
The Roman Catholic Diocese of Toledo in America

**Combined Financial Report
with Supplemental Information
June 30, 2022**

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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
The Roman Catholic Diocese of Toledo in America

Opinion

We have audited the combined financial statements of The Roman Catholic Diocese of Toledo in America - Diocese of Toledo in America Corporation, Diocese of Toledo Management Corporation, Central City Ministries Fund, Deposit and Loan Trust, Health Benefits Trust, Property and Casualty Trust, and Catholic Investment (collectively, the "Diocese"), which comprise the combined statement of financial position as of June 30, 2022 and 2021 and the related combined statements of activities and changes in net assets and cash flows for the years then ended, and the related notes to the combined financial statements.

In our opinion, the accompanying combined financial statements present fairly, in all material respects, the financial position of The Roman Catholic Diocese of Toledo in America - Diocese of Toledo in America Corporation, Diocese of Toledo Management Corporation, Central City Ministries Fund, Deposit and Loan Trust, Health Benefits Trust, Property and Casualty Trust, and Catholic Investment as of June 30, 2022 and 2021 and the changes in their net assets and their 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 Combined Financial Statements* section of our report. We are required to be independent of the Diocese 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.

Emphasis of Matters

As discussed in Note 1 to the combined financial statements, the Diocese has elected to change its method of accounting principle related to the combination of Diocese of Toledo Cemeteries Corporation, Pre-Need Cemetery Merchandise and Services Trust, and Cemeteries Perpetual Care Trust. As a result, the Diocese ceased combining Diocese of Toledo Cemeteries Corporation, Pre-Need Cemetery Merchandise and Services Trust, and Cemeteries Perpetual Care Trust as of July 1, 2021. The change in accounting principle was applied retrospectively to July 1, 2020. Therefore, the year ended June 30, 2021 combining financial statements have been restated to reflect this change. Our opinion is not modified with respect to this matter.

As described in Note 1 to the combined financial statements, the combined financial statements being presented are only for the corporation and trusts for which the Diocese retains operational control and do not reflect the assets, liabilities, and results of operations of parishes, schools, and other diocesan organizations. As a result, these combined financial statements are not intended to be a complete presentation of the Diocese. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Combined Financial Statements

Management is responsible for the preparation and fair presentation of the combined 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 combined financial statements that are free from material misstatement, whether due to fraud or error.

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
The Roman Catholic Diocese of Toledo in America

In preparing the combined financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Diocese's ability to continue as a going concern within one year after the date that the combined financial statements are issued or available to be issued.

Auditor's Responsibilities for the Audits of the Combined Financial Statements

Our objectives are to obtain reasonable assurance about whether the combined 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 combined financial statements.

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 combined 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 combined 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 Diocese'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 combined financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Diocese'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 & Moreau, PLLC

December 14, 2022

The Roman Catholic Diocese of Toledo in America

Combined Statement of Financial Position

| | June 30, 2022 and 2021 | |
|---|------------------------|-----------------------|
| | 2022 | 2021 |
| Assets | | |
| Cash and cash equivalents | \$ 2,934,199 | \$ 3,106,845 |
| Restricted cash and cash equivalents (Note 2) | 16,096,772 | 15,833,985 |
| Receivables - Net of allowances: | | |
| Parish and other related entity receivables (Notes 10 and 20) | 2,240,106 | 722,555 |
| Other receivables | 624,061 | 244,977 |
| Total receivables - Net of allowances | 2,864,167 | 967,532 |
| Beneficial interest in perpetual trusts (Note 5) | 336,874 | 402,376 |
| Interest in foundations (Note 6) | 598,308 | 767,635 |
| Prepaid expenses and other assets | 680,637 | 549,379 |
| Loans and notes receivable - Net of allowance (Note 8) | 7,482,335 | 9,953,962 |
| Diocese investments (Note 4) | 13,029,260 | 15,928,406 |
| Other trusts and funds investments (Note 4) | 119,455,067 | 128,876,473 |
| Property and equipment - Net (Note 7) | 3,664,552 | 2,818,823 |
| Total assets | \$ 167,142,171 | \$ 179,205,416 |
| Liabilities and Net Assets | | |
| Liabilities | | |
| Accounts payable | \$ 1,071,411 | \$ 541,658 |
| Contract liabilities | 602,008 | 592,941 |
| Due to agency funds (Note 10) | 443,425 | 445,476 |
| Accrued liabilities | 621,141 | 65,802 |
| Reserve for claims and claims expenses (Note 2) | 2,073,072 | 2,537,664 |
| Notes payable (Note 8) | 48,311,840 | 49,677,884 |
| Due to parishes and other organizations (Notes 9 and 10) | 48,942,736 | 53,540,684 |
| Total liabilities | 102,065,633 | 107,402,109 |
| Net Assets | | |
| Without donor restrictions: (Note 11) | | |
| Undesignated | 19,922,455 | 20,374,927 |
| Board designated | 22,267,430 | 25,788,503 |
| Total without donor restrictions | 42,189,885 | 46,163,430 |
| With donor restrictions (Note 11) | 22,886,653 | 25,639,877 |
| Total net assets | 65,076,538 | 71,803,307 |
| Total liabilities and net assets | \$ 167,142,171 | \$ 179,205,416 |

The Roman Catholic Diocese of Toledo in America

Combined Statement of Activities and Changes in Net Assets

Years Ended June 30, 2022 and 2021

| | 2022 | | | 2021 | | |
|--|----------------------------|-------------------------|----------------------|----------------------------|-------------------------|----------------------|
| | Without Donor Restrictions | With Donor Restrictions | Total | Without Donor Restrictions | With Donor Restrictions | Total |
| Revenue, Gains, and Other Support | | | | | | |
| Parish assessments (Note 10) | \$ 3,284,493 | \$ - | \$ 3,284,493 | \$ 3,287,574 | \$ - | \$ 3,287,574 |
| Annual Catholic Appeal (Note 10) | 3,329,014 | - | 3,329,014 | 3,370,848 | - | 3,370,848 |
| Central City Ministries Fund revenue | 2,254,525 | - | 2,254,525 | 1,881,306 | - | 1,881,306 |
| Catholic education - Fees and services | 791,020 | - | 791,020 | 648,794 | - | 648,794 |
| Other fees and services | 833,396 | - | 833,396 | 1,025,597 | - | 1,025,597 |
| Management fee income | 350,329 | - | 350,329 | 191,538 | - | 191,538 |
| Insurance premiums - Net (Notes 10 and 18) | 15,639,101 | - | 15,639,101 | 14,484,213 | - | 14,484,213 |
| Contributions (Note 20) | 379,197 | 1,045,207 | 1,424,404 | - | 240,332 | 240,332 |
| Interest income - Notes receivable (Note 8) | 339,108 | - | 339,108 | 419,259 | - | 419,259 |
| Miscellaneous income | 66,801 | - | 66,801 | 83,858 | - | 83,858 |
| Estates and other gifts | 18,530 | - | 18,530 | 6,530 | - | 6,530 |
| Cathedral organ project | 199,688 | - | 199,688 | 44,185 | - | 44,185 |
| Building fund | 10,000 | - | 10,000 | 7,000 | - | 7,000 |
| Marenda proceeds (Note 19) | 9,517 | - | 9,517 | 6,938,920 | - | 6,938,920 |
| Interest in earnings from custody trust account | 811,176 | 382,643 | 1,193,819 | 711,860 | 273,964 | 985,824 |
| Net assets released from restrictions (Note 11) | 649,462 | (649,462) | - | 565,984 | (565,984) | - |
| Total revenue, gains, and other support | 28,965,357 | 778,388 | 29,743,745 | 33,667,466 | (51,688) | 33,615,778 |
| Expenses | | | | | | |
| Salaries and benefits | 5,554,444 | - | 5,554,444 | 5,429,096 | - | 5,429,096 |
| Apostolates and ministry programs | 4,439,466 | - | 4,439,466 | 3,463,124 | - | 3,463,124 |
| Insurance claims (Note 18) | 13,464,926 | - | 13,464,926 | 14,916,300 | - | 14,916,300 |
| Other administrative expenses | 3,012,920 | - | 3,012,920 | 3,012,611 | - | 3,012,611 |
| Central City Ministries Fund operating costs | 453,581 | - | 453,581 | 477,596 | - | 477,596 |
| Interest expense (Note 8) | 285,441 | - | 285,441 | 515,026 | - | 515,026 |
| Depreciation | 420,495 | - | 420,495 | 527,621 | - | 527,621 |
| Cathedral organ project | 19,473 | - | 19,473 | 142,300 | - | 142,300 |
| Building fund | - | - | - | 15,933 | - | 15,933 |
| Total expenses | 27,650,746 | - | 27,650,746 | 28,499,607 | - | 28,499,607 |
| Increase (Decrease) in Net Assets - Before other items and transfer | 1,314,611 | 778,388 | 2,092,999 | 5,167,859 | (51,688) | 5,116,171 |
| Other Items | | | | | | |
| Paycheck Protection Program loan forgiveness | - | - | - | 1,209,293 | - | 1,209,293 |
| Net realized and unrealized (losses) gains on investments | (9,886,103) | (3,531,612) | (13,417,715) | 18,930,713 | 5,154,790 | 24,085,503 |
| Net change in due to parishes and other organizations of the Catholic Investment Trust | 4,597,947 | - | 4,597,947 | (15,182,936) | - | (15,182,936) |
| Total other items | (5,288,156) | (3,531,612) | (8,819,768) | 4,957,070 | 5,154,790 | 10,111,860 |
| (Decrease) Increase in Net Assets | (3,973,545) | (2,753,224) | (6,726,769) | 10,124,929 | 5,103,102 | 15,228,031 |
| Net Assets - Beginning of year, as restated (Note 1) | 46,163,430 | 25,639,877 | 71,803,307 | 36,038,501 | 20,536,775 | 56,575,276 |
| Net Assets - End of year | \$ 42,189,885 | \$ 22,886,653 | \$ 65,076,538 | \$ 46,163,430 | \$ 25,639,877 | \$ 71,803,307 |

See notes to combined financial statements.

