
The Roman Catholic Diocese of Toledo in America

**Combined Financial Report
with Supplemental Information
June 30, 2020**

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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 Fund, Diocese of Toledo Cemeteries Corporation, Deposit and Loan Trust, Health Benefits Trust, Property and Casualty Trust, Cemeteries Perpetual Care Trust, Pre-Need Cemetery Merchandise and Services Trust, and Catholic Investment Trust (collectively, the "Diocese"), which comprise the combined statement of financial position as of June 30, 2020 and 2019 and the related combined statements of activities and changes in net assets and cash flows for the years then ended, 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 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 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 Corporation, Diocese of Toledo Management Corporation, Central City Ministries Fund, Diocese of Toledo Cemeteries Corporation, Deposit and Loan Trust, Health Benefits Trust, Property and Casualty Trust, Cemeteries Perpetual Care Trust, Pre-Need Cemetery Merchandise and Services Trust, and Catholic Investment Trust as of June 30, 2020 and 2019 and the results of their changes in net assets and their cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matters

As described in Note 2, during the year, the Diocese has been impacted by a global pandemic that disrupted operations. Our opinion is not modified with respect to this matter.

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

As described in Note 1 to the combined financial statements, the combined 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 8, 2020

The Roman Catholic Diocese of Toledo in America

Combined Statement of Financial Position

	June 30, 2020 and 2019	
	2020	2019
Assets		
Cash and cash equivalents	\$ 1,928,302	\$ 2,641,237
Restricted cash and cash equivalents (Note 2)	12,342,898	13,842,992
Receivables - Net of allowances:		
Parish and other related entity receivables (Note 10)	765,301	1,360,144
Cemetery receivables	366,045	289,648
Other receivables	288,075	299,211
Total receivables - Net of allowances	1,419,421	1,949,003
Beneficial interest in perpetual trusts (Note 5)	344,702	-
Interest in foundations (Note 6)	617,433	83,426
Prepaid expenses and other assets	368,426	449,441
Loans and notes receivable - Net of allowance (Note 8)	13,106,431	14,673,821
Diocese investments (Note 4)	13,581,997	15,034,305
Other trusts and funds investments (Note 4)	102,494,780	37,191,357
Property and equipment - Net (Note 7)	5,238,611	6,127,110
Total assets	\$ 151,443,001	\$ 91,992,692
Liabilities and Net Assets		
Liabilities		
Accounts payable	\$ 550,692	\$ 710,219
Bank line of credit (Note 18)	500,000	-
Deferred revenue (Note 11)	3,506,643	3,495,457
Due to agency funds (Note 10)	531,723	435,852
Accrued liabilities	132,883	297,035
Reserve for claims and claims expenses (Note 2)	2,150,477	1,779,176
Notes payable (Note 8)	43,079,453	41,083,679
Due to parishes and other organizations (Notes 9 and 10)	38,357,937	-
Paycheck Protection Program loans (Note 2)	1,348,400	-
Total liabilities	90,158,208	47,801,418
Net Assets		
Without donor restrictions: (Note 12)		
Undesignated	13,427,253	13,835,175
Board designated	27,320,765	26,139,692
Total without donor restrictions	40,748,018	39,974,867
With donor restrictions (Note 12)	20,536,775	4,216,407
Total net assets	61,284,793	44,191,274
Total liabilities and net assets	\$ 151,443,001	\$ 91,992,692

