

# **Insurance Fund of The Roman Catholic Diocese of Toledo in America**

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**Financial Report  
June 30, 2017**

# **Insurance Fund of The Roman Catholic Diocese of Toledo in America**

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## Independent Auditor's Report

To the Most Reverend Daniel E. Thomas  
and Reverend Monsignor William Kubacki  
Insurance Fund of The Roman Catholic  
Diocese of Toledo in America

We have audited the accompanying financial statements of Insurance Fund of The Roman Catholic Diocese of Toledo in America (the "Fund"), which comprise the statement of financial position as of June 30, 2017 and 2016 and the related statements of activities and changes in net assets and cash flows for the years 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 audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits 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.

To the Most Reverend Daniel E. Thomas  
and Reverend Monsignor William Kubacki  
Insurance Fund of The Roman Catholic  
Diocese of Toledo in America

***Opinion***

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Insurance Fund of The Roman Catholic Diocese of Toledo in America as of June 30, 2017 and 2016 and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

***Emphasis of Matter***

As described in Note 3 to the financial statements, the Fund is one of several funds of The Roman Catholic Diocese of Toledo in America (the "Diocese") and has no separate legal status or existence. Its assets are legally available for the satisfaction of debts of the Diocese, not solely those appearing on the accompanying statement of financial position, and its debts may result in claims against assets not appearing thereon. Our opinion is not modified with respect to this matter.

*Plante & Moran, PLLC*

November 20, 2017

# Insurance Fund of The Roman Catholic Diocese of Toledo in America

## Statement of Financial Position

	<u>June 30, 2017</u>	<u>June 30, 2016</u>
<b>Assets</b>		
Cash and cash equivalents	\$ 6,399,560	\$ 4,372,640
Participation charges receivable	206,917	256,566
Healthcare premiums receivable - Net of allowance	325,678	449,546
Due from Central City Ministries Fund (Note 4)	508,334	903,625
Investments (Note 2)	23,816,286	25,187,149
Prepaid expenses	401,764	512,175
Total assets	<u><b>\$ 31,658,539</b></u>	<u><b>\$ 31,681,701</b></u>
<b>Liabilities and Net Assets</b>		
<b>Liabilities</b>		
Accounts payable	\$ 20,560	\$ 224,270
Reserve for claims and claims expenses	1,915,041	1,854,322
Total liabilities	1,935,601	2,078,592
<b>Net Assets - Unrestricted</b>	<u>29,722,938</u>	<u>29,603,109</u>
Total liabilities and net assets	<u><b>\$ 31,658,539</b></u>	<u><b>\$ 31,681,701</b></u>

# Insurance Fund of The Roman Catholic Diocese of Toledo in America

## Statement of Activities and Changes in Net Assets

	Year Ended	
	June 30, 2017	June 30, 2016
<b>Revenue, Gains (Losses), and Support</b>		
Participation charges to parishes and related institutions	\$ 1,928,175	\$ 1,825,246
Healthcare premiums	15,856,380	15,663,317
Interest and dividend income	507,750	575,759
Net realized and unrealized gains (losses) on investments	2,153,081	(350,863)
PSI insurance receipts	-	2,163,486
Other income	133,557	210,183
Total revenue, gains, and support	20,578,943	20,087,128
<b>Expenses</b>		
Program services:		
Self-insured healthcare insurance premiums and claims	14,012,009	13,349,731
Self-insured program claims	344,705	1,135,225
Infirmid priests	199,053	254,361
Professional fees	1,327,176	1,266,484
Miscellaneous	401,171	529,198
Total expenses	16,284,114	16,534,999
<b>Contributions to Related Funds (Note 4)</b>	(4,175,000)	(406,004)
<b>Increase in Net Assets</b>	119,829	3,146,125
<b>Net Assets - Beginning of year</b>	29,603,109	26,456,984
<b>Net Assets - End of year</b>	<b>\$ 29,722,938</b>	<b>\$ 29,603,109</b>