The Roman Catholic Diocese of Toledo in America

Combined Statement of Cash Flows

Years Ended June 30, 2022 and 2021

| | 2022 | 2021 |
|--|----------------------|----------------------|
| Cash Flows from Operating Activities | | |
| (Decrease) increase in net assets | \$ (6,726,769) | \$ 15,228,031 |
| Adjustments to reconcile (decrease) increase in net assets to net cash, cash equivalents, and restricted cash from operating activities: | | |
| Depreciation | 420,495 | 527,621 |
| Bad debt (recovery) expense | (57,247) | 41,316 |
| Net realized and unrealized loss (gain) on investments | 13,417,715 | (24,085,503) |
| Increase in beneficial interest in perpetual trust | 65,502 | (57,674) |
| Paycheck Protection Program loan forgiveness | - | (1,197,800) |
| Changes in operating assets and liabilities that (used) provided cash, cash equivalents, and restricted cash: | | |
| Accounts receivable | (1,839,389) | 44,528 |
| Prepaid expenses and other assets | (131,258) | (184,478) |
| Accounts payable | 529,753 | (18,826) |
| Accrued liabilities | 555,339 | (30,839) |
| Deferred revenue | 9,067 | (3,840) |
| Agency liability | (2,051) | (86,247) |
| Reserve for claims and claims expenses | (464,592) | 387,187 |
| Due to parishes and other organizations | (4,597,947) | 15,182,747 |
| Net cash, cash equivalents, and restricted cash provided by operating activities | 1,178,618 | 5,746,223 |
| Cash Flows from Investing Activities | | |
| Purchase of property and equipment | (1,266,224) | (234,820) |
| Loans and notes receivable issued | (213,456) | (1,032,373) |
| Payments on loans and notes receivable | 2,685,083 | 4,184,842 |
| Net purchases of investments | (927,836) | (9,706,783) |
| Net cash, cash equivalents, and restricted cash provided by (used in) investing activities | 277,567 | (6,789,134) |
| Cash Flows from Financing Activities | | |
| Net payments to line of credit | - | (500,000) |
| Notes payable issued | 7,869,706 | 14,494,514 |
| Notes payable repaid | (9,235,750) | (7,896,083) |
| Net cash, cash equivalents, and restricted cash (used in) provided by financing activities | (1,366,044) | 6,098,431 |
| Net Increase in Cash, Cash Equivalents, and Restricted Cash | 90,141 | 5,055,520 |
| Cash, Cash Equivalents, and Restricted Cash - Beginning of year | 18,940,830 | 13,885,310 |
| Cash, Cash Equivalents, and Restricted Cash - End of year | \$ 19,030,971 | \$ 18,940,830 |
| Combined Statement of Financial Position Classification of Cash, Cash Equivalents, and Restricted Cash | | |
| Cash and cash equivalents | \$ 2,934,199 | \$ 3,106,845 |
| Restricted cash and cash equivalents | 16,096,772 | 15,833,985 |
| Total cash, cash equivalents, and restricted cash | \$ 19,030,971 | \$ 18,940,830 |
| Supplemental Cash Flow Information - Cash paid for interest | \$ 319,243 | \$ 488,184 |

June 30, 2022 and 2021

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. In order to oversee the activities, the Diocese maintains various trusts and related incorporated entities.

Effective November 1, 2017, the Diocese established the following legal entities, which are included in these combined financial statements. These entities are recognized under the civil laws of the State of Ohio and under canon law to hold, administer, and govern the activities of the Diocese. These entities retain the separate public juridic personality of the Diocese according to the 1983 Code of Canon Law.

Diocese of Toledo in America Corporation

Includes activity related to the administration of the Diocese's ministries and its programs.

Diocese of Toledo Management Corporation

Includes activity related to the administration of the Diocese's temporal goods.

Central City Ministries Fund

Includes activities related to the administration and operations of two school campuses located in the Central City area of the City of Toledo, Ohio.

Deposit and Loan Trust

The trust holds and invests funds deposited by parishes and related institutions of the Diocese. These funds are invested on behalf of or loaned to parishes and related institutions of the Diocese.

Health Benefits Trust

The trust provides for the administration and accounting functions of the health care self-insured insurance program, which is contracted with Anthem. All invoices that are billed to the various parishes and agencies for coverage are created by a third-party administrator, Benefit Administrative Systems, LLC.

Property and Casualty Trust

The trust provides for the administration and accounting functions of the protective self-insurance program (PSI), the workers' compensation program, and the unemployment program. The PSI program provides for the uniform property and blanket liability insurance coverage under one comprehensive plan for various parishes and agencies of the Diocese. The workers' compensation program provides workers' compensation insurance benefits to employees of the Diocese and the related parishes and agencies. All claims are managed by a third-party administrator, Spooner, Inc. The unemployment program provides unemployment insurance benefits for qualified unemployment claims to the employees of the Diocese and the related parishes' agencies. The program reimburses the State of Ohio for these expenses.

Catholic Investment Trust

The trust holds restricted, unrestricted, and endowed funds in separate trust accounts, as deposited by parishes and related institutions of the Diocese. These funds are invested at the direction of the account holder, and all related gains or losses are distributed back to the account holder. Funds can be withdrawn from the accounts in accordance with the restrictions of the trust, charter, and related documents.

Notes to Combined Financial Statements

June 30, 2022 and 2021

Note 1 - Nature of Business (Continued)

Combined Financial Statements

The combined financial statements include only the assets, liabilities, and operations related to the entities described above and are presented in this format for illustrative purposes only. Each trust and incorporated entity is separate and distinct from a legal, financial, and governance perspective. The functions of the Diocese related to conducting the charitable works of the Diocese, parishes, administration of its schools and properties, payment of expenses related to retired and infirmed priests of the Diocese, long-term fundraising campaigns, benefit plans, and other specific social and community services are not included in these financial statements and are accounted for in other funds or incorporated entities within the framework of the Diocese.

As noted in the report letter, prior to 2022, the combined financial statements also included Diocese of Toledo Cemeteries Corporation, Pre-Need Cemetery Merchandise and Services Trust, and Cemeteries Perpetual Care Trust. A combination was permitted but not required by generally accepted accounting principles.

The accompanying combined financial statements for 2021 have been restated to exclude Diocese of Toledo Cemeteries Corporation, Pre-Need Cemetery Merchandise and Services Trust, and Cemeteries Perpetual Care Trust. These entities are being excluded from the combined financial statements due to the execution of a long-term operating agreement effective April 1, 2022 between the Diocese and a third party. As a result of the change in reporting entity for 2021, net increase in net assets without donor restrictions decreased by \$2,663,287, and no change occurred in the net increase in net assets with donor restrictions.

Note 2 - Significant Accounting Policies

Cash and Cash Equivalents

The Diocese 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.

Restricted cash and cash equivalents includes deposits held in the Deposit and Loan Trust, Health Benefits Trust, and Property and Casualty Trust.

Receivables

The Diocese carries parish assessments and insurance and health care premiums receivables equal to the unpaid amounts billed to the parishes based on net invoice amounts. 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 10 for allowance amounts recorded.

Accounts receivable also include the subsidy provided by various parishes for Central City Ministries Fund. The Diocese also carries tuition receivable from the parents/guardians of the students based on net invoiced amounts, which are billed at the beginning of each semester. The allowance is determined in consultation with school principals based on experience and current collection efforts. No allowance for uncollectible accounts is considered necessary at June 30, 2022 and 2021. There was no balance of accounts receivable due from contracts with customers at June 30, 2022; June 30, 2021; and July 1, 2020.

Notes to Combined Financial Statements

June 30, 2022 and 2021

Note 2 - Significant Accounting Policies (Continued)

Loans and Notes Receivable and Notes Payable

The Deposit and Loan Trust holds unsecured notes receivable, net of allowance, from and unsecured notes payable to diocesan parishes and related institutions, as described in Note 8. The Diocese of Toledo in America Corporation holds unsecured notes receivable, which the Diocese deems fully collectible.

Investments

Investments are reported at fair value. Fair values are based on quoted market prices. The appreciation or depreciation in market value is recognized as a change in nonoperating income. Gains and losses on sales of investments are determined based on the specific security sold. Interest and dividends are recorded on the accrual basis as part of operating income. Investments in certain cash equivalents (i.e., money market accounts) are classified as investments.

Investments in trusts and other funds include investments held in the Deposit and Loan Trust, Health Benefits Trust, Property and Casualty Trust, Central City Ministries Fund, and the Catholic Investment Trust.

Property and Equipment

Property and equipment are recorded at cost. Assets are depreciated over their estimated useful lives using the straight-line method. Estimated useful lives of office equipment and vehicles range from 3 to 10 years and buildings and land improvements range from 15 to 30 years. Costs of maintenance and repairs are charged to expense when incurred.

Reserve for Claims and Claims Expenses

The reserve for claims and claims expenses is based on the accumulation of case estimates for losses reported and estimates of incurred but unreported losses based on past history of claims for the health care program, the PSI program, the unemployment program, and the workers' compensation program. Because of the inherent uncertainties in estimating the outcome of these claims, it is at least reasonably possible that these estimates will change.

Catastrophic Losses

The Health Benefits Trust and Property and Casualty Trust retain the first layer of loss activity up to the excess insurance coverage or specific stop-loss coverage amounts. These excess and specific stop-loss coverages are used to reduce the risk of loss; however, the Health Benefits Trust and Property and Casualty Trust remain liable in the event the reinsurance company is unable to meet its obligations assumed under the reinsurance agreement. Premiums and losses ceded under reinsurance contracts are reported as reductions of premiums earned and losses incurred.

The PSI program provides for catastrophic losses through the purchase of excess insurance coverage, which limits losses of the PSI program to \$100,000 per casualty (fire or theft) and \$150,000 per general liability claim, and coverage insures property up to approximately \$1.3 billion for the years ended June 30, 2022 and 2021 on a blanket basis and \$20 million per liability claim, with the program being liable for any remaining excess.

The workers' compensation program has catastrophic loss excess insurance coverage. The deductible for each accident is \$600,000 for the years ended June 30, 2022 and 2021. The deductible for a claim related to disease is \$600,000 for the years ended June 30, 2022 and 2021. The coverage for each type of claim (accident or disease) is statutory (no limit).

The unemployment program is required to maintain a State of Ohio Unemployment Bond. The bond is computed by the State of Ohio and is based on payroll; total coverage for the bond is \$745,900 and \$819,000 for the years ended June 30, 2022 and 2021.

Notes to Combined Financial Statements

June 30, 2022 and 2021

Note 2 - Significant Accounting Policies (Continued)

The health care program has specific stop-loss insurance coverage of up to \$250,000 per covered person, and the annual maximum per covered person is unlimited. The amount of claims expensed by the Health Benefits Trust under the plan was approximately \$12.8 million and \$14.3 million for the years ended June 30, 2022 and 2021, respectively.

Classification of Net Assets

Net assets are classified based on the presence or absence of donor-imposed restrictions limiting the ability to use or dispose of contributed assets or the economic benefits embodied in those assets.

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 Diocese, trusts, or incorporated entities.

Net assets with donor restrictions: Net assets subject to stipulations imposed by donors and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the Diocese or by the passage of time. Other donor restrictions are perpetual in nature, where the donor has stipulated the funds be maintained in perpetuity.

Earnings, gains, and losses on donor-restricted net assets are classified as net assets without donor restrictions unless specifically restricted by the donor or by applicable state law.

Revenue Recognition

Parish assessments are levied annually and are calculated based on annual collections times a fixed percentage of 5 percent for parishes that have a school and 10 percent for parishes that do not have a school. Parish assessments are recognized over the fiscal year as billed.

The Diocese sponsors various educational and other programs that are necessary to fulfill its mission. The Diocese earns revenue from fees collected for such programs. Revenue is recognized and recorded when activities occur.

Central City Ministries Fund revenue includes contributions and tuition and fee revenue, which is derived from students attending the school during the year and is recognized ratably over the school year. Central City Ministries Fund has various programs of financial aid to students, including scholarships, early payment, and other and employee discounts, which are reported net of contractual tuition and fees. During the years ended June 30, 2022 and 2021, tuition and fee revenue recognized within Central City Ministries Fund revenue was \$1,493,218 and \$985,353, respectively, net of tuition assistance totaling \$550,774 and \$389,376, respectively.

The Deposit and Loan Trust and Catholic Investment Trust record revenue, including interest and investment income, as it is earned.

