# The St. Louis Archdiocesan Fund

Financial Statements as of and for the
Years Ended June 30, 2023 and 2022
Independent Auditors’ Report

# THE ST. LOUIS ARCHDIOCESAN FUND

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RubinBrown

7676 Forsyth Blvd
Suite 2100
St. Louis, MO 63105

T: 314.290.3300
E: info@rubinbrown.com
www.RubinBrown.com

CERTIFIED PUBLIC ACCOUNTANTS & BUSINESS CONSULTANTS

# Independent Auditors' Report

The Most Reverend Mitchell T. Rozanski,
Archbishop of St. Louis
The St. Louis Archdiocesan Fund
St. Louis, Missouri

## *Opinion*

We have audited the financial statements of The St. Louis Archdiocesan Fund, a not-for-profit organization, which comprise the statement of financial position as of June 30, 2023 and 2022, and the related statements of activities, functional expenses and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of The St. Louis Archdiocesan Fund as of June 30, 2023 and 2022, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

## *Basis For Opinion*

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditors' Responsibilities For The Audit Of The Financial Statements section of our report. We are required to be independent of The St. Louis Archdiocesan Fund and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

## *Management's Responsibility For The Financial Statements*

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about The St. Louis Archdiocesan Fund's ability to continue as a going concern for one year after the date that the financial statements are available to be issued.

### *Auditors' Responsibilities For The Audit Of The Financial Statements*

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with auditing standards generally accepted in the United States of America will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with auditing standards generally accepted in the United States of America, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 St. Louis Archdiocesan Fund's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about The St. Louis Archdiocesan Fund's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

RubinBrown LLP

October 30, 2023

# THE ST. LOUIS ARCHDIOCESAN FUND

**STATEMENT OF FINANCIAL POSITION**
**AS OF JUNE 30, 2023 and 2022**
**(In thousands)**

| | 2023 | 2022 |
|---|---|---|
| **ASSETS** | | |
| Cash and cash equivalents | $ 15,104 | $ 12,336 |
| Investments — at fair value | 938,491 | 877,910 |
| Receivable on unsettled investment sales | 330 | 33 |
| Accrued interest and dividends | 2,579 | 2,495 |
| Loans: | | |
| Archdiocesan agencies | 9,115 | 4,107 |
| Archdiocesan parishes | 5,600 | 6,921 |
| Total loans | 14,715 | 11,028 |
| Allowance for loan loss | (2,758) | (2,668) |
| Net loans | 11,957 | 8,360 |
| Other receivables | 703 | 250 |
| Total assets | $ 969,164 | $ 901,384 |
| **LIABILITIES AND NET ASSETS** | | |
| Deposits: | | |
| Archdiocesan agencies | 582,159 | 544,936 |
| Archdiocesan parishes | 221,331 | 197,893 |
| Other Catholic organizations | 6,355 | 15,681 |
| Total deposits | 809,845 | 758,510 |
| Payable on unsettled investment purchases | 1,844 | 214 |
| Accounts payable and accrued expenses | 771 | 827 |
| Total liabilities | 812,460 | 759,551 |
| Net assets without donor restrictions | 156,704 | 141,833 |
| Total liabilities and net assets | $ 969,164 | $ 901,384 |

See notes to financial statements.

## THE ST. LOUIS ARCHDIOCESAN FUND

**STATEMENT OF ACTIVITIES**
**FOR THE YEARS ENDED JUNE 30, 2023 and 2022**
**(In thousands)**

| | 2023 | 2022 |
|---|---|---|
| CHANGES IN NET ASSETS WITHOUT DONOR RESTRICTIONS: | | |
| Revenues and other changes: | | |
| Net gain (loss) on investments | $ 54,497 | $ (140,788) |
| Interest and dividends on investments, net of fees | 14,919 | 11,979 |
| Interest on loans | 734 | 313 |
| Fees | 4,693 | 5,110 |
| Other | 83 | 57 |
| Total revenues, gain (loss) and other changes | 74,926 | (123,329) |
| Expenses: | | |
| Program | 59,646 | (66,177) |
| Management & General | 409 | 376 |
| Total expenses | 60,055 | (65,801) |
| CHANGE IN NET ASSETS WITHOUT DONOR RESTRICTIONS | 14,871 | (57,528) |
| NET ASSETS WITHOUT DONOR RESTRICTIONS - Beginning of year | 141,833 | 199,361 |
| NET ASSETS WITHOUT DONOR RESTRICTIONS - End of year | $ 156,704 | $ 141,833 |

See notes to financial statements.