The Roman Catholic Diocese of Toledo in America

Combined Statement of Activities and Changes in Net Assets

Years Ended June 30, 2020 and 2019

	2020			2019		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
Revenue, Gains, and Other Support						
Parish assessments (Note 10)	\$ 2,431,912	\$ -	\$ 2,431,912	\$ 3,246,338	\$ -	\$ 3,246,338
Bishop's Annual Catholic Appeal (Note 10)	2,616,999	-	2,616,999	2,973,364	-	2,973,364
Central City Ministries revenue	1,962,000	-	1,962,000	2,248,030	-	2,248,030
Catholic education - Fees and services	780,301	-	780,301	785,408	-	785,408
Other fees and services	1,794,640	-	1,794,640	2,000,023	-	2,000,023
Management fee income	88,361	-	88,361	117,832	-	117,832
Insurance premiums (Note 10)	18,765,599	-	18,765,599	18,339,343	-	18,339,343
Cemetery revenue	1,711,908	-	1,711,908	1,556,906	-	1,556,906
Contributions	-	282,575	282,575	-	34,370	34,370
Interest income - Notes receivable (Note 8)	700,580	-	700,580	846,569	-	846,569
Miscellaneous income	71,684	-	71,684	475,950	-	475,950
Estates and other gifts	129,970	-	129,970	775,978	-	775,978
Cathedral organ project	131,885	-	131,885	-	-	-
Marenda proceeds (Note 19)	(128,855)	-	(128,855)	8,540,891	-	8,540,891
Interest in earnings from custody trust account	885,875	577,917	1,463,792	1,119,139	91,547	1,210,686
Net assets released from restrictions (Note 12)	472,462	(472,462)	-	219,416	(219,416)	-
Total revenue, gains, and other support	32,415,321	388,030	32,803,351	43,245,187	(93,499)	43,151,688
Expenses						
Salaries and benefits	7,235,362	-	7,235,362	6,868,171	-	6,868,171
Apostolates and ministry programs	4,640,320	-	4,640,320	4,353,479	-	4,353,479
Insurance premiums and claims	16,935,681	-	16,935,681	16,733,456	-	16,733,456
Other administrative expenses	3,702,735	-	3,702,735	3,176,900	-	3,176,900
Cemeteries operating costs	1,002,685	-	1,002,685	1,010,589	-	1,010,589
Central City Ministries operating costs	557,417	-	557,417	528,966	-	528,966
Interest expense (Note 8)	816,818	-	816,818	923,241	-	923,241
Depreciation	982,487	-	982,487	974,198	-	974,198
Management fees	-	-	-	(222)	-	(222)
Total expenses	35,873,505	-	35,873,505	34,568,778	-	34,568,778

See notes to combined financial statements.

The Roman Catholic Diocese of Toledo in America

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

Years Ended June 30, 2020 and 2019

	2020			2019		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
(Decrease) Increase in Net Assets - Before other items and transfer	\$ (3,458,184)	\$ 388,030	\$ (3,070,154)	\$ 8,676,409	\$ (93,499)	\$ 8,582,910
Other Items						
Donation of noncash asset	-	-	-	(386,900)	-	(386,900)
Loss on sale of available-for-sale properties	-	-	-	(77,916)	-	(77,916)
Net change in due to parishes and other organizations of the Catholic Investment Trust	(550,850)	-	(550,850)	-	-	-
Net realized and unrealized gains on investments	1,876,242	-	1,876,242	730,311	-	730,311
Total other items	1,325,392	-	1,325,392	265,495	-	265,495
(Decrease) Increase in Net Assets - Before transfer of net assets	(2,132,792)	388,030	(1,744,762)	8,941,904	(93,499)	8,848,405
Transfer of Net Assets (Note 10)	2,905,943	15,932,338	18,838,281	1,692,631	-	1,692,631
Increase (Decrease) in Net Assets	773,151	16,320,368	17,093,519	10,634,535	(93,499)	10,541,036
Net Assets - Beginning of year	39,974,867	4,216,407	44,191,274	29,340,332	4,309,906	33,650,238
Net Assets - End of year	\$ 40,748,018	\$ 20,536,775	\$ 61,284,793	\$ 39,974,867	\$ 4,216,407	\$ 44,191,274

