

Deposit and Loan Fund of The Roman Catholic Diocese of Toledo in America

**Financial Report
June 30, 2016**

Deposit and Loan Fund of The Roman Catholic Diocese of Toledo in America

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Independent Auditor's Report

To Bishop Daniel E. Thomas and
Reverend Monsignor William Kubacki
Deposit and Loan Fund of The Roman
Catholic Diocese of Toledo in America

We have audited the accompanying financial statements of the Deposit and Loan Fund of The Roman Catholic Diocese of Toledo in America (the "Fund"), which comprise the statement of financial position as of June 30, 2016 and 2015 and the related statements of activities and changes in net deficit 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 audits 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 opinions.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Deposit and Loan Fund of The Roman Catholic Diocese of Toledo in America as of June 30, 2016 and 2015 and the changes in its net deficit and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

To Bishop Daniel E. Thomas and
Reverend Monsignor William Kubacki
Deposit and Loan Fund of The Roman
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Emphasis of Matter

As described in Note 7 to the financial statements, the Deposit and Loan Fund is one of several funds of The Roman Catholic Diocese of Toledo in America (the "Diocese") and has no separate legal status or existence. Its assets are legally available for the satisfaction of debts of the Diocese, not solely those appearing on the accompanying statement of financial position, and its debts may result in claims against assets not appearing thereon. Our opinion is not modified with respect to this matter.

Plante & Moran, PLLC

November 21, 2016

Deposit and Loan Fund of The Roman Catholic Diocese of Toledo in America

Statement of Financial Position

	<u>June 30, 2016</u>	<u>June 30, 2015</u>
Assets		
Cash and cash equivalents	\$ 7,710,839	\$ 9,884,087
Loans and notes receivable - Net of allowance (Note 3)	17,817,813	18,419,889
Due from Property Fund (Note 6)	11,799,526	10,797,092
Investments (Note 2)	12,612,284	12,516,020
Prepaid bond issuance costs - Net (Note 4)	149,137	161,565
Total assets	<u>\$ 50,089,599</u>	<u>\$ 51,778,653</u>
Liabilities and Net Deficit		
Liabilities		
Notes payable (Note 3)	\$ 47,934,695	\$ 48,734,895
Interest rate swap contract (Note 5)	283,911	421,279
Bonds payable (Note 4)	4,260,000	4,635,000
Total liabilities	52,478,606	53,791,174
Net Deficit - Unrestricted	<u>(2,389,007)</u>	<u>(2,012,521)</u>
Total liabilities and net deficit	<u>\$ 50,089,599</u>	<u>\$ 51,778,653</u>

Deposit and Loan Fund of The Roman Catholic Diocese of Toledo in America

Statement of Activities and Changes in Net Deficit

	Year Ended	
	<u>June 30, 2016</u>	<u>June 30, 2015</u>
Revenue		
Interest in earnings of custody trust account	\$ 112,387	\$ 120,749
Interest income - Notes receivable (Note 3)	<u>770,429</u>	<u>825,161</u>
Total revenue	882,816	945,910
Expenses		
Program services:		
Interest (Note 3)	945,113	889,937
Bad debt expense	79	-
Investment expense (Note 5)	238,419	251,139
Administrative and consulting	16,100	12,572
Other	9,531	10,365
Net unrealized gain on interest rate swap contract (Note 5)	(137,368)	(118,372)
Amortization of bond issuance costs	<u>12,428</u>	<u>12,428</u>
Total expenses	1,084,302	1,058,069
Contributions to Related Funds - Net (Note 6)	<u>(175,000)</u>	<u>(188,000)</u>
Increase in Net Deficit	(376,486)	(300,159)
Net Deficit - Beginning of year	<u>(2,012,521)</u>	<u>(1,712,362)</u>
Net Deficit - End of year	<u>\$ (2,389,007)</u>	<u>\$ (2,012,521)</u>

