
Deposit and Loan Trust of The Roman Catholic
Diocese of Toledo in America

Financial Report
June 30, 2025

Deposit and Loan Trust of The Roman Catholic Diocese of Toledo in America

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Independent Auditor's Report

To the Most Reverend Daniel E. Thomas,
Bishop of the Diocese of Toledo, and
Reverend Monsignor William Kubacki,
Vicar General and Moderator of the Curia
Deposit and Loan Trust of The Roman Catholic
Diocese of Toledo in America

Opinion

We have audited the financial statements of Deposit and Loan Trust of The Roman Catholic Diocese of Toledo in America (the "Deposit and Loan Trust"), which comprise the statement of financial position as of June 30, 2025 and 2024 and the related statements of activities and changes in net assets and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Deposit and Loan Trust as of June 30, 2025 and 2024 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 for the Audits of the Financial Statements* section of our report. We are required to be independent of the Deposit and Loan Trust and to meet our 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 the 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 Deposit and Loan Trust's ability to continue as a going concern within one year after the date that the financial statements are issued or available to be issued.

Auditor's Responsibilities for the Audits 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 audits 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.

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Reverend Monsignor William Kubacki,
Vicar General and Moderator of the Curia
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In performing audits in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audits.
- 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 audits 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 Deposit and Loan 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 Deposit and Loan 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 audits, significant audit findings, and certain internal control-related matters that we identified during the audits.

Plante & Moran, PLLC

December 1, 2025

Deposit and Loan Trust of The Roman Catholic Diocese of Toledo in America

Statement of Financial Position

June 30, 2025 and 2024

	2025	2024
Assets		
Restricted cash and cash equivalents	\$ 10,589,029	\$ 11,901,094
Accrued interest receivable from investments	447,002	355,930
Receivables from related party (Note 5)	-	70,389
Other accounts receivable	7,240	8,632
Investments (Note 7)	57,775,154	49,646,350
Notes receivable - Net of allowance (Note 4)	6,847,606	8,369,970
	<u>\$ 75,666,031</u>	<u>\$ 70,352,365</u>
Total assets		
Liabilities and Net Assets		
Liabilities		
Account and interest payable	\$ 226,785	\$ 220,763
Notes payable (Notes 4 and 5)	71,599,978	67,195,294
	<u>71,826,763</u>	<u>67,416,057</u>
Total liabilities		
Net Assets - Without donor restrictions - Board designated	3,839,268	2,936,308
	<u>\$ 75,666,031</u>	<u>\$ 70,352,365</u>
Total liabilities and net assets		

Deposit and Loan Trust of The Roman Catholic Diocese of Toledo in America

Statement of Activities and Changes in Net Assets

Years Ended June 30, 2025 and 2024

	2025	2024
Changes in Net Assets without Donor Restrictions		
Revenue, gains, and other support:		
Interest in earnings of custody trust account (Note 2)	\$ 1,976,314	\$ 1,499,435
Interest income - Notes receivable (Note 4)	627,139	630,254
Total revenue, gains, and other support	2,603,453	2,129,689
Expenses:		
Program services - Interest (Note 4)	2,568,596	2,391,574
Support services:		
Other administrative expenses	117,174	112,171
Management fees (Note 5)	115,430	85,852
Total expenses	2,801,200	2,589,597
Decrease in Net Assets without Donor Restrictions - Before other items	(197,747)	(459,908)
Other Items		
Net realized and unrealized gain on investments	1,481,414	1,229,075
Bad debt (expense) recovery - Net	(380,707)	299,587
Total other items	1,100,707	1,528,662
Increase in Net Assets without Donor Restrictions	902,960	1,068,754
Net Assets without Donor Restrictions - Beginning of year	2,936,308	1,867,554
Net Assets without Donor Restrictions - End of year	\$ 3,839,268	\$ 2,936,308