# Insurance Fund of The Roman Catholic Diocese of Toledo in America

## Statement of Cash Flows

	Year Ended	
	June 30, 2017	June 30, 2016
<b>Cash Flows from Operating Activities</b>		
Increase in net assets	\$ 119,829	\$ 3,146,125
Adjustments to reconcile increase in net assets to net cash from operating activities:		
Bad debt recovery	(34,000)	-
Realized/unrealized (gains) losses on investments - Net	(2,153,081)	350,863
Changes in operating assets and liabilities which provided (used) cash:		
Participation charges receivable	49,649	(35,537)
Healthcare premiums receivable	157,868	32,619
Prepaid expenses	110,411	14,265
Accounts payable	(203,710)	159,016
Reserve for claims and claims expenses	60,719	(57,557)
Net cash (used in) provided by operating activities	(1,892,315)	3,609,794
<b>Cash Flows from Investing Activities</b>		
Net sales (purchases) of investments	3,523,944	(367,994)
Payments received on advances to the Central City Ministries Fund	395,291	210,000
Net cash provided by (used in) investing activities	3,919,235	(157,994)
<b>Net Increase in Cash and Cash Equivalents</b>	2,026,920	3,451,800
<b>Cash and Cash Equivalents - Beginning of year</b>	4,372,640	920,840
<b>Cash and Cash Equivalents - End of year</b>	<b>\$ 6,399,560</b>	<b>\$ 4,372,640</b>

# Insurance Fund of The Roman Catholic Diocese of Toledo in America

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## Notes to Financial Statements June 30, 2017 and 2016

### Note 1 - Nature of Business and Significant Accounting Policies

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 northwestern 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. Insurance Fund of The Roman Catholic Diocese of Toledo in America (the "Fund") provides for the accounting function for the protective self-insurance program (PSI), the healthcare program, 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 healthcare program provides for the accounting of the healthcare insurance contracted with Medical Mutual of Ohio, which became a self-insured program effective on July 1, 2015. All invoices that are billed to the various parishes and agencies for coverage are created by a third-party administrator, Findley Davies, Inc.

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.

**Cash and Cash Equivalents** - The Fund maintains cash in bank deposit accounts at financial institutions where balances may at times exceed federally insured limits. All highly liquid investments purchased with a maturity of three months or less are reported as cash equivalents.

**Accounts Receivable** - Accounts receivable are comprised principally of amounts due from parishes and agencies for healthcare premiums based on net invoice amounts. An allowance for doubtful accounts in the amount of \$160,000 and \$194,000 for the years ended June 30, 2017 and 2016, respectively, 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.

# **Insurance Fund of The Roman Catholic Diocese of Toledo in America**

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## **Notes to Financial Statements June 30, 2017 and 2016**

### **Note 1 - Nature of Business and Significant Accounting Policies (Continued)**

**Investments** - Investments are carried 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. The Fund's interest in the earnings is based upon the Fund's pro-rata share in the net assets of the Diocese of Toledo Custody Trust Account (the "Trust"), as described in Note 2, at the time the income is accrued. Investments in certain cash equivalents (i.e., money market accounts) are classified as investments.

**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 healthcare program as well as the PSI, the unemployment program, and the workers' compensation program. The healthcare program became self insured effective on July 1, 2015, and a reserve for claims and claims expenses of \$1,178,760 and \$1,180,899, was recorded as of June 30, 2017 and 2016, respectively. The amounts are based on the accumulation of case estimates for losses reported and estimates of incurred but unreported losses based on past history of claims for health care. Because of the inherent uncertainties in estimating the outcome of these claims, it is at least reasonably possible that these estimates will change.

**Classification of Net Assets** - Net assets of the Fund are classified as permanently restricted, temporarily restricted, or unrestricted depending on the presence and characteristics of donor-imposed restrictions limiting the Fund's ability to use or dispose of contributed assets or the economic benefits embodied in those assets. Donor-imposed restrictions that expire with the passage of time or can be removed by meeting certain requirements result in temporarily restricted net assets. Permanently restricted net assets result from donor-imposed restrictions that limit the use of net assets in perpetuity. Earnings, gains, and losses on restricted net assets are classified as unrestricted unless specifically restricted by the donor or by applicable state law. As of June 30, 2017 and 2016, there were no temporarily or permanently restricted net assets.