Deposit and Loan Fund of The Roman Catholic Diocese of Toledo in America

Statement of Cash Flows

	Year Ended	
	June 30, 2016	June 30, 2015
Cash Flows from Operating Activities		
Increase in net deficit	\$ (376,486)	\$ (300,159)
Adjustments to reconcile increase in net deficit to net cash from operating activities:		
Bad debt expense	79	-
Amortization	12,428	12,428
Interest in earnings of custody trust account	(112,387)	(120,749)
Interest rate swap contract	(137,368)	(118,372)
Net cash used in operating activities	(613,734)	(526,852)
Cash Flows from Investing Activities		
Payments received on loans and notes receivable	6,594,975	6,550,683
Loans and notes receivable issued	(5,992,978)	(4,853,985)
Net sales (purchases) of investments	16,123	(2,762,999)
Net change in receivables due from Property Fund	(1,002,434)	(446,929)
Net cash used in investing activities	(384,314)	(1,513,230)
Cash Flows from Financing Activities		
Notes payable repaid	(12,347,988)	(8,056,654)
Notes payable issued	11,547,788	13,348,351
Bond payments	(375,000)	(365,000)
Net cash (used in) provided by financing activities	(1,175,200)	4,926,697
Net (Decrease) Increase in Cash and Cash Equivalents	(2,173,248)	2,886,615
Cash and Cash Equivalents - Beginning of year	9,884,087	6,997,472
Cash and Cash Equivalents - End of year	\$ 7,710,839	\$ 9,884,087
Supplemental Disclosure of Cash Flow Information - Cash paid for interest	\$ 945,800	\$ 881,569

Deposit and Loan Fund of The Roman Catholic Diocese of Toledo in America

Notes to Financial Statements June 30, 2016 and 2015

Note 1 - Nature of Business and Significant Accounting Policies

The Roman Catholic Diocese of Toledo in America (the "Diocese") maintains various funds and related entities to account for its activities. The Deposit and Loan Fund (the "Fund") was established on July 1, 2005 to hold and invest funds deposited by parishes and related institutions of the Diocese. These funds are invested on behalf of or loaned to parishes and related institutions of the Diocese. All other operations of the Diocese are accounted for in other funds or entities.

Cash and Cash Equivalents - The Fund maintains cash in bank deposit accounts at financial institutions where balances may at times exceed federally insured limits. All highly liquid investments purchased with a maturity of three months or less are reported as cash equivalents.

Loans and Notes Receivable - The Fund holds unsecured notes receivable, net of allowance, from and unsecured notes payable to the Diocese's parishes and related institutions as described in Note 3.

Receivables from Other Funds - Receivables due from other funds are operational in nature and due on demand.

Investments - Investments are in debt and equity securities and are carried at fair value. Fair values are based on quoted market prices. The appreciation or depreciation in market value is recognized as a credit or charge to revenue during the year. Gains and losses on sales of investments are determined based on the specific security sold. Interest and dividends are recorded on the accrual basis. The Fund's interest in the earnings is based upon the Fund's pro-rata share in the net assets of the Diocese of Toledo Custody Trust Account (the "Trust"), as described in Note 2, at the time the income is accrued. Investments in certain cash equivalents (i.e., money market accounts) are classified as investments.

Classification of Net Assets - Net assets of the Fund are classified as permanently restricted, temporarily restricted, or unrestricted depending on the presence and characteristics of donor-imposed restrictions limiting the Fund's ability to use or dispose of contributed assets or the economic benefits embodied in those assets. Donor-imposed restrictions that expire with the passage of time or can be removed by meeting certain requirements result in temporarily restricted net assets. Permanently restricted net assets result from donor-imposed restrictions that limit the use of net assets in perpetuity. Earnings, gains, and losses on restricted net assets are classified as unrestricted unless specifically restricted by the donor or by applicable state law. As of June 30, 2016 and 2015, there were no temporarily or permanently restricted net assets.

Revenue Recognition - The Fund records revenue, including interest and investment income, as it is earned.

Deposit and Loan Fund of The Roman Catholic Diocese of Toledo in America

Notes to Financial Statements June 30, 2016 and 2015

Note 1 - Nature of Business and Significant Accounting Policies (Continued)

Fair Value of Financial Instruments - The carrying amounts of loans and notes are based on Level 2 inputs and approximate fair value due to the related party nature of notes and the varying maturities and interest rates. The fair value of notes payable is based on Level 2 inputs and is equal to the carrying amount since the current effective rates reflect annual market adjustments and due to the fact that all are related parties. The carrying value of the bonds payable is based on Level 2 inputs and approximates fair value due to the existence of variable interest rates at approximate prevailing market rates and the carrying amount of the interest rate swap agreement, which approximates the fair value based on option pricing models (see Notes 5 and 10).