Participation charges are billed to parishes and related institutions for the health care program, the protective self-insurance program, workers' compensation program, and unemployment program for the same fiscal year used in accounting for the Health Benefits Trust and the Property and Casualty Trust and are recognized in the period in which they are billed and earned. The protective self-insurance program, workers' compensation, and unemployment programs are invoiced on July 1 for the fiscal year, and the health care program is invoiced monthly by a third-party administrator.

Contract Liabilities

Contract liabilities include fees for programs and tuition that are paid in advance. Revenue is recognized when the activities occur. The balance of contract liabilities at July 1, 2020 was \$596,781.

Notes to Combined Financial Statements

June 30, 2022 and 2021

Note 2 - Significant Accounting Policies (Continued)

Contributions

Unconditional promises to give cash and other assets to the Diocese are reported at fair value on the date the promise is received. Conditional promises to give and indications of intentions to give are reported at fair value on the date the gift becomes unconditional or is received. The gifts are reported as contributions with donor restrictions if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or the purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the combined statement of activities and changes in net assets as net assets released from restrictions. Donor-restricted contributions whose restrictions are met in the year in which the gift is received are reported as contributions without donor restrictions in the accompanying 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.

Income Taxes

The Diocese is a not-for-profit corporation and is 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.

Functional Allocation of Expenses

Costs of providing program and support services have been reported on a functional basis in Note 12. Costs have been allocated between the various program and support services based on estimates determined by management. Salaries and related expenses are allocated on the basis of time and effort. Depreciation is allocated on the basis of the program or supportive service, which uses the fixed asset. Occupancy expenses are assigned on floor space, utilization, and other services directly subscribed within the financial statements. Although the methods of allocation used are considered appropriate, other methods could be used that would produce different amounts.

Impact of the Pandemic

On March 11, 2020, the World Health Organization declared the outbreak of a respiratory disease caused by a new coronavirus a pandemic. Known as COVID-19, the outbreak has impacted individuals worldwide. In response, many countries have implemented measures to combat the outbreak that have impacted global business operations. As a result, the Diocese did not assess parishes or other related institutions the final quarterly amounts and deferred note payable principal and interest payments. The Deposit and Loan Trust made available a total of \$2 million of interest-free emergency loans to all qualifying parishes and other related institutions through December 31, 2020. The Diocese has agreed to guarantee all emergency loans issued under the program. There was one outstanding emergency loan as of June 30, 2021 with an outstanding balance of \$173,444. There was no issued or outstanding emergency loan as of June 30, 2022.

As a result of the COVID-19 pandemic, the Diocese applied for and received Paycheck Protection Program (PPP) loans through the Coronavirus Aid, Relief, and Economic Security (CARES) Act implemented by the Small Business Administration (SBA) in the amount of \$1,209,293. Under the terms of the program, the loan may be fully or partially forgiven if the loan proceeds are spent on qualifying expense and if staffing level and salary maintenance requirements are met.

The Roman Catholic Diocese of Toledo in America

Notes to Combined Financial Statements

June 30, 2022 and 2021

Note 2 - Significant Accounting Policies (Continued)

The Diocese applied for forgiveness in December 2020 and received notification that its loans had been forgiven in April and May 2021. The forgiveness, including interest of \$13,007, is recorded as Paycheck Protection Program loan forgiveness on the combined statement of activities and changes in net assets.

No impairments were recorded as of the combined statement of financial position date, as no triggering events or changes in circumstances had occurred as of year end; however, due to uncertainty surrounding the situation, management's judgment regarding this could change in the future.

Upcoming Accounting Pronouncement

In June 2016, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) No. 2016-13, *Financial Instruments - Credit Losses: Measurement of Credit Losses on Financial Instruments*. The ASU includes changes to the accounting and measurement of financial assets, including the Diocese's accounts receivable and held-to-maturity debt securities, by requiring the Diocese to recognize an allowance for all expected losses over the life of the financial asset at origination. This is different from the current practice where an allowance is not recognized until the losses are considered probable. The ASU also changes the way credit losses are recognized for available-for-sale debt securities. Credit losses are recognized through the recording of an allowance rather than as a write-down of the carrying value. The new guidance will be effective for the Diocese's year ending June 30, 2024. Upon adoption, the ASU will be applied using a modified retrospective transition method to the beginning of the earliest period presented. A prospective transition approach is required for debt securities for which an other-than-temporary impairment had been recognized before the effective date.

Subsequent Events

The financial statements and related disclosures include evaluation of events up through and including December 14, 2022, which is the date the financial statements were available to be issued.

Note 3 - Liquidity and Availability of Resources

The following reflects the Diocese'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 combined statement of financial position date:

| | 2022 | 2021 |
|--|---------------|---------------|
| Cash and cash equivalents | \$ 2,934,199 | \$ 3,106,845 |
| Restricted cash and cash equivalents | 16,096,772 | 15,833,985 |
| Accounts and interest receivable | 2,864,167 | 967,532 |
| Beneficial interest in perpetual trusts | 336,874 | 402,376 |
| Interest in foundations | 598,308 | 767,635 |
| Loans and notes receivable | 7,482,335 | 9,953,962 |
| Other trusts and funds investments | 119,455,067 | 128,876,473 |
| Diocese investments | 13,029,260 | 15,928,406 |
| Financial assets - At year end | 162,796,982 | 175,837,214 |
| Less those unavailable for general expenditures within one year due to | | |
| - Contractual or donor-imposed restrictions: | | |
| Restricted by donor with purpose restrictions | 7,257,526 | 7,453,667 |
| Subject to appropriation and satisfaction of donor restrictions | 14,780,641 | 17,122,386 |
| Beneficial interest in perpetual trusts and interest in foundations | 1,023,224 | 1,063,824 |
| Assets held in Deposit and Loan Trust and Catholic Investment Trust | 108,059,043 | 116,002,120 |
| Board designations | 19,968,138 | 21,313,924 |
| Financial assets available to meet cash needs for general expenditures within one year | \$ 11,708,410 | \$ 12,881,293 |

Notes to Combined Financial Statements

June 30, 2022 and 2021

Note 3 - Liquidity and Availability of Resources (Continued)

The Diocese has a goal to maintain financial assets, which consist of cash and short-term investments, on hand to meet 90 days of normal operating expenses, which are, on average, approximately \$2.7 million at June 30, 2022 and 2021. The Diocese has committed lines of credit in the amount of \$2.5 million at June 30, 2022 and 2021, which it could draw upon if needed, as further described in Note 17.

The Diocese also realizes there could be unanticipated liquidity needs.

Note 4 - Investments

Certain investments are held in a custody trust account (the "Master Trust") administered by Comerica Bank, trustee, or are held by Key Bank. The Master Trust was established to hold the assets of the Diocese and its related entities. The investments of the Deposit and Loan Trust are held in a separate custody trust account administered by The Trust Company of Toledo, Ohio N.A., trustee. The investments of the Catholic Investment Trust and the remainder of the investments of the Diocese are held by Key Bank. Investments are under the control of investment managers who have authority for purchases and sales of investments subject to compliance with the diocesan investment policy statement and oversight of the Diocesan Investment Committee.

The total investments described above include those classified as diocese investments and other trusts and funds investments on the combined statement of financial position. Investments in the trusts include investments from the Catholic Investment Trust, the Deposit and Loan Trust, Health Benefits Trust, and the Property and Casualty Trust. Investments of \$70.6 million and \$78.6 million from the Catholic Investment Trust and \$41.2 million and \$41.7 million from the Deposit and Loan Trust at June 30, 2022 and 2021, respectively, are invested on behalf of parishes and other related institutions.

The Diocese 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 combined statement of financial position.

Note 5 - Beneficial Interest in Perpetual Trusts

The Diocese is named as a beneficiary of several perpetual trusts. The trusts are held by third parties that manage the assets and distribute the earnings to parties, as defined in the trusts. Under a perpetual term arrangement, the Diocese receives the income (a portion as defined by the trust) earned by the assets but never gains use of the trust corpus. The income received from these trusts has donor-imposed restrictions and, accordingly, has been reported on the combined statement of activities and changes in net assets as income with donor restrictions.

The beneficial interest has been recognized at the present value of a perpetual stream of income from the assets. Assuming a perfect market for investments, the fair market value will equal the present value of a perpetual stream of income from the assets. Therefore, the trusts have been recognized at fair market value.

Note 6 - Interest in Foundations

This Diocese holds interest in the Greater Toledo Community Foundation and Monsignor Jerome Schmit Charitable Foundation (collectively, the "Foundations"). These investments were placed by donors in the Foundations but to be used for the benefit of the Diocese. All investments and funds generated through the Foundations are held and managed in commingled funds by the Foundations. Income is paid quarterly to the Diocese. An asset, interest in Foundations, has been recorded for the present value of future cash flows of \$598,308 and \$767,635 at June 30, 2022 and 2021, respectively. Changes in this interest are reported on the combined statement of activities and changes in net assets in the net realized and unrealized gains (losses) on investments.

The Roman Catholic Diocese of Toledo in America

Notes to Combined Financial Statements

June 30, 2022 and 2021

Note 7 - Property and Equipment

Property and equipment are summarized as follows as of June 30, 2022 and 2021:

| | 2022 | 2021 |
|----------------------------|--------------|--------------|
| Land | \$ 597,607 | \$ 157,500 |
| Land improvements | 436,260 | 436,260 |
| Buildings | 10,446,013 | 9,619,896 |
| Office equipment | 72,534 | 72,534 |
| Transportation equipment | 77,905 | 77,905 |
| Total cost | 11,630,319 | 10,364,095 |
| Accumulated depreciation | 7,965,767 | 7,545,272 |
| Net property and equipment | \$ 3,664,552 | \$ 2,818,823 |

Depreciation expense for 2022 and 2021 was \$420,495 and \$527,621, respectively.

Note 8 - 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 due on demand and the notes receivable maturing at various dates. The notes receivable have a variable interest rate equal to the prime rate. The interest rate on notes payable is 1.0 percent at June 30, 2022 and 2021. Interest is due on a semiannual basis. The allowance for uncollectible notes is approximately \$1.4 million as of June 30, 2022 and 2021. The Diocese has the authority to liquidate assets of the parishes and related institutions to collect notes receivable.

The Deposit and Loan Trust has extended financing to various parishes and Catholic high schools in the form of construction notes. The Deposit and Loan Trust has also extended financing to a parish and a related entity under lines of credit. There are no commitments at June 30, 2022 and 2021 to extend additional financing.

Interest income and expense on the above notes receivable and payable for the year ended June 30, 2022 are \$339,108 and \$285,441, respectively. Interest income and expense on the above notes receivable and payable for the year ended June 30, 2021 are \$419,259 and \$515,026, respectively. Interest income and expenses are included in the combined statement of activities and changes in net assets.

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, 2022 and 2021.

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 Deposit and Loan 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, 2022 and 2021.

The Roman Catholic Diocese of Toledo in America

Notes to Combined Financial Statements

June 30, 2022 and 2021

Note 8 - Notes to and from Parishes and Related Institutions (Continued)

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, 2022 and 2021. Credit monitoring is done by evaluation of loan payment history and periodic financial statement review.

