



Financial Statements  
and  
Independent Auditors' Report



The Catholic Diocese of Belleville  
Parish and Agency Resource Fund

June 30, 2025 and 2024

## CONTENTS

---

	<u>PAGE</u>
<b>INDEPENDENT AUDITORS' REPORT</b>	<b>3</b>
<b>FINANCIAL STATEMENTS</b>	
<b>STATEMENTS OF FINANCIAL POSITION</b>	<b>5</b>
<b>STATEMENTS OF ACTIVITIES AND CHANGE IN NET ASSETS</b>	<b>6</b>
<b>STATEMENTS OF CASH FLOWS</b>	<b>7</b>
<b>NOTES TO FINANCIAL STATEMENTS</b>	<b>8</b>

## Independent Auditors' Report

---

Members of the Diocesan Finance Council  
and the Board of Directors  
The Catholic Diocese of Belleville  
Parish and Agency Resource Fund

### Opinion

We have audited the financial statements of The Catholic Diocese of Belleville Parish and Agency Resource Fund, which comprise the statements of financial position as of June 30, 2025 and 2024, and the related statements of activities and change in net assets, 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 Catholic Diocese of Belleville Parish and Agency Resource Fund as of June 30, 2025 and 2024, and the changes in 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 in accordance with auditing standards generally accepted in the United States of America (GAAS). 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 Catholic Diocese of Belleville Parish and Agency Resource 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.

### 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 The Catholic Diocese of Belleville Parish and Agency Resource Fund's ability to continue as a going concern for one year after the date that the financial statements are 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 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 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 The Catholic Diocese of Belleville Parish and Agency Resource 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 Catholic Diocese of Belleville Parish and Agency Resource 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.

*Heber, Eck & Braeckel LLP*

Springfield, Illinois  
October 29, 2025

**The Catholic Diocese of Belleville Parish and Agency Resource Fund**  
**STATEMENTS OF FINANCIAL POSITION**  
**June 30**

	<u>2025</u>	<u>2024</u>
<b>ASSETS</b>		
Cash and cash equivalents	\$ 8,687,263	\$ 7,755,563
Investments		
Catholic Community Foundation	967,364	878,059
Other, at amortized cost	1,190,000	1,190,000
Prepaid expenses	6,720	-
Loans receivable, including accrued interest, net of allowance of \$ 766,175 and \$ 744,000 at June 30, 2025 and 2024, respectively	3,196,949	4,603,798
Total assets	<u>\$ 14,048,296</u>	<u>\$ 14,427,420</u>
<b>LIABILITIES AND NET ASSETS</b>		
<b>LIABILITIES</b>		
Accounts payable and accrued expenses	\$ 13,775	\$ 15,520
Due to related party	269	97
Deposits payable	12,329,452	12,921,826
Total liabilities	12,343,496	12,937,443
<b>NET ASSETS</b>		
Without donor restrictions	1,704,800	1,489,977
Total liabilities and net assets	<u>\$ 14,048,296</u>	<u>\$ 14,427,420</u>

The accompanying notes are an integral part of these statements.

**The Catholic Diocese of Belleville Parish and Agency Resource Fund**  
**STATEMENTS OF ACTIVITIES AND CHANGE IN NET ASSETS**  
**For the years ended June 30**

	<u>2025</u>	<u>2024</u>
<b>SUPPORT AND REVENUE</b>		
Interest income on loans	\$ 224,276	\$ 183,440
Investment income, net of fees of \$ 3,915 and \$ 4,108 for 2025 and 2024, respectively	477,853	479,063
Credit loss recovery	-	48,000
	<hr/>	<hr/>
Total support and revenue	702,129	710,503
<b>EXPENSES</b>		
Program		
Benefits of parishes and agencies		
Interest	337,028	303,326
Credit loss expense	22,175	-
Miscellaneous	8,103	6,024
	<hr/>	<hr/>
Total program	367,306	309,350
Management and general		
Professional services	12,000	11,500
Management fees	108,000	96,000
	<hr/>	<hr/>
Total management and general	120,000	107,500
Total expenses	<hr/>	<hr/>
	487,306	416,850
	<hr/>	<hr/>
<b>CHANGE IN NET ASSETS</b>	214,823	293,653
<b>NET ASSETS - beginning of year</b>	<hr/>	<hr/>
	1,489,977	1,196,324
<b>NET ASSETS - end of year</b>	<hr/>	<hr/>
	\$ 1,704,800	\$ 1,489,977
	<hr/> <hr/>	<hr/> <hr/>

The accompanying notes are an integral part of these statements.