## THE ST. LOUIS ARCHDIOCESAN FUND

**STATEMENT OF FUNCTIONAL EXPENSES**
**FOR THE YEARS ENDED JUNE 30, 2023 and 2022**
**(In thousands)**

| | 2023 | | |
|---|---|---|---|
| | Program | Management & General | Total |
| Interest on Depositor Fund | $ 2,429 | $ - | $ 2,429 |
| Allocation of investment earnings to Investment Fund | 49,783 | - | 49,783 |
| Grants - intradiocesan | 6,300 | - | 6,300 |
| Banking fees & services | 521 | - | 521 |
| Accounting services & fees | 410 | 409 | 819 |
| Provision for uncollectible loans | 110 | - | 110 |
| Other expenses | 93 | - | 93 |
| Total Expenses | $ 59,646 | $ 409 | $ 60,055 |

| | 2022 | | |
|---|---|---|---|
| | Program | Management & General | Total |
| Interest on Depositor Fund | $ 912 | $ - | $ 912 |
| Allocation of investment losses to Investment Fund | (72,820) | - | (72,820) |
| Grants - intradiocesan | 5,400 | - | 5,400 |
| Banking fees & services | 527 | - | 527 |
| Accounting services & fees | 354 | 376 | 730 |
| Recovery for uncollectible loans | (580) | - | (580) |
| Other expenses | 30 | - | 30 |
| Total Expenses | $ (66,177) | $ 376 | $ (65,801) |

See notes to financial statements.

## THE ST. LOUIS ARCHDIOCESAN FUND

**STATEMENT OF CASH FLOWS**
**FOR THE YEARS ENDED JUNE 30, 2023 and 2022**
**(In thousands)**

| | 2023 | 2022 |
|---|---|---|
| CASH FLOWS FROM OPERATING ACTIVITIES: | | |
| Change in net assets without donor restrictions | $ 14,871 | $ (57,528) |
| Adjustments to reconcile change in net assets without donor restrictions to net cash provided by operating activities: | | |
| Net (gain) loss on investments | (54,497) | 140,788 |
| Allocation of investment earnings (losses) to Investment Fund | 49,783 | (72,820) |
| Provision (recovery) for uncollectible loans | 110 | (580) |
| Changes in assets and liabilities: | | |
| Accrued interest and dividends | (104) | (228) |
| Other receivables | (453) | (99) |
| Accounts payable and accrued expenses | (56) | (1,434) |
| Net cash provided by operating activities | 9,654 | 8,099 |
| CASH FLOWS FROM INVESTING ACTIVITIES: | | |
| Net (increase) decrease in short-term money market investments | 14,623 | (6,021) |
| Purchases of investments | (692,569) | (539,914) |
| Proceeds from sales and maturities of investments | 673,195 | 517,020 |
| Disbursement of loans | (7,673) | (2,329) |
| Proceeds from loan repayments | 3,986 | 4,575 |
| Net cash used in investing activities | (8,438) | (26,669) |
| CASH FLOWS FROM FINANCING ACTIVITIES | | |
| Net change in deposits | 1,552 | 19,121 |
| INCREASE IN CASH AND CASH EQUIVALENTS | 2,768 | 551 |
| CASH AND CASH EQUIVALENTS - Beginning of year | 12,336 | 11,785 |
| CASH AND CASH EQUIVALENTS - End of year | $ 15,104 | $ 12,336 |
| SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION: | | |
| Interest paid | $ 2,429 | $ 912 |
| NONCASH ACTIVITIES: | | |
| Purchase of investments unsettled | $ 1,844 | $ 214 |
| Sale of investments unsettled | $ 330 | $ 33 |

See notes to financial statements.

# THE ST. LOUIS ARCHDIOCESAN FUND

**NOTES TO FINANCIAL STATEMENTS**
**AS OF AND FOR THE YEARS ENDED JUNE 30, 2023 AND 2022**
**(In thousands)**

## 1. OPERATIONS AND SIGNIFICANT ACCOUNTING POLICIES

The St. Louis Archdiocesan Fund (the "Fund") is a charitable trust that encompasses the financing and investing activities of the Archdiocese of St. Louis (the "Archdiocese").

