



Financial Statements
June 30, 2011 and 2010

Archdiocese of Dubuque Perpetual Care Fund

Archdiocese of Dubuque Perpetual Care Fund

Table of Contents
June 30, 2011 and 2010

Independent Auditor's Report.....	1
Financial Statements	
Statements of Financial Position.....	2
Statements of Activities and Changes in Net Assets	3
Statements of Cash Flows	4
Notes to Financial Statements.....	5



Independent Auditor's Report

To the Audit Committee
Archdiocese of Dubuque
Dubuque, Iowa

We have audited the accompanying statements of financial position of the Archdiocese of Dubuque Perpetual Care Fund (Perpetual Care Fund) as of June 30, 2011 and 2010, and the related statements of activities and changes in net assets and cash flows for the years then ended. These financial statements are the responsibility of the Fund's management. 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 of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Perpetual Care Fund's internal control over financial reporting. Accordingly, we do not express such an opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Archdiocese of Dubuque Perpetual Care Fund as of June 30, 2011 and 2010, and the changes in its net assets and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

Eide Bailly LLP

Dubuque, Iowa
October 14, 2011

Archdiocese of Dubuque Perpetual Care Fund
 Statements of Financial Position
 June 30, 2011 and 2010

	2011	2010
Assets		
Cash and cash equivalents	\$ 10,787	\$ 2,893
Deposits in Archdiocese of Dubuque Deposit and Loan Fund - Note 2	260,291	419,621
Note receivable - Note 3	442,406	447,750
Investments - Note 4	10,034,203	7,976,660
Annuity/life insurance contracts - Note 5	925,000	925,000
Accrued interest receivable	4,460	4,514
Total assets	\$ 11,677,147	\$ 9,776,438
 Liabilities and Net Assets		
Liabilities		
Deposits payable - Note 7	\$ 11,674,522	\$ 9,776,438
Due to other Archdiocesan funds	2,625	-
Accounts payable	-	-
Total liabilities	11,677,147	9,776,438
 Net Assets	 -	 -
Total liabilities and net assets	\$ 11,677,147	\$ 9,776,438

Archdiocese of Dubuque Perpetual Care Fund
 Statements of Activities and Changes in Net Assets
 June 30, 2011 and 2010

	2011	2010
Changes in Unrestricted Net Assets		
Revenue		
Investment gain - Note 4	1,950,174	844,891
Expenses		
Investment gains distributed to depositors	1,882,725	780,843
Administration fees	67,449	64,048
Total expenses	1,950,174	844,891
Increase in Unrestricted Net Assets	-	-
Net Assets at Beginning of Year	-	-
Net Assets at End of Year	\$ -	\$ -

Archdiocese of Dubuque Perpetual Care Fund
 Statements of Cash Flows
 Years Ended June 30, 2011 and 2010

	2011	2010
Operating Activities		
Increase in unrestricted net assets	\$ -	\$ -
Adjustments to reconcile increase in unrestricted net assets to net cash used for operating activities		
Unrealized gains on investments	(1,407,760)	(585,808)
Changes in assets and liabilities		
Due to other Archdiocesan funds	2,625	-
Accrued interest receivable	54	(4,514)
Accounts payable	-	(1,777)
Net Cash used for Operating Activities	(1,405,081)	(592,099)
Investing Activities		
Net (increase) decrease in investments	(649,783)	97,726
Loans made	-	(450,000)
Collections on loans	5,344	2,250
Purchase of annuity/life insurance contracts	-	(150,000)
Deposits to Archdiocese of Dubuque Deposit and Loan Fund	(2,260,680)	(2,269,411)
Withdrawals from Archdiocese of Dubuque Deposit and Loan Fund	2,420,010	2,214,202
Net Cash used for Investing Activities	(485,109)	(555,233)
Financing Activities		
Proceeds from deposits payable	1,934,453	1,150,439
Payments of deposits payable	(36,369)	(10,870)
Net Cash from Financing Activities	1,898,084	1,139,569
Net Increase (Decrease) in Cash and Cash Equivalents	7,894	(7,763)
Cash and Cash Equivalents at Beginning of Year	2,893	10,656
Cash and Cash Equivalents at End of Year	\$ 10,787	\$ 2,893

Note 1 - Organization and Significant Accounting Policies

Organization

The Archdiocese of Dubuque Perpetual Care Fund (Perpetual Care Fund) is an investment pool for Catholic cemeteries located in the Archdiocese of Dubuque.

