



## **Summary Report from Diocesan Chief Finance Officer and Controller**

This Summary Report is intended to be used in connection with a review of the audited June 30, 2021, Combined Financial Statements of The Roman Catholic Diocese of Toledo in America (Financial Report) in order to provide a more general understanding of the financial statements.

In an ongoing spirit of transparency and accountability, the audited Financial Report of the various diocesan entities is presented for review, along with this accompanying Summary Report. The entities and trusts included in the Financial Report reflect the net assets and operating activities of the Diocese of Toledo Pastoral Center offices, as well as other entities that provide important programs and services to the parish and school communities and other Catholic agencies throughout the 19 counties of Northwest Ohio.

The Financial Report as of June 30, 2021, encompasses the combined results of ten (10) entities and trusts, which are reported in the Supplemental Information included therein. While the trusts are all separate legal and governed entities, they are included in this Financial Report for transparency and simplification purposes all to benefit the reader. The Deposit & Loan Trust and the Catholic Investment Trust are included in these combined results, but also have separate audited financial statement reports as of June 30, 2021. Other than some selected cash and investment assets, the Financial Report does not include results of all the ecclesiastical entities of the Diocese, which are represented by: 1) 122 parishes and 62 schools, all of which publish separate financials as prepared by the respective entities and shared with their governing boards/committees and parishioners, and 2) Other non-profit diocesan organizations including Catholic Charities, the Catholic Club, and Mareda, Inc., all of which publish their financial reports separately. These non-combined entities are governed by their own boards and their respective assets are held in their names and not comingled with those of any other entity. Additionally, the Financial Report does not include the assets or financial results of the priest and lay employee retirement plans. Both of these retirement plans have separate audited financial reports and respective governing boards.

This Summary Report will provide an overview, as well as selected financial information, of the ten entities and trusts that comprise the Financial Report of The Roman Catholic Diocese of Toledo in America. The Financial Report includes selected cash and investment assets of other diocesan entities, primarily through funds held in the Deposit & Loan Trust and Catholic Investment Trust; therefore, it is advisable to reference the related notes to financial statements and supplemental information for underlying details supporting such balances. This Summary Report should be read in conjunction with the accompanying Financial Report as of June 30, 2021.

### **The Diocese of Toledo in America (DOT):**

**Overview:** The DOT is comprised of various ministry and pastoral departments located at the Pastoral

Center offices with the primary purpose to provide support services to parishes and schools throughout the diocese. These services and activities include clergy and seminary formation; Catholic education; family, young adult, and youth ministries; parish evangelization; and support of Catholic Charities and other diocesan ministries. Funding for these various ministries is provided by the Annual Catholic Appeal (ACA), funds held in the Catholic Investment Trust, and funds provided by other organizations and donors. Funding to support temporal services (business and administrative) is provided by receipt of parish assessments (calculated as a percentage of Sunday and Holy Day collections). Expenses of the DOT include personnel and other direct costs incurred related to the ministries, pastoral programs, and administrative support. Additionally, DOT is charged service fees from The Diocese of Toledo Management Corporation, for the various management, business, legal, and administrative services provided.

**Highlights:** The net assets increased \$14.4 million for the twelve-month period ended June 30, 2021, due to a combination of \$6.9 million of proceeds from the Mareda Inc. property sale, \$7.3 million of net realized and unrealized gains on investments, and \$611 thousand related to forgiveness of a Paycheck Protection Program loan. In June 2021, the DOT sold the remaining two affordable housing properties through a related party entity Mareda Inc., and generated sale proceeds of \$7.9 million, of which \$1.0 million was allocated to another diocesan entity. The remaining proceeds were used for varying purposes to include supporting the Pastoral Center building needs, strategic plan initiatives, and to shore up other reserves (as disclosed in Note 20 of the Financial Report). On April 20, 2020, the DOT received a loan through the Cares Act - Paycheck Protection Program in the amount of \$933 thousand (\$605 thousand was retained and \$328 thousand was allocated to Central City Ministries). On April 19, 2021, the DOT received written confirmation from the lending institution that the loan and related interest were forgiven.

