Financial Statements and Report of Independent Certified Public Accountants

Inter-Parish Loan Fund, Inc.

June 30, 2024 and 2023

Contents

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REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

To the Board of Trustees of
Inter-Parish Loan Fund, Inc.

We have audited the financial statements of the Inter-Parish Loan Fund, Inc. ("IPLF, Inc."), which comprise the statements of financial position as of June 30, 2024 and 2023, 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 IPLF, Inc. as of June 30, 2024 and 2023, and the results of 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.

Basis for opinion

We conducted our audits of the financial statements in accordance with auditing standards generally accepted in the United States of America (US GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of IPLF, Inc. 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.

Responsibilities of management 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 IPLF, Inc.'s ability to continue as a going concern for one year after the date the financial statements are available to be issued.

Auditor's 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 auditor's 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 US GAAS 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 US GAAS, 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 IPLF, Inc.'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 IPLF, Inc.'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.

Grant Thornton LLP

Iselin, New Jersey
December 20, 2024

Inter-Parish Loan Fund, Inc.

STATEMENTS OF FINANCIAL POSITION

June 30,

	2024	2023
ASSETS		
Cash and cash equivalents	$ 42,280,815	$ 49,063,646
Investments	65,203,636	65,641,033
Loans receivable from Archdiocesan parishes and schools	11,928,657	4,705,119
Amounts held on behalf of others	33,744,768	30,261,059
Total assets	$ 153,157,876	$ 149,670,857
LIABILITIES AND NET ASSETS (DEFICIT)		
Liabilities		
Demand deposits payable to Archdiocesan parishes and schools	$ 118,997,962	$ 119,909,363
Amounts held on behalf of others	33,744,768	30,261,059
Total liabilities	152,742,730	150,170,422
Contingencies		
Net assets (deficit), without donor restrictions	415,146	(499,565)
Total liabilities and net assets	$ 153,157,876	$ 149,670,857

The accompanying notes are an integral part of these financial statements.

Inter-Parish Loan Fund, Inc.

STATEMENTS OF ACTIVITIES

Years ended June 30,

	2024	2023
Investment income		
Interest on outstanding loans	$ 413,343	$ 217,584
Dividend and interest income, net	4,328,639	2,290,355
Realized loss	(1,233,498)	(247,899)
Unrealized gain (loss)	2,139,480	(373,902)
Total investment income	5,647,964	1,886,138
Expenses		
Management and banking fees	191,854	127,157
Interest on demand deposits	4,541,399	2,365,527
Total expenses	4,733,253	2,492,684
CHANGE IN NET ASSETS	914,711	(606,546)
Net (deficit) assets, beginning of year	(499,565)	106,981
Net assets (deficit), end of year	$ 415,146	$ (499,565)

The accompanying notes are an integral part of these financial statements.

Inter-Parish Loan Fund, Inc.

STATEMENTS OF FUNCTIONAL EXPENSES

Years ended June 30,

	2024		
	Program Service	**Management and General**	**Total Expenses**
Management and banking fees	$ 111,854	$ 80,000	$ 191,854
Interest on demand deposits	4,541,399	-	4,541,399
Total expenses	$ 4,653,253	$ 80,000	$ 4,733,253

	2023		
	Program Service	**Management and General**	**Total Expenses**
Management and banking fees	$ 127,157	$ -	$ 127,157
Interest on demand deposits	2,365,527	-	2,365,527
Total expenses	$ 2,492,684	$ -	$ 2,492,684

The accompanying notes are an integral part of these financial statements.

Inter-Parish Loan Fund, Inc.

STATEMENTS OF CASH FLOWS

Years ended June 30,

	2024	2023
Cash flows from operating activities:		
Changes in net assets	$ 914,711	$ (606,546)
Adjustments to reconcile changes in net assets to net cash (used in) provided by operating activities:		
Unrealized (gain) loss on investments	(2,139,480)	373,902
Realized loss on investments	1,233,498	247,899
Change in operating assets and liabilities:		
Increase in amounts held on behalf of others	(3,483,709)	(3,889,856)
(Increase) decrease in loan receivable	(7,223,538)	506,165
Increase in amounts held on behalf of others	3,483,709	3,889,856
Net cash (used in) provided by operating activities	(7,214,809)	521,420
Cash flows from investing activities:		
Proceeds from sales and maturities of investments	23,000,000	25,339,555
Purchase of investments	(21,656,621)	(27,247,460)
Net cash provided by (used in) investing activities	1,343,379	(1,907,905)
Cash flows from financing activities:		
Proceeds from deposits payable to Archdiocesan entities	33,161,498	42,398,311
Principal payments on deposits payable to Archdiocesan entities	(34,072,899)	(30,601,803)
Net cash (used in) provided by financing activities	(911,401)	11,796,508
NET (DECREASE) INCREASE IN CASH	(6,782,831)	10,410,023
Cash, beginning of year	49,063,646	38,653,623
Cash, end of year	$ 42,280,815	$ 49,063,646

The accompanying notes are an integral part of these financial statements.

