

ARCHDIOCESE OF KANSAS CITY IN KANSAS DEPOSIT & LOAN FUND

General Information and Procedures

Last updated: 6/14/2023

What is the Deposit & Loan Fund?

The Archdiocesan Deposit and Loan Fund (DLF) exists to create an internal funding means that will provide an opportunity for parishes and other institutions in the Archdiocese to place their excess cash in a fund that can then be used to provide below market rate loans to help churches, schools and other institutions in the Archdiocese that are growing and expanding their facilities. The policy of the Archdiocese is that a parish or other church institution that is legally part of the Archdiocese with cash reserves in excess of those needed for the next 90 days shall place those reserves with the Deposit and Loan Fund.

The Deposit and Loan Fund is based on the scriptural teachings that enjoin Christian communities to share their financial resources with other communities in need so that their needs someday may also be met through the generosity of others. St. Paul urges the community at Corinth to supply for the needs of the church in Jerusalem. "Your surplus at the present time should supply their needs, so that their surplus may also supply your needs." II Corinthians 8:14.

The Deposit and Loan Fund is a practical expression of stewardship by enabling those with excess funds to promote the growth of the Church while at the same time receiving a fair interest return on their funds and those in need to borrow funds at below market rates greatly assisting them to expand the work of the Church. The favorable rate charged to borrowers is recognized as part of the ministry of the depositors to assist in promoting the development of parishes, schools and other institutions of the Archdiocese. Every parish and archdiocesan sponsored institution has benefited from the Deposit and Loan Fund both through reasonable return on deposits and low interest rate loans.

Interest rates and availability of deposits

Funds deposited are available on-demand to the depositors. The rates on both the deposits and loans are set by the Deposit & Loan Fund Board of Trustees and evaluated quarterly for potential adjustment. In setting the rates the board needs to balance the objective of providing below market rate loans with the need to give depositors a rate that is generally reflective of the market and at the same time low enough to allow for the mission of facilitating the capital needs of those parishes and schools that are expanding.

Effective February 1, 2023 the current interest rate earned on funds deposited is 3.00% APR and the interest rate charged on loans is 5.00% APR. Interest earned on funds deposited is reinvested in the deposit account every 6 months, on June 30th and December 31st. All loans are simple interest with interest accumulating daily based on the outstanding principal balance each day.

Effective July 1, 2018, the Deposit & Loan Fund became a separate legal entity: an irrevocable charitable trust known as **The Archdiocese of Kansas City in Kansas Deposit and Loan Fund**. Note: Commonly referred to as the "DLF" by employees of the Chancery.

Insurance and liquidity of excess funds held by the Fund

Money deposited in the fund in excess of amounts loaned to participants is either held as cash in a checking account or invested in US Treasuries and/or marketable CD's. The amount held in the checking account in excess of the peg balance of \$150,000 (FDIC insured) is swept nightly into a money market account. Un-invested excess money is held in an insured cash sweep (ICS) account with Intrafi, which spreads the cash across a large network of banks in amounts under the FDIC insured limit. So essentially, excess cash is invested in low risk, liquid investments.

Participation Agreement

All participants in the DLF must have a signed **Participation Agreement** on file before funds can be accepted or a new loan can be issued. To obtain a **Participation Agreement** for a new account contact **Francine Roshau** at (913) 647-0361 or froshau@archkck.org.

Deposit payments/loan payments sent to the Archdiocese

Deposits and/or loan payments to the DLF are made by sending a check (or electronic transfer (ACH or Wire) for larger amounts) with the remittance form to the Archdiocese of Kansas City in Kansas Deposit and Loan Fund. The remittance form can be found at www.Archkck.org/Menu/Parishes & Schools/Parish Business/Manage Money/Deposit & Loan Fund Payment Remittance Form.xls. **Checks should be made payable to: The Archdiocese of Kansas City in Kansas Deposit and Loan Fund.** Abbreviate as necessary if not enough characters are allowed in your accounting system, i.e. The Archdiocese of Kansas City in KS Deposit and Loan Fund. Contact **Helen Reese** at (913) 647-0359 if amounts are large and you would like to send funds electronically.

When sending DLF checks to the Archdiocese, use the remittance form noted above and clearly indicate the deposit account or loan name and amount as indicated on the form. If a new deposit account needs to be established, provide us a suggested name to distinguish the purpose of the account; for example, "Parish Operations," "Capital Campaign Funds," and "Building Improvements". Loan payments will generally be allocated to Principal and Interest as requested by the borrower as long as the interest amount pays interest due at the end of the prior month. If the indicated interest amount does not pay the interest balance due at the end of the prior month, accounting staff may re-allocate the amounts accordingly. ****Review payment allocation activity in DLS Online regularly for our actual allocation and adjust your books accordingly if necessary.**

****Important note about loan amortization schedules** - Amortization schedules provided are only a guide and do not represent the actual amount of interest charged and allocated per payment. They are provided to give the borrower an idea of how much they must pay on a regular basis in order to meet the loan terms, at the interest rate in place at the time the schedule is created. Our system calculates simple interest on the actual principal balance outstanding for the actual number of days outstanding. Therefore, the date we receive your check directly impacts the amount of interest and the amortization schedules will not match the principal/interest allocation exactly. In order to have an accurate interest

expense balance on your books, you must refer to DLS Online regularly and make any necessary adjustments to your books.

