



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, 2023, 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, 2023, 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, 2023. 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 and the Catholic Club, 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.

Also excluded from the Financial Report are 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 are excluded 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, 2023.

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 \$5.2 million for the twelve-month period ended June 30, 2023, due to a combination of \$2.5 million of realized/unrealized gain on investments, a \$1.8 million increase in capital campaign distributions (discussed below), and \$515 thousand more income from parish assessments offset by lower than expected ACA funds of \$501 thousand. The value of investments increased due to improved equity market performance and higher yields from more robust interest rates during the fiscal year. Parish assessment income was up due to increasing the operational assessment by 1 percentage point; however, overall parish assessment rates are consistent with prior years as the priest retirement assessment was previously reduced by 1 percentage point. ACA fundraising results were curtailed somewhat as a result of the capital campaign activities discussed below.

As part of the Diocesan Strategic Plan, the \$65 million Living Christ Capital Campaign (LCC) was launched in the fall of 2021, the active fund-raising phases concluded in September 2023, and total pledges raised is approximately \$105 million. All LCC pledges collected are received into the Catholic Community Foundation – Ohio (CCF - a non-profit 501(c)(3) charitable organization) and then distributed in accordance with the LCC case elements and policies. For the fiscal year ended June 30, 2023, the Diocese recorded revenue of \$2.2 million and accounts receivable of \$188 thousand from CCF related to the campaign for paid and unpaid distributions and reimbursable expenses. More complete information on the LCC as of June 30, 2023, 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, 2023, were each \$2.2 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 260 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 \$96 thousand for the twelve-month period ended June 30, 2023. The operating loss of \$26 thousand was offset by unrealized gains on investments totaling \$121 thousand. The operating loss is the result of \$255 thousand lower student receipt income plus higher salary expenses of \$55 thousand, offset by \$271 thousand of out-of-period EdChoice scholarship income. In June 2021, the Ohio Department of Education (ODE) stated that it would not be issuing all EdChoice scholarships (\$271 thousand) to the CCMT schools related to the previous school year due to the school's administrative processing errors. The Diocese was successful in challenging this decision and received these funds from the ODE in January/February 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 \$432 thousand for the year ended June 30, 2023, 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, 2023, the Trust's capital reserve was \$1.8 million and the capital ratio was 2.9% (adjusted capital ratio removing the unrealized loss was 6.8%), 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 coverage. 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 \$1.6 million for the twelve-months ended June 30, 2023, due primarily to higher than expected claims activity.

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. 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 \$18 thousand during the twelve-months ended June 30, 2023, due primarily to a combination of higher than expected claims activity offset by increased premium income and unrealized and realized gains on investments.

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, 151 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 \$79.8 million at June 30, 2023, compared to \$70.6 million as of June 30, 2022. The increase is due to \$9.2 million of unrealized and realized gains on investments.

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, 2023, 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, 2023, 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 conducted 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

1-19-24

Date



David A. Reed
Controller

1/19/24

Date