
The Roman Catholic Diocese of Toledo in America

**Combined Financial Report
with Supplemental Information
June 30, 2018**

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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
The Roman Catholic Diocese of Toledo in America

We have audited the accompanying combined financial statements of The Roman Catholic Diocese of Toledo in America - Diocese of Toledo in America Corporation, Diocese of Toledo Management Corporation, Central City Ministries, Diocese of Toledo Cemeteries Corporation, Deposit and Loan Trust, Health Benefits Trust, Property and Casualty Trust, and Cemeteries Perpetual Care Trust (collectively, the "Diocese"), which comprise the combined statement of financial position as of June 30, 2018 and the related combined statements of activities and changes in net assets and cash flows for the eight-month period ended June 30, 2018, and the related notes to the combined financial statements.

Management's Responsibility for the Combined Financial Statements

Management is responsible for the preparation and fair presentation of these combined 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 combined 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 combined 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 combined financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the combined financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the combined 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 combined 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 combined 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 combined financial statements referred to above present fairly, in all material respects, the financial position of The Roman Catholic Diocese of Toledo in America - Diocese of Toledo in America, Diocese of Toledo Management Corporation, Central City Ministries, Diocese of Toledo Cemeteries Corporation, Deposit and Loan Trust, Health Benefits Trust, Property and Casualty Trust, and Cemeteries Perpetual Care Trust as of June 30, 2018 and the results of its changes in net assets and its cash flows for the eight-month period ended June 30, 2018 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
The Roman Catholic Diocese of Toledo in America

Emphasis of Matter

As described in Note 1 to the financial statements, the financial statements being presented are only for the corporations and trusts for which the Diocese retains operational control and do not reflect the assets, liabilities, and results of operations of parishes, schools, and other diocesan organizations. As a result, these combined financial statements are not intended to be a complete presentation of the Diocese. Our opinion is not modified with respect to this matter.

Plante & Moran, PLLC

December 11, 2018

The Roman Catholic Diocese of Toledo in America

Combined Statement of Financial Position

June 30, 2018

Assets	
Cash and cash equivalents	\$ 2,085,929
Restricted cash and cash equivalents	7,340,210
Receivables - Net of allowances:	
Parish and other related entity receivables (Note 6)	1,846,614
Cemetery receivables	239,033
Other receivables	75,512
	<u>2,161,159</u>
Total receivables - Net of allowances	2,161,159
Prepaid expenses and other assets	224,937
Loans and notes receivable - Net of allowance (Note 5)	15,064,203
Property held for resale (Note 2)	1,367,012
Diocese investments (Note 3)	13,395,927
Other trusts and funds investments (Note 3)	37,971,673
Property and equipment - Net (Note 4)	7,082,145
	<u>7,082,145</u>
Total assets	<u><u>\$ 86,693,195</u></u>
Liabilities and Net Assets	
Liabilities	
Accounts payable	\$ 826,608
Deferred revenue (Note 7)	2,998,881
Due to agency funds (Note 6)	406,529
Accrued liabilities	316,690
Reserve for claims and claims expenses (Note 2)	1,813,062
Notes payable (Note 5)	46,681,187
	<u>46,681,187</u>
Total liabilities	53,042,957
Net Assets	
Unrestricted net assets:	
Undesignated	5,894,311
Board designated (Note 8)	23,446,021
	<u>23,446,021</u>
Total unrestricted net assets	29,340,332
Temporarily restricted net assets (Note 8)	151,591
Permanently restricted net assets (Note 13)	4,158,315
	<u>4,158,315</u>
Total net assets	<u>33,650,238</u>
Total liabilities and net assets	<u><u>\$ 86,693,195</u></u>

The Roman Catholic Diocese of Toledo in America

Combined Statement of Activities and Changes in Net Assets

Eight-month Period Ended June 30, 2018

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Revenue, Gains, and Other Support				
Parish assessments	\$ 2,194,348	\$ -	\$ -	\$ 2,194,348
Bishop's Annual Catholic Appeal	1,475,969	-	-	1,475,969
Central City Ministries revenue	2,055,583	-	-	2,055,583
Catholic Education - Fees and services	531,646	-	-	531,646
Other fees and services	1,302,416	-	-	1,302,416
Management fee income	34,747	-	-	34,747
Other income	151,262	-	-	151,262
Insurance premiums - Healthcare and property and casualty	12,133,177	-	-	12,133,177
Cemetery revenue	980,482	-	-	980,482
Contributions	-	3,890	-	3,890
Interest income - Notes receivable (Note 5)	502,579	-	-	502,579
Miscellaneous income	166,348	-	-	166,348
Interest in earnings from custody trust account	786,402	71,004	-	857,406
Net assets released from restrictions	31,448	(31,448)	-	-
Total revenue, gains, and other support	22,346,407	43,446	-	22,389,853
Expenses				
Salaries and benefits	4,689,981	-	-	4,689,981
Apostolates and ministry programs	2,341,673	-	-	2,341,673
Insurance premiums and claims	9,047,907	-	-	9,047,907
Other administrative expenses	2,326,393	-	-	2,326,393
Cemeteries operating costs	514,683	-	-	514,683
Central City Ministries operating costs	216,726	-	-	216,726
Interest expense (Note 5)	573,607	-	-	573,607
Depreciation	965,916	-	-	965,916
Total expenses	20,676,886	-	-	20,676,886
Increase in Net Assets - Before other items and transfers	1,669,521	43,446	-	1,712,967
Other Items - Net realized and unrealized losses on investments	(42,465)	-	-	(42,465)
Increase in Net Assets - Before transfer of net assets	1,627,056	43,446	-	1,670,502
Transfer of Net Assets (Note 6)	27,713,276	108,145	4,158,315	31,979,736
Increase in Net Assets	29,340,332	151,591	4,158,315	33,650,238
Net Assets - November 1, 2017	-	-	-	-
Net Assets - June 30, 2018	\$ 29,340,332	\$ 151,591	\$ 4,158,315	\$ 33,650,238

