) and do not have a readily determinable fair value. The following table sets forth the disclosure of the attributes:

| | Fair value | Unfunded Commitments | Redemption Frequency | Redemption Notice Period |
|---|---|---|---|---|
| June 30, 2017 | | | | |
| Interest in Limited Partnership | $ 1,917 | $ - | Illiquid | None |
| Alternative Investments Trust | 1,332,218 | - | (1) | |
| | $ 1,334,135 | $ - | | |
| June 30, 2016 | | | | |
| Interest in Limited Partnership | $ 10,612 | $ - | Illiquid | None |
| Hedge Funds | 2,343,223 | - | Quarterly, Annually | 60 days, 100 days |
| | $ 2,353,835 | $ - | | |

(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 interest in limited partnership's objective is to maximize the total return to shareholders through cash dividends and appreciation in the value of the shares through investment in a real estate portfolio consisting of undeveloped land, residential, multi-family, condominium units, industrial, retail, and office properties.

The hedge funds' objectives are to generate consistent long-term capital appreciation with low volatility and little correlation with the equity and bond markets through portfolios having a diversified risk profile.

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

## Note 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 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, 2017 and 2016 was $859,375 and $886,250.

## Note 6 - Deposits in Archdiocese of Dubuque Deposit and Loan Fund

Certain funds of the Priests' Pension Plan are deposited in the Archdiocese of Dubuque Deposit and Loan Fund, a separate 501(c)(3) corporation. These deposits can be withdrawn on demand and currently earn interest at the rate of 1.0% per annum at both June 30, 2017 and 2016.

## Note 7 - 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, 2017 was based on an actuarial calculation dated July 1, 2017 while the June 30, 2016 estimated accumulated plan benefits was based on an actuarial calculation dated July 1, 2014.

The tables below illustrate the present value of accumulated Plan benefits categorized between retired, leave of absence, and active priests at June 30, 2017 and 2016:

| | Retired | Leave of Absence | Active | Total |
|---|---|---|---|---|
| June 30, 2017 | | | | |
| 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 |

| | Retired | Leave of Absence | Active | Total |
|---|---|---|---|---|
| June 30, 2016 | | | | |
| Retirement | $ 13,059,256 | $ 43,631 | $ 5,100,080 | $ 18,202,967 |
| Medical | 2,357,023 | - | 1,044,144 | 3,401,167 |
| | $ 15,416,279 | $ 43,631 | $ 6,144,224 | $ 21,604,134 |

The following is a summary of the more significant actuarial assumptions underlying the actuarial computations for the years ended June 30, 2017 and 2016.

| | |
|---|---|
| **Assumptions Concerning Future Events:** | |
| Interest, net after investment expenses | Funding: 6.00% at July 1, 2017 and 7.00% 2016 |
| Mortality basis | RP-2014 Mortality Table in 2017 and RP-2000 Mortality Table in 2016 |
| Retirement age | 70 |
| Disability incidence and continuance | None assumed |
| Withdrawal rates | None assumed |
| Inflation in medical premiums | 5% in 2017, 0% in 2016 |
| Inflation in retirement benefits | 3% in 2017, 0% in 2016 |
| **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 $1,915 (as of July 1, 2017) reflected for valuation purposes at July 1, 2017 and $1,845 (as of July 1, 2014) for valuation purposes at July 1, 2016 |
| Medical benefit | Monthly benefit for valuation purposes is equal to the average per participant of the hospitalization insurance premiums, prescription drug reimbursement and dental costs for the prior plan year. This monthly average on July 1, 2017 was $300 per participant and in 2016 was $333 per participant. |
| Actuarial cost method | Projected Unit Credit Cost Method in 2017, Aggregate Cost Method in 2016 |
| 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, 2016 and June 30, 2017. The Plan's update of its actuarial calculation between the years ended June 30, 2017 and 2016 resulted in significant changes in the present value of accumulated plan benefits.

| | 2017 | 2016 |
|---|---|---|
| Actuarial Present Value of Accumulated Plan Benefits, Beginning of Year | $ 21,604,134 | $ 21,604,134 |
| Increase (decrease) during the year attributable to | | |
| Interest and dividends | 475,049 | - |
| Gain (loss) from sales | 920,657 | - |
| Change in unrealized appreciation | 888,082 | |
| Benefits paid | (2,328,890) | - |
| Admin expenses | (68,632) | |
| Change in actuarial assumptions | 6,632,074 | - |
| Net increase | 6,518,340 | - |
| Actuarial Present Value of Accumulated Plan Benefits, End of Year | $ 28,122,474 | $ 21,604,134 |

## Note 8 - 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 9 - 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 statement 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 10 - 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 $487,398 and $218,657 at June 30, 2017 and 2016 primarily includes amounts due to the St. Raphael Priest Fund Society of the Archdiocese of Dubuque which are owed for expenses paid on the Plan's behalf.