Tax-Exempt Status

The Perpetual Care Fund is organized as an Iowa non-profit corporation and has been recognized by the Internal Revenue Service (IRS) as exempt from federal income taxes under Internal Revenue Code Section 501(c)(3). The Perpetual Care Fund is not required to file a Return of Organization Exempt from Income Tax (Form 990) with the IRS pursuant to Section 501(a) of the Code. However, the Perpetual Care Fund is subject to income tax on net income that is derived from business activities that are unrelated to its exempt purpose, if applicable.

The Perpetual Care Fund would recognize future accrued interest and penalties related to unrecognized tax benefits and liabilities in income tax expense if such interest and penalties are incurred.

Basis of Accounting

The accompanying financial statements have been prepared on the accrual basis of accounting in conformity with U.S. generally accepted accounting principles. Revenues are recognized when earned and expenses are recorded when the liability is incurred.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements. Estimates also affect the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Cash and Cash Equivalents

Cash and cash equivalents include highly liquid investments with a maturity of three months or less.

Note Receivable

Note receivable is stated at principal amount and is collateralized by a real estate mortgage. Payments of note receivable are allocated first to accrued and unpaid interest with the remainder to the outstanding principal balance. Management reviews all notes receivable periodically and estimates a portion, if any, of the balance that will not be collected. Accrued interest is stated separately.

Investments and Investment Income

Investments in equity securities with readily determinable fair values and all investments in debt securities are measured at fair value in the statements of financial position. Money market funds are recorded at cost. Investment income or loss (including realized and unrealized gains and losses on investments, interest and dividends) is included in revenue in the statements of activities and changes in net assets.

Fair Value Measurements

The Perpetual Care Fund has determined the fair value of certain assets in accordance with generally accepted accounting principles, which provides a framework for measuring fair value.

Fair value is defined as the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date. Valuation techniques should maximize the use of observable inputs and minimize the use of unobservable inputs. A fair value hierarchy has been established, which prioritizes the valuation inputs into three broad levels.

Level 1 inputs consist of quoted prices in active markets for identical assets or liabilities that the reporting entity has the ability to access at the measurement date. Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for the related asset or liability. Level 3 inputs are unobservable inputs related to the asset or liability.

Reclassifications

Certain items from the 2010 financial statements have been reclassified to conform to the current year presentation. These reclassifications had no effect on the increase in net assets.

Subsequent Events

The Perpetual Care Fund has evaluated subsequent events through October 14, 2011, the date which the financial statements were available to be issued.

Note 2 - Deposits in Archdiocese of Dubuque Deposit and Loan Fund

Certain funds of the Perpetual Care Fund 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, 2011 and 2010. Negative deposit (payable) balances accrue interest at the same rates.

Note 3 - Note Receivable

During the fiscal year ending June 30, 2010, the Perpetual Care Fund entered into a loan agreement with another non-profit organization. The \$450,000 promissory note requires bi-annual payments ranging from \$15,713 to \$18,590, bearing interest at 6%. The note is due October 31, 2024, and is secured by a mortgage. The balance of this note as of June 30, 2011 and 2010 was \$442,406 and \$447,750, respectively.

Note 4 - Investments

Investments include mutual funds and U.S. government securities and bonds, carried at fair value based on quoted market prices, and alternative investments, carried at fair value based on information provided by external investment managers. Investments at June 30, 2011 and 2010, are comprised of the following:

	2011		2010	
	Fair Value	Cost	Unrealized Gains (Losses)	Unrealized Gains (Losses)
Mutual Funds	\$ 6,990,548	\$ 7,120,342	\$ (129,794)	\$ (1,511,102)
U.S. Government Securities and Bonds	2,277,255	2,118,496	158,759	123,883
Alternative Investments	766,400	673,719	92,681	101,105
	<u>\$ 10,034,203</u>	<u>\$ 9,912,557</u>	<u>\$ 121,646</u>	<u>\$ (1,286,114)</u>

The following table summarizes the relationship between fair value and cost of investments for the years ended June 30, 2011 and 2010:

	2011		2010	
	Fair Value	Cost	Investment Income (Loss)	Investment Income (Loss)
End of Year	\$ 10,034,203	\$ 9,912,557	\$ 121,646	\$ (1,286,114)
Beginning of Year	7,976,660	9,262,774	(1,286,114)	(1,871,924)
Net unrealized gains for the year			1,407,760	585,810
Net realized gains for the year			171,556	8,008
Total net gains for the year			1,579,316	593,818
Interest and dividends for the year			370,858	251,073
Investment gain for the year			<u>\$ 1,950,174</u>	<u>\$ 844,891</u>

Note 5 - Annuity/Life Insurance Contracts

Annuity/life insurance contracts are designed to provide the Perpetual Care Fund with interest/annuity payments throughout the life of the annuitant/insured. The Perpetual Care Fund is the owner and named beneficiary of life insurance policies in the amount of the initial investment in these contracts. These investments are recorded at the original amount invested.