The Roman Catholic Diocese of Toledo in America

Combined Statement of Cash Flows

Eight-month Period Ended June 30, 2018

Cash Flows from Operating Activities

Increase in net assets before transfer of net assets	\$	1,670,502
Adjustments to reconcile increase in net assets before transfer of net assets to net cash and cash equivalents from operating activities:		
Depreciation		965,916
Bad debt credit		(236,000)
Net realized and unrealized losses on investments		42,465
Changes in operating assets and liabilities which provided (used) cash and cash equivalents:		
Accounts receivable		1,550,804
Prepaid expenses and other assets		70,832
Accounts payable		(564,191)
Deferred revenue		(13,218)
Accrued and other liabilities		(41,957)
Reserve for claims and claims expense		(101,979)
Agency liability		(252,965)
Net cash and cash equivalents provided by operating activities		3,090,209

Cash Flows from Investing Activities

Purchase of property and equipment		(291,085)
Loans and notes receivable issued		(4,719,333)
Payment on notes receivable		6,143,855
Net purchases of investments		(4,980,046)
Cash transferred from other funds of the Diocese (Note 6)		11,147,596
Net cash and cash equivalents provided by investing activities		7,300,987

Cash Flows from Financing Activities

Notes payable issued		7,419,298
Notes payable repaid		(8,384,355)
Net cash and cash equivalents used in financing activities		(965,057)

Net Increase in Cash and Cash Equivalents

9,426,139

Cash and Cash Equivalents - November 1, 2017

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Cash and Cash Equivalents - June 30, 2018

\$ 9,426,139

Statement of Financial Position Classification of Cash and Cash Equivalents

Cash and cash equivalents	\$	2,085,929
Restricted cash and cash equivalents		7,340,210
Total cash and cash equivalents	\$	<u>9,426,139</u>

Supplemental Cash Flow Information - Cash paid for interest

\$ 509,175

June 30, 2018

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 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. In order to oversee the activities, the Diocese maintains various trusts and related incorporated entities.

Effective 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 the activity that was previously reported in various other funds of the Diocese, including the former General Fund, Deposit and Loan Fund, Insurance Fund, Cemetery Fund, Central City Ministries Fund, and Property Fund. This new entity retains the separate public juridic personality of the Diocese according to the 1983 Code of Canon Law. As part of the reorganization the net assets of those former funds were transferred to the following entities, which are included in these combined financial statements.

Diocese of Toledo in America Corporation

Includes activity related to the administration of the Diocese's ministries and its programs.

Diocese of Toledo Management Corporation

Includes activity related to the administration of the Diocese's temporal goods.

Central City Ministries Fund

Includes activities related to the administration and operations of the school campuses located in the Central City area of the city of Toledo.

Diocese of Toledo Cemeteries Corporation

The corporation operates three cemeteries owned by the Diocese. The cemeteries are located in the Toledo, Ohio area and are Calvary, Mt. Carmel, and Resurrection.

Deposit and Loan Trust

The trust holds and invests funds deposited by parishes and related institutions of the Diocese. These funds are invested on behalf of or loaned to parishes and related institutions of the Diocese.

Health Benefits Trust

The trust provides for the accounting function for the healthcare self-insured insurance program, which is contracted with Medical Mutual of Ohio. All invoices that are billed to the various parishes and agencies for coverage are created by a third-party administrator, Findley Davies, Inc.

Property and Casualty Trust

The trust provides for the accounting function for the protective self-insurance program (PSI), 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 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.

Cemeteries Perpetual Care Trust

The trust holds invested funds for perpetual care of the three cemeteries owned by the Diocese.

Note 1 - Nature of Business (Continued)

Combined Financial Statements

The combined financial statements include only the assets, liabilities, and operations related to the entities described above. The functions of the Diocese related to conducting the charitable works of the Diocese, parishes, administration of its schools and properties, payment of expenses related to retired and infirmed priests of the Diocese, long-term fundraising campaigns, benefit plans, the Catholic Foundation, and other specific social and community services are not included in these financial statements and are accounted for in other funds or incorporated entities within the framework of the Diocese.

Note 2 - Significant Accounting Policies

Cash and Cash Equivalents

The Diocese 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.

Restricted cash and cash equivalents includes deposits held in the Deposit and Loan Trust, Health Benefits Trust, Property and Casualty Trust, and Cemeteries Perpetual Care Trust.

Receivables

The Diocese carries parish assessments and insurance and healthcare premiums receivables equal to the unpaid amounts billed to the parishes based on net invoice amounts. An allowance for doubtful accounts 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.

Accounts receivable also includes the subsidy provided by various parishes for Central City Ministries. The Diocese also carries tuition receivable from the parents/guardians of the students based on net invoiced amounts. The allowance is determined in consultation with school principals based on experience and current collection efforts. No allowance for uncollectible accounts is considered necessary.

Cemetery accounts and contracts receivable are reported at the original issue amount. No interest is charged. Accounts and contracts receivable consist primarily of amounts due for the purchase of preneed contracts that are paid over a 12- to 36-month period. The Diocese considers a contract receivable to be impaired when, based upon current information and events, it believes it is probable that it will be unable to collect all amounts due according to the contractual terms of the agreement. The Diocese currently considers all accounts and contracts receivable to be fully collectible, as services are not provided until full payment is received. Accordingly, no allowance for doubtful accounts is included in the financial statements. When amounts are deemed to be uncollectible, they are either expensed in the year in which that determination is made or at the time the crypt, niche, grave, etc. is taken back into the possession of the Diocese and held for future sale, or a combination of both. For uncollectible receivables for which there is also deferred revenue on the combined statement of financial position, the receivable and the deferred revenue are eliminated with the resulting net amount charged or credited to revenue. The Diocese does not accrue interest on past due amounts.

