



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, 2022, 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, 2022, encompasses the combined results of ~~seven~~ (7) 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, 2022. 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 60 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 retirement plans have separate audited financial reports and respective governing boards.

In prior years, both the Financial and Summary Reports included three additional entities/trusts: Diocese of Toledo Cemeteries Corporation, the Diocese of Toledo Cemeteries Perpetual Care Trust (Perpetual Care Trust), and The Diocese of Toledo Cemeteries Pre-Need Cemetery Merchandise and Services Trust (Pre-Need Trust). These entities/trusts have been excluded from this year's Reports due to the execution of a long-term operating agreement effective April 1, 2022, with a third-party organization, Catholic Funeral and Cemetery Service (CFCS).

This Summary Report will provide an overview of key operational and financial information of the seven 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, 2022.

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 decreased \$4.6 million for the twelve-month period ended June 30, 2022, due to a combination of \$5.1 million of unrealized loss on investments partially offset by better than expected ACA funds of \$529 thousand and lower salary expenses of \$502 thousand. The value of investments decreased due to significant inflationary and interest rate increases during the fiscal year; however, all investment pools had returns in-line with or better than market benchmarks. Due to enhanced ACA fundraising efforts and the generosity of parishioners throughout the Diocese, the 2022 ACA was 108% of goal. Difficulty finding qualified candidates to fill open staff positions resulted in lower salary and benefits expenses during the fiscal year.

As part of the Diocesan Strategic Plan, the \$65 million Living Christ Capital Campaign (LCC) was launched in the fall of 2021, and the active fund-raising phases will run through spring of 2023. Also in the fall of 2021, the Catholic Community Foundation – Ohio (CCF - a non-profit 501(c)(3) charitable organization) was formed with the initial goal of administering the funds raised and expenses incurred to conduct the LCC in accordance with the campaign's case elements and policies. As of June 30, 2022, the Diocese recorded revenue of \$379 thousand and accounts receivable of \$1.1 million from CCF related to the campaign for paid and unpaid distributions and reimbursable expenses. More complete information on the LCC as of June 30, 2022, can be found on the Diocese website.

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 revenue and expenses for the year ended June 30, 2022, were each \$2.3 million. The revenue and expense totals are lower than the prior fiscal year by \$100 thousand, due to delays in filling open staffing positions.

Central City Ministries (CCMT):

Overview: CCMT consists of two inner-city kindergarten thru 8th 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 decreased by \$2 thousand for the twelve-month period ended June 30, 2022. The positive operating income of \$234 thousand was offset by unrealized losses on investments totaling \$235 thousand. The positive operating income is the result of higher gifts/donations and lower salary expenses. In June 2021, the Ohio Department of Education (ODE) stated that it would not be issuing all EdChoice scholarships to the CCMT schools related to the previous school year due to the school's administrative processing errors. The scholarship value in question is approximately \$270 thousand. The Diocese was successful in challenging this decision and ODE has recently agreed to issue these funds, which are expected to be deposited in January 2023.

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. All funds are invested in compliance with the Diocesan policy on socially responsible investing. 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 \$2.2 million for the year ended June 30, 2022, due to unrealized losses on investments (primarily fixed income) exceeding net operating income in the D&L Trust. The value of investments decreased due to significant inflationary and interest rate increases during the fiscal year. The Trust's practice of carrying short-term securities through to their respective maturity dates, is a key mitigating factor to such unrealized losses as is the future change in the market value of holdings. As of June 30, 2022, the Trust's capital reserve was \$2.1M and the capital ratio was 3.9% (adjusted capital ratio removing the unrealized loss was 6.7%), with the minimum target capital ratio at 5.0%.

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 increased by \$655 thousand for the twelve-months ended June 30, 2022, due to the favorable impact of premiums exceeding claims expenses, which was slightly offset by unrealized and realized losses on investments.

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 decreased by \$530 thousand during the twelve-months ended June 30, 2022, due primarily to unrealized and realized losses on investments of \$681 thousand. Also, operations benefited from premiums paid-in slightly exceeding property claims incurred during the fiscal year.

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. All funds are invested in compliance with the Diocesan policy on socially responsible investing. Currently, 152 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 \$70.6 million at June 30, 2022, compared to \$78.6 million as of June 30, 2021. The decrease is due to \$9.4 million of unrealized and realized losses on investments, offset by \$1.4 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, 2022, 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, 2022, 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. All such audited reports can be found on the Diocese of Toledo website via this link, [Financial Reports](#).

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.

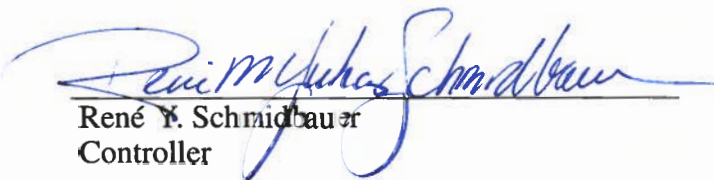
Sincerely Yours in Christ,



Philip A. Renda
Chief Operations and Finance Officer

1-30-23

Date



René Y. Schmidbauer
Controller

01/30/2023

Date