Note 9 - Trust Funds Held for Others

Transactions in the Catholic Investment Trust funds held for others are summarized below for the years ended June 30, 2022 and 2021:

| | 2022 | 2021 |
|--|----------------------|----------------------|
| Balance in trust funds held for others - Beginning of year | \$ 53,540,684 | \$ 38,357,937 |
| Contributions - Parishes and other organizations | 3,525,836 | 7,920,576 |
| Investment (loss) income - Net | (6,136,536) | 10,802,474 |
| Distributions - Parishes and other organizations | (1,987,248) | (3,540,303) |
| Balance in trust funds held for others - End of year | <u>\$ 48,942,736</u> | <u>\$ 53,540,684</u> |

Note 10 - Related Party Transactions

Related party activities as of and for the years ended June 30, 2022 and 2021 are as follows:

| | 2022 | 2021 |
|--|---------------------|-------------------|
| Parish assessment receivable - Net of allowance | \$ 416,718 | \$ 218,620 |
| Catholic Community Foundation receivable (Note 20) | 1,163,398 | - |
| Parish receivable for support of Central City Ministries Fund | 179,643 | 64,953 |
| Parish health care premium receivable - Net of allowance | 389,473 | 290,191 |
| Parish protective self-insurance premium receivables - Net of allowance | 83,957 | 146,804 |
| Parish workers' compensation and unemployment premium receivables - Net of allowance | 6,917 | 1,987 |
| Total | <u>\$ 2,240,106</u> | <u>\$ 722,555</u> |
| Due to agency fund - Catholic Youth Organization (CYO) | \$ 436,849 | \$ 438,928 |
| Due to agency fund - Global Concern | 6,576 | 6,548 |
| Total due to agency funds | <u>\$ 443,425</u> | <u>\$ 445,476</u> |
| Due to parishes and other organizations | \$ 48,942,736 | \$ 53,540,684 |
| Annual Catholic Appeal | 3,329,014 | 3,370,848 |
| Parish assessment income | 3,284,493 | 3,287,574 |
| Parish health care premium income | 15,753,950 | 14,971,873 |
| Parish protective self-insurance fund premium income | 2,723,861 | 2,483,659 |
| Parish workers' compensation and unemployment premium income | 421,732 | 240,883 |
| Subsidy paid to Catholic Charities for operations | 644,800 | 644,800 |

Amounts due to agency funds are due on demand to the respective funds and relate to net income earned on their respective activities.

The Catholic Investment Trust holds investments that are due to parishes and other organization on demand. Net distributions of realized and unrealized losses and gains on investments made to parishes and other organizations were \$(4.6) million and \$15.2 million at June 30, 2022 and 2021, respectively.

The Roman Catholic Diocese of Toledo in America

Notes to Combined Financial Statements

June 30, 2022 and 2021

Note 10 - Related Party Transactions (Continued)

The Diocese charged assessments, as detailed above, to related parishes, and amounts outstanding related to these assessments are included in parish assessments receivable net of an allowance of \$89,899 and \$122,449 at June 30, 2022 and 2021, respectively. The respective trusts also charged health care premiums and self-insurance premiums to parishes, as detailed above. The allowances for health care premiums and self-insurance fund premiums are \$91,996 and \$78,852, respectively, at June 30, 2022. At June 30, 2021, the allowances for health care premiums and self-insurance fund premiums were \$91,277 and \$120,654, respectively.

Contributions from the Annual Catholic Appeal were made to support various diocesan ministries. The Diocese also subsidized Catholic Charities, and the amount is included within the apostolates and ministry programs expense on the combined statement of activities and changes in net assets.

Note 11 - Net Assets

Net assets without donor restrictions consist of the following as of June 30, 2022 and 2021:

| | 2022 | 2021 |
|---|---------------|---------------|
| Board-designated net assets: | | |
| Designations: | | |
| Special needs of retired and infirmed priests | \$ 1,610,020 | \$ 2,130,186 |
| Child and youth protection | 2,562,621 | 3,185,372 |
| Workers' compensation and unemployment | 1,351,942 | 1,521,302 |
| Central City Ministries Fund long-term operations | 1,620,548 | 1,778,570 |
| Closed parish maintenance fund | 998,334 | 998,334 |
| Total designations | 8,143,465 | 9,613,764 |
| Trust designations: | | |
| Deposit and loan | 2,299,292 | 4,474,579 |
| Health benefits | 6,112,454 | 5,457,469 |
| Property and casualty | 5,712,219 | 6,242,691 |
| Total trust designations | 14,123,965 | 16,174,739 |
| Total board-designated net assets | 22,267,430 | 25,788,503 |
| Undesignated net assets | 19,922,455 | 20,374,927 |
| Total net assets without donor restrictions | \$ 42,189,885 | \$ 46,163,430 |

The Roman Catholic Diocese of Toledo in America

Notes to Combined Financial Statements

June 30, 2022 and 2021

Note 11 - Net Assets (Continued)

Net assets with donor restrictions as of June 30, 2022 and 2021 are available for the following purposes:

| | 2022 | 2021 |
|---|----------------------|----------------------|
| Subject to expenditures for a specified purpose: | | |
| Social services | \$ 2,302,532 | \$ 2,668,517 |
| Ministry support | 2,492,831 | 2,068,358 |
| Healthy Beginnings | 1,084,036 | 1,235,111 |
| Seminarian and religious education | 707,298 | 804,483 |
| Support for operations of Queen of Apostles School | 13,059 | 13,059 |
| Other | 657,770 | 664,139 |
| Total subject to expenditures for a specified purpose | 7,257,526 | 7,453,667 |
| Subject to the Diocese's spending policy and appropriation - Funds restricted in perpetuity to investments, the income from which is expendable to support various programs | 14,780,641 | 17,122,386 |
| Not subject to Diocese's spending policy: | | |
| Beneficial interest in perpetual trusts | 336,874 | 402,376 |
| Interest in Monsignor Jerome Schmit Charitable Foundation | 511,612 | 661,448 |
| Total not subject to Diocese's spending policy | 848,486 | 1,063,824 |
| Total net assets with donor restrictions | <u>\$ 22,886,653</u> | <u>\$ 25,639,877</u> |
| Purpose restrictions accomplished: | | |
| Social services | \$ 29,438 | \$ 27,352 |
| Healthy Beginnings | 12,534 | 12,857 |
| Other | 161,579 | 173,157 |
| Total purpose restrictions accomplished | 203,551 | 213,366 |
| Release of amounts not subject to Diocese's spending policy | 75,152 | 75,304 |
| Release of appropriated endowment amounts with purpose restrictions | 370,759 | 277,314 |
| Total net assets released from restrictions | <u>\$ 649,462</u> | <u>\$ 565,984</u> |

The Roman Catholic Diocese of Toledo in America

Notes to Combined Financial Statements

June 30, 2022 and 2021

Note 12 - Functional Expenses

For the years ended June 30, 2022 and 2021, expenses are functionally allocated as follows:

| | 2022 | | | | | | |
|--|--------------------|-------------------|---------------------|--------------------------|--|--------------------------------|---------------|
| | Personnel Costs | Occupancy Cost | Ministry Support | Professional Services | Travel/ Professional Development | Grants/ Other Assistance | Total |
| Administrative expenses: | | | | | | | |
| Salaries and benefits | \$ 2,742,798 | \$ - | \$ - | \$ - | \$ - | \$ - | \$ 2,742,798 |
| Apostolates and ministry programs | 1,500 | 9,763 | 309,535 | 29,595 | 37,057 | 259,010 | 646,460 |
| Other administrative expenses | 4,000 | 492,285 | 723,077 | 228,353 | 79,986 | 344,997 | 1,872,698 |
| Central City Ministries Fund operating costs | - | - | - | 7,800 | - | - | 7,800 |
| Interest expense | - | - | 8,092 | - | - | - | 8,092 |
| Total administrative expenses | 2,748,298 | 502,048 | 1,040,704 | 265,748 | 117,043 | 604,007 | 5,277,848 |
| Program expenses: | | | | | | | |
| Salaries and benefits | 2,806,342 | - | - | - | - | - | 2,806,342 |
| Apostolates and ministry programs | 2,500 | 249,081 | 728,421 | 417,850 | 296,114 | 2,099,040 | 3,793,006 |
| Insurance premiums and claims | - | - | 13,464,926 | - | - | - | 13,464,926 |
| Other administrative expenses | - | 48,434 | 119,239 | 955,237 | 1,797 | 15,515 | 1,140,222 |
| Central City Ministries Fund operating costs | - | 185,044 | 68,219 | - | 530 | 181,311 | 435,104 |
| Interest expense | - | - | 277,349 | - | - | - | 277,349 |
| Depreciation | - | 420,495 | - | - | - | - | 420,495 |
| Cathedral organ project | - | - | - | 19,473 | - | - | 19,473 |
| Total program expenses | 2,808,842 | 903,054 | 14,658,154 | 1,392,560 | 298,441 | 2,295,866 | 22,356,917 |
| Fundraising expenses: | | | | | | | |
| Salaries and benefits | 5,304 | - | - | - | - | - | 5,304 |
| Central City Ministries Fund operating costs | - | - | 2,595 | 3,082 | 5,000 | - | 10,677 |
| Total fundraising expenses | 5,304 | - | 2,595 | 3,082 | 5,000 | - | 15,981 |
| Total | \$ 5,562,444 | \$ 1,405,102 | \$ 15,701,453 | \$ 1,661,390 | \$ 420,484 | \$ 2,899,873 | \$ 27,650,746 |

The Roman Catholic Diocese of Toledo in America

Notes to Combined Financial Statements

June 30, 2022 and 2021

Note 12 - Functional Expenses (Continued)

| | 2021 | | | | | | |
|--|--------------------|--------------------|---------------------|--------------------------|--|----------------------------|---------------|
| | Personnel Costs | Occupancy Costs | Ministry Support | Professional Services | Travel/ Professional Development | Grants/Other Assistance | Total |
| Administrative expenses: | | | | | | | |
| Salaries and benefits | \$ 2,632,579 | \$ - | \$ - | \$ - | \$ - | \$ - | \$ 2,632,579 |
| Apostolates and ministry programs | - | 62,858 | 267,002 | 18,648 | 4,988 | 250,810 | 604,306 |
| Other administrative expenses | 8,000 | 348,805 | 799,606 | 327,355 | 50,608 | 260,650 | 1,795,024 |
| Central City Ministries Fund operating costs | - | - | - | - | 7,500 | - | 7,500 |
| Interest expense | - | - | 21,634 | - | - | - | 21,634 |
| Total administrative expenses | 2,640,579 | 411,663 | 1,088,242 | 346,003 | 63,096 | 511,460 | 5,061,043 |
| Program expenses: | | | | | | | |
| Salaries and benefits | 2,751,990 | - | - | - | - | - | 2,751,990 |
| Apostolates and ministry programs | - | 304,299 | 636,945 | 193,205 | 79,690 | 1,644,679 | 2,858,818 |
| Insurance premiums and claims | - | - | 14,916,300 | - | - | - | 14,916,300 |
| Other administrative expenses | - | 58,711 | 91,253 | 1,033,882 | 2,068 | 16,697 | 1,202,611 |
| Central City Ministries Fund operating costs | - | 150,116 | 100,556 | - | 2,119 | 204,339 | 457,130 |
| Interest expense | - | - | 493,392 | - | - | - | 493,392 |
| Depreciation | - | 527,621 | - | - | - | - | 527,621 |
| Cathedral organ project | - | - | - | 142,300 | - | - | 142,300 |
| Building fund | - | - | - | 15,933 | - | - | 15,933 |
| Total program expenses | 2,751,990 | 1,040,747 | 16,238,446 | 1,385,320 | 83,877 | 1,865,715 | 23,366,095 |
| Fundraising expenses: | | | | | | | |
| Salaries and benefits | 44,527 | - | - | - | - | - | 44,527 |
| Other administrative expenses | - | - | - | 14,976 | - | - | 14,976 |
| Central City Ministries Fund operating costs | - | 4,103 | 8,863 | - | - | - | 12,966 |
| Total fundraising expenses | 44,527 | 4,103 | 8,863 | 14,976 | - | - | 72,469 |
| Total | \$ 5,437,096 | \$ 1,456,513 | \$ 17,335,551 | \$ 1,746,299 | \$ 146,973 | \$ 2,377,175 | \$ 28,499,607 |

Note 13 - Multiple-employer Defined Benefit Pension Plan

The Diocese established the Retirement Plan for Lay Employees in the Catholic Diocese of Toledo (the "Retirement Plan"), a multiple-employer defined benefit pension plan. The employer identification number of the Retirement Plan is 34-4428233. For the years ended June 30, 2022 and 2021, the Diocese contributed 6.5 percent of each participating employee's compensation to the Retirement Plan, and each employee contributed 5 percent of compensation. Benefits under the Retirement Plan are generally based on compensation levels and years of service.