### **The Diocese of Toledo Management Corporation (Management Corp):**

**Overview:** Management Corp provides temporal services including finance, accounting, real estate, construction planning, human resources, payroll, legal/risk management, and operational/strategic planning to the Pastoral Center, parishes and schools of the diocese, and various related entities. Management Corp also provides support to the various governance committees and boards of related diocesan organizations and trusts. Management Corp executes annual service agreements with all applicable diocesan entities, which are the basis for charging corresponding monthly service fees. Expenses are primary personnel and other direct costs related to the services provided.

**Highlights:** Management Corp net assets increased \$267 thousand for the twelve-month period ended June 30, 2021, due primarily to forgiveness of a Paycheck Protection Program loan. On April 10, 2020, the Management Corp received a loan through the Cares Act - Paycheck Protection Program in the amount of \$264 thousand. On April 7, 2021, the Management Corp received written confirmation from the lending institution that the loan and related interest were forgiven.

### **Central City Ministries (CCMT):**

**Overview:** CCMT consists of two inner-city kindergarten thru 8<sup>th</sup> grade diocesan schools comprised of Queen of Apostles and Rosary Cathedral, with enrollment of approximately 304 students. CCMT endeavors to prepare students to be responsible citizens and followers of Christ by providing a strong academic and religious education to a diverse population. Revenue is realized from student tuition, EdChoice Scholarships, mandated services income, parish support, donors, and other fundraising

activities. Expenses are comprised primarily of educator and administrator salaries and benefits, student services, depreciation, and facility maintenance costs. Additionally, CCMT is charged service fees from Management Corp, for services provided.

**Highlights:** Net assets increased by \$448 thousand for the twelve-month period ended June 30, 2021. This increase is due primarily to a combination of \$395 thousand of net realized and unrealized gains on investments, plus \$331 thousand related to Paycheck Protection Program loan forgiveness, both offset by operating expenses exceeding revenue by \$279 thousand. On April 20, 2020, CCMT received an allocation \$328 thousand of the DOT's Cares Act - Paycheck Protection Program loan. On April 19, 2021, the DOT received written confirmation from the lending institution that the loan and related interest were forgiven. In June 2021, the Ohio Department of Education stated that it would not be issuing all EdChoice scholarships to the CCMT schools related to the just ended school year due to the school's administrative errors on certain accounts. The scholarship value in question is approximately \$297 thousand. The Diocese is challenging this decision and appealing to the Governor's office and other State officials for resolution.

### **The Diocese of Toledo Cemeteries Corporation (Cemeteries Corp):**

**Overview:** The Cemeteries Corp includes the operations of three diocesan cemetery locations – Resurrection, Mount Carmel, and Calvary; and excludes all parish cemeteries. Cemeteries Corp is dedicated to providing assistance to families in need by burying the dead in conformity with Catholic teachings and comforting the bereaved. Cemeteries Corp has contracted with Catholic Management Services (CMS), an organization owned by the Diocese of Oakland CA, to provide day-to-day operational oversight and management services at all three locations. Cemeteries Corp generates revenue from promotion and sales of various burial products and services. Expenses include sales, operations, and administrative personnel costs, as well as direct burial costs, depreciation and property maintenance expenses. Additionally, Cemeteries Corp is charged service fees from Management Corp for services provided.

**Highlights:** Net assets increased by \$422 thousand for the twelve-month period ended June 30, 2021. This increase is due to a combination of \$408 thousand of net realized and unrealized gains on investments, plus \$152 thousand related to Paycheck Protection Program loan forgiveness, both offset by operating expenses exceeding revenue by \$138 thousand. On April 10, 2020, the Cemeteries Corp received a loan through the Cares Act - Paycheck Protection Program in the amount of \$150 thousand. On April 22, 2021, the Cemeteries Corp received written confirmation from the lending institution that the loan and related interest were forgiven. Progress is being made to grow cemetery revenues through enhancing the size and training of sales staff and improving operating efficiencies.