Deposit and Loan Trust of The Roman Catholic Diocese of Toledo in America

Statement of Cash Flows

Years Ended June 30, 2025 and 2024

	2025	2024
Cash Flows from Operating Activities		
Increase in net assets without donor restrictions	\$ 902,960	\$ 1,068,754
Adjustments to reconcile increase in net assets without donor restrictions to net restricted cash and cash equivalents from operating activities:		
Bad debt expense (recovery)	380,707	(299,587)
Net realized and unrealized gains on investments	(1,481,414)	(1,229,075)
Changes in operating assets and liabilities that provided (used) restricted cash and cash equivalents:		
Other accounts receivable	1,392	(3,503)
Receivables from related party	70,389	-
Accrued interest receivable from investments	(91,072)	(125,801)
Accounts payable	6,022	18,143
Net restricted cash and cash equivalents used in operating activities	(211,016)	(571,069)
Cash Flows from Investing Activities		
Payments received on notes receivable	1,141,657	550,645
Notes receivable issued	-	(2,281,592)
Proceeds from sale of investments	17,274,582	18,084,403
Purchases of investments	(23,921,972)	(20,611,567)
Net restricted cash and cash equivalents used in investing activities	(5,505,733)	(4,258,111)
Cash Flows from Financing Activities		
Notes payable issued	20,855,403	18,483,371
Notes payable repaid	(16,450,719)	(14,862,699)
Net restricted cash and cash equivalents provided by financing activities	4,404,684	3,620,672
Net Decrease in Restricted Cash and Cash Equivalents	(1,312,065)	(1,208,508)
Restricted Cash and Cash Equivalents - Beginning of year	11,901,094	13,109,602
Restricted Cash and Cash Equivalents - End of year	\$ 10,589,029	\$ 11,901,094
Supplemental Cash Flow Information - Cash paid for interest	\$ 2,556,101	\$ 2,380,606

June 30, 2025 and 2024

Note 1 - Nature of Business

The Roman Catholic Diocese of Toledo in America (the "Diocese") was established by the Roman Pontiff in 1910. The Diocese comprises a geographic area of 8,222 square miles covering 19 counties in Northwest Ohio. The Diocese, under the governance of its duly appointed bishop, oversees the activities of the Roman Catholic Church (the "Church") and is operated in accordance with the provisions of the 1983 Code of Canon Law, as amended, of the Church. Deposit and Loan Trust of The Roman Catholic Diocese of Toledo in America (the "Deposit and Loan Trust" or the "Trust") was established on November 1, 2017 as an autonomous pious foundation, according to the 1983 Code of Canon Law, to hold and invest funds deposited by parishes and related institutions of the Diocese. The investments of the Trust are held in a custody trust account administered by The Trust Company of Toledo, Ohio N.A., which also serves as trustee. These funds are invested on behalf of or loaned to parishes and related institutions of the Diocese.

All other operations of the Diocese are accounted for in other funds or entities.

Note 2 - Significant Accounting Policies

Restricted Cash and Cash Equivalents

The Trust maintains cash in bank deposit accounts at financial institutions where balances may at times exceed federally insured limits. All highly liquid investments with a maturity of three months or less when purchased are reported as cash equivalents. All cash within the Trust is considered restricted in nature based on the original trust agreement. Cash and all assets are restricted for the benefit of the depositors and eligible entities, as described within the provisions of the trust agreement.

Notes Receivable and Notes Payable

The Trust holds unsecured notes receivable, net of allowance, from and unsecured notes payable to the Diocese's parishes and related institutions, as described in Note 4. On the notes receivable, which include accrued interest, an allowance for doubtful accounts is established for potentially uncollectible amounts. Management reviews the allowance on a yearly basis. Amounts are written off against the allowance in the year they are deemed uncollectible. See Note 4 for allowance amounts recorded.

Receivables from Related Party

Receivables due from the Diocese are operational in nature and are due on demand.

Investments

Investments are in debt securities and are carried at fair value. Fair value is based on quoted market prices. The appreciation or depreciation in market value is recognized as a credit or charge to revenue during the year. Gains and losses on sales of investments are determined based on the specific security sold. Interest and dividends are recorded on the accrual basis.

Investment income from interest and dividends for the years ended June 30, 2025 and 2024 was \$1,976,314 and \$1,499,435, respectively, and is included in interest in earnings of custody trust account on the statement of activities and changes in net assets.

The Trust invests in various investment securities. Investment securities are exposed to various risks, such as interest rate, market, and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect the amounts reported in the statement of financial position.

Note 2 - Significant Accounting Policies (Continued)

Classification of Net Assets

Net assets of the Deposit and Loan Trust are classified based on the presence or absence of donor-imposed restrictions.

Net assets without donor restrictions: Net assets that are not subject to donor-imposed restrictions or for which the donor-imposed restrictions have expired or been fulfilled. Net assets in this category may be expended for any purpose in performing the primary objectives of the Trust.

Net assets without donor restrictions are designated by the board for the loan and deposit program.