The Roman Catholic Diocese of Toledo in America

Combined Statement of Cash Flows

Years Ended June 30, 2020 and 2019

	2020	2019
Cash Flows from Operating Activities		
(Decrease) increase in net assets before transfer of net assets	\$ (1,744,762)	\$ 8,848,405
Adjustments to reconcile (decrease) increase in net assets before transfer of net assets to net cash, cash equivalents, and restricted cash from operating activities:		
Depreciation	982,487	974,198
Donation of noncash asset	-	386,900
Bad debt expense	110,669	97,000
Net realized and unrealized gains on investments	(1,876,242)	(730,311)
Increase in beneficial interest in perpetual trust	2,995	-
Loss on sale - Property held for resale	-	77,916
Changes in operating assets and liabilities that provided (used) cash, cash equivalents, and restricted cash:		
Accounts receivable	615,628	1,859,156
Prepaid expenses and other assets	81,015	(214,371)
Accounts payable	(458,669)	(68,385)
Accrued liabilities	(164,152)	(67,659)
Deferred revenue	11,186	496,576
Agency liability	95,871	29,323
Reserve for claims and claims expenses	371,301	-
Due to parishes and other organizations	(943,244)	-
Accrued self-insurance	-	(33,886)
Net cash, cash equivalents, and restricted cash (used in) provided by operating activities	(2,915,917)	11,654,862
Cash Flows from Investing Activities		
Purchase of property and equipment	(93,988)	(85,420)
Loans and notes receivable issued	(1,892,494)	(7,226,304)
Payments on loans and notes receivable	3,459,884	7,572,686
Net purchases of investments	(4,658,664)	(221,310)
Cash proceeds from Catholic Foundation transfer	43,976	-
Proceeds from sale of property and equipment held for resale	-	961,084
Net cash, cash equivalents, and restricted cash (used in) provided by investing activities	(3,141,286)	1,000,736
Cash Flows from Financing Activities		
Net proceeds on line of credit	500,000	-
Notes payable issued	8,933,616	7,389,219
Notes payable repaid	(6,937,842)	(12,986,727)
Paycheck Protection Program loan proceeds	1,348,400	-
Net cash, cash equivalents, and restricted cash provided by (used in) financing activities	3,844,174	(5,597,508)
Net (Decrease) Increase in Cash, Cash Equivalents, and Restricted Cash	(2,213,029)	7,058,090
Cash, Cash Equivalents, and Restricted Cash - Beginning of year	16,484,229	9,426,139
Cash, Cash Equivalents, and Restricted Cash - End of year	<u>\$ 14,271,200</u>	<u>\$ 16,484,229</u>
Combined Statement of Financial Position Classification of Cash, Cash Equivalents, and Restricted Cash		
Cash and cash equivalents	\$ 1,928,302	\$ 2,641,237
Restricted cash and cash equivalents	12,342,898	13,842,992
Total cash, cash equivalents, and restricted cash	<u>\$ 14,271,200</u>	<u>\$ 16,484,229</u>
Supplemental Cash Flow Information - Cash paid for interest	\$ 824,391	\$ 753,029

See notes to combined financial statements.

June 30, 2020 and 2019

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

Effective November 1, 2017, the Diocese established the following legal entities, which are included in these combined financial statements. These entities are recognized under the civil laws of the State of Ohio and under canon law to hold, administer, and govern the activities of the Diocese. This entity retains the separate public juridic personality of the Diocese according to the 1983 Code of Canon Law.

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 two school campuses located in the Central City area of the City of Toledo, Ohio.

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 administration and accounting functions of the health care self-insured insurance program, which is contracted with Medical Mutual of Ohio through year end. As of July 1, 2020, the administration and accounting functions were changed to Anthem. All invoices that are billed to the various parishes and agencies for coverage are created by a third-party administrator, Findley, Inc. As of July 1, 2020, the third-party administrator was changed to Benefit Administrative Systems, LLC.

Property and Casualty Trust

The trust provides for the administration and accounting functions of 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)

Pre-Need Cemetery Merchandise and Services Trust

The trust holds invested funds for cemetery burial rights purchased by customers prior to their need.

Catholic Investment Trust

On July 1, 2019, the trust was created 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 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. Funds can be withdrawn from the accounts in accordance with the restrictions of the trust, charter, and related documents.

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, 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 Diocese of Toledo Cemeteries Corporation.

Receivables

The Diocese carries parish assessments and insurance and health care 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. See Note 10 for allowance amounts recorded.

Accounts receivable also include the subsidy provided by various parishes for Central City Ministries Fund. 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 at June 30, 2020 and 2019.

Note 2 - Significant Accounting Policies (Continued)

Cemetery accounts and contracts receivable are reported at the original issue amount. No interest is charged. Accounts and contracts receivable primarily consist 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 8. The Diocese of Toledo in America Corporation holds unsecured notes receivable, which the Diocese deems fully collectible.

Investments

Investments are reported 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 trusts and other funds include investments held in the Deposit and Loan Trust, Health Benefits Trust, Property and Casualty Trust, Cemeteries Perpetual Care Trust, Pre-Need Cemetery Merchandise and Services Trust, Central City Ministries Fund, and the Catholic Investment Trust.

