
Catholic Investment Trust of The Roman Catholic
Diocese of Toledo in America

Financial Report
June 30, 2020

Catholic Investment Trust of The Roman Catholic Diocese of Toledo in America

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Independent Auditor's Report

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

We have audited the accompanying financial statements of Catholic Investment Trust of The Roman Catholic Diocese of Toledo in America (the "Catholic Investment Trust"), which comprise the statement of financial position as of June 30, 2020 and the related statements of activities and changes in net assets and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Catholic Investment Trust of The Roman Catholic Diocese of Toledo in America as of June 30, 2020 and the results of its operations and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

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
Catholic Investment Trust of The Roman Catholic
Diocese of Toledo in America

Emphasis of Matter

As described in Note 2 to the financial statements, operations of the Catholic Investment Trust have been impacted by the COVID-19 pandemic. Our opinion is not modified with respect to this matter.

Plante & Moran, PLLC

December 8, 2020

Catholic Investment Trust of The Roman Catholic Diocese of Toledo in America

Statement of Financial Position

June 30, 2020

Assets		
Accrued interest receivable		\$ 21,838
Investments (Note 6)		<u>58,161,068</u>
Total assets		<u><u>\$ 58,182,906</u></u>
Liabilities and Net Assets		
Liabilities - Funds held for others (Notes 4 and 7)		\$ 58,182,906
Net Assets		<u>-</u>
Total liabilities and net assets		<u><u>\$ 58,182,906</u></u>

Catholic Investment Trust of The Roman Catholic Diocese of Toledo in America

Statement of Activities and Changes in Net Assets

Year Ended June 30, 2020

Changes in Net Assets without Donor Restrictions

Net contributions and distributions	\$ (1,202,285)
Net investment income	2,127,729
Net contributions, distributions, and allocations of net investment income	<u>(925,444)</u>

Change in Net Assets

Net Assets - Beginning of year

-

-

Net Assets - End of year

\$

-

Catholic Investment Trust of The Roman Catholic Diocese of Toledo in America

Statement of Cash Flows

Year Ended June 30, 2020

Cash Flows from Operating Activities

Change in net assets	\$	-
Adjustments to reconcile change in net assets to net cash from operating activities:		
Contributions received from parishes and other organizations		3,108,817
Distributions made to parishes and other organizations		(4,311,100)
Net investment income		<u>(2,127,729)</u>
Net cash used in operating activities		(3,330,012)

Cash Flows from Investing Activities

Purchases of investments		(5,715,328)
Proceeds from sales and maturities of investments		<u>9,045,340</u>
Net cash provided by investing activities		<u>3,330,012</u>

Net Change in Cash

Cash - Beginning of year		-
Cash - End of year	\$	<u><u>-</u></u>

June 30, 2020

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. The Catholic Investment Trust of The Roman Catholic Diocese of Toledo in America (the "Catholic Investment Trust" or the "Trust") was established on July 1, 2019 to hold the investments previously held by the Catholic Foundation. The trust holds restricted, unrestricted, and endowed funds in separate trust accounts as deposited by the Diocese, 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. Some funds can be withdrawn from the accounts in accordance with the restrictions of the trust, charter, and related documents.

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

Note 2 - Significant Accounting Policies

Investments

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

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

Income Taxes

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

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

Note 2 - Significant Accounting Policies (Continued)

Impact of Pandemic Outbreak

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 Trust's investment portfolio has experienced volatility in the market since the outbreak of COVID-19 with periodic increases and decreases in market value, consistent with the general volatility in financial markets. The amount of losses or gains that may be recognized in subsequent periods, if any, cannot be determined. The Trust continues to monitor the situation. No impairments were recorded as of the statement of financial position date; however, due to significant uncertainty surrounding the situation, management's judgment regarding this could change in the future.

Subsequent Events

The financial statements and related disclosures include evaluation of events up through and including December 8, 2020, which is the date the financial statements were available to be issued.

Note 3 - Liquidity and Availability of Resources

The following reflects the Catholic Investment Trust's financial assets as of June 30, 2020, reduced by amounts not available for general use because of contractual or donor-imposed restrictions within one year of the statement of financial position date:

Accrued interest receivable	\$ 21,838
Investments (Note 6)	<u>58,161,068</u>
Financial assets - At year end	58,182,906
Less those unavailable for general expenditures within one year - Funds held for others	<u>58,182,906</u>
Financial assets available to meet cash needs for general expenditures within one year	<u><u>\$ -</u></u>

All financial assets of the Catholic Investment Trust are held for others.

Note 4 - Related Party Transactions

Funds held for others includes amounts held for the Diocese of \$19,824,969 as of June 30, 2020. Contributions from the Diocese were \$131,735 and distributions were \$394,024 during year ended June 30, 2020. Additionally, net investment income earned by the Diocese was \$636,887 during the year ended June 30, 2020.

Note 5 - Contingencies

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

Note 6 - Fair Value Measurements

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

Note 6 - Fair Value Measurements (Continued)

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

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

Level 3 inputs are unobservable inputs, including inputs that are available in situations where there is little, if any, market activity for the related asset. These Level 3 fair value measurements are based primarily on management's own estimates using pricing models, discounted cash flow methodologies, or similar techniques taking into account the characteristics of the asset.

The following table presents information about the Catholic Investment Trust's assets measured at fair value on a recurring basis at June 30, 2020 and the valuation techniques used by the Catholic Investment Trust to determine those fair values:

	Assets Measured at Fair Value on a Recurring Basis at June 30, 2020			
	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, 2020
Assets				
Trading securities:				
Common stock	\$ 10,968,058	\$ -	\$ -	\$ 10,968,058
Mutual funds - Fixed income	9,295,188	-	-	9,295,188
Mutual funds - Equity	21,520,052	-	-	21,520,052
Mutual funds - Real estate	1,920,615	-	-	1,920,615
Money market funds	-	2,621,033	-	2,621,033
Total	<u>\$ 43,703,913</u>	<u>\$ 2,621,033</u>	<u>\$ -</u>	46,324,946
Investments measured at NAV - Common collective funds				<u>11,836,122</u>
Total assets				<u>\$ 58,161,068</u>

The fair value of money market funds at June 30, 2020 was determined primarily based on Level 2 inputs. The Catholic Investment Trust estimates the fair value of these investments based on quoted prices for similar assets in active markets.

Investments in Entities that Calculate Net Asset Value per Share

The Catholic Investment Trust holds shares in certain common collective funds administered by the Catholic United Investment Trust (CUIT) at year end whereby 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.

The Catholic Investment Trust holds shares in the CUIT Intermediate Diversified Bond Fund and the CUIT International Equity Fund. The fair value of the investments is measured on a recurring basis using net asset value per share (or its equivalent) of the investment companies 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.

Catholic Investment Trust of The Roman Catholic Diocese of Toledo in America

Notes to Financial Statements

June 30, 2020

Note 7 - Funds Held for Others

Transactions in funds held for others are summarized below for the year ended June 30, 2020:

Contributions - Related organizations	\$ 3,108,817
Investment income - Net	2,127,728
Distributions - Related organizations	<u>(4,311,100)</u>
Change in balance	925,445
Transfers in of funds held for others from Catholic Foundation - July 1, 2019	<u>57,257,461</u>
Balance in funds held for others - June 30, 2020	<u><u>\$ 58,182,906</u></u>