If your amortization schedule is out of date, due to a change in interest rate, or variance from the intended payment schedule, creating an updated amortization schedule is very easy! There are several good amortization calculators online. I like the simple calculator tool on Investopedia.com's website. www.investopedia.com/amortization-calculator-5086959 Or you can enter "amortization calculator" in the search bar on Investopedia.com and find one that way. Simply complete the fields based on your current loan balance, remaining term, and interest rate and scroll down to view a payment schedule automatically created. Refer to your loan document for any other special loan terms, such as a balloon payment etc. as this may affect how you produce the schedule. Remember, the amortization schedule is just a guide and will not match actual interest and principal allocation reflected in DLS.

Withdrawals from deposit accounts and loan draws

Money on deposit can be withdrawn on demand. However, there is an approval process required and processing time involved, so please plan accordingly. To withdraw money from a deposit account or request a loan draw, a **Deposit & Loan Withdrawal Form** must be filled out and submitted. This is an online form located at www.Archkck.org/Menu/Parishes & Schools/Parish Business/Manage Money/Deposit & Loan Fund Withdrawal Form. Complete the form online and submit by clicking on the "Submit" button. Once the request is submitted, the request is automatically emailed to **Carla Mills**, Chief Financial Officer, and other appropriate individuals for further processing. All withdrawals will be verified with the authorized signer. Please allow and plan for the added time necessary to obtain the authorization. To facilitate faster processing, have the authorized signor email Carla Mills and Francine Roshau their approval of withdrawal around the time the online form is submitted. For your protection, withdrawals will not be processed without proper approval. Please note that the recipient of the withdrawal must be the account owner or the Archdiocese of Kansas City in Kansas (i.e. to pay an assessment or other balance due). We do not send withdrawal funds to third parties such as a vendor to pay an invoice or to CFNEK or other outside entities.

Obtaining a loan

Archdiocesan parishes, cemetery associations, schools and institutions should not borrow funds from any outside financial institution. All financing should be conducted through the DLF. Requesting a loan from the DLF follows a specific process. If you are interested in requesting a loan, please contact **Carla Mills**, Chief Financial Officer at (913) 647-0315 or cmills@archkck.org.

What is DLS Online and how do I get access? URL> <https://dlsonline.us/11/kck/authenticate.asp>

DLS Online is a web-based portal for accessing your Deposit & Loan records. DLS Online is accessed via the internet with an established User ID and Password. Generally, the Pastor and Parish Administrator and/or Accountant are issued a User ID and Password to use the system. Each individual user should have a unique User ID and Password. If a new User ID and Password are needed, complete the **Deposit & Loan Fund Online User Request Form** and email it to either **Helen Reese** hreese@archkck.org or

Thao Nguyen tnguyen@archkck.org . The form can be found at www.Archkck.org/Menu/Parishes & Schools/Parish Business/Manage Money/Deposit & Loan Fund/Deposit & Loan Fund Online User Request Form. Allow 5 business days from receipt of completed form for access set up. We will reach out to you for questions regarding set up if we have any. When a new User ID and Password are set up, the user will be emailed specific instructions for logging into DLS Online and other helpful DLS Online information. New functionality in the current version of DLS Online 11 will require each individual user to have their own User ID and Password. Users are now able to change their passwords online by clicking on the Forgot Password button at login.

Statements and transaction reports are available on DLS Online for all open accounts as well as closed accounts from January 2001 to present. We do not mail paper statements. These reports can be printed or exported to Excel. Monthly statements for the previous month (including interest accrued) are generally available within 5-7 business days into the following month. Deposit and withdrawal transactions are usually reflected in DLS Online within 7 business days of receiving or sending a check/EFT.

Specific transactions

If you have questions about the status of a specific transaction, please contact **Thao Nguyen** at tnguyen@archkck.org.

General Contacts:

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| Helen Reese | hreese@archkck.org | 913-647-0359 | |
| Thao Nguyen | tnguyen@archkck.org | 913-647-3050 | |
| Beth Coleman | bcoleman@archkck.org | 913-647-0305 | |
| Carla Mills | cmills@archkck.org | 913-647-0315 | (new loans, special circumstances) |