Income Taxes - The Diocese is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code; therefore, a provision for income taxes has not been included in the financial statements.

Use of Estimates - The preparation of 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 and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue, expenses, and other changes in net assets during the reporting period. Actual results could differ from those estimates.

Upcoming Accounting Change - In August 2016, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) No. 2016-14, *Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities*. ASU No. 2016-14 requires significant changes to the financial reporting model of organizations that follow FASB not-for-profit rules, including changing from three classes of net assets to two classes, net assets with donor restrictions and net assets without donor restrictions. The ASU will also require changes in the way certain information is aggregated and reported by the Fund, including required disclosures about the liquidity and availability of resources. The new standard is effective for the Diocese's year ending June 30, 2019 and thereafter and must be applied on a retrospective basis. The Diocese is currently evaluating the impact this standard will have on the financial statements.

Subsequent Events - The financial statements and related disclosures include evaluation of events up through and including November 21, 2016, which is the date the financial statements were available to be issued.

Deposit and Loan Fund of The Roman Catholic Diocese of Toledo in America

Notes to Financial Statements June 30, 2016 and 2015

Note 2 - Investments

The Fund's investments are held in the Trust administered by Comerica Bank, the trustee. The Trust was established to hold investments of the Fund and investments of the General and Catholic Foundation Funds of The Roman Catholic Diocese of Toledo in America and its related entities. The balance of investments on the accompanying statement of financial position reflects the Fund's total interest in the assets of the Trust, as allocated by Comerica Bank, and the Fund's interest in the earnings of the Trust for the year.

The accompanying financial statements reflect the Fund's total interest (31.06 percent at June 30, 2016 and 31.03 percent at June 30, 2015) in the assets of the Trust. The estimated fair values of the Fund's investments at June 30, 2016 and 2015 are as follows:

	<u>2016</u>	<u>2015</u>
U.S. corporate bonds	\$ 233	\$ 338
Mutual funds - Fixed income	4,157,707	3,752,119
Equity securities	8,373,405	8,734,387
Money market funds	<u>80,939</u>	<u>29,176</u>
Total	<u>\$ 12,612,284</u>	<u>\$ 12,516,020</u>

Investment income from interest and dividends for the years ended June 30, 2016 and 2015 was \$288,000 and \$214,000, respectively and is included in interest in earnings of custody trust accounts on the statement of activities and changes in net deficit.

The Diocese 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 the amounts reported in the statement of financial position.

Note 3 - Notes to and from Parishes and Related Institutions

The Fund holds unsecured notes receivable from and unsecured notes payable to the Diocese's parishes and related institutions, with the notes payable on demand and the notes receivable maturing at various dates. The notes receivable have interest rates of 4.0 percent and the notes payable have interest rates of 2.0 percent with interest due on a semiannual basis. The allowance for uncollectible notes is \$1,427,000 at June 30, 2016 and 2015. The Diocese has the authority to liquidate assets of the parishes and related institutions to collect notes receivable.

Deposit and Loan Fund of The Roman Catholic Diocese of Toledo in America

Notes to Financial Statements June 30, 2016 and 2015

Note 3 - Notes to and from Parishes and Related Institutions (Continued)

The Fund has extended financing to various parishes and Catholic high schools in the form of construction notes. The Fund has also extended financing to a parish and a related entity under lines of credit. The Fund has commitments at June 30, 2016 and 2015 to extend additional financing in amounts not to exceed \$1,804,000 and \$1,219,000, respectively, under these notes and lines of credit.

Interest income and expense on the above notes receivable and payable, which were included in the statement of activities and changes in net deficit, totaled \$770,429 and \$945,113, respectively, for the year ended June 30, 2016 and \$825,161 and \$889,937, respectively, for the year ended June 30, 2015.

In some instances, financing notes receivable are placed on nonaccrual (deferred status) to provide additional time for the parishes, schools, and other organizations to achieve financial stability and repay their loans. Accrual of interest is resumed when such entities are in a position to repay the loans. As of June 30, 2016 and 2015, the aggregate recorded investment in loans on nonaccrual status was \$404,492 and \$405,592, respectively.