**The Catholic Diocese of Belleville Parish and Agency Resource Fund**  
**STATEMENTS OF CASH FLOWS**  
**For the years ended June 30**

	<u>2025</u>	<u>2024</u>
<b>Cash flows from operating activities</b>		
Change in net assets	\$ 214,823	\$ 293,653
Adjustments to reconcile change in net assets to net cash provided by operating activities		
Gain on investments	(89,305)	(92,700)
Credit loss (recovery) expense	22,175	(48,000)
Change in assets and liabilities		
Accrued investment income	-	894
Accrued interest receivable on loans	(24,772)	(6,108)
Accounts payable and accrued expenses	(1,745)	4,520
Prepaid expenses	(6,720)	-
Due to related party	172	(130)
	<hr/>	<hr/>
Net cash provided by operating activities	114,628	152,129
<b>Cash flows from investing activities</b>		
Loans to parishes and agencies	(1,173,846)	(1,457)
Principal payments from parishes and agencies	2,583,292	944,842
	<hr/>	<hr/>
Net cash provided by investing activities	1,409,446	943,385
<b>Cash flows from financing activities</b>		
Deposits received	2,724,431	2,952,546
Deposit withdrawals	(3,316,805)	(1,635,122)
	<hr/>	<hr/>
Net cash provided by (used in) financing activities	(592,374)	1,317,424
<b>Net increase in cash and cash equivalents</b>	931,700	2,412,938
<b>Cash and cash equivalents at beginning of year</b>	<hr/>	<hr/>
	7,755,563	5,342,625
<b>Cash and cash equivalents at end of year</b>	<hr/>	<hr/>
	\$ 8,687,263	\$ 7,755,563
Interest paid	<hr/>	<hr/>
	\$ 337,028	\$ 303,326

The accompanying notes are an integral part of these statements.

**The Catholic Diocese of Belleville Parish and Agency Resource Fund**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2025 and 2024**

---

**NOTE A | SUMMARY OF ACCOUNTING POLICIES**

A summary of the significant accounting policies consistently applied in the preparation of the accompanying financial statements follows.

*1. Financial Reporting Entity*

The Catholic Diocese of Belleville Parish and Agency Resource Fund (the Fund) is a not-for-profit corporation established under the laws of the State of Illinois, and it operates as a religious organization. The Fund is located in Southern Illinois, and it provides parishes, schools, and other agencies and organizations of the Catholic Diocese of Belleville, Illinois (the Diocese) a means to deposit funds with interest. These deposits are used to provide loans to other parishes, schools, and agencies of the Diocese.

*2. Basis of Accounting*

The accompanying financial statements have been prepared on the accrual basis of accounting and, accordingly, report all significant receivables, payables, and other liabilities.

*3. Financial Statement Presentation*

The Fund is required to report information regarding its financial position and activities according to two classes of net assets: net assets without donor restrictions and net assets with donor restrictions:

Net Assets without Donor Restrictions - These net assets generally result from revenues generated by receiving contributions that have no donor restrictions and providing services, less expenses incurred in providing program-related services, raising contributions, and performing administrative functions.

Net Assets with Donor Restrictions - These net assets result from gifts of cash and other assets that are received with donor stipulations that limit the use of the donated assets, either temporarily until the donor restriction expires, that is until the stipulated time restriction ends, or the purpose of the restriction is accomplished, or permanently, in which the donor has stipulated the funds be maintained in perpetuity.

**The Catholic Diocese of Belleville Parish and Agency Resource Fund**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2025 and 2024**

---

**NOTE A | SUMMARY OF ACCOUNTING POLICIES**

*3. Financial Statement Presentation*

When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities and changes in net assets as net assets released from donor restrictions. There were no net assets with donor restrictions at June 30, 2025 and 2024.