Property and Equipment

Property and equipment are recorded at cost. Assets are depreciated over their estimated useful lives using the straight-line method. Estimated useful lives of office equipment and vehicles range from 3 to 10 years and buildings and land improvements range from 15 to 30 years. 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 health care program, the PSI program, 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 PSI program provides for catastrophic losses through the purchase of excess insurance coverage, which limits losses of the PSI program to \$100,000 per casualty (fire or theft) and \$150,000 per liability claim, and coverage insures property up to approximately \$1.3 billion and \$1.2 billion for the years ended June 30, 2020 and 2019, respectively, on a blanket basis and \$20 million per liability claim, with the program being liable for any remaining excess.

Note 2 - Significant Accounting Policies (Continued)

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 a State of Ohio Unemployment Bond. The bond is computed by the State of Ohio and is based on payroll; total coverage for the bond is \$819,000 and \$1,000,000 as of June 30, 2020 and 2019, respectively.

The health care program has specific stop-loss insurance coverage of up to \$250,000 per covered person, and the annual maximum per covered person is unlimited. The amount expensed by the Diocese under the plan was approximately \$14.1 and \$14.8 million for the years ended June 30, 2020 and 2019, respectively.

Classification of Net Assets

Net assets of the Diocese are classified based on the presence or absence of donor-imposed restrictions limiting the Diocese's ability to use or dispose of contributed assets or the economic benefits embodied in those assets.

Net assets without donor restrictions: Net assets that are not subject to donor-imposed restrictions or for which the donor-imposed restrictions have expired or been fulfilled. Net assets in this category may be expended for any purpose in performing the primary objectives of the Diocese.

Net assets with donor restrictions: Net assets subject to stipulations imposed by donors and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the Diocese or by the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity. Donor-restricted contributions whose restrictions are met within the same year as received are reported as contributions without donor restrictions.

Earnings, gains, and losses on donor-restricted net assets are classified as net assets without donor restrictions unless specifically restricted by the donor or by applicable state law.

Revenue Recognition

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 as a receivable. Central City Ministries Fund 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 \$51,300 and \$52,888 for the years ended June 30, 2020 and 2019, respectively.

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 and Catholic Investment Trust records revenue, including interest and investment income, as it is earned.

Note 2 - Significant Accounting Policies (Continued)

Participation charges are billed to parishes and related institutions for the health care program, the protective self-insurance program, workers' compensation program, and unemployment program 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 protective self-insurance program, workers' compensation and unemployment programs are invoiced on July 1 for the fiscal year, and the health care program is invoiced monthly by a third-party administrator, Findley, Inc.

Deferred Revenue

Deferred revenue includes fees for programs that are paid in advance. Revenue for the programs is recognized when the activities occur.

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.

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.

Contributions

Unconditional promises to give cash and other assets to the Diocese are reported at fair value on the date the promise is received. Conditional promises to give and indications of intentions to give are reported at fair value on the date the gift becomes unconditional or is received. The gifts are reported as contributions with donor restrictions if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or the purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the combined statement of activities and changes in net assets as net assets released from restrictions. Donor-restricted contributions whose restrictions are met in the year in which the gift is received are reported as contributions without donor restrictions in the accompanying 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.

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.

June 30, 2020 and 2019

Note 2 - Significant Accounting Policies (Continued)

Functional Allocation of Expenses

Costs of providing program and support services have been reported on a functional basis in Note 13. Costs have been allocated between the various programs and support services based on estimates determined by management. Salaries and related expenses are allocated on the basis of time and effort. Depreciation is allocated on the basis of the program or supportive service, which uses the fixed asset. Costs have been allocated between various programs and support services based on estimates determined by management. Occupancy expenses are assigned on floor space, utilization, and other services directly subscribed within the financial statements. Although the methods of allocation used are considered appropriate, other methods could be used that would produce different amounts.

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 Diocese did not assess parishes or other related institutions the final quarterly amounts and deferred note payable principal and interest payments. The Deposit and Loan Trust made available a total of \$2 million of interest free emergency loans to all qualifying parishes and other related institutions through December 31, 2020. The Diocese has agreed to guarantee all emergency loans issued under the program. As of June 30, 2020, there were no issued or outstanding emergency loans.

As a result of the COVID-19 worldwide pandemic, the Diocese applied for and received Paycheck Protection Program (PPP) loans through the CARES Act implemented by the Small Business Administration (SBA) in the amount of \$1,348,400. Interest accrues on the outstanding balance of the loans at a rate of 1 percent per annum. The loan forgiveness applications are expected to be filed by December 31, 2020 and will be based on a 24-week covered period beginning on the PPP loan disbursement date of April 20, 2020. The loans are scheduled to mature in April 2022. Under the Paycheck Protection Flexibility Act of 2020, loan payments of principal and interest are deferred until either (1) the date that the SBA remits the borrower's loan forgiveness amount to the lender or (2) if the borrower does not apply for loan forgiveness, 10 months after the end of the borrower's loan forgiveness covered period.