# Insurance Fund of The Roman Catholic Diocese of Toledo in America

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## Notes to Financial Statements June 30, 2017 and 2016

### Note 1 - Nature of Business and Significant Accounting Policies (Continued)

**Participation Charges and Healthcare Premiums** - Participation charges are billed to parishes and agencies for the PSI and the healthcare program for the same fiscal year used in accounting for the Fund and are recognized in the period in which they are billed. The PSI is invoiced on July 1 for the fiscal year and the healthcare program is invoiced monthly by a third-party administrator, Findley Davies, Inc. Workers' compensation and unemployment costs are currently funded by the investment returns of the reserves; no participation charges are currently billed to the parishes and agencies.

**Catastrophic Losses** - The PSI program provides for catastrophic losses through the purchase of excess insurance coverage, which limits losses of the PSI to \$100,000 per casualty (fire or theft) and \$150,000 per liability claim, and coverage insures property up to approximately \$1,008 million 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 \$400,000. The deductible for a claim related to disease is \$400,000. The coverage for each type of claim (accident or disease) is statutory (no limit).

The unemployment program is required to maintain the State of Ohio Unemployment Bond. The bond is computed by the State of Ohio and is based on payroll; total coverage is \$789,100 as of June 30, 2017 and 2016.

The healthcare program has specific stop-loss insurance coverage of up to \$250,000 per covered person and annual maximum per covered person is unlimited. Amounts expensed by the Diocese under the plan were approximately \$14,012,000 and \$13,350,000 during the years ended June 30, 2017 and 2016, respectively.

**Income Taxes** - The Diocese is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code; 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 accounting principles generally accepted in the United States of America 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, expenses, and other changes in net assets during the reporting period. Actual results could differ from those estimates.

# Insurance Fund of The Roman Catholic Diocese of Toledo in America

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## Notes to Financial Statements June 30, 2017 and 2016

### Note 1 - Nature of Business and Significant Accounting Policies (Continued)

**Upcoming Accounting Changes** - In May 2014, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) No. 2014-09, *Revenue from Contracts with Customers (Topic 606)*, which will supersede the current revenue recognition requirements in Topic 605, *Revenue Recognition*. The ASU is based on the principle that revenue is recognized to depict the transfer of goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The ASU also requires additional disclosure about the nature, amount, timing, and uncertainty of revenue and cash flows arising from customer contracts, including significant judgments and changes in judgments and assets recognized from costs incurred to obtain or fulfill a contract. The new guidance will be effective for the Diocese's year ending June 30, 2020. The ASU permits application of the new revenue recognition guidance to be applied using one of two retrospective application methods. The Diocese has reviewed its various revenue streams and does not feel this standard will have a significant impact on the timing of revenue recognition. However, the Diocese does expect to have expanded disclosures as a result of the new standard.

In August 2016, the FASB issued Accounting Standards Update (ASU) No. 2016-14, *Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities*. ASU No. 2016-14 requires significant changes to the financial reporting model of organizations that follow FASB not-for-profit rules, including changing from three classes of net assets to two classes: net assets with donor restrictions and net assets without donor restrictions. The ASU will also require changes in the way certain information is aggregated and reported by the Fund, including required disclosures about the liquidity and availability of resources. The new standard is effective for the Diocese's year ending June 30, 2019 and thereafter and must be applied on a retrospective basis. The Diocese has determined the effects of the new standard on the financial statements will include the change in net asset descriptions, additional disclosure on liquidity, and additional information on the natural classification of the functional expenses.

**Subsequent Events** - The financial statements and related disclosures include evaluation of events up through and including November 20, 2017, which is the date the financial statements were available to be issued (see Note 8).