*4. Cash and Cash Equivalents*

Cash and cash equivalents consist of short-term highly liquid investments, which are readily convertible into cash within ninety (90) days of purchase, including money market funds, treasury bills and certificates of deposit not held within an investment portfolio.

*5. Investments*

A portion of the investments is held in a pooled investment program in the Catholic Community Foundation (the Foundation). Pooled investments are acquired in the name of the Foundation and are held by Christian Brothers Investment Services, Inc. The pooled investment program is secured by the underlying securities in the program, which are marketable securities. The fair value of the securities held in the program is generally based on quoted market prices for securities that are marketable. The Fund is provided a percentage of the pooled investments based on the contributed proportionate share of investments in the pool, and the investment activity of the pool is allocated accordingly based on the percentage. Unrealized gains and losses of the pooled investments are included in the statements of activities and change in net assets.

Additionally, the Fund invests in fixed maturity securities carried at amortized cost, which approximate fair value.

**The Catholic Diocese of Belleville Parish and Agency Resource Fund**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2025 and 2024**

---

**NOTE A | SUMMARY OF ACCOUNTING POLICIES**

*6. Loans Receivable and Allowance for Credit Losses*

Loans are stated at unpaid principal balances, less an allowance for credit losses. Interest is recognized as income when earned; however, an allowance is established for any estimated uncollectible amounts.

The Fund considers a loan to be collateral dependent when management believes it is probable that it will be unable to collect all principal and interest due according to the contractual terms of the loan. If a loan is collateral dependent, the Fund records a provision for credit losses equal to the excess of the loan's carrying value over the fair value of the collateral of the loan. All loans are evaluated for impairment on a loan-by-loan basis and are not included in the collective evaluation.

Management estimates the allowance balance using relevant available information, from internal and external sources, relating to past events, current conditions, and reasonable and supportable forecasts. Historical credit loss experience provides the basis for the estimation of expected credit losses. Adjustments to historical loss information are made for differences in current loan-specific risk characteristics as well as for changes in environmental conditions, such as changes in unemployment rates, property values, or other relevant factors.

The allowance for credit losses is established through a provision for credit losses charged to expenses. Loans are charged against the allowance for credit losses when management believes the collectability of the principal is unlikely. Subsequent recoveries, if any, are credited to the allowance.

*7. Income Taxes*

The Fund is a not-for-profit corporation under Section 501(c)(3) of the Internal Revenue Code and, as such, is exempt from income taxes under Section 501(a) of the Code.

The Fund has recognized in the financial statements the effects of all tax positions and continually evaluates expiring statutes of limitations, audits, changes in tax law, and new authoritative rulings. The Fund is not aware of any circumstances or events that make it reasonably possible that unrecognized tax benefits may increase or decrease within 12 months of the statements of financial position date. Penalties and interest assessed by taxing authorities are included in the provision for income taxes, if applicable. There were no penalties or interest paid during 2025 and 2024.

**The Catholic Diocese of Belleville Parish and Agency Resource Fund**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2025 and 2024**

---

**NOTE A | SUMMARY OF ACCOUNTING POLICIES**

*8. Functional Allocation of Expenses*

The costs of providing the various programs and other activities have been summarized on a functional basis in the statements of activities and change in net assets. Accordingly, certain costs have been allocated among the programs and supporting services benefited based on estimates made by management.

*9. 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 certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

*10. Subsequent Events*

Management has evaluated subsequent events for recognition and disclosure in the financial statements through October 29, 2025, which is the date the financial statements were available to be issued. See Note E and Note I for subsequent event disclosure.

**NOTE B | LOANS RECEIVABLE**

Loans receivable from parishes, schools, and related entities due to the Fund, bear interest at a rate of 5.0% to 6.75% and are administered by the Administrative Offices of the Catholic Diocese of Belleville under a management and administrative agreement with the Fund.

All loans in the Fund's portfolio are commercial loans to related Catholic Diocese of Belleville entities. As such, the following disclosures are not presented by class.