Loans and Notes Receivable and Notes Payable

The Deposit and Loan Trust holds unsecured notes receivable, net of allowance, from and unsecured notes payable to the Diocese's parishes and related institutions, as described in Note 5. The Diocese of Toledo in America Corporation holds unsecured notes receivable, which the Diocese deems fully collectible.

Note 2 - Significant Accounting Policies (Continued)

Property Held for Resale

Property held for resale is recorded at cost when purchased or at fair value at the date of the gift, if received by contribution. Property held for resale is recorded at the lower of the carrying value or the fair value less the costs to sell.

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. Investments in certain cash equivalents (i.e., money market accounts) are classified as investments.

Investments in trust and other funds includes investments held in the Deposit and Loan Trust, Health Benefits Trust, Property and Casualty Trust, Cemeteries Perpetual Care Trust, and the Central City Ministries Fund.

Property and Equipment

Property and equipment are recorded at cost. Assets are depreciated over their estimated useful lives using the straight-line method. Costs of maintenance and repairs are charged to expense when incurred.

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. Because of the inherent uncertainties in estimating the outcome of these claims, it is at least reasonably possible that these estimates will change.

Catastrophic Losses

The protective self-insurance (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 \$1.223 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 \$600,000. 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 two State of Ohio Unemployment Bonds. The bonds are computed by the State of Ohio and are based on payroll; total coverage for each bond of the bonds is \$794,700 and \$1,031,700, respectively as of June 30, 2018.

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. The amount expensed by the Diocese under the plan was \$7,979,706 for the eight-month period ended June 30, 2018.

Note 2 - Significant Accounting Policies (Continued)

Classification of Net Assets

Net assets of the Diocese are classified as permanently restricted, temporarily restricted, or unrestricted depending on the presence and characteristics of donor-imposed restrictions limiting the Diocese's ability to use or dispose of contributed assets or the economic benefits embodied in those assets. Permanently restricted net assets are endowments that must be held in perpetuity in accordance with donor restrictions. Earnings on endowment assets are classified as temporarily restricted until such time as the related donor restrictions have been met, if applicable, and the funds have been appropriated for expenditure. Donor-imposed restrictions that expire with the passage of time or can be removed by meeting certain requirements result in temporarily restricted net assets. Earnings, gains, and losses on temporarily restricted net assets are classified as unrestricted unless specifically restricted by the donor or by applicable state law.

Revenue Recognition

The Diocese records revenue, such as contributions and promises to give, when it is received unconditionally at fair value. Conditional contributions are recognized as revenue when the conditions on which they depend have been substantially met. Parish assessments are levied annually and are calculated based on annual collections times a fixed percentage of 5 percent for parishes that have a school and 10 percent for parishes that do not have a school.

The Diocese sponsors various educational and other programs that are necessary to fulfill its mission. The Diocese earns revenue from fees collected for such programs. Revenue is recognized and recorded when activities occur.

Central City Ministries revenue is derived from students attending the school during the year. During the year, tuition revenue is recorded when paid. At year end, any unpaid tuition deemed collectible is recorded as revenue and a receivable. Central City Ministries has various programs of financial aid to students, including scholarships, early payment, and other and employee discounts, which are reported net of contractual tuition and fees. Tuition assistance totaled \$70,200 for the period from November 1, 2017 through June 30, 2018.

When individuals purchase a cemetery burial right (plot of ground) or mausoleum, crypt, or niche, cemetery revenue is recognized and the plot, crypt, or niche is reserved for that individual and can no longer be sold. Discounts allowed for needy cases, religious reasons, etc. are reflected as deductions from sales.

The Deposit and Loan Trust records revenue, including interest and investment income, as it is earned.

Participation charges are billed to parishes and agencies for the healthcare program and the protective self-insurance program (PSI) for the same fiscal year used in accounting for the Health Benefits Trust and the Property and Casualty Trust and are recognized in the period in which they are billed and earned. 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.

Deferred Revenue

Individuals may purchase cemetery interments or burial services in advance of actual need. These sales are deferred and are recognized as revenue at the time of an individual burial.

June 30, 2018

Note 2 - Significant Accounting Policies (Continued)

Individuals may purchase grave markers, monuments, columbariums, and foundations in advance of need. Revenue from such sales is deferred and is recognized at the time the marker, monument, columbarium, or foundation is erected. Individuals may also elect to purchase a burial vault (for ground burial) prior to need. These vault sales are deferred and are recognized as revenue at the time of an individual burial.

Any future costs related to the deferred revenue are expected to be incurred and recorded concurrently with the recognition of the revenue.

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.

Income Taxes

The Diocese is a not-for-profit corporation and is 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.

Upcoming Accounting Pronouncements

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 is in the process of evaluating contracts with customers to determine which application method they will use and the potential effects of the new standards on the financial statements, if any.

In August 2016, the Financial Accounting Standards Board (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 Diocese, 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 availability of resources, and additional information on the natural classification of functional expenses.

Subsequent Events

The financial statements and related disclosures include evaluation of events up through and including December 11, 2018, which is the date the financial statements were available to be issued.

The Roman Catholic Diocese of Toledo in America

Notes to Combined Financial Statements

June 30, 2018

Note 3 - Investments

The majority of the investments are held in a Custody Trust account (the "Trust") and an endowment administered by Comerica Bank, the trustee. The Trust was established to hold the assets of the Diocese and its related entities. The investments of the held for the Deposit and Loan Trust are held in trust by the trust company. The remainder of the investments of the Diocese are held in the custody of Key Bank, as custodian, and are under the control of investment managers who have full discretionary authority for purchases and sales of investments subject to certain limitations on composition of the portfolio, as specified in the statement of investments goals and objectives.