Notes to Combined Financial Statements

June 30, 2022 and 2021

Note 13 - Multiple-employer Defined Benefit Pension Plan (Continued)

The financial risks of participating in multiple-employer plans are different from single-employer defined benefit pension plans in the following respects:

- Assets contributed to the multiple-employer plan by one employer may be used to provide benefits to employees of other participating employers.
- If a participating employer discontinues contributions to a plan, the unfunded obligations of the plan may be borne by the remaining participating employers.
- If a participating employer chooses to stop participating in a plan, a withdrawal liability may be created based on the unfunded vested benefits for all employees in the plan.

The Diocese contributed approximately \$186,000 and \$188,000 to the Retirement Plan for the years ended June 30, 2022 and 2021, respectively. The Diocese contributions do not represent more than 5 percent of total contributions received by the Retirement Plan.

The Retirement Plan is not required to file Form 5500; therefore, certain information is not required to be made available publicly and is unavailable. If the Diocese withdraws its participation in the Retirement Plan, the Diocese could, under the terms of the Retirement Plan, be subject to a penalty. In addition to the extent that the Retirement Plan is underfunded, the Diocese's future contributions to the Retirement Plan may increase to cover retirement benefits of employees of other participants in the Retirement Plan.

The following information is based on the most recent available actuarial valuation of the Retirement Plan as of July 1, 2022 and 2021:

| | 2022 Retirement Plan for Lay Employees in the Catholic Diocese of Toledo | 2021 Retirement Plan for Lay Employees in the Catholic Diocese of Toledo |
|--|---|---|
| Total plan assets | \$ 170,343,665 | \$ 208,547,430 |
| Actuarial present value of accumulated plan benefits | \$ 204,253,879 | \$ 206,875,544 |
| Total contributions received by the plan | \$ 8,132,887 | \$ 7,988,973 |
| Indicated level of funding | 83.40 % | 100.81 % |

Note 14 - Contingencies

From time to time, the Diocese and its related trusts 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 Diocese's financial position, results of operations, or cash flows.

Note 15 - Fair Value Measurements

Accounting standards require certain assets or 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 Diocese has the ability to access.

Notes to Combined Financial Statements

June 30, 2022 and 2021

Note 15 - Fair Value Measurements (Continued)

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 Diocese's assessment of the significance of particular inputs to these fair value measurements requires judgment and considers factors specific to each asset.

The following tables present information about the Diocese and related entities' assets measured at fair value on a recurring basis at June 30, 2022 and 2021 and the valuation techniques used to determine those fair values:

| Assets Measured at Fair Value on a Recurring Basis at June 30, 2022 | | | | |
|---|--|--|--|-----------------------------|
| | 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, 2022 |
| Assets | | | | |
| Trading securities: | | | | |
| U.S. corporate bonds | \$ - | \$ 3,958,349 | \$ - | \$ 3,958,349 |
| Common stock | 11,137,943 | - | - | 11,137,943 |
| Mutual funds - Fixed income | 31,670,585 | - | - | 31,670,585 |
| Mutual funds - Equity | 41,426,745 | - | - | 41,426,745 |
| Mutual funds - Real estate | 2,448,391 | - | - | 2,448,391 |
| Money market funds | 331,645 | 4,281,905 | - | 4,613,550 |
| U.S. government obligations | - | 37,228,764 | - | 37,228,764 |
| Interest in the Foundations | - | - | 598,308 | 598,308 |
| Beneficial interest in perpetual trusts | - | - | 336,874 | 336,874 |
| Total assets | <u>\$ 87,015,309</u> | <u>\$ 45,469,018</u> | <u>\$ 935,182</u> | <u>\$ 133,419,509</u> |

The Roman Catholic Diocese of Toledo in America

Notes to Combined Financial Statements

June 30, 2022 and 2021

Note 15 - Fair Value Measurements (Continued)

| Assets Measured at Fair Value on a Recurring Basis at June 30, 2021 | | | | |
|---|--|--|--|-----------------------------|
| 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, 2021 |
| Assets | | | | |
| Trading securities: | | | | |
| U.S. corporate bonds | \$ - | \$ 9,054,717 | \$ - | \$ 9,054,717 |
| Common stock | 14,039,545 | - | - | 14,039,545 |
| Mutual funds - Fixed income | 18,559,614 | - | - | 18,559,614 |
| Mutual funds - Equity | 40,437,371 | - | - | 40,437,371 |
| Mutual funds - Real estate | 2,728,137 | - | - | 2,728,137 |
| Money market funds | 1,348,954 | 3,755,464 | - | 5,104,418 |
| U.S. government obligations | - | 32,653,551 | - | 32,653,551 |
| Interest in the Foundations | - | - | 767,635 | 767,635 |
| Beneficial interest in perpetual trusts | - | - | 402,376 | 402,376 |
| Total | <u>\$ 77,113,621</u> | <u>\$ 45,463,732</u> | <u>\$ 1,170,011</u> | 123,747,364 |
| Investments measured at NAV - Common collective funds | | | | <u>22,227,526</u> |
| Total assets | | | | <u>\$ 145,974,890</u> |

The fair value of U.S. corporate bonds, U.S. government bonds, and money market funds at June 30, 2022 and 2021 was determined based on Level 2 inputs. The Diocese estimates the fair value of these investments using other inputs, such as interest rates and yield curves at commonly quoted intervals.

The following table summarizes the valuation methods used to determine fair value at June 30, 2022 for assets measured at fair value on a recurring basis using unobservable inputs (Level 3 inputs). Certain investments in Level 3 assets arose from the transfer in of the Catholic Foundation's net assets. The Diocese's policy is to recognize transfers in and transfers out of Level 1, 2, and 3 fair value classifications as of the actual date of the event.

| | Fair Value at June 30, 2022 | Valuation Technique | Unobservable Inputs |
|---|--------------------------------|---|---|
| Assets: | | | |
| Beneficial interest in perpetual trusts | \$ 336,874 | Percentage of ownership interest in the perpetual trusts, which consist of equity securities that are publicly traded and a small portion of hedge funds and common collective funds that are valued at net asset value per share | Perpetual trusts' investment statements containing the detail of the underlying assets held |
| Interest in the Foundations | 598,308 | Percentage of ownership interest in the Foundations, which consist of fixed-income, real estate, and equity securities that are publicly traded | The Foundations' investment statements containing the detail of the underlying assets held |

Notes to Combined Financial Statements

June 30, 2022 and 2021

Note 15 - Fair Value Measurements (Continued)

| | Fair Value at June 30, 2021 | Valuation Technique | Unobservable Inputs |
|---|--------------------------------|---|---|
| Assets: | | | |
| Beneficial interest in perpetual trusts | \$ 402,376 | Percentage of ownership interest in the perpetual trusts, which consist of equity securities that are publicly traded and a small portion of hedge funds and common collective funds that are valued at net asset value per share | Perpetual trusts' investment statements containing the detail of the underlying assets held |
| Interest in the Foundations | 767,635 | Percentage of ownership interest in the Foundations, which consist of fixed-income, real estate, and equity securities that are publicly traded | The Foundations' investment statements containing the detail of the underlying assets held |

Investments in Entities that Calculate Net Asset Value per Share

The Diocese and related entities held shares in certain common collective funds administered by the Catholic United Investment Trust (CUIT) at June 30, 2021 where the fair value of the investment held is estimated based on the net asset value per share (or its equivalent) of the common collective fund. Such funds were sold during the year ended June 30, 2022.

The Diocese and related entities held shares in the CUIT Intermediate Diversified Bond Fund and the CUIT International Equity Fund at June 30, 2021. The fair value of the investments is measured on a recurring basis using net asset value per share (or its equivalent) of the common collective fund as a practical expedient based on investments in fixed-income obligations issued by the U.S. government or its agencies, obligations issued by corporations, and mortgage-backed and asset-backed securities, as well as common stock. There were no unfunded commitments or redemption restrictions on the investments described above.

Note 16 - Donor-restricted Endowments

The Diocese's endowment includes donor-restricted endowment funds. Net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions.

Notes to Combined Financial Statements

June 30, 2022 and 2021

Note 16 - Donor-restricted Endowments (Continued)

Interpretation of Relevant Law

The Diocese is subject to the State Prudent Management of Institutional Funds Act (SPMIFA) and, thus, classifies amounts in its donor-restricted endowment funds as net assets with donor restrictions because those net assets are time restricted until the Diocese appropriates such amounts for expenditures. Most of those net assets also are subject to purpose restrictions that must be met before reclassifying those net assets to net assets without donor restrictions. Management of the Diocese had interpreted SPMIFA as not requiring the maintenance of purchasing power of the original gift amount contributed to an endowment fund, unless a donor stipulates the contrary. As a result of this interpretation, when reviewing its donor-restricted endowment funds, the Diocese considers a fund to be underwater if the fair value of the fund is less than the sum of (a) the original value of initial and subsequent gift amounts donated to the fund and (b) any accumulations to the fund that are required to be maintained in perpetuity in accordance with the direction of the applicable donor gift instrument. The Diocese has interpreted SPMIFA to permit spending from underwater funds in accordance with the prudent measures required under the law. Additionally, in accordance with SPMIFA, the Diocese considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

- The duration and preservation of the fund
- The purpose of the Diocese and the donor-restricted endowment fund
- General economic conditions
- The possible effect of inflation and deflation
- The expected total return from income and the appreciation of investments
- Other resources of the Diocese
- The investment policies of the Diocese

Endowment Net Asset Composition by Type of Fund as of June 30, 2022

| | Without Donor Restrictions | With Donor Restrictions | Total |
|--|-------------------------------|----------------------------|---------------|
| Donor-restricted endowment funds: | | | |
| Original donor-restricted gift amount and amounts required to be maintained in perpetuity by the donor | \$ - | \$ 12,482,120 | \$ 12,482,120 |
| Accumulated investment gains | - | 2,392,673 | 2,392,673 |
| Appropriated funds | - | (94,152) | (94,152) |
| Total | \$ - | \$ 14,780,641 | \$ 14,780,641 |