The Fund considers a financing loan receivable to be impaired when, based on current information and events, it is probable that the Fund will be unable to collect all amounts due according to the contractual terms of the loan agreement. Individual loans are assessed for impairment based on the following factors: (1) changes in borrower-specific financial condition, (2) failure to adhere to repayment schedules, and (3) negative loan-to-asset ratios. There were no amounts written off during the year ended June 30, 2016 or 2015.

Credit Quality Indicators - The Diocese takes into account the borrower's need, ability to raise funds for repayment (i.e., capital campaigns or other fundraising), and the borrower's financial history. The Bishop of the Diocese of Toledo makes final loan determinations. All credit quality indicators have been updated through June 30, 2016. Credit monitoring is done by evaluation of loan payment history and periodic financial statement review.

Note 4 - Bonds Payable

In 2008, the Toledo-Lucas County Port Authority issued \$8,700,000 of Series 2008 Revenue Bonds for the purpose of improving the economic welfare of the people within its jurisdiction. The Diocese obtained the bonds to help fund capital improvements to three separate parishes and for the Central City Ministry of Toledo Schools within the Diocese. On June 1, 2011, the Diocese chose to optionally redeem \$430,000 of the bond issue. The balance outstanding on the bonds at June 30, 2016 and 2015 was \$4,260,000 and \$4,635,000, respectively.

Deposit and Loan Fund of The Roman Catholic Diocese of Toledo in America

Notes to Financial Statements June 30, 2016 and 2015

Note 4 - Bonds Payable (Continued)

In connection with the issuance of the Series 2008 bonds, the Diocese entered into a note payable agreement with the Lucas County Port Authority. The terms of this note agreement mirror those of the bond issue. The debt is collateralized by all revenue, cash, and investments of the Deposit and Loan Fund as well as any associated project funds. Additionally, under the terms of the bond agreement, the Diocese is required to meet a financial covenant related to liquid assets.

Also, in connection with the issuance of the Series 2008 bonds, Fifth Third Bank has issued an irrevocable direct-pay letter of credit to support the bonds. The letter of credit, which was issued in an aggregate amount of up to \$8,807,300 (the balance of which is reduced annually by the bond principal payments), expires on June 15, 2018.

The Series 2008 Revenue Bonds mature from the first business day of June 2009 to the first business day of June 2028. Variable principal payments are payable yearly. Interest on the outstanding principal of the bonds is variable and is based on the Securities Industry and Financial Markets Association Municipal Swap Index (SIFMA Municipal Swap Index). At June 30, 2016 and 2015, the rate in effect was 0.52 and 0.14 percent, respectively. The Diocese also incurred \$248,561 of expenses related to the issuance of the bonds in 2008, which are being amortized over the life of the bonds. The balance of bond financing costs at June 30, 2016 and 2015, net of accumulated amortization of \$99,424 and \$86,996, was \$149,137 and \$161,565, respectively.

In connection with the bond issuance, a remarketing agreement allows the bonds to be remarketed periodically as interest rate modes change. In the event the bonds are not successfully remarketed, the bond trustee can call upon the letter of credit to purchase the bonds. Such draws on the letter of credit would be payable upon the lesser of 90 days of the initial draw or upon expiration of the letter of credit.

Scheduled future minimum payments on the bonds, assuming no failed remarketings, consisted of the following at June 30, 2016:

Years Ending June 30	Amount
2017	\$ 395,000
2018	415,000
2019	430,000
2020	450,000
2021	470,000
Thereafter	<u>2,100,000</u>
Total	<u>\$ 4,260,000</u>

Deposit and Loan Fund of The Roman Catholic Diocese of Toledo in America

Notes to Financial Statements June 30, 2016 and 2015

Note 5 - Derivative Financial Instruments

The Fund is exposed to certain risks in the normal course of its business operations. The main risks are those relating to the variability of future earnings and cash flows, which are managed through the use of derivatives. All derivative financial instruments are reported on the statement of financial position at fair value.

In particular, interest rate swaps (which are designated as fair value hedges) are used to manage the risk associated with interest rates on variable rate borrowings. The Diocese entered into an interest rate swap agreement maturing on July 1, 2018 in order to convert the variable rate bonds to a fixed rate. This agreement effectively fixes the Diocese's borrowing rate at 3.87 percent, reducing exposure to interest rate risk for the term of the swap.

