



DIOCESAN DEPOSIT AND LOAN FUND

The Deposit and Loan Fund is essentially an internal bank or depository for excess or reserve funds of parishes and institutions within the diocese. It was established so that parishes with excess funds could assist parishes that needed money for construction and development.

The fund is administered by the Finance Office under the supervision of the Diocesan Finance Council. Funds placed on deposit are guaranteed by the bishop and earn a risk-free rate of return. The money placed on deposit is made available to parishes and diocesan institutions for operating loans. All loan applications are reviewed by the Diocesan Finance Council and approved by the bishop.

Interest rates on both deposits and loans fluctuate according to economic conditions. At present, depositors who keep funds on deposit earn a rate of 1.0%; while borrowers from the fund are charged a rate of 4.5%.

Deposits from Parishes/Institutions

Parishes are to invest excess funds in the Diocesan Deposit and Loan Fund. Parishes may hold funds to meet two months of operating expenses. These funds must be held in federally-insured accounts unless advance written approval is received from the diocese.

Loans to Parishes/Institutions

Parishes may apply for loans from the Diocesan Deposit and Loan Fund through the Diocesan Finance Office. The application must be in writing and contain, at a minimum, the following information: the amount requested to be borrowed, the reason for the loan and the repayment schedule. All loans must be approved by the Bishop. Such approval may carry contingencies to which the parish/institution must agree. Such contingencies may include, but are not limited to, the following conditions:

- Pastor or administrator must sign a promissory note that shows the amount borrowed, the repayment schedule and the interest rate(s) to be charged.
- Financial Information – the parish/Institution must provide, on a quarterly basis, current financial statements (balance sheet and income/expense statement compared to budget) for the parish/school to the Diocesan Finance Office. Such submission shall include commentary on all variances greater than \$5,000 or 5%. These submissions will continue as long as there is an outstanding balance for this loan.
- Other Diocesan Obligations – the Parish/Institution will be required to keep all other diocesan financial obligations current. This includes, but is not limited to, Payroll, Benefits, Secondary School Fund, etc.

Securities Received as Gifts

All securities received as gifts, especially those which are not registerable, must be kept in an adequate safe, a bank deposit box, the safekeeping department of a federally-insured bank, or sent to the Finance Office for safekeeping. The pastor must retain custody of bank safety deposit box keys and be present whenever the box is entered. The pastor must also retain a written inventory of the contents of the safety deposit box.



DIOCESAN POOLED INVESTMENT FUND

The Diocesan Pooled Fund is available to parishes for the investment of endowment type funds. The program is also available to schools and any other Diocesan entities which come under the auspices of the Bishop of Covington. Only those funds which are to be invested for larger periods of time (at least 5 years) should be considered for investment in the Fund.

In the Pooled Investment Fund, endowment type funds will be pooled together with other diocesan funds available for investment. The amounts placed with the Fund are managed under the guidance of the Investment Committee of the Diocesan Finance Council, which obtains the advice of independent investment consultants. The funds are invested in a mix of equity and debt securities, in a manner intended to maximize income and the long term growth of principal, while incurring an acceptably low amount of risk. To achieve this goal, a portion of the pooled funds are invested with professional money managers, with the approval of the Diocesan Finance Council.

Some advantages to parishes for investing with the Diocesan Pooled Fund would be:

1. Continuity of investment strategy that is not subject to changes in parish Finance Councils.
2. By being pooled with funds of the Diocese and other parishes, amounts invested may realize greater potential returns and lower costs than parishes could obtain on their own.
3. Parishes can utilize existing Diocesan investment policies and resources.
4. Parishes can obtain professional funds management services.

Criteria for investment in the Diocesan Pooled Fund are as follows:

1. Minimum of \$100,000
2. Investments can be made at any time, but credit will be given as of the first day of the following quarter.
3. Income will be distributed quarterly.
4. Appreciation may be distributed annually by special request.