The Diocese will assess the need for further action as the full impact of the pandemic is realized over the coming months. No impairments were recorded as of the combined statement of financial position date, as no triggering events or changes in circumstances had occurred as of year end; however, due to uncertainty surrounding the situation, management's judgment regarding this could change in the future.

Change in Accounting Principle

As of July 1, 2019, the Diocese adopted Financial Accounting Standards Board (FASB) Accounting Standards Update No. 2018-08, *Not-for-Profit Entities (Topic 958): Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*, which provides enhanced guidance to assist entities in (1) evaluating whether transactions should be accounted for as contributions (nonreciprocal transactions) or as exchange (reciprocal transactions) and (2) determining whether a contribution is conditional. The Diocese adopted the new standard on a modified prospective basis. Due to the nature of the Diocese's contributions and grant revenue, its adoption had no impact on the recognition of contributions or grant revenue during the year ended June 30, 2020. The standard did not require a restatement of prior year amounts.

The Roman Catholic Diocese of Toledo in America

Notes to Combined Financial Statements

June 30, 2020 and 2019

Note 2 - Significant Accounting Policies (Continued)

Upcoming Accounting Pronouncement

In May 2014, the Financial Accounting Standards Board issued 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, 2021. The ASU permits application of the new revenue recognition guidance 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.

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 Diocese's financial assets as of June 30, reduced by amounts not available for general use because of contractual or donor-imposed restrictions within one year of the combined statement of financial position date:

	2020	2019
Cash and cash equivalents	\$ 1,928,302	\$ 2,641,237
Restricted cash and cash equivalents	12,342,898	13,842,992
Accounts and interest receivable	1,419,421	1,949,003
Beneficial interest in perpetual trusts	344,702	-
Interest in foundations	617,433	83,426
Loans and notes receivable	13,106,431	14,673,821
Other trusts and funds investments	102,494,780	37,191,357
Diocese investments	13,581,997	15,034,305
Financial assets - At year end	145,835,964	85,416,141
Less those unavailable for general expenditures within one year due to:		
Contractual or donor-imposed restrictions:		
Restricted by donor with purpose restrictions	6,129,827	119,864
Subject to appropriation and satisfaction of donor restrictions	14,406,948	4,096,543
Assets held in Deposit and Loan Trust and Catholic Investment Trust	90,197,413	47,672,742
Board designations - Less Deposit and Loan Trust designations	22,629,002	22,611,506
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 12,472,774</u>	<u>\$ 10,915,486</u>

The Diocese has a goal to maintain financial assets, which consist of cash and short-term investments, on hand to meet 90 days of normal operating expenses, which are, on average, approximately \$2.7 million at June 30, 2020 and 2019. The Diocese has committed lines of credit in the amount of \$2.5 million at June 30, 2020 and 2019, which it could draw upon if needed, as further described in Note 18.

The Diocese also realizes there could be unanticipated liquidity needs.

June 30, 2020 and 2019

Note 4 - Investments

Investments are held in a custody trust account (the "Master Trust") administered by Comerica Bank, trustee, or are held by Key Bank. The Master Trust was established to hold the assets of the Diocese and its related entities. The investments of the Deposit and Loan Trust are held in a separate custody trust account administered by The Trust Company of Toledo, Ohio N.A., trustee. The investments of the Catholic Investment Trust and the remainder of the investments of the Diocese are held by Key Bank. Investments are under the control of investment managers who have authority for purchases and sales of investments subject to compliance with the diocesan investment policy statement and oversight of the Diocesan Investment Committee.

The 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 the trusts include investments from the Catholic Investment Trust, the Deposit and Loan Trust, Health Benefits Trust, Property and Casualty Trust, Cemeteries Perpetual Care Trust, and the Pre-Need Cemetery Merchandise and Services Trust. Investments of \$58.2 million at June 30, 2020 from the Catholic Investment Trust and \$32.5 million and \$24.2 million at June 30, 2020 and 2019, respectively, from the Deposit and Loan Trust are invested on behalf of parishes and other related institutions.