The Fund maintains deposits from Archdiocesan parishes, schools and agencies in two separate sub-funds, the Depositor Fund and the Investment Fund. These amounts generally represent funds in excess of current operating needs and have been set aside to fund future programs or to assist the missions of the Archdiocese. The Fund invests deposits held in the Investment Fund in marketable securities and privately held commingled funds, and provides loans to parishes and agencies. No more than 50% of assets held in the Depositor Fund may be loaned to participants. The resulting income earned on investments is used to pay interest and returns to the parishes, agencies and other organizations. Interest on deposits held in the Depositor Fund is paid to parishes, agencies and other organizations based on rates established for the terms of the deposits selected by the depositors. Gains or losses on pooled investment assets held in the Investment Fund are allocated to parishes, agencies and other organizations based on actual interest, dividends and net realized and unrealized gains and losses earned on the parishes', agencies' and other organizations' pro rata share of the investments held by the Fund. Other earnings of the Fund, including interest income on loans to parishes and agencies and management fees, net of related expenses, are maintained in a third sub-fund, the Undesignated Asset Fund. The Undesignated Asset Fund may make loans to parishes and agencies, as well as other investments.

**Basis Of Accounting** — The financial statements of the Fund have been prepared on the accrual basis of accounting and in accordance with accounting principles generally accepted in the United States of America (GAAP).

**Basis Of Presentation** — Financial statement presentation follows the requirements issued by the Financial Accounting Standards Board (FASB) for not-for-profit organizations which require the Fund to report information regarding its financial position and activities according to the following net asset classifications:

**Net Assets Without Donor Restrictions:** Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the Fund. These net assets may be used at the discretion of management and the Board of Trustees.

**Net Assets With Donor Restrictions:** Net assets subject to stipulations imposed by donors and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the Fund or by the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity. The Fund does not have net assets with donor restrictions as of June 30, 2023 or 2022.

**Cash and Cash Equivalents**— Cash and cash equivalents consist of cash and liquid investments with original maturities of three months or less. Carrying amounts approximate fair value. The Fund has cash balances on deposit at June 30, 2023 in the amount of $17,025 that exceed the balance insured by the Federal Deposit Insurance Corporation.

**Loans** — The Fund's loans are carried at the unpaid principal balance net of an allowance for loan loss. Interest income is accrued on the unpaid principal balance as earned.

Interest income on loans is discontinued at the time a loan becomes 90 days delinquent. Past due status is based on the contractual terms of the loan. Loans are placed on nonaccrual status or charged off at an earlier date if collection of principal or interest is considered doubtful. All interest accrued but not received for loans placed on nonaccrual is reversed against interest income. Interest received on such loans is accounted for on the cash-basis method until qualifying for return to accrual status.

A loan is considered impaired when, based on the current information and events, it is probable that the Fund will be unable to collect the scheduled payments of principal or interest when due according to the contractual terms of the loan agreements. Factors considered by the Fund in determining impairment include payment status and the probability of collecting scheduled principal and interest payments when due.

Restructured loans involve the granting of some concession to the borrower involving a loan modification, such as payment schedule changes or principal charge-offs. A troubled debt restructuring (TDR) includes a loan modification where the borrower is experiencing financial difficulty and a concession is granted to that borrower that would not otherwise be considered. A TDR may be accrual or nonaccrual based on the performance of the borrower and the Fund's assessment of collectability.

**Allowance for Loan Loss (ALL)** — The ALL represents the Fund's estimate of probable and inherent credit losses in the loan portfolio. Estimating the ALL requires the exercise of significant judgment, the use of estimates, assumptions and historical data related to the loans and respective borrowers, and the use of qualitative factors such as economic conditions, all of which are subject to change. Loan losses are charged against the ALL while recoveries of amounts previously charged off are credited to the ALL.

The Fund's ALL consists of specific reserves on certain impaired loans and general reserves for non-impaired loans based on a regular analysis of the loan portfolio. The general reserve is based on qualitative factors driven by the Fund's internal credit rating system as well as consideration of historical losses. All loans in the portfolio are assigned an initial credit rating at the time of origination and the Fund has established a systematic review on an annual basis, which covers a majority of loans to assess their credit risk. When assessing credit risk, the Fund considers such factors as payment history, financial stability, and leadership. All loans that have not been identified for specific reserves are included in the general reserve pool, segregated by internal credit ratings, and allocated a reserve amount based on credit rating. Once the allocations have been made, the ALL is reviewed and approved by the Board of Trustees.

