

7700 VII. Archdiocesan Deposit and Loan Fund (ADLF)
(Policy revised August 1, 2017)

The Deposit and Loan Fund (ADLF) is established by the Archdiocese to provide parishes and archdiocesan agencies with a source for low-cost funding for capital and technology projects. The ADLF policy is established by the Archbishop with the advice and counsel of the Archdiocesan Finance Council. The ADLF is administered by the Chief Financial Officer of the Archdiocese.

The parishes and agencies of the Archdiocese are the sources for funding the ADLF. Each parish and agency is required to deposit into the ADLF funds on hand in excess of anticipated cash receipts and disbursements for the following ninety (90) days ("Excess Funds"). All Excess Funds must be deposited in the ADLF, and a parish or agency may not invest such funds or deposit them in financial institutions.

All deposits in the ADLF earn interest monthly at rates determined quarterly. The deposit rate will be set by the ADLF committee on a quarterly basis at a rate in excess of the rates offered by local banking institutions throughout the Archdiocese for similar type savings accounts. Parishes and agencies shall have the right to withdraw deposits pursuant to established procedures.

Each parish and agency may request loans from the ADLF for capital and technology projects. Loans shall bear interest at rates determined quarterly by the ADLF committee. The loan rate will be set using a reasonable spread over the above determined deposit rate in order for the whole of the ADLF fund to operate at or slightly above break-even level. Loans shall be subject to approval pursuant to established procedures, and shall be evidenced by promissory notes or other written agreements establishing repayment terms. Loan approval and disbursement is subject to availability of archdiocesan funds.

Parishes and agencies are prohibited from borrowing funds from any lender other than the ADLF without the express written consent of the Archbishop.

A. Procedure for Deposits to Archdiocesan Deposit and Loan Fund

• **Excess Funds**

Excess Funds are all funds on hand in excess of anticipated cash disbursements for the following ninety (90) days. Parishes shall address the matter of excess funds on a monthly basis. Excess funds shall also include all funds raised or gathered resulting from fund drives for capital and technology projects. When a parish or agency determines that it has excess funds on hand, the pastor, parish life coordinator or agency director shall forward the excess funds to the ADLF. The deposit will be credited to the account of the parish or agency. Deposits to the ADLF fund can be made by check or ACH.

- **Interest**

Interest will be earned on deposits and will be credited to the account monthly. Interest will be computed at the rate in effect for the quarter. Monthly statements are made available via the Archdiocesan website.

- **Withdrawals**

Withdrawals of deposits can be made upon application signed by the pastor, parish life coordinator, administrator or agency director, the president of the parish (or agency) council and chairperson of the finance committee.

Withdrawals of deposits related to facility construction and/or repairs must also be reviewed and approved by the Archdiocesan Director of Management Services or his designee before requests can be processed.

B. Procedure for Loans from Archdiocesan Deposit and Loan Fund

- **Applications**

Applications for ADLF loans for capital and technology projects shall be submitted on the ADLF Loan Request Worksheet to the Office of Accounting Services. Each application shall include a clear description of the need for the loan, indication of Archdiocesan Building Commission approval of the project if applicable, an updated 3-year capital budget form, the ADLF Loan Worksheet and a proposed repayment plan that reflects cash projections.

In order to gain a positive recommendation by the ADLF Committee:

Capital Loans (long and short term)

- Must have 50% of all required funds (project cost less future CCF endowment distributions) on deposit in ADLF
- Remaining project balance of the required funds plus interest must be supported via pledges and or capital fee assessment.
- Short-term repayment shall follow a suggested duration of three years; not to exceed five years.
- Long-term repayment terms proposals will be reviewed independently.

Technology Loans (Major technology projects only)

- High schools must have 50% of all required funds on deposit in ADLF.
- Elementary schools must have 70% of all required funds on deposit in ADLF.
- Must demonstrate dedicated cash flow to cover remaining project cost.
- Recommended two year repayment term, maximum three years.
Request must address plans for insurance program.

All loans and any exceptions to these requirements are subject to the approval of the Archbishop and the Finance Council Committee.

Loan Request Information

- An 8 percent allowance for uncollectible pledges
- The capital fee assessment is applicable to schools only, must have already been in existence for one school year, and may not already be included in the school budget for operational purposes.
- Pledges are subject to archdiocesan audit verification.
- Pledges and capital/technology fees are to be due over the duration of the loan
- The ADLF Loan Review Committee may request additional information or oral presentations.
- Loans may utilize future distributions from an existing Catholic Community Foundation endowment account for loan repayment purposes provided that these distributions are not currently included in the parish or agency operating budget and are available for debt service.

- **Loan Approvals**

The ADLF Loan Review Committee and the Archdiocesan Finance Council will review the application and present a positive or negative recommendation to the Archbishop. The Archbishop's decision will be immediately communicated in writing to the pastor, parish life coordinator, administrator or agency director.

Upon approval, the loan shall be evidenced by a promissory note signed by the pastor, parish life coordinator, administrator or agency director. The promissory note will reference a repayment schedule also provided at this time by the Office of Accounting Services.

- **Funds Disbursement**

The pastor, parish life coordinator, administrator or agency director shall advise the Office of Accounting Services when loan funds are needed to fund the project. The request for funds shall be accompanied by copies of the contractor's or vendor's invoices totaling the sum requested.

- **Loan Interest**

Loans outstanding will bear interest at the rate in effect for the current fiscal quarter. Interest will be computed at the end of each month on the average daily balance. Monthly statements are made available via the Archdiocesan website.

- **Repayment**

All loans shall be repaid in accordance with the repayment schedule established at the time the loan application was approved. The pastor, parish life coordinator, administrator or agency director will notify the chief financial officer as soon as it becomes apparent that any scheduled repayment cannot be made.

ADLF Deposit and Loan Documents are available on the Archdiocesan website at: <http://www.archindy.org/finance/parish/forms.html>