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 combined statement of financial position.

Note 5 - Beneficial Interest in Perpetual Trusts

The Diocese is named as a beneficiary of several perpetual trusts. The trusts are held by third parties that manage the assets and distribute the earnings to parties, as defined in the trusts. Under a perpetual term arrangement, the Diocese receives the income (a portion as defined by the trust) earned by the assets, but never gains use of the trust corpus. The income received from these trusts has donor-imposed restrictions and, accordingly, has been reported on the combined statement of activities and changes in net assets as income with donor restrictions.

The beneficial interest has been recognized at the present value of a perpetual stream of income from the assets. Assuming a perfect market for investments, the fair market value will equal the present value of a perpetual stream of income from the assets. Therefore, the trusts have been recognized at fair market value.

Note 6 - Interest in Foundations

This Diocese holds interest in the Greater Toledo Community Foundation and Monsignor Jerome Schmit Charitable Foundation (collectively, the "Foundations"). These investments were placed by donors in the Foundations, but to be used for the benefit of the Diocese. All investments and funds generated through the Foundations are held and managed in commingled funds by the Foundations. Income is paid quarterly to the Diocese. An asset, interest in Foundations, has been recorded for the present value of future cash flows of \$617,433 and \$83,426 at June 30, 2020 and 2019, respectively. Changes in this interest are reported on the combined statement of activities and changes in net assets in the net realized and unrealized gains (losses) on investments.

The Roman Catholic Diocese of Toledo in America

Notes to Combined Financial Statements

June 30, 2020 and 2019

Note 7 - Property and Equipment

Property and equipment are summarized as follows as of June 30, 2020 and 2019:

	2020	2019
Land	\$ 1,086,506	\$ 1,086,506
Land improvements	3,098,708	3,098,708
Buildings	12,761,586	12,686,934
Office equipment	104,881	97,091
Vehicles	96,955	96,955
Computer equipment and software	11,546	-
Total cost	17,160,182	17,066,194
Accumulated depreciation	11,921,571	10,939,084
Net property and equipment	<u>\$ 5,238,611</u>	<u>\$ 6,127,110</u>

Depreciation expense for 2020 and 2019 was \$982,487 and \$974,198, respectively.

Note 8 - 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 due on demand and the notes receivable maturing at various dates. The notes receivable have a variable interest rate equal to the prime rate. The notes payable had an interest rate of 1.50 percent through July 2018, and effective August 2018 through November 2018, the interest rate on notes payable was 1.65 percent. Effective December 2018 through June 2019, the interest rate on notes payable was 1.90 percent. From July 2019 through November 2019, the notes payable had an interest rate of 2.0 percent, and effective December 2019 through April 2020, the interest rate on notes payable was 1.8 percent. Effective May 2020, the interest rate on notes payable decreased to 1.0 percent. Interest is due on a semiannual basis. The allowance for uncollectible notes is approximately \$1.4 million as of June 30, 2020 and 2019. 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, 2020 and 2019 to extend additional financing.

Interest income and expense on the above notes receivable and payable for the year ended June 30, 2020 are \$700,580 and \$816,818, respectively. Interest income and expense on the above notes receivable and payable for the year ended June 30, 2019 are \$846,569 and \$923,241, respectively. Interest income and expenses are included in the combined statement of activities and changes in net assets.

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, 2020 and 2019.

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 Trust 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 was \$0 and \$44,000 written off during the years ended June 30, 2020 and 2019, respectively.

The Roman Catholic Diocese of Toledo in America

Notes to Combined Financial Statements

June 30, 2020 and 2019

Note 8 - Notes to and from Parishes and Related Institutions (Continued)

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, 2020 and 2019. Credit monitoring is done by evaluation of loan payment history and periodic financial statement review.

