



Financial Statements
June 30, 2022 and 2021

**Diocese of Joliet Catholic Cemetery
Perpetual Care Trust**

Diocese of Joliet Catholic Cemetery Perpetual Care Trust

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Independent Auditor's Report

To His Excellency
The Most Reverend Ronald A. Hicks
Bishop of the Roman Catholic Diocese of Joliet
and the Members of the Trust Committee
Diocese of Joliet Catholic Cemetery Perpetual Care Trust
Crest Hill, Illinois

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of the Diocese of Joliet Catholic Cemetery Perpetual Care Trust (Cemetery Perpetual Care Trust), which comprise the statements of financial position as of June 30, 2022 and 2021, and the related statements of activities and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the financial position of the Cemetery Perpetual Care Trust as of June 30, 2022 and 2021, 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 Auditor's Responsibilities of the Audit of the Financial Statements section of our report. We are required to be independent of the Cemetery Perpetual Care Trust 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 these 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 Cemetery Perpetual Care Trust's ability to continue as a going concern for one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities of the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with 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 Cemetery Perpetual Care Trust'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 Cemetery Perpetual Care Trust'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.



Dubuque, Iowa
November 10, 2022

Diocese of Joliet Catholic Cemetery Perpetual Care Trust

Statements of Financial Position

June 30, 2022 and 2021

	2022	2021
Assets		
Cash and cash equivalents	\$ 137,783	\$ 326,198
Accrued interest receivable	112	112
Due from Diocese of Joliet	141,782	114,930
Investments	28,396,218	31,139,873
Total assets	\$ 28,675,895	\$ 31,581,113
 Liabilities and Net Assets		
Liabilities		
Accounts payable	\$ 1,000	\$ 1,000
Due to Diocese of Joliet	23,955	517,695
Total liabilities	24,955	518,695
Net Assets Without Donor Restrictions	28,650,940	31,062,418
Total liabilities and net assets	\$ 28,675,895	\$ 31,581,113

Diocese of Joliet Catholic Cemetery Perpetual Care Trust
 Statements of Activities
 Years Ended June 30, 2022 and 2021

	2022	2021
Revenue		
Net investment return	\$ (2,432,070)	\$ 7,451,661
Mass stipend income	26,852	31,651
Total Revenue (Loss)	(2,405,218)	7,483,312
Expenses		
Program Expenses		
Transfer to the Roman Catholic Diocese of Joliet Administration and Ministerial Services	-	500,000
Administrative Expense		
Administration fees	6,260	6,020
Total expenses	6,260	506,020
Change in Net Assets	(2,411,478)	6,977,292
Net Assets, Beginning of Period	31,062,418	24,085,126
Net Assets, End of Period	\$ 28,650,940	\$ 31,062,418

Diocese of Joliet Catholic Cemetery Perpetual Care Trust

Statements of Cash Flows
Years Ended June 30, 2022 and 2021

	2022	2021
Operating Activities		
Change in net assets	\$ (2,411,478)	\$ 6,977,292
Adjustments to reconcile change in net assets to net cash from operating activities		
Net realized and unrealized losses (gains) on investments	2,948,014	(7,153,486)
Changes in assets and liabilities		
Due from Diocese of Joliet	(26,852)	(31,651)
Due to Diocese of Joliet	(493,740)	506,020
Net Cash from Operating Activities	15,944	298,175
Investing Activities		
Purchases of investments	(1,054,905)	(14,385,951)
Sales of investments	850,546	14,350,923
Net Cash used for Investing Activities	(204,359)	(35,028)
Net Change in Cash and Cash Equivalents	(188,415)	263,147
Cash and Cash Equivalents, Beginning of Year	326,198	63,051
Cash and Cash Equivalents, End of Year	\$ 137,783	\$ 326,198

Note 1 - Organization and Significant Accounting Policies

Organization

The Diocese of Joliet Catholic Cemetery Perpetual Care Trust (Cemetery Perpetual Care Trust) is a not-for-profit organization that oversees the investments for the future care of the 21 Diocesan cemeteries.