### **The Diocese of Toledo Deposit & Loan Trust (D&L Trust):**

**Overview:** The D&L Trust holds assets of parishes, schools, and other diocesan entities and provides a highly secured and socially responsible investment option for excess short-term funds, ready access to deposits with no risk of early withdraw penalty, all at a stable and attractive rate of return. Broad participation in the D&L Trust allows for low-cost loans to be made available to a wide variety of qualifying diocesan entities to support important construction, repair, and other projects. The D&L Trust generates revenue from interest charged to borrowers on outstanding loans, as well as income from the

investment portfolio. Expenses include interest payments made to depositors and investment management fees. Additionally, the D&L Trust is charged service fees from Management Corp for services provided.

**Highlights:** Net assets decreased \$217 thousand for the year ended June 30, 2021, due to realized and unrealized losses on investments (primarily fixed income) exceeding net operating income in the D&L Trust. The Trust was paying higher than market interest rates on deposits for all of fiscal year 2021 in order to properly distribute excess net assets that had accumulated in the Trust.

### **The Diocese of Toledo Health Benefits Trust (Health Benefits Trust):**

**Overview:** The Health Benefits Trust holds the assets of the Diocese's Health Benefits Program, and the Management Corp provides management and administrative support for the operation of this program. The Health Benefits Program provides health, vision, and dental insurance coverage to employees of participating entities, which include parishes, schools, and various ecclesiastical organizations. It is a self-insured program contracted with Anthem Blue Cross-Blue Shield and has specific stop-loss and stop-loss coverages and various plan administration costs. Revenues are generated from premiums charged to the participating entities and employees. Expenses include claims incurred and premiums for stop-loss coverages. Additionally, the Health Benefits Trust is charged service fees from Management Corp for services provided.

**Highlights:** Net assets in the Health Benefits Trust decreased by \$643 thousand for the twelve-months ended June 30, 2021, due primarily to the one-month premium holiday the Trust extended to all participating employers and employees during May 2021. The premium holiday, which amounted to \$1.3 million, was implemented to properly reduce some of the excess reserves which had accumulated in the Trust.

### **The Diocese of Toledo Property and Casualty Trust (P&C Trust):**

**Overview:** The P&C Trust holds the assets of the Diocese's Risk Management Program, and the Management Corp provides management and administrative support for the operation of this program. The Risk Management Program provides property, casualty, worker's compensation, and unemployment insurance coverage to participating entities, which include parishes, schools, and various ecclesiastical organizations. Revenues are generated from property and casualty premiums charged to the participating entities. Funding for the worker's compensation and unemployment insurance programs is currently provided in part by reserves held by the Diocese, but this funding source will discontinue over the next year at which point the participating entities will be charged 100% of their respective portion of the program costs. Expenses include claims incurred, premiums for catastrophic loss and excess coverages and various plan administration costs. Additionally, the P&C Trust is charged service fees from Management Corp for services provided.

**Highlights:** Net assets in the P&C Trust increased by \$944 thousand during the twelve-months ended June 30, 2021, due to realized and unrealized gains on investments of \$986 thousand. Also, operations benefited from a combination of lower property claims incurred and lower property insurance premium costs paid to the carrier. The Trust changed its insurance broker at the beginning of fiscal year 2021, and as a result was successful in reducing related broker service fees.

### **The Diocese of Toledo Cemeteries Perpetual Care Trust (Perpetual Care Trust):**

**Overview:** The Perpetual Care Trust holds assets for the long-term maintenance and care of the three cemeteries' locations of Cemeteries Corp. It is the obligation of the Diocese to ensure the three cemeteries' locations are cared for into perpetuity, which requires assets to be set aside to do so. Funding for the Perpetual Care Trust is provided in part by fees collected from each Cemeteries Corp sale, investment income, and contributions from the Diocese. Expenses include investment management fees and charges from Management Corp for services provided.