The estimated fair values of the investments and the endowment at June 30, 2018 are as follows:

Money market funds	\$ 1,072,304
U.S. government notes	26,499,682
U.S. corporate bonds	1,397,298
Mutual funds - Fixed income	6,947,714
Equity securities	9,677,986
Common collective trust - Catholic Foundation	<u>1,566,740</u>
Total trust investments	47,161,724
Endowment - Money market funds (Note 13)	<u>4,205,876</u>
Total investments	<u>\$ 51,367,600</u>

Total investments described above include those classified as diocese investments and other trusts and funds investments on the combined statement of financial position. Investments in trust include investments of \$27.9 million in the Deposit and Loan Trust, which invests on behalf of parishes and other related organizations. Investments in trust also include investments in the Health Benefits Trust, Property and Casualty Trust, and the Cemeteries Perpetual Care Trust. Investments in the endowment of \$4.2 million are reflected as investments in the Diocese of Toledo in America Corporation.

The Diocese 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 4 - Property and Equipment

Property and equipment are summarized as follows:

Land	\$ 1,086,506
Land improvements	3,098,708
Buildings	13,238,066
Office equipment	95,508
Vehicles	<u>47,905</u>
Total cost	17,566,693
Accumulated depreciation	<u>10,484,548</u>
Net property and equipment	<u>\$ 7,082,145</u>

Depreciation expense for the eight-month period ended June 30, 2018 was \$965,916.

Notes to Combined Financial Statements

June 30, 2018

Note 5 - Notes to and from Parishes and Related Institutions

The Deposit and Loan Trust holds unsecured notes receivable from and unsecured notes payable to the Diocese's parishes and related institutions, with the notes payable on demand and the notes receivable maturing at various dates. The notes receivable had an interest rate of 4 percent through March 31, 2018. Effective April 1, 2018 notes receivable have a variable interest rate equal to the prime rate. The notes payable had an interest rate of 2 percent through December 31, 2017. Effective January 1, 2018, the interest rate on notes payable was 1.5 percent. Interest is due on a semiannual basis. The interest rate on notes payable was increased to 1.65 percent effective July 1, 2018. The allowance for uncollectible notes is \$1,331,000 at June 30, 2018. The Diocese has the authority to liquidate assets of the parishes and related institutions to collect notes receivable.

The Deposit and Loan Trust has extended financing to various parishes and Catholic high schools in the form of construction notes. The trust has also extended financing to a parish and a related entity under lines of credit. There are no commitments at June 30, 2018 to extend additional financing.

Interest income and expense on the above notes receivable and payable, which are included in the combined statement of activities and changes in net assets, totaled \$502,579 and \$573,607, respectively, for the period ended June 30, 2018.

In some instances, financing notes receivable are placed on nonaccrual (deferred status) to provide additional time for the parishes, schools, and other organizations to achieve financial stability and repay their loans. Accrual of interest is resumed when such entities are in a position to repay the loans. There was no investment in loans on nonaccrual status as of June 30, 2018.

The Deposit and Loan Trust considers a financing loan receivable to be impaired when, based on current information and events, it is probable that the fund will be unable to collect all amounts due according to the contractual terms of the loan agreement. Individual loans are assessed for impairment based on the following factors: (1) changes in borrower-specific financial condition, (2) failure to adhere to repayment schedules, and (3) negative loan-to-asset ratios. There were no amounts written off during the period ended June 30, 2018.

Credit Quality Indicators

The Deposit and Loan Trust takes into account the borrower's need, ability to raise funds for repayment (i.e., capital campaigns or other fundraising), and the borrower's financial history. The Bishop of the Diocese of Toledo makes final loan determinations. All credit quality indicators have been updated through June 30, 2018. Credit monitoring is done by evaluation of loan payment history and periodic financial statement review.

Note 6 - Related Party Transactions

Related party activities as of and for the eight-month period ended June 30, 2018 are as follows:

Parish assessment receivable - Net of allowance	\$ 424,619
Parish receivable for support of Central City Ministries - Net of allowance	114,139
Parish healthcare premium receivable - Net of allowance	457,318
Parish protective self-insurance premium receivables - Net of allowance	148,964
Receivable from the Catholic Foundation	<u>701,574</u>
Total	<u>\$ 1,846,614</u>

The Roman Catholic Diocese of Toledo in America

Notes to Combined Financial Statements

June 30, 2018

Note 6 - Related Party Transactions (Continued)

Due to agency fund - Catholic Youth Organization (CYO)	\$ 400,270
Due to agency fund - Global Concern	<u>6,259</u>
Total due to agency funds	<u>\$ 406,529</u>
Support from the Annual Catholic Appeal, processed by the Catholic Foundation	1,475,969
Parish assessment income	2,194,348
Parish healthcare premium income	10,789,362
Parish protective self-insurance fund premium income	1,343,815
Reimbursement from Catholic Foundation for seminary formation expenses (included in other income on combined statement of activities and changes in net assets)	90,562
Subsidy paid to Catholic Charities for operations	537,333

Amounts due to agency funds are due on demand to the respective funds and relate to net income earned on their respective activities.

The Diocese charged assessments, as detailed above, to related parishes, and amounts outstanding related to these assessments are included in parish assessments receivable net of an allowance of \$100,000 at June 30, 2018. The Diocese also charged healthcare premiums and self-insurance premiums to parishes, as detailed above. The allowances for healthcare premiums and self-insurance fund premiums are \$96,000 and \$32,000, respectively, at June 30, 2018.

Contributions from the Annual Catholic Appeal and Catholic Foundation Fund were made to support operations. The Diocese also received contributions from the Catholic Foundation Fund for reimbursement of seminary expenses included in miscellaneous income on the combined statement of activities and changes in net assets during the period ended June 30, 2018. The Diocese also subsidized Catholic Charities, and the amount is included within the Apostolates and ministry programs expense on the combined statement of activities and changes in net assets.

