The Catholic Diocese of Kansas City–St. Joseph Deposit and Loan Fund

Financial Report
June 30, 2021

Contents

RSM US LLP

Independent Auditor's Report

Board of Trustees
The Catholic Diocese of Kansas City–St. Joseph
Deposit and Loan Fund

Report on the Financial Statements

We have audited the accompanying financial statements of The Catholic Diocese of Kansas City–St. Joseph Deposit and Loan Fund, which comprise the statements of financial position as of June 30, 2021 and 2020, the related statements of activities 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 audit to obtain reasonable assurance about whether the financial statements are free of 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 opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of The Catholic Diocese of Kansas City–St. Joseph Deposit and Loan Fund as of June 30, 2021 and 2020, 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.

Other Matter

Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The additional consolidating detail for The Catholic Diocese of Kansas City–St. Joseph Deposit and Loan Fund presented on the statements of financial position and the statements of activities is presented for the purpose of additional analysis rather than to present the financial position and the results of operations of the entity and is not a required part of the financial statements. The consolidating information has been subjected to auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements, or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

RSM US LLP

Kansas City, Missouri
November 8, 2021

The Catholic Diocese of Kansas City–St. Joseph Deposit and Loan Fund

Statements of Financial Position
June 30, 2021 and 2020

	2021			2020
	Endowment	Deposit and Loan	**Total**	Total
Assets				
Cash and cash equivalents	$ -	$ 1,953,791	**$ 1,953,791**	$ 2,650,695
Loans and accounts receivable, net (Note 3)	-	18,956,033	**18,956,033**	20,968,265
Investments (Notes 4 and 9)	3,144,315	34,218,511	**37,362,826**	20,365,350
Total assets	$ 3,144,315	$ 55,128,335	**$ 58,272,650**	$ 43,984,310
Liabilities and Net Assets				
Liabilities:				
Parish deposits (Note 6)	$ -	$ 24,554,355	**$ 24,554,355**	$ 19,054,730
School deposits (Note 6)	-	1,128,531	**1,128,531**	1,173,347
Other short-term deposits	-	18,584,498	**18,584,498**	12,507,003
Long-term deposits payable:				
Cemetery perpetual care funds	-	6,625,407	**6,625,407**	6,591,928
Total liabilities	-	50,892,791	**50,892,791**	39,327,008
Net assets:				
Without donor restrictions:				
Designated funds (Note 8)	1,547,972	-	**1,547,972**	1,547,972
Undesignated	-	4,235,544	**4,235,544**	1,562,442
Total net assets without donor restrictions	1,547,972	4,235,544	**5,783,516**	3,110,414
With donor restrictions:				
Endowments (Notes 7 and 8)	1,596,343	-	**1,596,343**	1,546,888
Total net assets with donor restrictions	1,596,343	-	**1,596,343**	1,546,888
Total net assets	3,144,315	4,235,544	**7,379,859**	4,657,302
Total liabilities and net assets	$ 3,144,315	$ 55,128,335	**$ 58,272,650**	$ 43,984,310

See notes to financial statements.

The Catholic Diocese of Kansas City–St. Joseph Deposit and Loan Fund

Statements of Activities
Years Ended June 30, 2021 and 2020

	2021			2020
	Endowment	Deposit and Loan	**Total**	Total
Changes in net assets without donor restrictions:				
Revenues and gains:				
Interest income on loans (Note 4)	$ -	$ 500,189	**$ 500,189**	$ 684,304
Net investment income and realized gains (Note 4)	7,847	1,065,860	**1,073,707**	1,882,357
Unrealized gains (losses) (Note 4)	-	1,715,481	**1,715,481**	(931,296)
Released from restrictions (Notes 7 and 8)	-	54,223	**54,223**	28,923
Total revenues and gains	7,847	3,335,753	**3,343,600**	1,664,288
Program expenses:				
Unrestricted endowment payments	7,847	-	**7,847**	26,595
Interest on deposits	-	236,399	**236,399**	705,940
Supporting expenses:				
Administrative expense (Note 10)	-	358,000	**358,000**	358,000
Other expenses	-	68,252	**68,252**	12,909
Total expenses	7,847	662,651	**670,498**	1,103,444
Increase in net assets without donor restrictions	-	2,673,102	**2,673,102**	560,844
Changes in net assets with donor restrictions:				
Revenues and gains:				
Endowment interest income (Note 8)	8,118	-	**8,118**	26,768
Contributions	95,560	-	**95,560**	10,000
Restrictions satisfied (program expenses):				
Endowment payments to beneficiaries (Notes 7 and 8)	(54,223)	-	**(54,223)**	(28,923)
Increase in net assets with donor restrictions	49,455	-	**49,455**	7,845
Total change in net assets	49,455	2,673,102	**2,722,557**	568,689
Net assets, beginning	3,094,860	1,562,442	**4,657,302**	4,088,613
Net assets, ending	$ 3,144,315	$ 4,235,544	**$ 7,379,859**	$ 4,657,302