Changes in Endowment Net Assets for the Fiscal Year Ended June 30, 2022

| | Without Donor Restrictions | With Donor Restrictions | Total |
|---|-------------------------------|----------------------------|---------------|
| Endowment net assets - Beginning of year | \$ - | \$ 17,122,386 | \$ 17,122,386 |
| Investment return - Investment loss | - | (2,050,986) | (2,050,986) |
| Contributions | - | 80,000 | 80,000 |
| Appropriation of endowment assets for expenditure | - | (370,759) | (370,759) |
| Endowment net assets - End of year | \$ - | \$ 14,780,641 | \$ 14,780,641 |

Notes to Combined Financial Statements

June 30, 2022 and 2021

Note 16 - Donor-restricted Endowments (Continued)

| Endowment Net Asset Composition by Type of Fund as of June 30, 2021 | | | |
|--|-------------------------------|----------------------------|---------------|
| | Without Donor Restrictions | With Donor Restrictions | Total |
| Donor-restricted endowment funds: | | | |
| Original donor-restricted gift amount and amounts required to be maintained in perpetuity by the donor | \$ - | \$ 12,402,120 | \$ 12,402,120 |
| Accumulated investment gains | - | 4,720,266 | 4,720,266 |
| Total | \$ - | \$ 17,122,386 | \$ 17,122,386 |
| Changes in Endowment Net Assets for the Fiscal Year Ended June 30, 2021 | | | |
| | Without Donor Restrictions | With Donor Restrictions | Total |
| Endowment net assets - Beginning of year | \$ - | \$ 13,527,014 | \$ 13,527,014 |
| Investment return - Investment income | - | 3,647,771 | 3,647,771 |
| Contributions | - | 224,915 | 224,915 |
| Appropriation of endowment assets for expenditure | - | (277,314) | (277,314) |
| Endowment net assets - End of year | \$ - | \$ 17,122,386 | \$ 17,122,386 |

Underwater Endowment Funds

From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor or SPMIFA requires the Diocese to retain as a fund of perpetual duration. As of June 30, 2022, deficiencies of this nature exist in two of the donor-restricted endowment funds, which together have an original gift value of \$6.0 million, a current fair value of \$5.9 million, and a deficiency of \$94,152. These deficiencies resulted from the combination of a change in market value of investments and continued appropriation for certain programs that was deemed prudent by the board of trustees. There was no deficiency as of June 30, 2021.

Return Objectives and Risk Parameters

The Diocese has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment while seeking to maintain the purchasing power of the endowment assets. Endowment assets include those assets of donor-restricted funds that the organization must hold in perpetuity. Under this policy, as approved by the Bishop, in consultation with the diocesan investment committee, the endowment assets are invested in a manner that is intended to produce results that reflect the price and yield results of the S&P 500 Index while assuming a moderate level of investment risk. The Diocese expects its endowment funds, over time, to provide an average rate of return of approximately 6 percent annually. Actual returns in any given year may vary from this amount.

Strategies Employed for Achieving Objectives

To satisfy its long-term rate-of-return objectives, the Diocese relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). The Diocese targets a diversified asset allocation that places a greater emphasis on equity-based investments to achieve its long-term return objectives within prudent risk constraints.

Notes to Combined Financial Statements

June 30, 2022 and 2021

Note 16 - Donor-restricted Endowments (Continued)

Spending Policy and How the Investment Objectives Relate to Spending Policy

The Diocese has a policy of appropriating for distribution each year 5 percent of its endowment funds' December 31 balance. In establishing this policy, the Diocese considered the long-term expected rate of return on its endowments. This is consistent with the Diocese's objective to maintain the purchasing power of the endowment assets held in perpetuity, as well as to provide additional real growth through new gifts and investment return.

Note 17 - Line of Credit

Under a line of credit agreement with a bank, the Diocese has available borrowings of \$2,500,000 with interest charged at the 30-day Secured Overnight Financing Rate (SOFR) plus 2.05 percent. The line of credit is collateralized by marketable securities held at Comerica Bank, which may be sold in the event of a default. Under the term of the agreement, borrowings under the line of credit cannot exceed 80 percent of the balance of the marketable securities pledged as collateral included in diocese investments on the combined statement of financial position. There were no outstanding draws on the line of credit at June 30, 2022 and 2021. The agreement expires on December 31, 2022.

Note 18 - Reinsurance

The following is a summary of the effects of reinsurance on the Diocese's financial statements as of June 30, 2022 and 2021:

| | 2022 | 2021 |
|--|----------------------|----------------------|
| Premiums earned: | | |
| Direct | \$ 18,899,543 | \$ 17,696,415 |
| Ceded | (3,260,442) | (3,212,202) |
| Net premiums earned | <u>\$ 15,639,101</u> | <u>\$ 14,484,213</u> |
| Losses and loss adjustment expenses incurred: | | |
| Direct | \$ 14,516,940 | \$ 15,293,886 |
| Ceded | (1,052,014) | (377,586) |
| Net losses and loss adjustment expenses incurred | <u>\$ 13,464,926</u> | <u>\$ 14,916,300</u> |

Note 19 - Mareda

During the year ended June 30, 2021, the Diocese received proceeds of \$7.9 million from a separate entity in which the Bishop is a governing member for the sale of two affordable housing properties within the Toledo, Ohio area referred to as the Mareda Properties (Mareda). These proceeds were allocated by the Bishop to entities and trusts included and excluded in this report. The Diocese placed all the funds in one account and then moved the funds to each respective entity based on the Bishop's approval, after consultation with various advisory bodies.

The Roman Catholic Diocese of Toledo in America

Notes to Combined Financial Statements

June 30, 2022 and 2021

Note 19 - Mareda (Continued)

The following table shows the total funds received by the Diocese in the year ended June 20, 2021 that were then allocated based on the Bishop's approval:

| | |
|---|---------------------|
| Allocation and use of proceeds: | |
| Cemetery future obligations - Enhance Cemeteries Perpetual Care Trust | \$ 1,000,000 |
| Other diocesan initiatives: | |
| General reserve funds | 588,920 |
| Youth Protection and Victim Assistance Fund | 1,000,000 |
| Strategic plan support | 2,300,000 |
| Pastoral center relocation project | <u>3,050,000</u> |
| Total proceeds allocated for use | 7,938,920 |
| Mareda proceeds allocated to noncombined entities - Cemeteries Perpetual Care Trust | <u>(1,000,000)</u> |
| Total | <u>\$ 6,938,920</u> |

For the year ended June 30, 2022, there were additional Mareda proceeds of \$9,517.

Note 20 - Capital Campaign

In August 2021, the Diocese engaged a third-party fundraising firm to conduct a diocesan-wide capital campaign entitled the Living Christ Campaign (the "Campaign"). In September 2021, the Diocese created the Catholic Community Foundation - Ohio (CCF), a nonprofit charitable tax exempt organization under Section 501(C)(3) of the Internal Revenue Code, to support the various ministries of the Diocese and its related ecclesiastical organizations. The Diocese is utilizing CCF to collect, distribute, and account for all Campaign funds raised, and hold selected funds in endowment. All of the funds raised are contributed directly to the CCF from donors.

As of June 30, 2022, the Diocese recorded revenue of \$379,197 and accounts receivable of \$1,163,398 from CCF related to the Campaign for paid and unpaid distributions and reimbursable expenses.

More complete information on the Campaign as of June 30, 2022 can be found on the Diocese's website.

Supplemental Information

Independent Auditor's Report on Supplemental Information

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
The Roman Catholic Diocese of Toledo in America

We have audited the combined financial statements of The Roman Catholic Diocese of Toledo in America as of and for the years ended June 30, 2022 and 2021 and have issued our report thereon dated December 14, 2022, which contained an unmodified opinion on those combined financial statements. Our audits were performed for the purpose of forming an opinion on the 2022 combined financial statements as a whole. The information in the accompanying combining statement of financial position at June 30, 2022 and 2021 and the combining statement of activities and changes in net assets for the years ended June 30, 2022 and 2021 are presented for the purpose of additional analysis rather than to present the financial position, results of operations, and cash flows of the individual entities and is not a required part of the combined financial statements. Such information is the responsibility of management and was derived from, and relates directly to, the underlying accounting and other records used to prepare the 2022 combined financial statements. The information has been subjected to the auditing procedures applied in the audit of the 2022 combined financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the combined financial statements or to the combined financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the 2022 combined financial statements as a whole.

A handwritten signature in black ink that reads "Plante & Moran, PLLC".

December 14, 2022

The Roman Catholic Diocese of Toledo in America

Combining Statement of Financial Position

June 30, 2022

| | Diocese of Toledo in America Corporation | Diocese of Toledo Management Corporation | Central City Ministries Fund | Deposit and Loan Trust | Health Benefits Trust | Property and Casualty Trust | Catholic Investment Trust | Eliminating Entries | Total |
|--|--|--|---------------------------------|---------------------------|--------------------------|--------------------------------|------------------------------|------------------------|-----------------------|
| Assets | | | | | | | | | |
| Cash and cash equivalents | \$ 2,113,129 | \$ 174,584 | \$ 646,486 | \$ - | \$ - | \$ - | \$ - | \$ - | \$ 2,934,199 |
| Restricted cash and cash equivalents | - | - | - | 10,502,668 | 4,207,017 | 1,387,087 | - | - | 16,096,772 |
| Other designated cash and cash equivalents | 8,607,431 | - | 254,784 | - | - | - | - | (8,862,215) | - |
| Receivables - Net of allowances: | | | | | | | | | |
| Parish and other related entity receivables | 1,580,116 | - | 179,643 | - | 389,473 | 90,874 | - | - | 2,240,106 |
| Receivables from other combining entities | 7,884 | 188,478 | - | 238,917 | - | 19,336 | - | (454,615) | - |
| Other receivables | 334,485 | 140,495 | - | - | - | - | 149,081 | - | 624,061 |
| Total receivables - Net of allowances | 1,922,485 | 328,973 | 179,643 | 238,917 | 389,473 | 110,210 | 149,081 | (454,615) | 2,864,167 |
| Beneficial interest in perpetual trusts | 336,874 | - | - | - | - | - | - | - | 336,874 |
| Interest in foundations | 511,612 | - | 86,696 | - | - | - | - | - | 598,308 |
| Prepaid expenses and other assets | 101,787 | 18,101 | 220 | 140,364 | 35,593 | 384,572 | - | - | 680,637 |
| Loans and notes receivable - Net of allowance | 55,809 | - | - | 7,426,526 | - | - | - | - | 7,482,335 |
| Diocese investments | 13,029,260 | - | - | - | - | - | - | - | 13,029,260 |
| Other trusts and funds investments | - | - | - | 41,187,113 | 3,049,875 | 4,604,215 | 70,613,864 | - | 119,455,067 |
| Investments in other combining entities | 20,541,141 | - | 1,279,068 | - | - | - | - | (21,820,209) | - |
| Property and equipment - Net | 3,007,004 | - | 657,548 | - | - | - | - | - | 3,664,552 |
| Total assets | <u>\$ 50,226,532</u> | <u>\$ 521,658</u> | <u>\$ 3,104,445</u> | <u>\$ 59,495,588</u> | <u>\$ 7,681,958</u> | <u>\$ 6,486,084</u> | <u>\$ 70,762,945</u> | <u>\$ (31,137,039)</u> | <u>\$ 167,142,171</u> |