As described in Note 1, on November 1, 2017, various other funds of the Diocese, including the former General Fund, Deposit and Loan Fund, Insurance Fund, Cemetery Fund, Central City Ministries Fund, and Property Fund, were closed. The assets and liabilities of those former funds were transferred into the new legal entities included in these financial statements as follows, which are reflected as transfer of net assets on the combined statement of activities and changes in net assets.

Cash	\$ 11,147,596
Receivables - Net	3,644,963
Prepaid assets and other	295,769
Loans receivable - Net	16,319,725
Property held for resale	1,367,012
Investments	46,430,019
Property and equipment - Net	7,756,976
Accounts payable	(1,390,799)
Deferred revenue	(3,012,099)
Accrued liabilities	(358,647)
Agency liability	(659,494)
Reserve for claims	(1,915,041)
Notes payable	<u>(47,646,244)</u>
Total transfer of net assets	<u>\$ 31,979,736</u>

In addition, \$3.4 million in net assets of the former funds were transferred to the Retirement Plan for Lay Employees in the Catholic Diocese of Toledo, as described in Note 10.

The Roman Catholic Diocese of Toledo in America

Notes to Combined Financial Statements

June 30, 2018

Note 7 - Deferred Revenue

Deferred revenue consists of the following at June 30, 2018:

Cemetery interments	\$	1,119,967
Cemetery vault sales		1,035,085
Cemetery markers, monuments, and foundations		376,403
Central City Ministries		144,452
Other		322,974
Total	\$	<u>2,998,881</u>

Note 8 - Net Assets

Temporarily restricted net assets at June 30, 2018 are available for the following purposes:

Purpose restrictions:		
Earnings on endowment funds	\$	47,561
Knights of Columbus Religious Education		34,163
Youth Young Adult Campus Ministries		10,218
Discretionary Fund		9,978
Queen of Apostles School operations		3,059
Mass stipends		1,816
Other		44,796
Total purpose restrictions	\$	<u>151,591</u>

Board-designated net assets at June 30, 2018 are as follows:

Designations:		
Special needs of retired and infirmed priest	\$	2,335,078
Child and youth protection		2,274,225
Workers' compensation and unemployment		2,039,720
Cemeteries perpetual care		1,887,045
Central City Ministries long-term operations		1,651,629
Closed parish maintenance fund		998,332
Subtotal		<u>11,186,029</u>
Trust designations:		
Deposit and loan		2,602,718
Health benefits		4,612,867
Property and casualty		5,044,407
Subtotal		<u>12,259,992</u>
Total board designated net assets	\$	<u>23,446,021</u>

See Note 13 for details of permanently restricted net assets.

Note 9 - Functional Expenses

For the period ended June 30, 2018, expenses are functionally allocated as follows:

Program	\$	16,455,440
Management and general		4,135,856
Fundraising		85,590
Grand total	\$	<u>20,676,886</u>

Notes to Combined Financial Statements

June 30, 2018

Note 9 - Functional Expenses (Continued)

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.

Note 10 - Multiple-employer Defined Benefit Pension Plans

The Diocese established the Retirement Plan for Lay Employees in the Catholic Diocese of Toledo (the "Retirement Plan"), a multiple-employer defined benefit pension plan. The employer identification number of the Retirement Plan is 34-4428233. The Diocese contributes 4 percent of each participating employee's compensation to the Retirement Plan and the employee contributes 2 percent of compensation. Such percentages are being increased beginning July 1, 2018, as described below. Benefits under the Retirement Plan are generally based on compensation levels and years of service.

The financial risks of participating in multiemployer plans are different from single-employer defined benefit pension plans in the following respects:

- Assets contributed to the multiemployer plan by one employer may be used to provide benefits to employees of other participating employers.
- If a participating employer discontinues contributions to a plan, the unfunded obligations of the plan may be borne by the remaining participating employers.
- If a participating employer chooses to stop participating in a plan, a withdrawal liability may be created based on the unfunded vested benefits for all employees in the plan.

Various former funds of the Diocese contributed \$3.4 million to the Retirement Plan in November 2017 as part of the reorganization described in Note 6. The Diocese contributed an additional \$73,140 to the Retirement Plan for the period ended June 30, 2018. Based on the most recent available information as of June 30, 2018, the year end of the Retirement Plan, diocese contributions to the Retirement Plan, exclusive of the \$3.4 million contribution from the former funds of the Diocese, do not represent more than 5 percent of total contributions received by the Retirement Plan.

The Retirement Plan is not required to file Form 5500; therefore, certain information is not required to be made available publicly and is unavailable. If the Diocese withdraws its participation in the Retirement Plan, the Diocese could, under the terms of the Retirement Plan, be subject to a penalty. In addition to the extent that the Retirement Plan is underfunded, the Diocese's future contributions to the Retirement Plan may increase to cover retirement benefits of employees of other participants in the Retirement Plan.

The following information is based on the most recent available actuarial valuation of the Retirement Plan as of July 1, 2017:

	<u>Retirement Plan</u>
Total plan assets	\$ 164,972,923
Actuarial present value of accumulated plan benefits	\$ 194,540,000
Total contributions received by the Plan	\$ 7,867,074
Indicated level of funding	84.80 %

On August 9, 2017, the board of trustees of the Retirement Plan, as well as two major advisory bodies to the Bishop of Toledo, approved various modifications to improve the financial health of the Retirement Plan. Such modifications include increased contributions by both the participating employers and their respective employees over a three-year period commencing on July 1, 2018 and the dissolution of the Employee Benefit Fund effective as of June 30, 2018. The Employee Benefit Fund's assets of \$8.6 million were transferred to the Retirement Plan during June 2018.