Cash and Cash Equivalents

The Cemetery Perpetual Care Trust considers all cash and highly liquid financial instruments with original maturities of three months or less, and which are neither held for nor restricted by donors for long-term purposes, to be cash and cash equivalents. Cash and highly liquid financial instruments restricted to capital expenditures, endowments that are perpetual in nature, or other long-term purposes of the Cemetery Perpetual Care Trust are excluded from this definition.

Investments and Investment Income

The Cemetery Perpetual Care Trust records investment purchases at cost, or if donated, at fair value on the date of donation. Thereafter, investments are reported at their fair values in the statements of financial position. Net investment return is reported in the statements of activities and consists of interest and dividend income, and realized and unrealized gains and losses, less external investment expenses.

Net Assets

Net assets, revenues, gains, and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets and changes therein are classified and reported as net assets without donor restrictions and are available for use in general operations.

Revenue and Revenue Recognition

Contributions and mass stipend income are recognized when cash, securities or other assets, an unconditional promise to give, or notification of a beneficial interest is received. Conditional promises to give – that is, those with a measurable performance or other barrier and a right of return – are not recognized until the conditions on which they depend have been met.

Functional Allocation of Expenses

The costs of program and supporting services activities have been summarized on a functional basis in the statements of activities. The statements present the natural classification detail of expenses by function. The expenses are generally directly attributable to a functional category with no significant allocations between program service activities and supporting service activities occurring.

Income Taxes

The Cemetery Perpetual Care Trust is organized as an Illinois not-for-profit organization and is exempt from income tax under section 501(c)(3) of the Internal Revenue Code under the group ruling exemption of the United States Conference of Catholic Bishops. The Cemetery Perpetual Care Trust is not required to file a Return of Organization Exempt from Income Tax (Form 990) with the IRS. However, the Cemetery Perpetual Care Trust is subject to income tax on net income that is derived from business activities that are unrelated to its exempt purposes, if applicable. The Cemetery Perpetual Care Trust has determined it is not subject to unrelated business income tax and has not filed an Exempt Organization Business Income Tax Return (Form 990-T) with the IRS.

The Cemetery Perpetual Care Trust believes that it has appropriate purpose for any tax positions taken affecting its annual filing requirements, and as such, does not have any uncertain tax positions that are material to the financial statements. The Cemetery Perpetual Care Trust 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.

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 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 and those differences could be material.

Financial Instruments and Credit Risk

The Cemetery Perpetual Care Trust manages deposit concentration risk by placing cash with financial institutions believed by management to be creditworthy. At times, amounts on deposit may exceed insured amounts. To date, the Cemetery Perpetual Care Trust has not experienced losses in any of these accounts. Investments are made by diversified investment managers whose performance is monitored by management and the Investment Committee of the Diocesan Finance Council of the Roman Catholic Diocese of Joliet, as delegated by the Trustee of the Cemetery Perpetual Care Trust. Although the fair values of investments are subject to fluctuation on a year-to-year basis, management and the Investment Committee believe that the investment policies and guidelines are prudent for the long-term welfare of the Cemetery Perpetual Care Trust.

Subsequent Events

The Cemetery Perpetual Care Trust has evaluated subsequent events through November 10, 2022, the date the financial statements were available to be issued.

Diocese of Joliet Catholic Cemetery Perpetual Care Trust

Notes to Financial Statements

June 30, 2022 and 2021

Note 2 - Liquidity and Availability

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the statement of financial position date as of June 30, 2022 and 2021, comprise the following:

	<u>2022</u>	<u>2021</u>
Cash and cash equivalents	\$ 137,783	\$ 326,198
Accrued Interest Receivable	112	112
Due from Diocese of Joliet	141,782	114,930
Investments	<u>27,119,837</u>	<u>30,292,917</u>
	<u>\$ 27,399,514</u>	<u>\$ 30,734,157</u>

As part of a liquidity plan, cash in excess of daily requirements is invested in various different types of investments. Private equity funds measured at NAV are not available and have been excluded from investments above.