See notes to financial statements.

The Catholic Diocese of Kansas City–St. Joseph Deposit and Loan Fund

Statements of Cash Flows
Years Ended June 30, 2021 and 2020

	2021	2020
Cash flows from operating activities:		
Increase in net assets	**$ 2,722,557**	$ 568,689
Realized gains on investments	**(718,427)**	(1,943,769)
Unrealized (gains) losses on investments	**(1,715,481)**	931,296
Change in assets and liabilities:		
(Increase) decrease in:		
Accounts receivable	**101,313**	(26,255)
Accounts payable	**-**	(87,500)
Net cash used in operating activities	**389,962**	(557,539)
Cash flows from investing activities:		
Purchases of investments	**(14,979,534)**	(18,674,636)
Proceeds from sale of investments	**415,966**	28,530,373
Change in loans receivable, net	**1,910,919**	(4,207,033)
Net cash provided by (used in) investing activities	**(12,652,649)**	5,648,704
Cash flows from financing activities:		
Change in deposits payable, net	**11,565,783**	(3,518,629)
Net cash provided by (used in) financing activities	**11,565,783**	(3,518,629)
Net increase (decrease) in cash and cash equivalents	**(696,904)**	1,572,536
Cash and cash equivalents:		
Beginning	**2,650,695**	1,078,159
Ending	**$ 1,953,791**	$ 2,650,695

See notes to financial statements.

Note 1. Nature of Activities and Significant Accounting Policies

Nature of activities: The accompanying financial statements include all funds maintained by and directly under the control of The Catholic Diocese of Kansas City–St. Joseph Deposit and Loan Fund (the Trust). The Trust was established April 28, 2016.

The following is a summary of the Trust's significant accounting policies:

Basis of presentation: The accompanying financial statements are presented using the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP). The Trust presents its financial statements based on Accounting Standards Codification (ASC) Topic 958, Presentation of Financial Statements.

Net assets, revenue, and gains and losses are classified based on the existence or absence of donor-imposed restriction. Accordingly, net assets of the Trust and changes therein are classified and reported as follows:

Net assets without donor restrictions: Net assets not subject to donor-imposed stipulations.

Designated net assets without donor restrictions: Net assets designated by the Board of Trustees and can only be released upon approval of the Board of Trustees.

Net assets with donor restrictions: Net assets are subject to donor-imposed stipulations that may or will be met either by actions of the Trust and/or the passage of time. These assets can also be limited by donor-imposed stipulations that neither expire with the passage of time nor can be fulfilled or otherwise removed by actions of the Organization

Net assets without and with donor restrictions, revenue and support: Unconditional contributions received are recorded as without or with donor-restricted support, depending on the existence or nature of any donor restrictions. Conditional contributions with a measurable performance barrier or other barrier and right of return or release of funds are recognized when the conditions on which they depend are substantially met.

Donor-restricted support is presented as an increase in net assets with donor restrictions, depending on the nature of the restriction. When a restriction expires (that is, when a stipulated time restriction ends or a purpose restriction is accomplished), net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities as net assets released from restrictions. Donor-restricted support whose restrictions are satisfied in the same reporting period in which the contributions are received are classified as donations without donor restrictions.