The Roman Catholic Diocese of Toledo in America

Notes to Combined Financial Statements

June 30, 2018

Note 11 - Contingencies

From time to time, the Diocese and its related trusts 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.

Note 12 - 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 table presents information about the Diocese's assets measured at fair value on a recurring basis at June 30, 2018 and the valuation techniques used by the Diocese to determine those fair values.

Fair values determined by Level 1 inputs use quoted prices in active markets for identical assets that the Diocese 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.

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

	Assets Measured at Fair Value on a Recurring Basis at June 30, 2018		
	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Balance at June 30, 2018
Assets			
Trading securities:			
U.S. corporate bonds	\$ -	\$ 1,397,298	\$ 1,397,298
Mutual funds - Fixed income	6,947,714	-	6,947,714
Mutual funds - Equity	9,676,148	-	9,676,148
Equity securities - Common stock	1,838	-	1,838
Money market funds	5,278,180	-	5,278,180
U.S. government obligations	-	26,499,682	26,499,682
Common collective trust - Catholic Foundation	-	1,566,740	1,566,740
Total assets	<u>\$ 21,903,880</u>	<u>\$ 29,463,720</u>	<u>\$ 51,367,600</u>

The Diocese'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 2018.

Notes to Combined Financial Statements

June 30, 2018

Note 12 - Fair Value Measurements (Continued)

The fair value of U.S. corporate bonds at June 30, 2018 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.

The fair value of U.S. government obligations at June 30, 2018 was determined primarily based on Level 2 inputs. The Diocese estimates the fair value of these investments based on quoted prices for similar assets in active markets.

The fair value of the common collective trust - Catholic Foundation at June 30, 2018 was determined primarily based on Level 2 inputs. The fund estimates the fair value of these investments based on stated market value of the underlying assets in the fund. There are no unfunded commitments or redemption restrictions relative to this fund.

Note 13 - Donor-restricted and Board-designated Endowments

The Diocese's endowment includes both donor-restricted endowment funds and funds designated by the board of trustees to function as endowments. Net assets associated with endowment funds, including funds designated by the board of trustees to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions.

Interpretation of Relevant Law

Management of the Diocese has interpreted the Uniform Prudent Management of Institutional Funds Act (UPMIFA) as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, the Diocese classifies as permanently restricted net assets (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The remaining portion of the donor-restricted endowment fund that is not classified in permanently restricted net assets is classified as temporarily restricted net assets until those amounts are appropriated for expenditure by the Diocese in a manner consistent with the standard of prudence prescribed by UPMIFA. In accordance with UPMIFA, the Diocese considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

- The duration and preservation of the fund
- The purpose of the Diocese and the donor-restricted endowment fund
- General economic conditions
- The possible effect of inflation and deflation
- The expected total return from income and the appreciation of investments
- Other resources of the Diocese
- The investment policies of the Diocese

Endowment Net Asset Composition by Type of Fund as of June 30, 2018

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Donor-restricted endowment funds \$	-	\$ 47,561	\$ 4,158,315	\$ 4,205,876

Notes to Combined Financial Statements

June 30, 2018

Note 13 - Donor-restricted and Board-designated Endowments (Continued)

	Changes in Endowment Net Assets for the Period Ended June 30, 2018			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Endowment net assets - Beginning of year	\$ -	\$ -	\$ -	\$ -
Investment return - Investment income	-	67,123	-	67,123
Contributions	-	-	4,158,315	4,158,315
Appropriation of endowment assets for expenditure	-	(19,562)	-	(19,562)
Endowment net assets - June 30, 2018	\$ -	\$ 47,561	\$ 4,158,315	\$ 4,205,876

Funds with Deficiencies

As of June 30, 2018, there were no funds with deficiencies.

Return Objectives and Risk Parameters

The Diocese has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment while seeking to maintain the purchasing power of the endowment assets. Endowment assets include those assets of donor-restricted funds that the organization must hold in perpetuity. Under this policy, as approved by the Bishop, in consultation with the Diocesan Investment Committee, the endowment assets are invested in a manner that is intended to produce results that exceed the price and yield results of the S&P 500 index while assuming a moderate level of investment risk. The Fund expects its endowment funds, over time, to provide an average rate of return of approximately 6 percent annually. Actual returns in any given year may vary from this amount.

Strategies Employed for Achieving Objectives

To satisfy its long-term rate-of-return objectives, the Diocese relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). The Diocese targets a diversified asset allocation that places a greater emphasis on equity-based investments to achieve its long-term return objectives within prudent risk constraints.

The Diocese has a policy of appropriating for distribution each year 5 percent of its endowment fund's March 31 balance, but not to exceed \$180,000. In establishing this policy, the Diocese considered the long-term expected return on its endowment. This is consistent with the Diocese's objective to maintain the purchasing power of the endowment assets held in perpetuity, as well as to provide additional real growth through new gifts and investment return.

Note 14 - Line of Credit

Under a line of credit agreement with a bank, the Diocese has available borrowings of \$2,500,000 with interest charged at the London Interbank Offered Rate (LIBOR) plus 2 percent. The line of credit is collateralized by marketable securities held at Comerica Bank which may be sold in the event of a default. Under the term of the agreement, borrowings under the line of credit cannot exceed 80 percent of the balance of the marketable securities pledged as collateral. There were no outstanding draws on the line of credit at June 30, 2018. The agreement expires on December 31, 2018.