**Investments** — The Fund's investments are measured at fair value based on quoted market prices when available. When a market price is not readily available, the Fund estimates fair value based on information obtained from the external investment managers. Sales and purchases of investments are recognized based upon the trade date of each transaction. Interest income is recognized when earned. Dividend income is recognized when dividends are declared.

**Deposits** — The Fund holds deposits from Archdiocesan parishes, schools and other Catholic agencies in two separate sub-funds, the Depositor Fund and the Investment Fund.

The Depositor Fund consists of demand, money market and time deposit accounts on which fixed rate interest is paid approximating market returns. Time deposit accounts have stated maturity dates from three months to five years. Depositors may make deposits and withdrawals from accounts at any time subject to early withdrawal penalties on time deposit accounts and excess withdrawal penalties on money market accounts.

The Investment Fund consists of investment accounts that earn a rate of return tied to the market performance of the investment portfolio held by the Fund and are generally considered long-term investments by the depositors. Earnings and principal may generally be withdrawn from the Investment Fund once per year. Each account is invested according to one of several assigned allocation plans that is selected by the depositor and which consists of an investment mix of fixed income securities and equity securities (e.g., Plan "A" consists of 25% fixed income securities and 75% equity securities). The entire return from the investment portfolio is allocated to the Investment Fund accounts each month.

**Revenue Recognition of Fees Revenue** — Fees revenue consists primarily of Investment Fund management fees. Investment Fund management fees are earned from the management of Investment Fund depositors' assets (referred to as Assets Under Management (AUM)). Investment Fund management fees are earned as a percentage of the Investment Fund depositor's AUM. Fees are recognized over time as services are provided. Fees are collected on the last day of each quarter.

**Expenses** — The Fund categorizes its expenses as follows:

*Program expenses* relate to activities that result in services being distributed to beneficiaries that fulfill the purposes or mission for which the Fund exists.

*Management and general expenses* relate to administrative activities that are not identifiable with a single program or fund-raising activity, but that are indispensable to the conduct of those activities and to the Fund's existence.

**Fair Value of Financial Instruments** — The Fund's investments are carried at fair value. The loans to Archdiocesan parishes and agencies have carrying values that approximate fair value due to the loans' variable interest rates approximating market rates. The carrying values of customer demand deposits and money market accounts approximate fair value due to their short-term nature. Investment Fund liabilities' carrying values approximate fair value because they generate returns based upon current market returns. Included in total deposits at June 30, 2023 and 2022, respectively, is $77,161 and $41,973 in time deposits, with an estimated fair market value of $78,180 and $42,029, respectively. The fair value of time deposits is estimated using the rates currently offered for deposits of similar remaining maturities.

The Fund invests in various securities, which, in general, are exposed to various risks, such as interest rate risk, credit risk, default risk and overall market volatility.

Due to the level of risk associated with certain investment securities, changes in the values of investment securities could materially affect the amounts reported in the statements of financial position and activities.

**Use of Estimates** — The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent 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.

**Fair Value Measurements** —The Fund reports its entire investment portfolio at fair value on a recurring basis in accordance with FASB Accounting Standards Codifications (ASC) 820, *Fair Value Measurements.*

The ASC defines fair value as the price that would be received to sell an asset or paid to transfer a liability at the measurement date. Assets and liabilities are classified and disclosed into one of four categories, as follows:

*Level 1* — Quoted prices (unadjusted) in active markets/exchanges for identical assets and liabilities.

*Level 2* — Pricing inputs other than quoted prices included in Level 1 that are observable for assets or liabilities, either directly or indirectly. Level 2 pricing inputs include prices quoted for similar assets and liabilities in active markets/exchanges or prices quoted for identical or similar assets and liabilities in markets that are not active. If the asset or liability has a specified (contractual) term, a level 2 input must be observable for substantially the full term of the asset or liability.

*Level 3* —Significant pricing inputs (such as professional appraisals, quoted prices from inactive markets that require adjustment based on significant assumptions or data that is not current, or data from independent sources) that are unobservable for the asset or liability.