**The Catholic Diocese of Belleville Parish and Agency Resource Fund**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2025 and 2024**

---

**NOTE B | LOANS RECEIVABLE**

Loans and interest receivable at June 30 consists of:

	<u>2025</u>	<u>2024</u>
Principal balance of loans	\$ 3,474,100	\$ 4,883,546
Accrued interest receivable	489,024	464,252
Allowance for credit losses	<u>(766,175)</u>	<u>(744,000)</u>
Total loans and interest receivable, net	<u>\$ 3,196,949</u>	<u>\$ 4,603,798</u>

An aging analysis of loans receivable at June 30, follows:

	<u>Current</u>	<u>30-59 Days Past Due</u>	<u>60-89 Days Past Due</u>	<u>Over 90 Days Past Due</u>	<u>Total</u>
2025	<u>\$ 3,186,828</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 287,272</u>	<u>\$ 3,474,100</u>
2024	<u>\$ 4,596,274</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 287,272</u>	<u>\$ 4,883,546</u>

The following table presents the activity in the allowance for credit losses for the years ended June 30, 2025 and 2024. All loans in the Fund's portfolio are commercial loans to related Diocese entities. As such, the following disclosures are not presented by class.

2025

Beginning of year balance	\$ 744,000
Credit loss expense - loans	22,175
Recoveries collected	<u>-</u>
Total ending allowance balance	<u>\$ 766,175</u>

2024

Beginning of year balance, prior to the adoption of ASC 326	\$ 792,000
Impact of adopting ASC 326	-
Credit loss expense - loans	9,000
Recoveries collected	<u>(57,000)</u>
Total ending allowance balance	<u>\$ 744,000</u>

**The Catholic Diocese of Belleville Parish and Agency Resource Fund**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2025 and 2024**

---

**NOTE B | LOANS RECEIVABLE**

The Fund does not have any internal credit quality ratings for its portfolio.

For the year ended June 30, 2025, all loans in the Fund’s portfolio are commercial loans to related Diocese entities. As such, the Fund’s non-accrual loans are not presented by class. At year-end, the Fund had one non-accrual loan with a total balance of \$ 149,328. The loan balance has been fully allowed for and is included in the allowance for credit losses on the statement of financial position. No other loans included in the Funds loan portfolio is on non-accrual status. The Fund did not recognize any interest income on non-accrual loans during the years ended June 30, 2025 and 2024.

**NOTE C | INVESTMENTS IN CATHOLIC COMMUNITY FOUNDATION**

The Fund’s investments at June 30 in the Foundation, which is a related party, is as follows:

	<u>2025</u>	<u>2024</u>
Pooled investments under limited term agreements	\$ <u>967,364</u>	\$ <u>878,059</u>

Limited term agreements are intended to serve as a resource for the general welfare, benefit and support of the religious, educational and charitable needs of the Fund. The funds held under the limited term agreements can be used on behalf of the Fund.

**NOTE D | FAIR VALUE MEASUREMENTS**

The Fund follows the fair value measurement guidance for financial assets and financial liabilities. The guidance defines fair value, establishes a framework for measuring fair value and expands disclosure about fair value measurements.

**The Catholic Diocese of Belleville Parish and Agency Resource Fund**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2025 and 2024**

---

**NOTE D | FAIR VALUE MEASUREMENTS**

Fair value is defined to be the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. A three-level hierarchy has been established for fair value measurements based upon the inputs to the valuation of an asset or liability as follows:

Level 1 - Valuation is based on quoted prices for identical assets and liabilities in active markets.

Level 2 - Valuation is derived from inputs, other than quoted prices included in Level 1, which are observable for the asset or liability either directly or indirectly. Investments classified as Level 2 are generally valued by benchmarking model-derived prices to quoted market prices and trade data for identical or comparable securities. The significant inputs used in this approach include interest rates, prepayment timing, yield spreads, maturities, credit losses and credit ratings of the securities.

Level 3 - Valuation is derived from unobservable inputs that are not corroborated by market data.

Fair value of the Fund’s proportionate share of pooled investments is determined by the Foundation based on the fair value of underlying securities of the investment pool. The underlying securities consist of mutual funds classified as Level 1.