# Insurance Fund of The Roman Catholic Diocese of Toledo in America

## Notes to Financial Statements June 30, 2017 and 2016

### Note 2 - Investments

The Fund's investments are through the Custody Trust Account (the "Trust") administered by Comerica Bank, the trustee. The Trust was established to hold the assets of the Fund and other funds of the Diocese and its related entities. The accompanying financial statements reflect the Fund's total interest (58.0321 percent at June 30, 2017 and 62.0244 percent at June 30, 2016) in the assets of the Trust as allocated by Comerica Bank and the Fund's interest in earnings of the Trust for each year.

The estimated fair values of investment securities at June 30, 2017 and 2016 are as follows:

	2017	2016
U.S. corporate bonds	\$ 359	\$ 466
Mutual funds - Fixed income	7,989,364	8,303,057
Equity securities	15,614,559	16,721,925
Money market fund	212,004	161,701
Total investments at fair value	<u>\$ 23,816,286</u>	<u>\$ 25,187,149</u>

The Fund 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.

### Note 3 - Legal Status of Diocese

For the years ended June 30, 2017 and 2016, the Diocese, as such, is not incorporated, but is an entity recognized in Canon Law. The legal title to all property listed among the assets of the Diocese is in the name of the bishop of Toledo (the "Bishop") and his successor in office. The title in itself is one of individual ownership in fee simple but, by a decision of the Supreme Court of Ohio (Mannix vs. Pucell 460S.102), there is an implied trust on behalf of each separate parish and institution. Property, therefore, cannot be alienated arbitrarily by the Bishop from the purpose for which it has been created. No mortgage, lien, or other obligation by reason of notes or contracts can be created against the assets of the Diocese, parishes, or institutions, except over the signature of the Bishop or with his authorization. The Fund's assets are legally available for the satisfaction of debts of the Diocese, not solely those appearing in the accompanying statement of financial position, and its debts may result in claims against assets not appearing thereon (see Note 8).

# Insurance Fund of The Roman Catholic Diocese of Toledo in America

## Notes to Financial Statements June 30, 2017 and 2016

### Note 4 - Related Party Transactions

For the years ended June 30, 2017 and 2016, the Insurance Fund contributed \$175,000 to the General Fund for administrative support provided to the Fund. In addition, the long-term care program for diocesan priests was terminated in January 2016, providing \$231,004 to offset parish assessments in the Priests' Retirement Fund.

For the year ended June 30, 2017, the Insurance Fund contributed \$4,000,000 to the Deposit and Loan Fund to extinguish the Series 2008 Lucas County Port Authority Bonds.

The Fund advanced \$2,473,442 to the Central City Ministries Fund during the year ended June 30, 2008. Terms of repayment have not been established, but are expected to take place over several years. The remaining amount due from the Central City Ministries Fund at June 30, 2017 and 2016 was \$508,334 and \$903,625 respectively.

### Note 5 - Functional Expenses

For the years ended June 30, 2017 and 2016, expenses are functionally allocated as follows:

	<u>2017</u>	<u>2016</u>
Program services	\$ 14,555,767	\$ 14,739,317
General and administrative	<u>1,728,347</u>	<u>1,795,682</u>
Total	<u>\$ 16,284,114</u>	<u>\$ 16,534,999</u>

Costs have been allocated between program services and general and administrative services on several bases and estimates. Although the methods of allocation are considered appropriate, other methods could be used that would produce different amounts.

General and administrative expenses for 2017 and 2016 include the cost of administering the self-insured healthcare program.

### Note 6 - 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 Diocese's financial position, results of operations, or cash flows.

# **Insurance Fund of The Roman Catholic Diocese of Toledo in America**

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## **Notes to Financial Statements June 30, 2017 and 2016**

### **Note 7 - 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.

The following tables present information about the Fund's assets measured at fair value on a recurring basis at June 30, 2017 and 2016 and the valuation techniques used by the Fund to determine those fair values.

Fair values determined by Level 1 inputs use quoted prices in active markets for identical assets that the Fund 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 Fund has no Level 3 investments.