*Net Asset Value* — Values are based on the calculated net asset value. The calculated net asset values for underlying investments are fair value estimates determined by an external fund manager and other sources based on quoted market prices, operating results, balance sheet stability, growth, and other business and market sector factors.

In some cases, inputs used to measure an asset or liability may fall into different levels of the fair value hierarchy. In those instances, the fair value measurement is required to be classified using the lowest level of input that is significant to the fair value measurement. Such determination requires significant management judgment.

See Note 2 — *Fair Value Measurements*, for further details on the Fund's assets measured at fair value.

**Expense Allocation** — The statement of functional expenses presents expenses by functional and natural classification. Expenses directly attributable to a specific functional area of the Fund are reported as specific to that functional area. Expenses that benefit multiple functional or program areas have been allocated across programs and other supporting services based on a different method. Accounting services have been allocated based on time studies.

**Income Tax** — The Fund has received notification that it qualifies as a tax exempt organization under Section 501(c)(3) covered by the U.S. Internal Revenue Service group exemption letter of the United States Conference of Catholic Bishops and corresponding provisions of state law and, accordingly, is not subject to federal or state income taxes.

**New Accounting Pronouncements –** In June 2016, the FASB issued ASU 2016-13, *Financial Instruments Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments*, that changes the impairment model for most financial assets and certain other instruments. For receivables, loans and other instruments, entities will be required to use a new forward-looking "expected loss" model that generally will result in earlier recognition of allowances for losses. In addition, an entity will have to disclose significantly more information about allowances, credit quality indicators and past due securities. This ASU is effective for the Fund for fiscal year ending June 30, 2024. The Fund is currently assessing the potential impact of the adoption of the standard on its financial statements.

## 2. FAIR VALUE MEASUREMENTS

The valuation of assets measured at fair value, by level, in the Fund's statement of financial position at June 30, 2023 and 2022 is summarized below:

| | June 30, 2023 | | | |
|---|---|---|---|---|
| **Description** | **Level 1** | **Level 2** | **Level 3** | **Total** |
| Short-term money market investments | $ 8,092 | $ - | $ - | $ 8,092 |
| Equities | 75,594 | - | - | 75,594 |
| U.S. government and agency securities | 75,595 | 2,328 | - | 77,923 |
| Asset and mortgage-backed securities | - | 150,531 | - | 150,531 |
| Publicly held mutual fund investments | 28,082 | - | - | 28,082 |
| Corporate and municipal bonds | - | 198,192 | 71 | 198,263 |
| Exchange traded notes | 1,352 | - | - | 1,352 |
| | $ 188,715 | $ 351,051 | $ 71 | 539,837 |
| Assets valued at net asset value per share | | | | 398,654 |
| Total investments | | | | $ 938,491 |

| | June 30, 2022 | | | |
|---|---|---|---|---|
| **Description** | **Level 1** | **Level 2** | **Level 3** | **Total** |
| Short-term money market investments | $ 14,720 | $ - | $ - | $ 14,720 |
| Equities | 63,122 | - | - | 63,122 |
| U.S. government and agency securities | 62,085 | 4,125 | - | 66,210 |
| Asset and mortgage-backed securities | - | 145,854 | - | 145,854 |
| Publicly held mutual fund investments | 35,423 | - | - | 35,423 |
| Corporate and municipal bonds | - | 182,011 | 1,578 | 183,589 |
| Exchange traded notes | 4,160 | - | - | 4,160 |
| | $ 179,510 | $ 331,990 | $ 1,578 | 513,078 |
| Assets valued at net asset value per share | | | | 364,832 |
| Total investments | | | | $ 877,910 |

Certain investments may be transferred between Level 1 and Level 2 if the observability of inputs changes relative to a security's pricing during the period. The value of transfers is based on the value of the particular security on the final day of the fiscal year in which the transfer occurred.

Additional information pertaining to the changes in the fair value of the Fund's investments classified as Level 3 for the years ended June 30, 2023 and 2022 is presented below:

| | | Corporate and Municipal Bonds |
|---|---|---|
| Balance: July 1, 2021 | $ | 1,584 |
| Net losses | | (6) |
| Balance: June 30, 2022 | $ | 1,578 |
| | | |
| Sales and settlements | | (1,503) |
| Net losses | | (4) |
| Balance: June 30, 2023 | $ | 71 |

The total gains/(losses) on investments were comprised of ($24,762) realized losses and $79,259 unrealized gains in 2023. The total gains/(losses) on investments were comprised of $14,487 realized gains and $(155,275) unrealized losses in 2022. The total unrealized gains included in the balances for investments classified as Level 3 at June 30, 2023 and 2022 were $0 and $559, respectively.