Fund accounting: To ensure observance of limitations and restrictions placed on the use of resources available to the Trust, the accounts of the Trust are maintained in accordance with the principles of fund accounting. Resources are classified for accounting and reporting purposes into funds, according to the nature and use of such resources. Separate accounts are maintained for each fund.

Endowment fund: These are donor-restricted funds invested for the purpose of producing income. They consist of (1) endowment funds with donor restrictions, donated with provisions that the funds may be expended under the circumstances designated in the trust agreement and (2) funds without donor restrictions, designated as internal endowments for the Bishop to be used as he designates with Board of Trustees approval.

Note 1. Nature of Activities and Significant Accounting Policies (Continued)

Deposit and loan fund: The deposit and loan fund is composed of asbestos loans as well as deposits by Diocesan parishes and institutions, and cemetery perpetual care funds. Borrowed funds and parish deposits are used to provide financing for capital improvements in parishes and Diocesan institutions.

Funds entrusted to the Trust for safekeeping are invested through commercial banks and fixed-income and equity investment managers.

Cash and cash equivalents: For purposes of reporting cash flows, the Trust considers all unrestricted highly liquid investments purchased with a maturity of three months or less to be cash equivalents. The Trust maintains cash balances and money market accounts in excess of insured amounts at several financial institutions, which are primarily located in Kansas City, Missouri. The Trust has not experienced any losses on such accounts.

Loans and accounts receivable: Loans and accounts receivable are obligations due from Diocesan parishes and institutions. Loans receivable are stated at the amount of unpaid principal and interest. The allowance on loans receivable is based on management's review of specific loans and current economic conditions that may affect the borrower's ability to repay. Accounts receivable are carried at original invoice amount less an estimate made for doubtful receivables based on a review of all outstanding amounts on a monthly basis. Management determines the allowance for doubtful accounts by regularly evaluating individual parish and institution receivables and considering the parish and institution's financial condition and credit history, and current economic conditions. Accounts receivable are written off when deemed uncollectible. Recoveries of accounts receivable previously written off are recorded when received.

An account receivable is considered to be past due if any portion of the receivable balance is outstanding for more than 90 days. Interest is not charged on past-due accounts receivable.

Investments: Investments are recorded at fair value. Investment income, realized and unrealized gains and losses are recorded in the statements of activities and are presented with donor restrictions or without donor restrictions based upon the existence and nature of any donor or legally imposed restrictions. See Note 9 for fair value information.

Parish deposits: Parish deposits consist of funds being held by the Trust on behalf of parishes within the Catholic Diocese of Kansas City–St. Joseph.

School deposits: School deposits consist of funds being held by the Trust on behalf of schools within the Catholic Diocese of Kansas City–St. Joseph.

Long-term deposits payable: Long-term deposits payable consist of funds being held by the Trust on behalf of cemetery perpetual care funds.

Use of net assets without donor restrictions: Following the provision of the indenture of trust, the trustees may make periodic, discretionary contributions to Catholic Diocese of Kansas City–St. Joseph Chancery Operation (Chancery Operation) to assist in funding the operations of the Chancery Operation from the funds of the Trust that are not obligated to depositors and that are in excess of funds determined by the trustees to be reasonably required for the operation of the Trust, using standards that are applicable to a fund comparable in size and function to the Trust.

Note 1. Nature of Activities and Significant Accounting Policies (Continued)

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

Income taxes: The Trust is exempt from income taxes under provisions of section 501(c)(3) of the Internal Revenue Code due to its religious affiliation with the Catholic Diocese of Kansas City–St. Joseph and inclusion in the Catholic Register. Uncertain tax provisions, if any, are recorded in accordance with ASC Topic 740, Income Taxes (previously FIN 48). ASC 740 requires the recognition of a liability for tax positions taken that do not meet the more-likely-than not standard that the position will be sustained upon examination by the taxing authorities. There is no liability for uncertain tax positions recorded at June 30, 2021 and 2020.

Revenue recognition: The Trust accounts for interest income on loans in accordance with Revenue from Contracts with Customers (ASC Topic 606).

Functional classification: The Not-for-Profit Entities topic of the ASC requires nonprofit organizations to disclose expense by functional classification. The Trust presents expenses by their functional and natural classification in the June 30, 2021 and 2020, statements of activities. Program expenses include unrestricted endowment payments and interest paid on deposits. Supporting expenses include administrative and other expenses that are not allocated.