The Roman Catholic Diocese of Toledo in America

Combining Statement of Financial Position (Continued)

June 30, 2022

| | Diocese of Toledo in America Corporation | Diocese of Toledo Management Corporation | Central City Ministries Fund | Deposit and Loan Trust | Health Benefits Trust | Property and Casualty Trust | Catholic Investment Trust | Eliminating Entries | Total |
|---|--|--|---------------------------------|---------------------------|--------------------------|--------------------------------|------------------------------|------------------------|-----------------------|
| Liabilities and Net Assets | | | | | | | | | |
| Liabilities | | | | | | | | | |
| Accounts payable | \$ 858,327 | \$ 25,420 | \$ 19,149 | \$ 15,696 | \$ 3,500 | \$ 149,319 | \$ - | \$ - | \$ 1,071,411 |
| Contract liabilities | 364,463 | - | 116,312 | - | 121,233 | - | - | - | 602,008 |
| Payables to other funds and related parties | 444,921 | 1,131 | 5,781 | 8,868,760 | (2,643) | (1,120) | - | (9,316,830) | - |
| Intercompany payables | - | - | - | - | - | - | 21,820,209 | (21,820,209) | - |
| Due to agency funds | 443,425 | - | - | - | - | - | - | - | 443,425 |
| Accrued liabilities | 601,180 | 10,294 | 9,659 | - | - | 8 | - | - | 621,141 |
| Reserve for claims and claims expenses | - | - | - | - | 1,447,414 | 625,658 | - | - | 2,073,072 |
| Notes payable | - | - | - | 48,311,840 | - | - | - | - | 48,311,840 |
| Due to parishes and other organizations | - | - | - | - | - | - | 48,942,736 | - | 48,942,736 |
| Total liabilities | 2,712,316 | 36,845 | 150,901 | 57,196,296 | 1,569,504 | 773,865 | 70,762,945 | (31,137,039) | 102,065,633 |
| Net Assets | | | | | | | | | |
| Without donor restrictions: | | | | | | | | | |
| Undesignated | 18,117,705 | 484,813 | 1,319,937 | - | - | - | - | - | 19,922,455 |
| Board designated | 6,522,917 | - | 1,620,548 | 2,299,292 | 6,112,454 | 5,712,219 | - | - | 22,267,430 |
| Total without donor restrictions | 24,640,622 | 484,813 | 2,940,485 | 2,299,292 | 6,112,454 | 5,712,219 | - | - | 42,189,885 |
| With donor restrictions | 22,873,594 | - | 13,059 | - | - | - | - | - | 22,886,653 |
| Total net assets | 47,514,216 | 484,813 | 2,953,544 | 2,299,292 | 6,112,454 | 5,712,219 | - | - | 65,076,538 |
| Total liabilities and net assets | <u>\$ 50,226,532</u> | <u>\$ 521,658</u> | <u>\$ 3,104,445</u> | <u>\$ 59,495,588</u> | <u>\$ 7,681,958</u> | <u>\$ 6,486,084</u> | <u>\$ 70,762,945</u> | <u>\$ (31,137,039)</u> | <u>\$ 167,142,171</u> |

The Roman Catholic Diocese of Toledo in America

Combining Statement of Financial Position

June 30, 2021

| | Diocese of Toledo in America Corporation | Diocese of Toledo Management Corporation | Central City Ministries Fund | Deposit and Loan Trust | Health Benefits Trust | Property and Casualty Trust | Catholic Investment Trust | Eliminating Entries | Total |
|---|--|--|---------------------------------|---------------------------|--------------------------|--------------------------------|------------------------------|------------------------|-----------------------|
| Assets | | | | | | | | | |
| Cash and cash equivalents | \$ 1,970,566 | \$ 642,142 | \$ 494,137 | \$ - | \$ - | \$ - | \$ - | \$ - | \$ 3,106,845 |
| Restricted cash and cash equivalents | - | - | - | 10,963,801 | 3,692,181 | 1,178,003 | - | - | 15,833,985 |
| Deposits with affiliated entity | 8,382,237 | - | 253,510 | - | - | - | - | (8,635,747) | - |
| Receivables - Net of allowances: | | | | | | | | | |
| Parish and other related entity receivables | 218,620 | - | 64,953 | - | 290,191 | 148,791 | - | - | 722,555 |
| Receivables from other combining entities | 118,503 | 159,379 | 269 | 248,979 | - | 51,981 | - | (579,111) | - |
| Other receivables | 222,872 | (218) | - | - | - | - | 22,323 | - | 244,977 |
| Total receivables - Net of allowances | 559,995 | 159,161 | 65,222 | 248,979 | 290,191 | 200,772 | 22,323 | (579,111) | 967,532 |
| Beneficial interest in perpetual trusts | 402,376 | - | - | - | - | - | - | - | 402,376 |
| Interest in foundations | 661,448 | - | 106,187 | - | - | - | - | - | 767,635 |
| Prepaid expenses and other assets | 40,420 | 9,192 | - | 120,439 | 36,041 | 343,287 | - | - | 549,379 |
| Loans and notes receivable - Net of allowance | 165,343 | - | - | 9,788,619 | - | - | - | - | 9,953,962 |
| Diocese investments | 15,928,406 | - | - | - | - | - | - | - | 15,928,406 |
| Other trusts and funds investments | - | - | - | 41,708,268 | 3,425,844 | 5,171,560 | 78,570,801 | - | 128,876,473 |
| Investments in other combining entities | 23,633,567 | - | 1,418,873 | - | - | - | - | (25,052,440) | - |
| Property and equipment - Net | 2,015,422 | - | 803,401 | - | - | - | - | - | 2,818,823 |
| Total assets | <u>\$ 53,759,780</u> | <u>\$ 810,495</u> | <u>\$ 3,141,330</u> | <u>\$ 62,830,106</u> | <u>\$ 7,444,257</u> | <u>\$ 6,893,622</u> | <u>\$ 78,593,124</u> | <u>\$ (34,267,298)</u> | <u>\$ 179,205,416</u> |

The Roman Catholic Diocese of Toledo in America

Combining Statement of Financial Position (Continued)

June 30, 2021

| | Diocese of Toledo in America Corporation | Diocese of Toledo Management Corporation | Central City Ministries Fund | Deposit and Loan Trust | Health Benefits Trust | Property and Casualty Trust | Catholic Investment Trust | Eliminating Entries | Total |
|---|--|--|---------------------------------|---------------------------|--------------------------|--------------------------------|------------------------------|------------------------|-----------------------|
| Liabilities and Net Assets | | | | | | | | | |
| Liabilities | | | | | | | | | |
| Accounts payable | \$ 282,053 | \$ 151,596 | \$ 61,002 | \$ 41,894 | \$ 5,113 | \$ - | \$ - | \$ - | \$ 541,658 |
| Contract liabilities | 399,789 | - | 117,354 | - | 75,798 | - | - | - | 592,941 |
| Due to affiliates | 408,934 | 151,039 | - | 8,635,749 | 19,136 | - | - | (9,214,858) | - |
| Intercompany payables | - | - | - | - | - | - | 25,052,440 | (25,052,440) | - |
| Due to agency funds | 445,476 | - | - | - | - | - | - | - | 445,476 |
| Accrued liabilities | 34,828 | 23,049 | 7,917 | - | - | 8 | - | - | 65,802 |
| Reserve for claims and claims expenses | - | - | - | - | 1,886,741 | 650,923 | - | - | 2,537,664 |
| Notes payable | - | - | - | 49,677,884 | - | - | - | - | 49,677,884 |
| Due to parishes and other organizations | - | - | - | - | - | - | 53,540,684 | - | 53,540,684 |
| Total liabilities | 1,571,080 | 325,684 | 186,273 | 58,355,527 | 1,986,788 | 650,931 | 78,593,124 | (34,267,298) | 107,402,109 |
| Net Assets | | | | | | | | | |
| Without donor restrictions: | | | | | | | | | |
| Undesignated | 18,726,688 | 484,811 | 1,163,428 | - | - | - | - | - | 20,374,927 |
| Board designated | 7,835,194 | - | 1,778,570 | 4,474,579 | 5,457,469 | 6,242,691 | - | - | 25,788,503 |
| Total without donor restrictions | 26,561,882 | 484,811 | 2,941,998 | 4,474,579 | 5,457,469 | 6,242,691 | - | - | 46,163,430 |
| With donor restrictions | 25,626,818 | - | 13,059 | - | - | - | - | - | 25,639,877 |
| Total net assets | 52,188,700 | 484,811 | 2,955,057 | 4,474,579 | 5,457,469 | 6,242,691 | - | - | 71,803,307 |
| Total liabilities and net assets | <u>\$ 53,759,780</u> | <u>\$ 810,495</u> | <u>\$ 3,141,330</u> | <u>\$ 62,830,106</u> | <u>\$ 7,444,257</u> | <u>\$ 6,893,622</u> | <u>\$ 78,593,124</u> | <u>\$ (34,267,298)</u> | <u>\$ 179,205,416</u> |

The Roman Catholic Diocese of Toledo in America

Combining Statement of Activities and Changes in Net Assets

Year Ended June 30, 2022

| | Diocese of Toledo in America Corporation | Diocese of Toledo Management Corporation | Central City Ministries Fund | Deposit and Loan Trust | Health Benefits Trust | Property and Casualty Trust | Catholic Investment Trust | Eliminating Entries | Total |
|--|---|---|---------------------------------|---------------------------|--------------------------|--------------------------------|---------------------------------|------------------------|--------------|
| Changes Net Assets without Donor Restrictions | | | | | | | | | |
| Revenue, gains, and other support: | | | | | | | | | |
| Parish assessments | \$ 3,284,493 | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ 3,284,493 |
| Annual Catholic Appeal | 3,329,014 | - | - | - | - | - | - | - | 3,329,014 |
| Central City Ministries Fund revenue | - | - | 2,254,525 | - | - | - | - | - | 2,254,525 |
| Catholic education - Fees and services | 791,020 | - | - | - | - | - | - | - | 791,020 |
| Other fees and services | 1,138,743 | 409,222 | - | - | - | - | - | (714,569) | 833,396 |
| Management fee income | - | 1,859,045 | - | - | - | - | - | (1,508,716) | 350,329 |
| Insurance premiums - Net | - | - | - | - | 14,651,915 | 987,186 | - | - | 15,639,101 |
| Capital campaign restricted gift | 379,197 | - | - | - | - | - | - | - | 379,197 |
| Interest income - Notes receivable | - | - | - | 339,108 | - | - | - | - | 339,108 |
| Miscellaneous income | - | - | 59,751 | - | - | 7,050 | - | - | 66,801 |
| Estates and other gifts | 6,530 | - | 12,000 | - | - | - | - | - | 18,530 |
| Cathedral organ project | 199,688 | - | - | - | - | - | - | - | 199,688 |
| Building fund | 10,000 | - | - | - | - | - | - | - | 10,000 |
| Proceeds from Mareda sale | 9,517 | - | - | - | - | - | - | - | 9,517 |
| Interest in earnings from custody trust account | 310,779 | - | - | 590,299 | 79,372 | 119,817 | - | (289,091) | 811,176 |
| Net assets released from restrictions | 649,462 | - | - | - | - | - | - | - | 649,462 |
| Total revenue, gains, and other support | 10,108,443 | 2,268,267 | 2,326,276 | 929,407 | 14,731,287 | 1,114,053 | - | (2,512,376) | 28,965,357 |
| Expenses: | | | | | | | | | |
| Salaries and benefits | 2,738,362 | 1,445,512 | 1,370,570 | - | - | - | - | - | 5,554,444 |
| Apostolates and ministry programs | 4,439,466 | - | - | - | - | - | - | - | 4,439,466 |
| Insurance claims | - | - | - | - | 12,804,283 | 660,643 | - | - | 13,464,926 |
| Other administrative expenses | 1,358,370 | 725,994 | - | 99,650 | 683,841 | 145,065 | - | - | 3,012,920 |
| Central City Ministries Fund operating costs | - | - | 453,581 | - | - | - | - | - | 453,581 |
| Interest expense | 8,092 | - | - | 277,349 | - | - | - | - | 285,441 |
| Depreciation | 224,643 | - | 195,852 | - | - | - | - | - | 420,495 |
| Management fees | 1,076,471 | - | 72,629 | 64,532 | 137,148 | 157,936 | - | (1,508,716) | - |
| Annual Catholic Appeal and capital campaign | 408,595 | - | - | - | - | - | - | (408,595) | - |
| Rent and occupancy | 209,215 | 96,759 | - | - | - | - | - | (305,974) | - |
| Cathedral organ project | 19,473 | - | - | - | - | - | - | - | 19,473 |
| Total expenses | 10,482,687 | 2,268,265 | 2,092,632 | 441,531 | 13,625,272 | 963,644 | - | (2,223,285) | 27,650,746 |