Certain investments ("Commingled funds") are measured at fair value using the net asset value per share (or its equivalent) based on the value of the underlying assets owned by the fund, minus liabilities. The following table summarizes the Fund's Commingled funds:

| | Fair Value | | Unfunded | Redemption | Redemption Notice |
|---|---|---|---|---|---|
| **Commingled Funds** | **2023** | **2022** | **Commitments** | **Frequency** | **Period** |
| International and emerging equity funds | $ 182,495 | $ 170,098 | $ - | 17 days (a) | 18 days (b) |
| Indexed and non-lending equity funds | 213,081 | 191,276 | - | Daily | 15 days |
| Private equity funds (the "Partnerships") | 3,078 | 3,458 | 1,922 | (c) | (c) |
| | $ 398,654 | $ 364,832 | $ 1,922 | | |

(a) Weighted average based on underlying investments' net asset value; Redemption frequency ranged from daily to monthly.
(b) Weighted average based on underlying investments' net asset value; Redemption notice period ranged from 5 to 30 days.
(c) General Partners determine distributions or return of capital contributions to the Partnerships.

## 3. LOANS

Loans represent amounts receivable from parishes, agencies and schools with various payment terms bearing interest at variable rates that approximate market for loans of similar terms. The average variable rate was 5.94% for 2023 and 2.60% for 2022. Remaining loan terms range from 1 to 15 years.

At June 30, 2023, the Fund had committed to extend an additional $3,891 under line of credit arrangements with certain parishes, Catholic organizations, and schools.

The Fund categorizes loans into risk categories based on relevant information about the ability of borrowers to service their debt, such as current financial information, historical payment experience and current economic factors among other factors. This analysis is performed on a semi-annual basis. The Fund uses the following definitions for risk ratings:

*Grades 1, 2, and 3* – Includes loans to borrowers with a continuous record of earnings and ample liquidity with solid cash flow, and whose management teams have proven experience and qualifications.

*Grade 4* – Includes loans to borrowers that may display fluctuating trends in revenue, earnings, liquidity, and cash flow.

*Grades 5, 6 and 7* – Includes loans to borrowers experiencing significant losses and sustained downward trends, without adequate current liquidity.

The recorded investment by risk category of the loans at June 30, 2023 and 2022 is as follows:

| | June 30, | |
|---|---|---|
| | **2023** | **2022** |
| Categories 1-3 | $ 10,196 | $ 6,514 |
| Category 4 | 1,850 | 1,575 |
| Categories 5-7 | 2,669 | 2,939 |
| Total Loans | 14,715 | 11,028 |
| Allowance for loan loss | (2,758) | (2,668) |
| Net Loans | $ 11,957 | $ 8,360 |

As of June 30, 2023 and 2022 the Fund's loan portfolio included no loans 60 days past due in 2023 or 2022.

Changes in the allowance for loan loss (ALL) for the years ended June 30, 2023 and 2022 consist of the following:

| | Year Ended June 30, | |
|---|---|---|
| | **2023** | **2022** |
| Allowance for loan loss - beginning of year | $ 2,668 | $ 3,248 |
| Provision (recovery) for uncollectible loans | 110 | (580) |
| Write-off | (20) | - |
| Allowance for loan loss - end of year | $ 2,758 | $ 2,668 |

Impaired loans as of June 30, 2023 and 2022 consist of the following:

| | 2023 | 2022 |
|---|---|---|
| Outstanding balance of impaired loans | $ 2,669 | $ 2,939 |
| Allowance for loan loss on impaired loans | (2,107) | (2,156) |
| | | |
| Balance of impaired loans with no specific loan allowance | $ 562 | $ 783 |

Impaired loans as of June 30, 2023 and 2022 include two TDR loans in the amount of $2,669 and $2,939, respectively.