Note 3 - Fair Value Measurements and Disclosures

The Cemetery Perpetual Care Trust has determined the fair value of certain assets and liabilities 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 (unadjusted) in active markets for identical assets or liabilities that can be accessed at the reporting date. Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for the related asset or liability, either directly or indirectly. These include quoted prices for similar assets or liabilities in active markets, quoted prices for identical or similar assets or liabilities in markets that are not active, inputs other than quoted prices that are observable for the asset or the liability and market-corroborated inputs. Level 3 inputs are unobservable inputs related to the asset or liability. In these situations, inputs are developed using the best information in the circumstances.

In some cases, the inputs used to measure the fair value of an asset or a liability might be categorized within different levels of the fair value hierarchy. In those cases, the fair value measurement is categorized in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement. Assessing the significance of a particular input to entire measurement requires judgment, taking into account factors specific to the asset or liability. The categorization of an asset within the hierarchy is based upon the pricing transparency of the asset and does not necessarily correspond to our assessment of the quality, risk, or liquidity profile of the asset or liability.

Diocese of Joliet Catholic Cemetery Perpetual Care Trust

Notes to Financial Statements

June 30, 2022 and 2021

A portion of Cemetery Perpetual Care Trust's investment assets are classified within Level 1 because they are comprised of open-end mutual funds with readily determinable fair values based on daily redemption values.

Net Asset Value (NAV) per share, or its equivalent, such as member units or an ownership interest in partners' capital, is used to estimate the fair value of common collective trusts, real estate investment trusts, managed volatility funds, alternative fixed income funds and private equity funds which do not have readily determinable fair values. Investments that are measured at fair value using NAV per share as a practical expedient are not classified in the fair value hierarchy.

There have been no changes in valuation techniques used for any assets measured at fair value during the year ended June 30, 2022.

The following table presents assets measured at fair value on a recurring basis, except those measured by using NAV per share as a practical expedient as identified in the following, at June 30, 2022:

	<u>Total</u>	<u>Fair Value Measurements at Report Date Using</u>		
		<u>Quoted Prices in Active Markets for Identical Assets (Level 1)</u>	<u>Significant Other Observable Inputs (Level 2)</u>	<u>Significant Unobservable Inputs (Level 3)</u>
Mutual Funds	\$ 18,974,016	\$ 18,974,016	\$ -	\$ -
At NAV				
Real Estate Investment				
Trust	3,791,279	-	-	-
Managed Volatility Fund	1,688,658	-	-	-
Alternative Fixed Income				
Funds	2,665,884	-	-	-
Private Equity Fund	1,276,381	-	-	-
	<u>\$ 28,396,218</u>	<u>\$ 18,974,016</u>	<u>\$ -</u>	<u>\$ -</u>

Diocese of Joliet Catholic Cemetery Perpetual Care Trust

Notes to Financial Statements

June 30, 2022 and 2021

The following table presents assets measured at fair value on a recurring basis, except those measured by using NAV per share as a practical expedient as identified in the following, at June 30, 2021:

	<u>Total</u>	<u>Fair Value Measurements at Report Date Using</u>		
		<u>Quoted Prices in Active Markets for Identical Assets (Level 1)</u>	<u>Significant Other Observable Inputs (Level 2)</u>	<u>Significant Unobservable Inputs (Level 3)</u>
Mutual Funds	\$ 5,484,162	\$ 5,484,162	\$ -	\$ -
At NAV				
Common Collective Trusts	17,596,827	-	-	-
Real Estate Investment Trust	2,585,333	-	-	-
Managed Volatility Fund	1,715,497	-	-	-
Alternative Fixed Income Funds	2,911,098	-	-	-
Private Equity Fund	846,956	-	-	-
	<u>\$ 31,139,873</u>	<u>\$ 5,484,162</u>	<u>\$ -</u>	<u>\$ -</u>

Investments in certain entities that calculate NAV per share are as follows at June 30, 2022:

<u>June 30, 2022</u>	<u>Number of Investments</u>	<u>Fair Value</u>	<u>Unfunded Commitments</u>	<u>Redemption Frequency</u>	<u>Redemption Notice Period</u>
Real Estate Investment Trust	1	3,791,279	-	Quarterly	45 Days
Managed Volatility Fund	1	1,688,658	-	Monthly	(1)
Alternative Fixed Income Funds	2	2,665,884	-	Bi-monthly, Quarterly	3 Days, 15 Days
Private Equity Fund	1	1,276,381	455,000	Illiquid	(2)
		<u>\$ 9,422,202</u>	<u>\$ 455,000</u>		