As of June 30, 2016, the Diocese held a fixed-rate interest rate swap with a total notional amount of \$4,260,000. Losses recognized on the interest rate swap of \$175,274 have been included in investment expense for the year ended June 30, 2016.

At June 30, 2015, the Diocese held a fixed-rate interest rate swap with a total notional amount of \$4,635,000. Losses recognized on the interest rate swap of \$190,740 have been included in investment expense for the year ended June 30, 2015.

Unrealized gains on the interest rate swaps were \$137,368 and \$118,372 for the years ended June 30, 2016 and 2015, respectively. Total interest rate swap liability at June 30, 2016 and 2015 was \$283,911 and \$421,279, respectively.

Note 6 - Related Party Transactions

In the years ended June 30, 2016 and 2015, the Fund provided \$175,000 and \$188,000, respectively, to the General Fund to support operations. In addition, the Property Fund provided \$200,000 to the Deposit and Loan Fund for the CCMT school renovation loan for each of the years ended June 30, 2016 and 2015, which reduced loans and notes receivable. The Fund also has a noninterest-bearing receivable from the Property Fund in the amount of \$11,799,526 and \$10,797,092 at June 30, 2016 and 2015, respectively.

Amounts due to other funds are included in notes payable and are related to amounts transferred to the Fund to earn interest from various surplus activities. Included in notes payable are amounts due to the General Fund of \$865,906 and \$686,294 at June 30, 2016 and 2015, respectively. Also included in notes payable are amounts due to the Catholic Cemeteries Fund of \$0 and \$25,072 at June 30, 2016 and 2015, respectively. See Note 3 for other related party transactions.

Deposit and Loan Fund of The Roman Catholic Diocese of Toledo in America

Notes to Financial Statements June 30, 2016 and 2015

Note 7 - Legal Status of the Diocese

The Diocese, as such, is not incorporated but is an entity recognized in Canon Law. The legal title to all property listed among the assets of the Diocese is in the name of the Bishop of Toledo (the "Bishop") and his successor in office. Title in itself is one of individual ownership in fee simple, but by a decision of the Supreme Court of Ohio (Mannix vs. Pucell 460S.102), there is an implied trust on behalf of each separate parish and institution. Property, therefore, cannot be alienated arbitrarily by the Bishop from the purpose for which it has been created. No mortgage, lien, or other obligation by reason of notes or contracts can be created against the assets of the Diocese, parishes, or institutions, except over the signature of the Bishop or with his authorization. The Fund's assets are legally available for the satisfaction of debts of the Diocese, not solely those appearing in the accompanying statement of financial position, and its debts may result in claims against assets not appearing thereon.

Note 8 - Functional Allocation of Expenses

For the years ended June 30, 2016 and 2015, expenses are functionally allocated as follows:

	<u>2016</u>	<u>2015</u>
Church services:		
Program services	\$ 945,113	\$ 889,937
General and administrative	<u>139,189</u>	<u>168,132</u>
Total functional expenses	<u>\$ 1,084,302</u>	<u>\$ 1,058,069</u>

Costs have been allocated between program services and general and administrative services on several bases and estimates. Although the methods of allocation are considered appropriate, other methods could be used that would produce different amounts.

Note 9 - Lawsuits and Contingencies

The Diocese has been subject to a number of lawsuits alleging misconduct by clerics. The Diocese is also a party to various other legal matters arising in the ordinary course of business. Management is unable to determine possible outcomes of such lawsuits, but does not anticipate any future settlement to have a significant impact on the financial position of the Diocese.

Deposit and Loan Fund of The Roman Catholic Diocese of Toledo in America

Notes to Financial Statements June 30, 2016 and 2015

Note 10 - Fair Value Measurements

Accounting standards require certain assets and liabilities be reported at fair value in the financial statements and provide a framework for establishing that fair value. The framework for determining fair value is based on a hierarchy that prioritizes the inputs and valuation techniques used to measure fair value.

The following tables present information about the Fund's assets and liabilities measured at fair value on a recurring basis at June 30, 2016 and 2015 and the valuation techniques used by the Fund to determine those fair values.

Level 1 - Fair values determined by Level 1 inputs use quoted prices in active markets for identical assets or liabilities that the Fund has the ability to access.