NOTE 1 - ORGANIZATION

The Inter-Parish Loan Fund, Inc. ("IPLF, Inc." or the "Fund") was established on July 1, 2011, to provide depository, investment, and financing services and assistance to parishes, schools and institutions affiliated with the Roman Catholic Archbishop of Baltimore ("Archdiocese of Baltimore"). The mission of IPLF, Inc. is to provide parishes and schools of the Archdiocese of Baltimore with a good, safe, and stable return on their deposits while providing funds to parishes and schools as needed for capital projects. IPLF, Inc. is incorporated in the State of Maryland and is organized and at all times shall be operated exclusively for religious, charitable, and educational purposes within the meaning of Section 501(c)(3) of the Internal Revenue Code ("IRC").

The Board of Trustees is authorized to provide all rules, policies, and procedures necessary to establish and administer the program. Rates offered on both deposits and loans are set at levels competitive with commercial banks and are approved by the Board of Trustees. IPLF, Inc. currently engages the Central Services of the Roman Catholic Archbishop of Baltimore ("Central Services"), a corporation sole of the State of Maryland to provide certain administration functions in exchange for administrative fees.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America ("U.S. GAAP").

Net Assets

The net assets of IPLF, Inc. are without donor restrictions and are, therefore, available for the general operations of IPLF, Inc. The change in net assets is primarily related to interest earned on capital loans to parishes and schools of the Archdiocese of Baltimore and investment income on available funds, offset by interest expense provided to Certificate Holders of on demand deposits payable and administrative expenses.

Cash and Cash Equivalents

Cash and cash equivalents consist of bank deposits and short-term, highly liquid investments that are readily convertible into known amounts of cash and have original maturities of three months or less from the date of purchase.

Fair Value Measurement

IPLF, Inc. follows guidance which establishes a framework for measuring fair value, expands disclosures about fair value measurements, and provides a consistent definition of fair value, which focuses on an exit price between market participants in an orderly transaction. The guidance also prioritizes the use of observable inputs and minimizes the use of unobservable inputs by requiring that observable inputs be used when available.

Observable inputs are inputs that market participants would use in pricing the asset or liability based on market data obtained from independent sources. Unobservable inputs reflect assumptions that market participants would use in pricing the asset or liability based on the best information available in the circumstances. The hierarchy is broken down into three levels based on the transparency of inputs as follows:

Level 1 - Quoted prices are available in active markets for identical assets or liabilities as of the reporting date. A quoted price for an identical asset or liability in an active market provides the most reliable fair value measurement because it is directly observable to the market.

Level 2 - Fair value is based on pricing inputs other than quoted prices in active markets and which are either directly or indirectly observable as of the reporting date. The nature of these securities includes investments for which quoted prices are available but traded less frequently than securities traded on what are deemed active markets; and

Level 3 - Pricing of securities are unobservable as of the reporting date. The inputs used to determine fair value are not observable and require significant management judgment or estimation.

IPLF, Inc. endeavors to utilize the best available information in measuring fair value.

Investments

Investments are comprised of cash equivalents and government and asset backed securities and corporate bonds. Investments are stated at fair value based on quoted market prices. The Board of Trustees has established an investment policy with a priority of preserving principal and has delegated authority to the Archdiocesan Investment Committee to monitor performance and ensure proper asset allocation and diversification.

Investment Income

Investment income is presented net of investment related expenses in the accompanying statements of activities. Dividends and interest are recognized as earned. Income from investments is included in investment income without donor restrictions unless the income is restricted by the donor.