Note 6 - Fair Value of Investments

Assets measured at fair value on a recurring basis at June 30, 2011 and 2010 are as follows:

	2011	2010
Growth Funds	\$ 6,664,074	\$ 5,314,577
Inflation Protection Assets	30,925	18,943
Risk Reduction Assets	3,339,204	2,643,140
	\$ 10,034,203	\$ 7,976,660

The related fair values of these assets are determined as follows:

	Quoted Prices in Active Markets (Level 1)	Observable Inputs (Level 2)	Unobservable Inputs (Level 3)
June 30, 2011			
Growth Funds			
Domestic & international	\$ 6,664,074	\$ -	\$ -
Inflation Protection Assets			
Interest in limited partnership	-	-	30,925
Risk Reduction Assets			
Government Bonds	471,937	-	-
Limited Partnerships	-	-	-
Domestic fixed assets mutual funds	1,567,411	-	-
Global fixed assets mutual funds	564,381	-	-
Hedge funds	-	-	735,475
	\$ 9,267,803	\$ -	\$ 766,400

Archdiocese of Dubuque Perpetual Care Fund
Notes to Financial Statements
June 30, 2011 and 2010

	Quoted Prices in Active Markets (Level 1)	Other Observable Inputs (Level 2)	Unobservable Inputs (Level 3)
June 30, 2010			
Growth Funds			
Domestic and international	\$ 5,314,577	\$ -	\$ -
Inflation Protection Assets			
Interest in limited partnership	-	-	18,943
Risk Reduction Assets			
Government Bonds	593,423	-	-
Limited Partnerships	-	-	402,133
Domestic fixed assets mutual funds	573,001	-	-
Global fixed assets mutual funds	385,531	-	-
Hedge funds	-	-	689,052
	<u>\$ 6,866,532</u>	<u>\$ -</u>	<u>\$ 1,110,128</u>

The fair value of the domestic and international growth funds is determined by reference to the net asset value of shares held at year end. The fair values of the government bonds and domestic and global fixed assets mutual funds are determined by reference to the closing price reported on the active market on which the individual securities are traded. The fair values for the interest in limited partnership, limited partnerships and hedge funds are determined by reference to information provided by the respective external investment managers at the most recent valuation date and from the valuation date of fiscal year-end, if applicable. Management believes that the stated value of its alternative investments was a reasonable estimate of its fair value as of June 30, 2011 and 2010. Because these investments are not readily marketable, their estimated value is subject to uncertainty and, therefore, may differ from the value that would have been used had a ready market for such investments existed.

Following is a reconciliation of activity for 2011 and 2010 for assets measured at fair value based upon significant unobservable (non-market) information.

	Interest in Limited Partnership	Limited Partnerships	Hedge Funds
June 30, 2011			
Balance, Beginning of Year	\$ 18,943	\$ 402,133	\$ 689,052
Invested During the Year	-	-	-
Distributions During the Year	(304)	(416,810)	-
Increase (Decrease) in Unrealized Gains/Losses	12,286	(67,133)	46,423
Realized Gains	-	81,810	-
Balance, End of Year	<u>\$ 30,925</u>	<u>\$ -</u>	<u>\$ 735,475</u>

Archdiocese of Dubuque Perpetual Care Fund
Notes to Financial Statements
June 30, 2011 and 2010

	Interest in Limited Partnership	Limited Partnerships	Hedge Funds
June 30, 2010			
Balance, Beginning of Year	\$ 27,798	\$ 239,426	\$ 615,042
Invested During the Year	-	125,000	-
Distributions During the Year	(341)	-	-
Increase (Decrease) in Unrealized Gains/Losses	(8,514)	37,707	74,010
Realized Gains	-	-	-
	\$ 18,943	\$ 402,133	\$ 689,052

Note 7 - Deposits Payable

Deposits payable consist of perpetual care funds of cemeteries of the Archdiocese of Dubuque which have been invested in an investment pool.

Note 8 - Related Party Transactions

The Perpetual Care Fund engages in transactions exclusively with cemeteries of the Archdiocese of Dubuque. The assets of the Perpetual Care Fund arise from deposits by Catholic cemeteries, and the corresponding interest expense is paid to Catholic cemeteries.

Note 9 - Risks and Uncertainties

The Perpetual Care Fund 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 Activities and Changes in Net Assets.