Revenue and Cost Recognition

The Trust records revenue, including interest and investment income, as it is earned. Expenses are recognized when incurred.

Income Taxes

The Diocese and the Trust are not-for-profit organizations and are exempt from tax under the provisions of Internal Revenue Code Section 501(c)(3); therefore, a provision for income taxes has not been included in the financial statements.

Use of 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 and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

Functional Allocation of Expenses

Costs of providing the program and support services have been reported on a functional basis on the statement of activities and changes in net assets. Costs have been directly assigned between the program and support services determined by management. Although the methods of allocation used are considered appropriate, other methods could be used that would produce different amounts.

Subsequent Events

The financial statements and related disclosures include evaluation of events up through and including December 1, 2025, which is the date the financial statements were available to be issued.

Deposit and Loan Trust of The Roman Catholic Diocese of Toledo in America

Notes to Financial Statements

June 30, 2025 and 2024

Note 3 - Liquidity and Availability of Resources

The following reflects the Deposit and Loan Trust's financial assets as of June 30, reduced by amounts not available for general use because of contractual or donor-imposed restrictions within one year of the statement of financial position date:

	2025	2024
Restricted cash and cash equivalents	\$ 10,589,029	\$ 11,901,094
Accrued interest receivable from investments	447,002	355,930
Receivables from related party	-	70,389
Investments	57,775,154	49,646,350
Notes receivable - Net of allowance	<u>6,847,606</u>	<u>8,369,970</u>
Financial assets - At year end	75,658,791	70,343,733
Less those unavailable for general expenditures within one year due to contractual or donor-imposed restrictions:		
Notes payable	66,344,874	57,989,702
Notes receivable	<u>5,708,711</u>	<u>7,228,313</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 3,605,206</u>	<u>\$ 5,125,718</u>

The Trust targets to maintain financial assets, which consist of cash and short-term investments, on hand to equal at least 5 percent of total notes payable of approximately \$3,600,000 and \$3,400,000 as of June 30, 2025 and 2024, respectively.

The Trust also realizes there could be unanticipated liquidity needs.

Note 4 - Notes to and from Parishes and Related Institutions

The Deposit and Loan Trust holds unsecured notes receivable from and unsecured notes payable to the Diocese's parishes and related institutions, with the notes payable on demand and the notes receivable maturing at various dates, with \$1,138,895 expected to be collected within a year. The notes receivable have a variable interest rate equal to the prime rate. In an effort to provide relief in a rapidly rising interest environment, the interest rate was capped at 7.0 percent until the prime rate reaches 8.0 percent or higher, at which time the interest rate will be prime minus 1.0 percent. The interest rate on notes payable is 3.75 percent at June 30, 2025 and 2024. Interest is due on a semiannual basis. The allowance for uncollectible notes is approximately \$1.5 million and \$1.1 million at June 30, 2025 and 2024, respectively. The Diocese has the authority to liquidate assets of the parishes and related institutions to collect notes receivable due to the Trust.

The Deposit and Loan Trust has extended financing to various parishes and Catholic high schools in the form of construction notes. The Trust has also extended financing to a parish and a related entity under lines of credit. There are no commitments at June 30, 2025 and 2024 to extend additional financing.

Interest income and expense on the above notes receivable and payable, which are included in the statement of activities and changes in net assets, totaled \$627,139 and \$2,568,596, respectively, for the year ended June 30, 2025. Interest income and expense on the above notes receivable and payable for the year ended June 30, 2024 are \$630,254 and \$2,391,574, respectively.

In some instances, financing notes receivable are placed on nonaccrual (deferred status) to provide additional time for the parishes, schools, and other organizations to achieve financial stability and repay their loans. Accrual of interest is resumed when such entities are in a position to repay the loans. There was no investment in loans on nonaccrual status as of June 30, 2025 and 2024.

June 30, 2025 and 2024

Note 4 - Notes to and from Parishes and Related Institutions (Continued)

The Deposit and Loan Trust considers a financing loan receivable to be impaired when, based on current information and events, it is probable that the Trust will be unable to collect all amounts due, according to the contractual terms of the loan agreement. Individual loans are assessed for impairment based on the following factors: (1) changes in borrower-specific financial condition, (2) failure to adhere to repayment schedules, and (3) negative loan-to-asset ratios. There were no balances written off during the years ended June 30, 2025 and 2024. There were no loans considered to be impaired at June 30, 2025 and 2024.