Recently issued accounting pronouncement: In February 2016, the FASB issued ASU No. 2016-02, *Leases (Topic 842).* The guidance in this ASU supersedes the leasing guidance in ASC Topic 840, Leases. Under the new guidance, lessees are required to recognize lease assets and lease liabilities on the statement of financial position for all leases with terms longer than 12 months. Leases will be classified as either finance or operating, with classification affecting the pattern of expense recognition in the statement of activities. The new standard is effective for fiscal year 2023. The Trust is currently evaluating the impact of the pending adoption of the new standard on the financial statements.

Note 2. Liquidity and Availability of Resources

The Trust regularly monitors liquidity required to meet its annual operating needs and other contractual commitments while also striving to maximize the return on investments of its funds not required for annual operations. The table below represents the Trust's financial assets available to meet general expenditures at June 30, 2021 and 2020.

	2021	2020
Cash and cash equivalents	$ 1,953,791	$ 2,650,695
Current portion of loans and accounts receivable, net	4,431,748	1,830,232
Investments	37,362,826	20,365,350
	43,748,365	24,846,277
Less donor-restricted funds	(1,596,343)	(1,546,888)
Financial assets available to meet general expenditures within the next year	$ 42,152,022	$ 23,299,389

Note 2. Liquidity and Availability of Resourced (Continued)

The Trust has various sources of liquidity at its disposal, including cash and cash equivalents, accounts receivable, investments, and a line of credit shown in Note 5, Line of Credit.

Note 3. Loans and Accounts Receivable

Loans and accounts receivable are composed of the following as of June 30, 2021 and 2020:

	2021	2020
Parish loans	$ 15,969,803	$ 17,379,234
High schools and other entities	2,867,667	3,487,718
Accounts receivable	158,563	141,313
	18,996,033	21,008,265
Less allowance for uncollectible accounts	(40,000)	(40,000)
	$ 18,956,033	$ 20,968,265

The Trust's loans receivable consist of funds disbursed to parishes, high schools, Diocesan institutions and other entities with the Catholic Diocese of Kansas City–St. Joseph. The Trust determined its allowance for estimated losses on these loans by analyzing financial results, factors and circumstances of individual accounts or loans. All loans have the same terms and, therefore, are considered to be in the same class of loan.

The aging of the receivables portfolio as of June 30, 2021 and 2020, is summarized below:

	2021		
	Current	Past Due	Total
Receivables	$ 17,481,228	$ 1,514,805	$ 18,996,033
As a percentage of the total loan portfolio	92.03%	7.97%	100.00%

	2020		
	Current	Past Due	Total
Receivables	$ 19,608,162	$ 1,400,103	$ 21,008,265
As a percentage of the total loan portfolio	93.34%	6.66%	100.00%

Note 4. Investments

The following schedules show life-to-date gains on different types of investments:

	June 30, 2021		
	Cost	Fair Value	Unrealized Appreciation
Corporate stocks	$ 4,544,184	$ 5,740,815	$ 1,196,631
Equity mutual funds	18,145,004	18,390,258	245,254
Money market funds	659,135	659,135	-
U.S. government corporations and agencies	8,434,889	8,505,555	70,666
Alternative investments	3,219,192	4,067,063	847,871
	$ 35,002,404	$ 37,362,826	$ 2,360,422

	June 30, 2020		
	Cost	Fair Value	Unrealized Appreciation (Depreciation)
Corporate stocks	$ 2,663,791	$ 2,948,864	$ 285,073
Mutual funds	10,126,436	10,383,676	257,240
Money market funds	438,769	438,826	57
U.S. government obligations	4,011,729	4,187,431	175,702
Alternative investments	2,489,698	2,406,553	(83,145)
	$ 19,730,423	$ 20,365,350	$ 634,927

Investments are stated at fair value as of June 30, 2021 and 2020. The following schedules summarize the investment return and its classification in the statements of activities for the years ended June 30, 2021 and 2020:

	2021		
	Without Donor Restrictions	With Donor Restrictions	Total
Interest income, net of fees	$ 355,280	$ 8,118	$ 363,398
Realized gains	718,427	-	718,427
Investment income	1,073,707	8,118	1,081,825
Unrealized gains on investments	1,715,481	-	1,715,481
	$ 2,789,188	$ 8,118	$ 2,797,306

Note 4. Investments (Continued)

	2020		
	Without Donor Restrictions	With Donor Restrictions	Total
Interest income, net of fees	$ 260,854	$ 26,768	$ 287,622
Realized gains	1,621,503	-	1,621,503
Investment income	1,882,357	26,768	1,909,125
Unrealized losses on investments	(931,296)	-	(931,296)
	$ 951,061	$ 26,768	$ 977,829

Included in the statements of activities is $500,189 and $684,304 related to interest income on loans receivable for the years ended June 30, 2021 and 2020, respectively.

Note 5. Line of Credit

The Trust has a $4.6 million line of credit with a commercial bank. The line of credit expires April 23, 2022. The line of credit bears interest at LIBOR plus 210 basis points (2.225% at June 30, 2021) at 12-month options and is collateralized by certain real estate. Principal is to be repaid at maturity, with interest due monthly. There were no borrowings outstanding on this line of credit at June 30, 2021 and 2020. The agreement contains certain restrictive covenants, including the maintenance of a fixed-charge coverage ratio and liquid coverage ratio.

Note 6. Deposits Payable

In the parish deposits payable account, the amounts of $24,554,355 and $19,054,730 as of June 30, 2021 and 2020, respectively, consist of numerous deposits made to the Trust that are payable on demand. School deposits payable amount to $1,128,531 and $1,173,347 as of June 30, 2021 and 2020, respectively. All deposits bear a 0.50% interest rate as of June 30, 2021 and 2020.

Note 7. Net Assets With Donor Restrictions

Net assets with donor restrictions are available for the following purposes or periods at June 30, 2021 and 2020:

	2021	2020
Restrictions as to use:		
Education of children	$ 401,722	$ 322,992
Cemetery maintenance	55,262	54,983
Facilities construction and maintenance	1,023,911	1,054,048
Religious services	115,448	114,865
Total net assets with donor restrictions	$ 1,596,343	$ 1,546,888

During the years ended June 30, 2021 and 2020, other assets were released from restriction by incurring expenses satisfying the restricted purpose specified. The purpose was distribution of earnings from endowments to beneficiaries in the amount of $54,223 and $28,923, respectively.

Note 8. Endowments

In July 2006, the Uniform Law Commission approved the Uniform Prudent Management of Institutional Funds Act of 2006 (UPMIFA) as a modernized version of the Uniform Management of Institutional Funds Act of 1972 (UMIFA), the model act on which most states and the District of Columbia have based their primary laws governing the investment and management of donor-restricted endowment funds by nonprofit funds.

UPMIFA prescribes guidelines for expenditure of a donor-restricted endowment fund (in the absence of overriding, explicit donor stipulations). and focuses on the entirety of a donor-restricted endowment fund, that is, both original gift amount(s) and net appreciation

The Trust's endowment includes both donor-restricted endowment funds and funds designated by management to function as endowments. As required by U.S. GAAP, net assets associated with endowment funds, including funds designated by management to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions.

Interpretation of existing law: The management of the Trust has interpreted UPMIFA as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary (historical-dollar-value threshold). As a result of this interpretation, the Trust classifies as net assets with donor restrictions (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the Trust.

The following information is related to the endowments under the direction of the Trust.

Return objectives and risk parameters: The Trust has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment while seeking to maintain the purchasing power of the endowment assets. Endowment assets include those assets of donor-restricted funds that the Trust must hold in perpetuity or for a donor-specified period(s) as well as management-designated funds. Under this policy, as approved by the management, the endowment assets are invested following the Trust's guidelines as determined by management in consultation with the Trust's Investment Committee.

Strategies employed for achieving objectives: To satisfy its long-term rate-of-return objectives of the endowments invested per the Trust's guidelines as determined by management, the Trust employs a return strategy of utilizing the internal earning rate as set by management based on market rates.