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

As of July 1, 2016, the Fund implemented new guidance that changes the required disclosures for investments valued at net asset value (NAV) per share (or its equivalent) as a practical expedient. Previously, investments measured at fair value using the NAV practical expedient were classified in the fair value hierarchy based on the redemption features associated with the investment. Under the new guidance, investments measured at fair value using net asset value per share (or its equivalent) as a practical expedient are no longer classified in the fair value hierarchy above and the information for the year ended June 30, 2016 has been adjusted to conform to the new disclosure requirements.

# Insurance Fund of The Roman Catholic Diocese of Toledo in America

## Notes to Financial Statements June 30, 2017 and 2016

### Note 7 - Fair Value Measurements (Continued)

#### Assets Measured at Fair Value on a Recurring Basis at June 30, 2017

	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Net Asset Value	Balance at June 30, 2017
<b>Assets</b>				
Mutual funds - Fixed income	\$ 7,989,364	\$ -	\$ -	\$ 7,989,364
Mutual funds - Equity	8,212,542	-	2,712,005	10,924,547
Equity securities - Common stock	4,320,605	-	-	4,320,605
Equity securities - Foreign stock	217,547	-	-	217,547
Equity securities - Real estate investment trusts	151,860	-	-	151,860
Money market fund	212,004	-	-	212,004
U.S. corporate bonds	-	359	-	359
Total assets at fair value	<u>\$ 21,103,922</u>	<u>\$ 359</u>	<u>\$ 2,712,005</u>	<u>\$ 23,816,286</u>

#### Assets Measured at Fair Value on a Recurring Basis at June 30, 2016

	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Net Asset Value	Balance at June 30, 2016
<b>Assets</b>				
Mutual funds - Fixed income	\$ 8,303,057	\$ -	\$ -	\$ 8,303,057
Mutual funds - Equity	8,822,764	-	2,886,556	11,709,320
Equity securities - Common stock	4,606,154	-	-	4,606,154
Equity securities - Foreign stock	225,030	-	-	225,030
Equity securities - Real estate investment trusts	181,421	-	-	181,421
Money market fund	161,701	-	-	161,701
U.S. corporate bonds	-	466	-	466
Total assets at fair value	<u>\$ 22,300,127</u>	<u>\$ 466</u>	<u>\$ 2,886,556</u>	<u>\$ 25,187,149</u>

The Fund's policy is to recognize transfers in and out of Level 1, 2 and 3 fair value classifications as of the actual date of the event of the change in circumstances that caused the transfer. There were no transfers during 2017 and 2016.

The fair value of U.S. corporate bonds at June 30, 2017 and 2016 was determined primarily based on Level 2 inputs. The Fund estimates the fair value of these investments based on quoted prices for similar assets in active markets.

# **Insurance Fund of The Roman Catholic Diocese of Toledo in America**

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**Notes to Financial Statements  
June 30, 2017 and 2016**

## **Note 7 - Fair Value Measurements (Continued)**

The Fund holds shares in the Christian Brothers CUIT Intermediate Bond Fund where 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. The investment is exclusive for tax-exempt Catholic institutions and includes U.S. government, agency, corporate, and mortgage-backed securities. The fund investment strategy pursues to achieve returns above the benchmark for the Bloomberg Barclays Aggregate Bond Index over a full market cycle. There are no unfunded commitments or redemption restrictions relative to this fund

## **Note 8 - Subsequent Event**

Effective on November 1, 2017, the Diocese established several new legal entities recognized under the civil laws of the State of Ohio and under Canon Law to hold, administer, and govern its existing funds. Management believes these new entities more clearly represent the various goals and responsibilities of the respective funds and ministries of the Diocese.

Specifically, a portion of the assets and liabilities of the Insurance Fund of the Diocese will be moved into two separate trusts and the remaining amount will be used to support other ministries of the Diocese. One trust, the Diocese of Toledo Health Benefits Trust, will include those assets and liabilities associated with the healthcare program, while the other trust, the Diocese of Toledo Property and Casualty Trust, will include those assets and liabilities associated with the PSI, workers' compensation, and unemployment programs. These new trusts were also erected as autonomous pious foundations according to the 1983 Code of Canon Law.

Accordingly, future financial reporting for the Diocese will not be completed on a fund basis, but will conform to the new legal structure of the respective entities.