## 4. DEPOSITS

Total deposits as of June 30, 2023 and 2022 consist of the following:

| | 2023 | 2022 |
|---|---|---|
| Depositor Fund: | | |
| Demand accounts | $ 106,632 | $ 129,318 |
| Money market accounts | 148,433 | 143,092 |
| Time deposit accounts | 77,161 | 41,973 |
| Total Depositors' Fund | 332,226 | 314,383 |
| | | |
| Investment Fund: | | |
| Nonendowed accounts | 310,290 | 290,678 |
| Endowed accounts | 164,532 | 150,494 |
| Annuity accounts | 2,797 | 2,955 |
| Total Investment Fund | 477,619 | 444,127 |
| | | |
| Total deposits | $ 809,845 | $ 758,510 |

The scheduled maturities of time deposits as of June 30, 2023 and 2022 are as follows:

| | 2023 | 2022 |
|---|---|---|
| Aging of Maturities of Time Deposits: | | |
| Maturing in 1 year | $ 54,918 | $ 29,504 |
| Maturing in 2 years | 8,464 | 6,771 |
| Maturing in 3 years | 10,069 | 3,684 |
| Maturing in 4 years | 1,216 | 1,482 |
| Maturing in 5 years | 2,345 | 409 |
| Maturing in more than 5 years | 149 | 123 |
| Total time deposits | $ 77,161 | $ 41,973 |

As of June 30, 2023 and 2022 the aggregate amount of time deposit accounts each with a minimum denomination of $100 or more was $72,760 and $37,250 respectively.

## 5. AVAILABILITY OF FINANCIAL ASSETS AND LIQUIDITY

The following represents the St. Louis Archdiocesan Fund financial assets at June 30, 2023 and 2022:

| | 2023 | 2022 |
|---|---|---|
| Financial assets at year end: | | |
| Cash and cash equivalents | $ 15,104 | $ 12,336 |
| Investments - at fair value | 938,491 | 877,910 |
| Receivable on unsettled investments | 330 | 33 |
| Accrued interest and dividends | 2,579 | 2,495 |
| Loans receivable, net of allowance | 11,957 | 8,360 |
| Other receivables | 703 | 250 |
| Total financial assets | 969,164 | 901,384 |
| Less amounts not available to be used within one year: | | |
| Loan payments due past 1 year, net of allowance | 7,148 | 6,209 |
| Designated net deposits | 809,845 | 758,510 |
| | 816,993 | 764,719 |
| Financial assets available to meet general expenditures over the next twelve months | $ 152,171 | $ 136,665 |

The St. Louis Archdiocesan Fund receives income from earnings on investments, management fees charged to investment fund accounts, and interest on loans. The St. Louis Archdiocesan Fund actively manages its resources to sustain and grow undesignated assets to provide a reasonable assurance of delivering the long term mission of the trust, maintain adequate liquid assets to fund near-term operating needs, and operate within a prudent range of financial soundness and stability.

The St. Louis Archdiocesan Fund regularly monitors the availability of resources required to meet operating needs and other contractual commitments. A comprehensive budgeting process is conducted to ensure sufficient revenues will be collected to cover general expenses. The Board of Trustees must approve the budget before it is finalized. Actual results are measured against the budget on a monthly basis.

## 6. RELATED PARTY TRANSACTIONS

The Fund makes periodic grants to the Archdiocese, generally from accumulated net assets in excess of current and anticipated future operating needs, to fund the operations of the Archdiocese. Such grants were $6,300 in 2023 and $5,400 in 2022 and comprise grants-intradiocesan expense in the statement of functional expenses. As of June 30, 2023 and 2022, there were no grants payable.

Management fees for Investment Fund deposits charged by the Fund to the depositors were $4,611 in 2023 and $5,010 in 2022 and are included in fees revenue in the statement of activities.

Staffing, accounting and management fees paid by the Fund to the Archdiocese were $702 in 2023 and $648 in 2022 and are included in accounting services & fees expenses in the statement of functional expenses.

## 7. SUBSEQUENT EVENTS

The preparation of financial statements in accordance with GAAP requires the consideration of events or transactions that occur after the financial statement date but before the financial statements are issued or available to be issued. Depending on the nature of the subsequent event, financial statement recognition or disclosure of the subsequent event is required. In preparing its financial statements, the Fund has evaluated subsequent events through October 30, 2023 the date the financial statements were available to be issued. Management has deemed there is no subsequent event impacting the Fund.

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