Level 2 - Fair values determined by Level 2 inputs use other inputs that are observable, either directly or indirectly. These Level 2 inputs include quoted prices for similar assets and liabilities in active markets and other inputs such as interest rates and yield curves that are observable at commonly quoted intervals.

Level 3 - Level 3 inputs are unobservable inputs, including inputs that are available in situations where there is little, if any, market activity for the related asset. These Level 3 fair value measurements are based primarily on management's own estimates using pricing models, discounted cash flow methodologies, or similar techniques taking into account the characteristics of the asset. The Fund has no Level 3 investments.

In instances whereby inputs used to measure fair value fall into different levels in the above fair value hierarchy, fair value measurements in their entirety are categorized based on the lowest level input that is significant to the valuation. The Fund's assessment of the significance of particular inputs to these fair value measurements requires judgment and considers factors specific to each asset or liability.

Investments that are measured at fair value using the net asset value per share (or its equivalent) as a practical expedient are not classified in the fair value hierarchy below.

Deposit and Loan Fund of The Roman Catholic Diocese of Toledo in America

Notes to Financial Statements June 30, 2016 and 2015

Note 10 - Fair Value Measurements (Continued)

Assets and Liabilities Measured at Fair Value on a Recurring Basis at June 30, 2016

	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Balance at June 30, 2016
Assets - Investments			
Mutual funds - Fixed income	\$ 4,157,707	\$ -	\$ 4,157,707
Mutual funds - Equity	4,417,947	1,445,426	5,863,373
Equity securities - Common stock	2,306,504	-	2,306,504
Equity securities - Foreign stock	112,682	-	112,682
Equity securities - Real estate investment trusts	90,846	-	90,846
U.S. corporate bonds	-	233	233
Money market fund	80,939	-	80,939
	<u>\$ 11,166,625</u>	<u>\$ 1,445,659</u>	<u>\$ 12,612,284</u>
Liabilities - Interest rate swap contract	<u>\$ -</u>	<u>\$ 283,911</u>	<u>\$ 283,911</u>

Assets and Liabilities Measured at Fair Value on a Recurring Basis at June 30, 2015

	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Balance at June 30, 2015
Assets - Investments			
Mutual funds - Fixed income	\$ 3,752,119	\$ -	\$ 3,752,119
Mutual funds - Equity	4,555,486	1,369,705	5,925,191
Equity securities - Common stock	2,618,586	-	2,618,586
Equity securities - Foreign stock	116,203	-	116,203
Equity securities - Real estate investment trusts	74,407	-	74,407
U.S. corporate bonds	-	338	338
Money market fund	29,176	-	29,176
	<u>\$ 11,145,977</u>	<u>\$ 1,370,043</u>	<u>\$ 12,516,020</u>
Liabilities - Interest rate swap contract	<u>\$ -</u>	<u>\$ 421,279</u>	<u>\$ 421,279</u>

The fair values of the Christian Brothers CUIT Intermediate Bond Fund and U.S. corporate bonds at June 30, 2016 and June 30, 2015 were determined primarily based on Level 2 inputs. The Fund estimates the fair value of these investments based on quoted prices for similar assets in active markets.

There are no unfunded commitments or redemption restrictions relative to the Christian Brothers CUIT Intermediate Bond Fund.

Deposit and Loan Fund of The Roman Catholic Diocese of Toledo in America

**Notes to Financial Statements
June 30, 2016 and 2015**

Note 10 - Fair Value Measurements (Continued)

The fair value of the interest rate swap contract at June 30, 2016 and 2015 was determined primarily based on Level 2 inputs. The Fund estimates the fair value of these investments based on marked-to-market valuations and/or other market data for the same or comparable instruments or transactions in establishing the prices, discounted cash flow models, or other pricing models provided by the issuing bank.

The Fund's policy is to recognize transfers in and transfers out of Level 1, 2, and 3 fair value classifications as of the actual date of the event of change in circumstances that caused the transfer. There were no significant transfers between levels of fair value hierarchy during 2016. During 2015, the Fund liquidated its investments in the PIMCO Low Duration Fund III and PIMCO Total Return Fund III (Level 1) and invested those funds in the Christian Brothers CUIT Intermediate Bond Fund (Level 2).