The Roman Catholic Diocese of Toledo in America

Combining Statement of Activities and Changes in Net Assets (Continued)

Year Ended June 30, 2022

| | Diocese of Toledo in America Corporation | Diocese of Toledo Management Corporation | Central City Ministries Fund | Deposit and Loan Trust | Health Benefits Trust | Property and Casualty Trust | Catholic Investment Trust | Eliminating Entries | Total |
|--|---|---|---------------------------------|---------------------------|--------------------------|--------------------------------|---------------------------------|------------------------|----------------------|
| (Decrease) Increase in Net Assets without Donor Restrictions - Before nonoperating loss | \$ (374,244) | \$ 2 | \$ 233,644 | \$ 487,876 | \$ 1,106,015 | \$ 150,409 | \$ - | \$ (289,091) | \$ 1,314,611 |
| Nonoperating Loss | | | | | | | | | |
| Net realized and unrealized losses on investments | (1,547,016) | - | (235,157) | (2,663,163) | (451,030) | (680,881) | (7,830,179) | 3,521,323 | (9,886,103) |
| Net change in due to parishes and other organizations of the Catholic Investment Trust | - | - | - | - | - | - | 7,830,179 | (3,232,232) | 4,597,947 |
| Total nonoperating loss | (1,547,016) | - | (235,157) | (2,663,163) | (451,030) | (680,881) | - | 289,091 | (5,288,156) |
| (Decrease) Increase in Net Assets without Donor Restrictions | (1,921,260) | 2 | (1,513) | (2,175,287) | 654,985 | (530,472) | - | - | (3,973,545) |
| Changes in Net Assets with Donor Restrictions | | | | | | | | | |
| Contributions | 1,045,207 | - | - | - | - | - | - | - | 1,045,207 |
| Interest in earnings from custody trust account | 382,643 | - | - | - | - | - | - | - | 382,643 |
| Net realized and unrealized losses on investments | (3,531,612) | - | - | - | - | - | - | - | (3,531,612) |
| Net assets released from restrictions | (649,462) | - | - | - | - | - | - | - | (649,462) |
| Decrease in Net Assets with Donor Restrictions | (2,753,224) | - | - | - | - | - | - | - | (2,753,224) |
| (Decrease) Increase in Net Assets | (4,674,484) | 2 | (1,513) | (2,175,287) | 654,985 | (530,472) | - | - | (6,726,769) |
| Net Assets - Beginning of year | 52,188,700 | 484,811 | 2,955,057 | 4,474,579 | 5,457,469 | 6,242,691 | - | - | 71,803,307 |
| Net Assets - End of year | <u>\$ 47,514,216</u> | <u>\$ 484,813</u> | <u>\$ 2,953,544</u> | <u>\$ 2,299,292</u> | <u>\$ 6,112,454</u> | <u>\$ 5,712,219</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 65,076,538</u> |

The Roman Catholic Diocese of Toledo in America

Combining Statement of Activities and Changes in Net Assets

Year Ended June 30, 2021

| | Diocese of Toledo in America Corporation | Diocese of Toledo Management Corporation | Central City Ministries Fund | Deposit and Loan Trust | Health Benefits Trust | Property and Casualty Trust | Catholic Investment Trust | Eliminating Entries | Total |
|--|---|---|---------------------------------|---------------------------|--------------------------|--------------------------------|---------------------------------|------------------------|--------------|
| Changes Net Assets without Donor Restrictions | | | | | | | | | |
| Revenue, gains, and other support: | | | | | | | | | |
| Parish assessments | \$ 3,287,574 | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ 3,287,574 |
| Annual Catholic Appeal | 3,370,848 | - | - | - | - | - | - | - | 3,370,848 |
| Central City Ministries Fund revenue | - | - | 1,881,306 | - | - | - | - | - | 1,881,306 |
| Catholic education - Fees and services | 648,794 | - | - | - | - | - | - | - | 648,794 |
| Other fees and services | 1,172,209 | 535,390 | - | - | - | - | - | (682,002) | 1,025,597 |
| Management fees | - | 1,793,861 | - | - | - | - | - | (1,602,323) | 191,538 |
| Building fund | 7,000 | - | - | - | - | - | - | - | 7,000 |
| Insurance premiums - Net | - | - | - | - | 13,956,834 | 527,379 | - | - | 14,484,213 |
| Interest income - Notes receivable | - | - | - | 419,259 | - | - | - | - | 419,259 |
| Miscellaneous income | - | - | 49,010 | - | 31,248 | 203,852 | - | (200,252) | 83,858 |
| Cathedral organ project | 44,185 | - | - | - | - | - | - | - | 44,185 |
| Estates and other gifts | 6,530 | - | - | - | - | - | - | - | 6,530 |
| Proceeds from Mareda sale | 6,938,920 | - | - | - | - | - | - | - | 6,938,920 |
| Interest in earnings from custody trust account | 197,148 | - | - | 653,824 | 39,555 | 59,711 | - | (238,378) | 711,860 |
| Net assets released from restrictions | 565,984 | - | - | - | - | - | - | - | 565,984 |
| Total revenue, gains, and other support | 16,239,192 | 2,329,251 | 1,930,316 | 1,073,083 | 14,027,637 | 790,942 | - | (2,722,955) | 33,667,466 |
| Expenses: | | | | | | | | | |
| Salaries and benefits | 2,552,020 | 1,407,059 | 1,470,017 | - | - | - | - | - | 5,429,096 |
| Apostolates and ministry programs | 3,463,124 | - | - | - | - | - | - | - | 3,463,124 |
| Insurance claims | - | - | - | - | 14,344,702 | 571,598 | - | - | 14,916,300 |
| Other administrative expenses | 1,177,773 | 808,546 | - | 82,027 | 821,845 | 122,420 | - | - | 3,012,611 |
| Central City Ministries Fund operating costs | - | - | 477,596 | - | - | - | - | - | 477,596 |
| Interest expense | 21,634 | - | - | 493,392 | - | - | - | - | 515,026 |
| Depreciation | 336,016 | - | 191,605 | - | - | - | - | - | 527,621 |
| Management fees | 1,179,253 | - | 70,426 | 55,349 | 157,700 | 139,595 | - | (1,602,323) | - |
| Annual Catholic Appeal and capital campaign | 527,889 | - | - | - | - | - | - | (527,889) | - |
| Rent and occupancy | 240,354 | 114,011 | - | - | - | - | - | (354,365) | - |
| Cathedral organ project | 142,300 | - | - | - | - | - | - | - | 142,300 |
| Building fund | 15,933 | - | - | - | - | - | - | - | 15,933 |
| Total expenses | 9,656,296 | 2,329,616 | 2,209,644 | 630,768 | 15,324,247 | 833,613 | - | (2,484,577) | 28,499,607 |

The Roman Catholic Diocese of Toledo in America

Combining Statement of Activities and Changes in Net Assets (Continued)

Year Ended June 30, 2021

| | Diocese of Toledo in America Corporation | Diocese of Toledo Management Corporation | Central City Ministries Fund | Deposit and Loan Trust | Health Benefits Trust | Property and Casualty Trust | Catholic Investment Trust | Eliminating Entries | Total |
|---|---|---|---------------------------------|---------------------------|--------------------------|--------------------------------|---------------------------------|------------------------|----------------------|
| Increase (Decrease) in Net Assets without Donor Restrictions - Before nonoperating income (loss) and transfers | \$ 6,582,896 | \$ (365) | \$ (279,328) | \$ 442,315 | \$ (1,296,610) | \$ (42,671) | \$ - | \$ (238,378) | \$ 5,167,859 |
| Nonoperating Income (Loss) | | | | | | | | | |
| Paycheck Protection Program loan forgiveness | 611,015 | 267,094 | 331,184 | - | - | - | - | - | 1,209,293 |
| Net realized and unrealized gains (losses) on investments | 2,134,470 | - | 394,897 | (659,499) | 653,298 | 986,233 | 20,410,218 | (4,988,904) | 18,930,713 |
| Net change in due to parishes and other organizations of the Catholic Investment Trust | - | - | - | - | - | - | (20,410,218) | 5,227,282 | (15,182,936) |
| Total nonoperating income (loss) | 2,745,485 | 267,094 | 726,081 | (659,499) | 653,298 | 986,233 | - | 238,378 | 4,957,070 |
| Increase (Decrease) in Net Assets without Donor Restrictions - Before transfers | 9,328,381 | 266,729 | 446,753 | (217,184) | (643,312) | 943,562 | - | - | 10,124,929 |
| Changes in Net Assets with Donor Restrictions | | | | | | | | | |
| Contributions | 239,332 | - | 1,000 | - | - | - | - | - | 240,332 |
| Interest in earnings from custody trust account | 273,964 | - | - | - | - | - | - | - | 273,964 |
| Net realized and unrealized gains on investments | 5,154,790 | - | - | - | - | - | - | - | 5,154,790 |
| Net assets released from restrictions | (565,984) | - | - | - | - | - | - | - | (565,984) |
| Increase in Net Assets with Donor Restrictions | 5,102,102 | - | 1,000 | - | - | - | - | - | 5,103,102 |
| Increase (Decrease) in Net Assets | 14,430,483 | 266,729 | 447,753 | (217,184) | (643,312) | 943,562 | - | - | 15,228,031 |
| Net Assets - Beginning of year | 37,758,217 | 218,082 | 2,507,304 | 4,691,763 | 6,100,781 | 5,299,129 | - | - | 56,575,276 |
| Net Assets - End of year | \$ 52,188,700 | \$ 484,811 | \$ 2,955,057 | \$ 4,474,579 | \$ 5,457,469 | \$ 6,242,691 | \$ - | \$ - | \$ 71,803,307 |