Loans Receivable

Typical IPLF, Inc. loans have variable interest rates with repayment terms of 120 months. Loans may be repaid at any time without incurring any fees and are automatically re-financed if additional principal of $10,000 or more is paid. Loans are limited to capital projects of parishes, schools and affiliates of the Archdiocese of Baltimore. During fiscal years 2024 and 2023, interest rates averaged 5.23% and 4.35%, respectively. Management reviews each loan on a quarterly basis and provides an allowance for doubtful accounts based on consideration of the type of receivable, responsible party, the known financial condition of the respective parish, school or affiliated organization of the Archdiocese of Baltimore, historical collection patterns and comparative aging. These allowances are maintained at a level management considers adequate to provide for subsequent adjustments and potential uncollectible accounts. These estimates are reviewed periodically and if the financial condition of the responsible party changes significantly, IPLF, Inc. will re-evaluate the recoverability of any loans receivable from that organization. IPLF, Inc. writes off any amounts that are no longer considered to be recoverable, and any payments subsequently received on such receivables are recorded as income in the period received.

Demand Deposits Payable to Archdiocesan Parishes and Schools

Amounts received and held by IPLF, Inc. on behalf of related parties are recorded as demand deposits payable to the Archdiocesan parishes and schools on the accompanying statements of financial position. These amounts primarily relate to deposits from parishes and schools to the depository and investment program administered by IPLF, Inc. Eligible parties who have made deposits to IPLF, Inc. are beneficial owners of the assets held in trust. IPLF, Inc. will pay to Certificate Holders interest on deposits at a rate that shall be determined and adjusted from time to time by the Board of Trustees. Absent extraordinary circumstances, the interest rate shall not be less than the average rate on a 90-day Treasury bill determined as of the first day of the most recently completed calendar quarter. During fiscal years 2024 and 2023, the interest rates paid on deposits averaged 3.83% and 1.9%, respectively. Although the payables are due on demand, Archdiocesan policy requires parishes to keep excess funds in IPLF, Inc.

Risk Management

IPLF, Inc. has exposure to credit, liquidity, and market risk from financial instruments.

Credit Risk

Credit risk is the risk that a counterparty to a financial instrument will fail to discharge an obligation of commitment that it has entered into with IPLF, Inc., resulting in a financial loss to the Fund. Given the nature of IPLF, Inc., certain financial instruments pertain to loans made to eligible participants. The eligible participants, including parishes, schools and affiliates of the Archdiocese, subject the fund to credit risk.

IPLF, Inc. has established controls and processes to mitigate this credit risk including review and approval of the associated capital project prior to approval of the loan and continued oversight throughout the term of the project. IPLF, Inc. has also established certain criteria which must be adhered to for a participant to become eligible for a loan. Additionally, the participant is subject to ongoing monitoring and review for compliance with the loan provisions.

Concentration of Credit Risk

The Fund’s policy over credit risk in investments is to minimize exposure by currently investing in U.S. government securities. The Board of Trustees has established an investment policy with a priority of preserving principal and has delegated authority to the Archdiocesan Investment Committee to monitor performance and ensure proper asset allocation and diversification.

IPLF, Inc.’s cash management policies limit its exposure to a concentration of credit risk by maintaining cash accounts at financial institutions whose deposits are insured by the Federal Deposit Insurance Corporation (“FDIC”). Cash and cash equivalents are maintained at three financial institutions and at times, the total value of deposits maintained may exceed the FDIC insurable limit and, therefore, bear some risk. IPLF, Inc. has not experienced any losses as a result of exceeding insured amounts.

Liquidity Risk

Liquidity risk is the risk that IPLF, Inc. will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash.

IPLF, Inc.’s investment policy was developed in consideration of managing liquidity to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities under both normal and stress conditions. In doing so, IPLF, Inc. has established related processes and controls which include routine reviews of asset allocations and monitoring of cash flow expectations.

The Board of Trustees is also authorized to borrow funds and obtain credit facilities from financial institutions or the Archdiocese of Baltimore to meet short-term liquidity needs. As of June 30, 2024 and 2023, IPLF, Inc. does not have any of these facilities.

Market Risk

Market risk is the risk that changes in market prices, such as interest rates, equity prices and credit spreads will affect IPLF, Inc.'s income or the fair value of its holdings of financial instruments.

This risk is minimized by the investment policy of placing a priority on maintaining principal over possible investment return. Interest rate risk is minimized as the majority of loans are made with variable interest rates. Additionally, the Board of Trustees sets the interest rate on demand deposits and loans based on economic circumstances, but in general, the rate will be set at a level at least 200 basis points over the rate of interest paid on deposits.

Amounts held on behalf of others

IPLF, Inc. acts as a custodian in an investment program that is administered by a commercial bank for parishes, schools, and affiliates of the Archdiocese to utilize. IPLF, Inc. does not have any variance power in terms of the use of these investments or any economic interest. IPLF, Inc. relies on a third-party investment professional to review investment performance and recommend any changes, if necessary, to available investment options. The amounts held on behalf of others are primarily comprised of money market and mutual funds, equities, government securities, and corporate and municipal bonds. The value of these assets is also accounted for as a liability on the statements of financial position. IPLF, Inc. receives no investment income or records any changes on the statements of activities relating to the amounts held on behalf of others.