Supplemental Information

Independent Auditor's Report on Supplemental Information

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
The Roman Catholic Diocese of Toledo in America

We have audited the combined financial statements of The Roman Catholic Diocese of Toledo in America as of and for the eight-month period ended June 30, 2018 and have issued our report thereon dated December 11, 2018, which contained an unmodified opinion on those combined financial statements. Our audit was performed for the purpose of forming an opinion on the combined financial statements as a whole. The information in the accompanying combining schedule of financial position as of June 30, 2018 and the combining statement of activities and changes in net assets for the eight-month period ended June 30, 2018 are presented for the purpose of additional analysis rather than to present the financial position, results of operations, and cash flows of the individual entities and are not a required part of the combined financial statements. Such information is the responsibility of management and was derived from, and relates directly to, the underlying accounting and other records used to prepare the combined financial statements. The information has been subjected to the auditing procedures applied in the audit of the combined financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the combined financial statements or to the combined financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the combined financial statements as a whole.

Plante & Moran, PLLC

December 11, 2018

The Roman Catholic Diocese of Toledo in America

Combining Statement of Financial Position

June 30, 2018

	Diocese of Toledo in America	Diocese of Toledo Management Corporation	Central City Ministries	Diocese of Toledo Cemeteries Corporation	Deposit and Loan Trust	Health Benefits Trust	Property and Casualty Trust	Cemeteries Perpetual Care Trust	Eliminating Entries	Total
Assets										
Cash and cash equivalents	\$ 1,517,547	\$ 94,996	\$ 93,269	\$ 386,738	\$ -	\$ -	\$ -	\$ (6,621)	\$ -	\$ 2,085,929
Restricted cash and cash equivalents	-	-	-	-	3,602,719	2,852,172	885,319	-	-	7,340,210
Other designated cash and cash equivalents	605,150	-	-	-	-	-	-	-	(605,150)	-
Receivables - Net of allowances:										
Parish and other related entity receivables	1,126,193	-	114,139	-	-	457,318	148,964	-	-	1,846,614
Cemetery receivables	-	-	-	239,033	-	-	-	-	-	239,033
Receivables from other combining entities	1,651,528	31,955	-	-	2,100,000	-	748,283	602,603	(5,134,369)	-
Other receivables	14,470	61,042	-	-	-	-	-	-	-	75,512
Total receivables - Net of allowances	2,792,191	92,997	114,139	239,033	2,100,000	457,318	897,247	602,603	(5,134,369)	2,161,159
Prepaid expenses and other assets	36,367	-	-	-	167,033	21,150	-	387	-	224,937
Loans and notes receivable - Net of allowance	297,319	-	-	-	16,214,661	-	-	-	(1,447,777)	15,064,203
Property held for resale	1,367,012	-	-	-	-	-	-	-	-	1,367,012
Diocese investments	13,395,927	-	-	-	-	-	-	-	-	13,395,927
Other trusts and funds investments	-	-	1,651,630	-	27,886,270	2,588,066	3,891,576	1,954,131	-	37,971,673
Property and equipment - Net	3,060,433	-	1,200,251	2,821,461	-	-	-	-	-	7,082,145
Total assets	<u>\$ 23,071,946</u>	<u>\$ 187,993</u>	<u>\$ 3,059,289</u>	<u>\$ 3,447,232</u>	<u>\$ 49,970,683</u>	<u>\$ 5,918,706</u>	<u>\$ 5,674,142</u>	<u>\$ 2,550,500</u>	<u>\$ (7,187,296)</u>	<u>\$ 86,693,195</u>

The Roman Catholic Diocese of Toledo in America

Combining Statement of Financial Position (Continued)

June 30, 2018

	Diocese of Toledo in America	Diocese of Toledo Management Corporation	Central City Ministries	Diocese of Toledo Cemeteries Corporation	Deposit and Loan Trust	Health Benefits Trust	Property and Casualty Trust	Cemeteries Perpetual Care Trust	Eliminating Entries	Total
Liabilities and Net Assets										
Liabilities										
Accounts payable	\$ 498,315	\$ 37,004	\$ 50,128	\$ 145,837	\$ 57,990	\$ 22,541	\$ 31,548	\$ 7,709	\$ (24,464)	\$ 826,608
Deferred revenue	306,706	-	144,452	2,531,455	-	16,268	-	-	-	2,998,881
Payables to other funds and related parties	2,339,949	-	2,617,322	1,575,827	23,638	-	-	946	(6,557,682)	-
Due to agency funds	406,529	-	-	-	-	-	-	-	-	406,529
Accrued liabilities	264,535	-	-	-	-	-	52,155	-	-	316,690
Reserve for claims and claims expenses	-	-	-	-	-	1,267,030	546,032	-	-	1,813,062
Notes payable	-	-	-	-	47,286,337	-	-	-	(605,150)	46,681,187
Total liabilities	3,816,034	37,004	2,811,902	4,253,119	47,367,965	1,305,839	629,735	8,655	(7,187,296)	53,042,957
Net Assets										
Unrestricted net assets:										
Undesignated	7,301,711	150,989	(1,407,302)	(805,887)	-	-	-	654,800	-	5,894,311
Board designated	7,647,354	-	1,651,630	-	2,602,718	4,612,867	5,044,407	1,887,045	-	23,446,021
Total unrestricted net assets	14,949,065	150,989	244,328	(805,887)	2,602,718	4,612,867	5,044,407	2,541,845	-	29,340,332
Temporarily restricted net assets	148,532	-	3,059	-	-	-	-	-	-	151,591
Permanently restricted net assets	4,158,315	-	-	-	-	-	-	-	-	4,158,315
Total net assets	19,255,912	150,989	247,387	(805,887)	2,602,718	4,612,867	5,044,407	2,541,845	-	33,650,238
Total liabilities and net assets	\$ 23,071,946	\$ 187,993	\$ 3,059,289	\$ 3,447,232	\$ 49,970,683	\$ 5,918,706	\$ 5,674,142	\$ 2,550,500	\$ (7,187,296)	\$ 86,693,195