Spending policy and how the investment objectives relate to spending policy: The Trust has a policy of appropriating for distribution the interest earned in the current year by the endowment funds as well as allows for the distribution of the principal as per the stipulations of the donor as well as management-designated funds. This is consistent with the Trust's objective to maintain the purchasing power of the endowment assets held in perpetuity or for a specified term as well as to provide additional real growth through new gifts and investment return. The endowments are paid a rate determined by management in consultation with the Board of Trustees.

Note 8. Endowments (Continued)

From time to time, the fair value of assets associated with the endowment funds may fall below the level that the donor or UPMIFA requires the Trust to retain as a fund of perpetual duration. In accordance with U.S. GAAP, deficiencies of this nature are reported in net assets with and without donor restrictions. There were no deficiencies as of June 30, 2021 and 2020.

Changes in endowment net assets for the years ended June 30, 2021 and 2020, are as follows:

	2021		
	Without Donor Restrictions, Designated	With Donor Restrictions	Total
Endowment net assets, beginning of year	$ 1,547,972	$ 1,546,888	$ 3,094,860
Net investment income	7,847	8,118	15,965
Contributions	-	95,560	95,560
Appropriation of endowment assets for expenditure	(7,847)	(54,223)	(62,070)
Endowment net assets, end of year	$ 1,547,972	$ 1,596,343	$ 3,144,315

	2020		
	Without Donor Restrictions, Designated	With Donor Restrictions	Total
Endowment net assets, beginning of year	$ 1,547,972	$ 1,539,043	$ 3,087,015
Net investment income	26,595	26,768	53,363
Contributions	-	10,000	10,000
Appropriation of endowment assets for expenditure	(26,595)	(28,923)	(55,518)
Endowment net assets, end of year	$ 1,547,972	$ 1,546,888	$ 3,094,860

Designated net assets without donor restrictions as of June 30, 2021 and 2020, were solely for the purpose of maintenance and upkeep and continued asbestos abatement in the amount of $1,547,972. Net assets with donor restrictions at June 30, 2021 and 2020, were restricted for the purposes disclosed in Note 7.

Note 9. Fair Value Measurements

ASC Topic 820 defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants. ASC 820 requires the use of valuation techniques that are consistent with the market approach, the income approach and/or the cost approach. Inputs to valuation techniques refer to the assumptions market participants would use in pricing the asset or liability. Inputs may be observable, meaning those that reflect the assumptions market participants would use in pricing the asset or liability developed based on market data obtained from independent sources, or unobservable, meaning those that reflect the reporting entity's own assumptions about the assumptions market participants would use in pricing the asset or liability developed based on the best information available in the circumstances. In that regard, ASC 820 establishes a fair value hierarchy for valuation inputs that gives the highest priority to quoted prices in active markets for identical assets or liabilities and the lowest priority to unobservable inputs. The fair value hierarchy is as follows:

Level 1: Quoted prices (unadjusted) for identical assets or liabilities in active markets that the entity has the ability to access as of the measurement date.

Level 2: Significant other observable inputs other than Level 1 prices such as quoted prices for similar assets or liabilities; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data.

Level 3: Significant unobservable inputs that reflect a reporting entity's own assumptions about the assumptions that market participants would use in pricing an asset or liability.

Assets and liabilities recorded at fair value on a recurring basis: A description of the valuation methodologies used for assets and liabilities measured at fair value on a recurring basis is set forth below:

Investments: Where quoted prices are available in an active market, securities are classified within Level 1 of the valuation hierarchy. Level 1 securities would include highly liquid government bonds and exchange-traded equities. If quoted market prices are not available, then fair values are estimated by using pricing models, quoted prices of securities with similar characteristics, or discounted cash flow. Level 2 securities would include U.S. agency securities, mortgage-backed agency securities, obligations of states and political subdivisions, and certain corporate, asset-backed and other securities.

Alternative investments: Alternative investments are valued using the practical expedient. The practical expedient allows for the use of net asset value of shares held at year-end either as reported by the investee or as adjusted by the Trust based on various factors, including capital calls, proceeds from distributions, and gains and losses that are included in earnings and recorded in the statements of activities.