Diocese of Joliet Catholic Cemetery Perpetual Care Trust

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Investments in certain entities that calculate NAV per share are as follows at June 30, 2021:

<u>June 30, 2021</u>	<u>Number of Investments</u>	<u>Fair Value</u>	<u>Unfunded Commitments</u>	<u>Redemption Frequency</u>	<u>Redemption Notice Period</u>
Common Collective Trusts	3	\$ 17,596,827	\$ -	Daily	Daily
Real Estate Investment Trust	1	2,585,333	-	Quarterly	45 Days
Managed Volatility Fund	1	1,715,497	-	Monthly	(1)
Alternative Fixed Income Funds	2	2,911,098	-	Quarterly	15-30 Days
Private Equity Fund	1	<u>846,956</u>	<u>611,000</u>	Illiquid	(2)
		<u>\$ 25,655,711</u>	<u>\$ 611,000</u>		

(1) The redemption notice period is five business days prior to month end.

(2) As a private equity fund, the capital committed to the fund is locked up for an extended period of time agreed upon in the prospectus (typically 10 years) which may be wound down before that period or extended for multiple years afterward.

Common Collective Trusts –

The CUIT Core Equity Index Fund’s objective is to seek long-term capital appreciation. To achieve this, the Fund invests in the common stock of companies that make up the S&P 500 Index, with the exception of those excluded due to the Christian Brothers Insurance Services, Inc. principles of Socially Responsible Investing.

The CUIT International Equity Fund objective is to seek long-term capital appreciation. To achieve this, the Fund invests in equity securities of companies with market capitalizations greater than \$1 billion, located primarily in developed-market nations.

The CUIT Small Cap Equity Index Fund objective is to seek long-term capital appreciation by attempting to replicate the performance of the Russell 2000 Index, a commonly used index of domestic small-capitalization stocks.

Real Estate Investment Trust - The RREEF America REIT II is an open-ended core fund organized to serve as a collective investment vehicle through which eligible investors may invest in a professionally managed real estate portfolio consisting of multi-family, industrial, retail, and office properties in targeted metropolitan areas within the continental United States. The objective is to generate attractive, predictable investment returns from a target portfolio of low-risk equity investments in income-producing real estate while maximizing the total return to shareholders through cash dividends and appreciation in shares.

Managed Volatility Fund - The LSV US Managed Volatility SRI Equity Fund's investment objective is to outperform the Russell 1000 Index, net of dividend withholding taxes, by investing in large and mid-cap U.S. listed equities.

Diocese of Joliet Catholic Cemetery Perpetual Care Trust

Notes to Financial Statements

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Alternative Fixed Income Funds –

The NIS Titanium Absolute Return Fund’s objective of the fund is to achieve a consistent annual return through a portfolio of fixed income securities consisting primarily of the Barclays Aggregate 1-3 Year Index and similar securities. The long-term objective of the Fund is to outperform the annual average return of one-year U.S. Treasury Bills while minimizing volatility.

The NIS Preferred Stock Fund II’s purpose of the fund is to provide an attractive risk-sensitive incremental return on a consistent basis through a diversified portfolio consisting primarily of domestic corporate preferred stock and preferred-line fixed-income securities and investments.

Private Equity Fund – The Capital Dynamics Global Secondaries V (Feeder) SCSp (partnership) was established to primarily acquire and hold as a feeder entity a limited partner interest in Capital Dynamics Global Secondaries V (LUX) SCSp. The investment strategy emphasizes building a diversified portfolio of secondary investments.

Note 4 - Net Investment Return

Net investment return consists of the following:

	<u>2022</u>	<u>2021</u>
Interest and dividends	\$ 561,182	\$ 316,725
Net realized and unrealized gains (losses)	(2,948,014)	7,153,486
Management fees	<u>(45,238)</u>	<u>(18,550)</u>
	<u>\$ (2,432,070)</u>	<u>\$ 7,451,661</u>