The Roman Catholic Diocese of Toledo in America

Combining Statement of Activities and Changes in Net Assets

Eight-month Period Ended June 30, 2018

	Diocese of Toledo in America	Diocese of Toledo Management Corporation	Central City Ministries	Diocese of Toledo Cemeteries Corporation	Deposit and Loan Trust	Health Benefits Trust	Property and Casualty Trust	Cemeteries Perpetual Care Trust	Eliminating Entries	Total
Changes in Unrestricted Net Assets										
Revenue, gains, and other support:										
Parish assessments	\$ 2,194,348	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,194,348
Bishop's Annual Catholic Appeal	1,475,969	-	-	-	-	-	-	-	-	1,475,969
Central City Ministries revenue	-	-	2,055,583	-	-	-	-	-	-	2,055,583
Catholic education - Fees and services	531,646	-	-	-	-	-	-	-	-	531,646
Other fees and services	1,518,388	-	-	-	-	-	-	-	(215,972)	1,302,416
Management fee income	-	1,144,902	-	-	-	-	-	-	(1,110,155)	34,747
Other income	-	-	-	5,997	-	-	390,214	-	(244,949)	151,262
Insurance premiums	-	-	-	-	-	10,789,362	1,343,815	-	-	12,133,177
Cemetery revenue	-	-	-	980,482	-	-	-	-	-	980,482
Interest income	-	-	-	-	502,579	-	-	-	-	502,579
Miscellaneous income	166,348	-	-	-	-	-	-	51,433	(51,433)	166,348
Interest in earnings from custody trust account	135,223	-	-	-	531,030	35,205	54,836	30,108	-	786,402
Net assets released from restrictions	31,448	-	-	-	-	-	-	-	-	31,448
Total revenue, gains, and other support	6,053,370	1,144,902	2,055,583	986,479	1,033,609	10,824,567	1,788,865	81,541	(1,622,509)	22,346,407
Expenses:										
Salaries and benefits	2,178,706	973,653	1,064,537	473,085	-	-	-	-	-	4,689,981
Apostolates and ministry programs	2,341,673	-	-	-	-	-	-	-	-	2,341,673
Insurance premiums and claims	-	-	-	-	-	7,959,712	1,333,144	-	(244,949)	9,047,907
Other administrative expenses	1,202,411	179,363	54,793	109,468	43,409	639,551	87,125	10,273	-	2,326,393
Cemeteries operating costs	-	-	-	514,683	-	-	-	-	-	514,683
Central City Ministries operating costs	-	-	216,726	-	-	-	-	-	-	216,726
Interest expense	-	-	64,432	-	509,175	-	-	-	-	573,607
Depreciation	395,223	-	178,673	392,020	-	-	-	-	-	965,916
Management fees	734,877	-	53,771	135,793	33,725	74,125	70,226	7,638	(1,110,155)	-
Rent and occupancy	150,075	65,897	-	-	-	-	-	-	(215,972)	-
Perpetual care contributions	-	-	-	51,433	-	-	-	-	(51,433)	-
Total expenses	7,002,965	1,218,913	1,632,932	1,676,482	586,309	8,673,388	1,490,495	17,911	(1,622,509)	20,676,886
(Decrease) Increase in Unrestricted Net Assets - Before other items and transfer of net assets	(949,595)	(74,011)	422,651	(690,003)	447,300	2,151,179	298,370	63,630	-	1,669,521

The Roman Catholic Diocese of Toledo in America

Combining Statement of Activities and Changes in Net Assets (Continued)

Eight-month Period Ended June 30, 2018

	Diocese of Toledo in America	Diocese of Toledo Management Corporation	Central City Ministries	Diocese of Toledo Cemeteries Corporation	Deposit and Loan Trust	Health Benefits Trust	Property and Casualty Trust	Cemeteries Perpetual Care Trust	Eliminating Entries	Total
Other Items - Net realized and unrealized gains (losses) on investments	\$ 108,240	\$ -	\$ 58,123	\$ -	\$ (315,480)	\$ 30,799	\$ 46,504	\$ 29,349	\$ -	\$ (42,465)
Increase (Decrease) in Unrestricted Net Assets - Before transfer of net assets	(841,355)	(74,011)	480,774	(690,003)	131,820	2,181,978	344,874	92,979	-	1,627,056
Transfer of Net Assets	15,787,617	225,000	(233,643)	(115,884)	2,470,898	2,430,889	4,699,533	2,448,866	-	27,713,276
Increase (Decrease) in Unrestricted Net Assets	14,946,262	150,989	247,131	(805,887)	2,602,718	4,612,867	5,044,407	2,541,845	-	29,340,332
Changes in Temporarily Restricted Net Assets										
Contributions	3,890	-	-	-	-	-	-	-	-	3,890
Interest in earnings from custody trust accounts	71,004	-	-	-	-	-	-	-	-	71,004
Net assets released from restrictions	(31,448)	-	-	-	-	-	-	-	-	(31,448)
Transfer of net assets - Temporarily restricted	107,889	-	256	-	-	-	-	-	-	108,145
Increase in Temporarily Restricted Net Assets	151,335	-	256	-	-	-	-	-	-	151,591
Changes in Permanently Restricted Net Assets - Transfer of net assets - Permanently restricted	4,158,315	-	-	-	-	-	-	-	-	4,158,315
Increase (Decrease) in Net Assets	19,255,912	150,989	247,387	(805,887)	2,602,718	4,612,867	5,044,407	2,541,845	-	33,650,238
Net Assets - November 1, 2017	-	-	-	-	-	-	-	-	-	-
Net Assets - June 30, 2018	<u>\$ 19,255,912</u>	<u>\$ 150,989</u>	<u>\$ 247,387</u>	<u>\$ (805,887)</u>	<u>\$ 2,602,718</u>	<u>\$ 4,612,867</u>	<u>\$ 5,044,407</u>	<u>\$ 2,541,845</u>	<u>\$ -</u>	<u>\$ 33,650,238</u>