Use of Estimates

The preparation of the financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the period. Actual results could differ from these estimates.

Income Taxes

IPLF, Inc. is exempt from most federal income taxes under Section 501(c)(3) of the IRC through its inclusion in United States Conference of Catholic Bishops group ruling and listing in the Official Catholic Directory.

IPLF, Inc. follows the accounting guidance for uncertainties in income tax positions, which requires that a tax position be recognized or not recognized based on a "more-likely-than-not" threshold. This applies to positions taken or expected to be taken in a tax return. The assessment of the tax position is based solely on the technical merits of the position, without regard to the likelihood that the tax position may be challenged. IPLF, Inc. has processes presently in place to ensure the maintenance of its tax-exempt status; to identify and report unrelated income; determine its filing and tax obligations in jurisdictions for which it has nexus; and to review other matters that may be considered tax positions. As of June 30, 2024, management has determined that IPLF, Inc. has no material uncertain tax positions that would require recognition or disclosure in the accompanying financial statements.

NOTE 3 - FINANCIAL ASSETS AND LIQUIDITY RESOURCES

As of June 30, 2024 and 2023, financial assets and liquidity resources available within one year for general expenditure, such as operating expenses, were as follows:

	2024	2023
Financial assets		
Cash and cash equivalents	$ 42,280,815	$ 49,063,646
Loan receivable due in one year	533,455	309,439
Investments	65,203,636	65,641,033
Financial assets available to meet cash needs for general expenditures within one year	$ 108,017,906	$ 115,014,118

IPLF, Inc. maintains cash balances at a level designed to ensure short-term liquidity. A suitable proportion of IPLF, Inc.'s investment balances are held in instruments that can readily be converted to cash, if needed. IPLF, Inc. prepares and monitors a 12-month rolling cash-flow forecast to identify and address any threats to short-term liquidity.

NOTE 4 - LOANS RECEIVABLE

Loans receivable consist of the following as of June 30:

	2024	2023
Less than one year	$ 533,455	$ 309,439
One to five years	2,920,709	1,681,756
Over five years	8,474,493	2,713,924
Total loan receivable	$ 11,928,657	$ 4,705,119

NOTE 5 - INVESTMENTS

The following tables presents IPLF, Inc.'s financial instruments by level within the fair value hierarchy as of June 30, 2024 and 2023:

	Fair Value Measurements		
	Level 1	Level 2	Total
At June 30, 2024			
Cash equivalents	$ 19,951,225	$ -	$ 19,951,225
Fixed income	11,417,668	33,834,743	45,252,411
Total investments	$ 31,368,893	$ 33,834,743	$ 65,203,636
Amounts held on behalf of others	$ 28,745,333	$ 4,999,435	$ 33,744,768

	Fair Value Measurements		
	Level 1	Level 2	Total
At June 30, 2023			
Cash equivalents	$ 2,647,535	$ -	$ 2,647,535
Fixed income	21,300,536	41,692,962	62,993,498
Total investments	$ 23,948,071	$ 41,692,962	$ 65,641,033
Amounts held on behalf of others	$ 25,616,982	$ 4,644,077	$ 30,261,059

NOTE 6 - RELATED PARTY TRANSACTIONS

In exchange for administrative services, IPLF, Inc. provides a management fee that is calculated monthly and paid to Central Services. The fee is based on 2% of the principal amounts of loans outstanding and 75% of the difference between interest paid on deposits and interest earned on outstanding loans, and in total may not exceed 95% of the operating cash flows for the period. Management fees for the years ended June 30, 2024 and 2023 totaled $80,000 and $0, respectively, and are included within management and banking fees on the statements of activities.

NOTE 7 - LITIGATION

IPLF, Inc. is subject to claims and suits in the ordinary course of business. Management does not believe IPLF, Inc. is a party to any litigation or threatened litigation that is expected to have an adverse material impact on the accompanying financial statements. IPLF, Inc. is a separately incorporated, Maryland nonstock 501(c)(3) corporation. It is in good standing in the State of Maryland.

NOTE 8 - SUBSEQUENT EVENTS

Subsequent events have been evaluated through December 20, 2024, which is the date the financial statements were available to be issued.

IPLF, Inc. is not aware of any subsequent events which would require additional recognition or disclosure in the accompanying financial statements as of June 30, 2024.