Note 9. Fair Value Measurements (Continued)

The following tables summarize the assets and liabilities measured at fair value on a recurring basis, segregated by the general classification of such instruments pursuant to the valuation hierarchy:

	June 30, 2021			
	Total	Level 1	Level 2	Level 3
Investments:				
Corporate stocks	$ 5,740,815	$ -	$ 5,740,815	$ -
U.S. government corporations and agencies	8,505,555	-	8,505,555	-
Money market funds	659,135	659,135	-	-
Equity mutual funds:				
Intermediate-term bonds	10,976,316	10,976,316	-	-
Other various mutual funds	7,413,942	7,413,942	-	-
	33,295,763	$ 19,049,393	$ 14,246,370	$ -
Alternative investments valued at net asset value (NAV):				
Investments in common trust funds	4,067,063			
Total investments	$ 37,362,826			

	June 30, 2020			
	Total	Level 1	Level 2	Level 3
Investments:				
Corporate stocks	$ 2,948,864	$ -	$ 2,948,864	$ -
U.S. government corporations and agencies	4,187,431	-	4,187,431	-
Money market funds	438,826	438,826	-	-
Equity mutual funds:				
Intermediate-term bonds	6,282,701	6,282,701	-	-
Other various mutual funds	4,100,975	4,100,975	-	-
	17,958,797	$ 10,822,502	$ 7,136,295	$ -
Alternative investments valued at net asset value (NAV):				
Investments in common trust funds	2,406,553			
Total investments	$ 20,365,350			

Note 9. Fair Value Measurements (Continued)

The fair value estimates presented are based on pertinent information available to management as of June 30, 2021 and 2020. Although management is not aware of any factors that would significantly affect the estimated fair value measurements, such amounts have been comprehensively revalued for purposes of the financial statements since that date; therefore, current estimates of fair value may differ significantly from the amounts presented herein.

The following table set forth additional disclosures of investments whose fair value is estimated using net asset value per share (or its equivalent) as of June 30, 2021:

Investments	Fair Value	Unfunded Commitment	Redemption Frequency	Redemption Notice Period
Investment in common trust (a)	$ 2,210,644	$ -	Daily	1-2 days
Investment in common trust (b)	1,856,419	-	Daily	1-3 days
	$ 4,067,063			

(a) This nonlending common trust fund seeks an investment return that approximates, as closely as practicable, before expenses, the performance of the Russell 3000 Index over the long term. The fund implements a screen of certain social or environmental criteria as defined in the "US Equity Index Strategy Disclosure Document."

(b) This nonlending common trust fund seeks an investment return that approximates, as closely as practicable, before expenses, the performance of the MSCI ACWI ex USA IMI over the long term. The fund implements a screen of certain social or environmental criteria as defined in the "Global Equity Index Strategy Disclosure Document."

Note 10. Related-Party Transactions

The Trust has a Management Services Agreement with the Chancery Operation by which the Chancery Operation can bill the Trust for administrative and supportive services. For the years ended June 30, 2021 and 2020, $8,000 was paid to the Chancery Operation for administrative services. In addition, and following the provisions of the indenture of trust, the Trustees may make periodic, discretionary contributions to the Chancery Operation (to help fund operations) from the funds of the Trust that are not obligated to participants and that are in excess of funds determined by the Trustees to be reasonably and prudently required for the operation of the Trust. For the years ended June 30, 2021 and 2020, $350,000 was contributed to the Chancery Operation.

Note 11. Contingencies

The spread of COVID-19, a novel strain of coronavirus, has altered the behavior of businesses and people throughout the United States. Further, financial markets have recently experienced a significant decline attributed to COVID-19 concerns. The continued spread of COVID-19 may adversely impact the local, regional and national economies. The extent to which COVID-19 impacts the Trust's results will depend on future developments, which are highly uncertain and cannot be predicted. The impact is highly dependent on the breadth and duration of the outbreak, and could be affected by other factors that cannot currently be predicted. Accordingly, management cannot presently estimate the overall operational and financial impact to the Trust, but such an impact could have a material adverse effect on the financial condition of the Trust.

Note 12. Subsequent Events

Management has evaluated and disclosed subsequent events up to and including November 8, 2021, which is the date the financial statements were available to be issued.