The following table presents the Fund’s fair value hierarchy for those assets measured at fair value on a recurring basis as of June 30:

	<u>Fair Value</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
<u>2025</u>				
Pooled investments	\$ 967,364	\$ -	\$ 967,364	\$ -
<u>2024</u>				
Pooled investments	\$ 878,059	\$ -	\$ 878,059	\$ -

**The Catholic Diocese of Belleville Parish and Agency Resource Fund**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2025 and 2024**

---

**NOTE E | INVESTMENTS HELD TO MATURITY**

The carrying value and fair value of investments as of June 30 are as follows:

<u>2025</u>	<u>Amortized Cost</u>	<u>Gross Unrealized Gains</u>	<u>Gross Unrealized Losses</u>	<u>Fair Value</u>
Held to maturity				
Taxable bonds	\$ 1,190,000	\$ -	\$ (198,467)	\$ 991,533
<u>2024</u>				
Held to maturity				
Taxable bonds	\$ 1,190,000	\$ -	\$ (108,512)	\$ 1,081,488

Expected maturities will differ from contractual maturities because borrowers may have the right to call or prepay obligations with or without call or prepayment penalties. In August 2025, the bond was called to assist in paying down a related loan held within the Fund. See Note I for further detail.

**NOTE F | DEPOSITS PAYABLE**

The deposits payable of \$ 12,329,452 and \$ 12,921,826 as of June 30, 2025 and 2024, respectively, represent the amount of monies on deposit with the Fund by parishes, schools, and other organizations related to the Administrative Offices of the Diocese and are administered by the Diocese under a management and administrative agreement with the Fund. Deposits bear an interest rate of 2.75% for the years ended June 30, 2025 and 2024, respectively.

**NOTE G | RELATED PARTY TRANSACTIONS**

The Fund enters into transactions with the Diocese, as well as parishes, schools and other agencies of the Diocese. The Fund paid management fees of \$ 108,000 and \$ 96,000 to the Diocese for the years ended June 30, 2025 and 2024, respectively. Additionally, the Fund had a payable to the Diocese of \$ 269 and \$ 97 as of June 30, 2025 and 2024, respectively. In May 2022, the Fund established a revolving line of credit for use by three related parties. The line is designated as a short-term operating loan, intended to be 12 months or less in duration, to assist three Diocese entities to take advantage of trade discounts and assist in short term liquidity issues. The line has a maximum amount of \$ 750,000 and is to be reassessed on an annual basis. As of June 30, 2025 and 2024, no funds had been drawn on the line.

**The Catholic Diocese of Belleville Parish and Agency Resource Fund**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2025 and 2024**

---

**NOTE H | LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS**

The following table reflects the Fund’s financial assets as of June 30. Financial assets are considered unavailable when illiquid or not convertible to cash within one year.

	<u>2025</u>	<u>2024</u>
Financial assets		
Cash and cash equivalents	\$ 8,687,263	\$ 7,755,563
Investments	967,364	878,059
Loans receivable due within one year	<u>521,541</u>	<u>703,094</u>
Financial assets at year-end	10,176,168	9,336,716
Less amounts unavailable for general expenditure within one year		
Financial assets held for others	<u>12,329,452</u>	<u>12,921,826</u>
Financial deficit at year end	<u>\$ (2,153,284)</u>	<u>\$ (3,585,110)</u>

The Fund’s goal is to structure its financial assets to be available to meet the obligations to support the deposit and loan needs of parishes, schools and other agencies of the Diocese. While the Fund appears to be illiquid, the information presented above is based on assets available for use within one year, while the deposits payable would all be called within one year. The likelihood of that occurring is minimal. Should a large portion be called, and all liquid financial assets be utilized, the outstanding loans would be refinanced at external financial institutions to provide the necessary liquidity.

**NOTE I | SUBSEQUENT EVENTS**

On August 22, 2025, the Fund entered into a loan agreement with a Parish in the amount of \$ 3,100,000 for the purpose of refinancing the borrower’s Series 2016 bonds. The new loan bears interest at 6.25%, requires monthly payments of \$ 34,832 beginning October 1, 2025, and matures on September 1, 2030. In connection with this transaction, the Parish also called its existing \$ 1,190,000 bond with the Fund, and the proceeds were applied to reduce the new loan.