Credit Quality Indicators

The Deposit and Loan Trust takes into account the borrower's need, ability to raise funds for repayment (i.e., capital campaigns or other fundraising), and the borrower's financial history. The bishop of the Diocese of Toledo makes final loan determinations. All credit quality indicators have been updated through June 30, 2025 and 2024. Credit monitoring is done by evaluation of loan payment history and periodic financial statement review.

Note 5 - Related Party Transactions

Receivables from related party of \$0 and \$70,389 at June 30, 2025 and 2024, respectively, are due from the Diocese. Included in notes payable are amounts due to the Diocese of \$5,255,104 and \$9,205,592 at June 30, 2025 and 2024, respectively, that are related to amounts transferred to the Trust to earn interest from various surplus activities.

During the years ended June 30, 2025 and 2024, the Trust paid \$115,430 and \$85,852, respectively, in management fees to the Diocese of Toledo Management Corporation.

Note 6 - Contingencies

From time to time, the Diocese and its related funds and entities are subject to various disputes and legal proceedings arising in the ordinary course of business. Management is of the opinion, based upon information presently available, that it is unlikely that any liability would be significant in relation to the Trust's financial position, results of operations, or cash flows.

Note 7 - Fair Value Measurements

Accounting standards require certain assets and liabilities be reported at fair value in the financial statements and provide a framework for establishing that fair value. The framework for determining fair value is based on a hierarchy that prioritizes the inputs and valuation techniques used to measure fair value.

Fair values determined by Level 1 inputs use quoted prices in active markets for identical assets that the Deposit and Loan Trust has the ability to access.

Fair values determined by Level 2 inputs use other inputs that are observable, either directly or indirectly. These Level 2 inputs include quoted prices for similar assets in active markets and other inputs, such as interest rates and yield curves, that are observable at commonly quoted intervals.

Level 3 inputs are unobservable inputs, including inputs that are available in situations where there is little, if any, market activity for the related asset.

In instances where inputs used to measure fair value fall into different levels in the above fair value hierarchy, fair value measurements in their entirety are categorized based on the lowest level input that is significant to the valuation. The Deposit and Loan Trust's assessment of the significance of particular inputs to these fair value measurements requires judgment and considers factors specific to each asset.

Deposit and Loan Trust of The Roman Catholic Diocese of Toledo in America

Notes to Financial Statements

June 30, 2025 and 2024

Note 7 - Fair Value Measurements (Continued)

The following tables present information about the Deposit and Loan Trust's investments measured at fair value on a recurring basis at June 30, 2025 and 2024 and the valuation techniques used by the Deposit and Loan Trust to determine those fair values:

Assets Measured at Fair Value on a Recurring Basis at June 30, 2025				
	Quoted Prices in			
	Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Balance at June 30, 2025
Assets				
Fixed income:				
U.S. government bonds	\$ -	\$ 51,126,991	\$ -	\$ 51,126,991
Government agency securities	-	2,854,810	-	2,854,810
GNMA pools	-	290,203	-	290,203
Mortgage-backed pools	-	1,997,521	-	1,997,521
Municipal in state taxable	-	241,578	-	241,578
Brokered CDs	1,264,051	-	-	1,264,051
Total assets	\$ 1,264,051	\$ 56,511,103	\$ -	\$ 57,775,154

Assets Measured at Fair Value on a Recurring Basis at June 30, 2024				
	Quoted Prices in			
	Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Balance at June 30, 2024
Assets				
Fixed income:				
U.S. government bonds	\$ -	\$ 40,209,803	\$ -	\$ 40,209,803
Government agency securities	-	3,672,833	-	3,672,833
GNMA pools	-	338,011	-	338,011
Mortgage-backed pools	-	2,204,814	-	2,204,814
Municipal in state taxable	-	231,208	-	231,208
Brokered CDs	2,989,681	-	-	2,989,681
Total assets	\$ 2,989,681	\$ 46,656,669	\$ -	\$ 49,646,350

The fair value of the fixed-income investments at June 30, 2025 and 2024 was determined primarily based on Level 2 inputs, except for brokered CDs, which are considered Level 1. The Deposit and Loan Trust estimated the fair value of these investments based on unadjusted quoted prices for the identical security in markets that are not active that the Trust can access, price or yield of similar bonds, quoted prices for identical or similar assets in markets that are not active, contractual cash flows, benchmark yields, prepayment speeds, collateral performance, and credit spreads.