**Highlights:** Net assets of the Perpetual Care Trust increased \$2.2 million for the twelve-months ended June 30, 2021. This increase was due to the combination of \$1.0 million of net realized and unrealized gains on investments, and a gift of \$1.0 million from the Diocese from the proceeds received from the Mareda Inc. properties sale, as noted in the DOT section above.

### **The Diocese of Toledo Cemeteries Pre-Need Cemetery Merchandise and Services Trust (Pre-Need Trust):**

**Overview:** The Pre-Need Trust holds funds paid to the Cemetery Corp for cemetery burial contracts sold prior to the death of the person for whom the contract was purchased. Holding the funds as assets in the Trust, ensures the monies will be available to provide the delivery of the purchased merchandise and services when they are needed. Such assets are reported as a liability to Cemetery Corp, resulting in no net assets being reported by the Pre-Need Trust. Expenses of the Pre-Need Trust include investment management fees and charges from Management Corp for services provided.

**Highlights:** The liability to Cemeteries Corp amounted to \$2.2 million and \$1.7 million at June 30, 2021, and June 30, 2020, respectively.

### **The Diocese of Toledo Catholic Investment Trust (Catholic Investment Trust):**

**Overview:** The Catholic Investment Trust exists to receive gifts, bequests, legacies and donations from third parties, as well as funds from parishes, schools, and other diocesan entities to safeguard, administer and expend such contributions for the purposes established by the donor/account holder. Currently, 147 endowment and other trust accounts are held within the Catholic Investment Trust. Since all assets belong to the investing entities, the Catholic Investment Trust has no net assets.

**Highlights:** Assets of the Catholic Investment Trust amounted to \$78.6 million at June 30, 2021, compared to \$58.2 million as of June 30, 2020. The increase is due to \$15.7 million of realized and unrealized gains on investments, and \$4.7 million increase in net deposits from existing and new account holders.

### **Financial Governance and Oversight:**

The Management Corp's Finance Office is committed to the highest standards of fiscal management,

integrity, and accountability. It is the responsibility of the Finance Office to ensure that accounting policies, procedures, and internal controls are in place and followed in all material respects to safeguard the patrimony of the diocese and ensure that all financial activity is accounted for properly. Financial oversight is provided through a combination of annual independent audits and the prudent governance of the Diocesan Finance Council, its sub-committees (Accounting and Audit, Investment, and Real Estate), and other related advisory boards and committees. Please see the accompanying letter from the Chair of the Finance Council, which includes a list of the members and describes the functions of these governing bodies.

The June 30, 2021, Financial Report and the integrity of the underlying financial systems are the responsibility of the management of the Diocese. The public accounting firm Plante Moran PLC was engaged to perform an independent audit of the June 30, 2021, combined financial statements of The Roman Catholic Diocese of Toledo in America, along with the separate audits of the Deposit & Loan Trust and Catholic Investment Trust financial statements. Such audited reports can be found on the Diocese of Toledo website, along with the June 30, 2021, Financial Report.

Thank you for your continued interest in the financial health of our Diocese and the related ministry work done to support our collective mission. We are grateful and blessed to have such a generous and committed Catholic faith community within the 19 counties that make up the Diocese of Toledo.

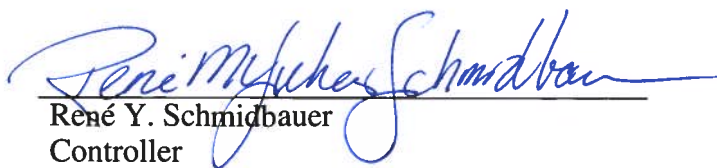
Sincerely Yours in Christ,



Philip A. Renda  
Chief Operations and Finance Officer

1-31-22

Date



René Y. Schmidbauer  
Controller

01/31/2022

Date