Note 9 - Funds Held for Others

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

Contributions - Parishes and other organizations	\$ 2,977,083
Investment income - Net	1,490,843
Distributions - Parishes and other organizations	<u>(3,917,076)</u>
Change in balance	550,850
Transfer in of funds held for others from Catholic Foundation - July 1, 2019	<u>37,807,087</u>
Balance in funds held for others - June 30, 2020	<u><u>\$ 38,357,937</u></u>

Note 10 - Related Party Transactions

Related party activities as of and for the years ended June 30, 2020 and 2019 are as follows:

	<u>2020</u>	<u>2019</u>
Parish assessment receivable - Net of allowance	\$ 213,599	\$ 397,167
Parish receivable for support of Central City Ministries Fund	53,767	86,793
Parish health care premium receivable - Net of allowance	278,649	446,181
Parish protective self-insurance premium receivables - Net of allowance	217,024	247,303
Parish workers' compensation and unemployment premium receivables - Net of allowance	2,262	-
Receivable from the Catholic Foundation	<u>-</u>	<u>182,700</u>
Total	<u>\$ 765,301</u>	<u>\$ 1,360,144</u>
Due to agency fund - Catholic Youth Organization (CYO)	\$ 525,239	\$ 429,481
Due to agency fund - Global Concern	<u>6,484</u>	<u>6,371</u>
Total due to agency funds	<u>\$ 531,723</u>	<u>\$ 435,852</u>
Due to parishes and other organizations	\$ 38,357,937	\$ -
Annual Catholic Appeal	2,616,999	2,973,364
Parish assessment income	2,431,912	3,246,338
Parish health care premium income	16,416,484	16,252,467
Parish protective self-insurance fund premium income	2,229,688	2,086,876
Parish workers' compensation and unemployment premium income	119,427	-
Reimbursement from the Catholic Foundation for seminary formation expenses (included in other income on the combined statement of activities and changes in net assets)	-	14,784
Subsidy paid to Catholic Charities for operations	806,000	806,000

The Roman Catholic Diocese of Toledo in America

Notes to Combined Financial Statements

June 30, 2020 and 2019

Note 10 - Related Party Transactions (Continued)

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

The Catholic Investment Trust holds investments that are due to parishes and other organization on demand. Net distributions of realized and unrealized gains and losses on investments made to parishes and other organizations was \$550,850 at June 30, 2020.

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 \$135,685 and \$106,000 at June 30, 2020 and 2019, respectively. The Diocese also charged health care premiums and self-insurance premiums to parishes, as detailed above. The allowances for health care premiums and self-insurance fund premiums are \$89,411 and \$110,944, respectively, at June 30, 2020. At June 30, 2019, the allowances for health care premiums and self-insurance fund premiums were \$134,000 and \$41,000, respectively.

Contributions from the Annual Catholic Appeal were made to support various diocesan ministries. 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 of July 1, 2019, the Catholic Foundation was dissolved and transferred \$57.3 million of investments held for parishes and other organizations into the Catholic Investment Trust. This included the net assets held by the Catholic Foundation of approximately \$18.8 million, which were transferred to the Diocese and Diocese of Toledo Management Corporation related to various investments. The remaining \$38.4 million are funds held for parishes and other related institutions. During the year ended June 30, 2019, the Catholic Foundation transferred \$1.7 million of net assets related to prior years' Annual Catholic Appeal donations to the Diocese, and the Diocese transferred out \$7,369 to the Diocese of Toledo Properties Trust related to the net book value of a property.

Note 11 - Deferred Revenue

The following is the detail of deferred revenue as of June 30, 2020 and 2019:

	2020	2019
Cemetery interments	\$ 1,382,675	\$ 1,260,881
Cemetery vault sales	1,109,301	1,069,676
Cemetery markers, monuments, and foundations	417,886	392,737
Central City Ministries revenue	98,255	103,410
Other	498,526	668,753
Total	<u>\$ 3,506,643</u>	<u>\$ 3,495,457</u>

The Roman Catholic Diocese of Toledo in America

Notes to Combined Financial Statements

June 30, 2020 and 2019

Note 12 - Net Assets

Net assets without donor restrictions consist of the following as of June 30, 2020 and 2019:

	<u>2020</u>	<u>2019</u>
Board-designated net assets:		
Designations:		
Special needs of retired and infirmed priests	\$ 1,904,497	\$ 2,340,564
Child and youth protection	1,909,861	2,245,089
Workers' compensation and unemployment	1,666,395	1,890,991
Central City Ministries Fund long-term operations	1,616,614	1,577,309
Closed parish maintenance fund	998,334	998,334
Total designations	<u>8,095,701</u>	<u>9,052,287</u>
Trust designations:		
Deposit and loan	4,691,763	3,528,186
Health benefits	6,100,781	4,981,215
Property and casualty	5,299,129	5,535,761
Cemeteries perpetual care	3,133,391	3,042,243
Total trust designations	<u>19,225,064</u>	<u>17,087,405</u>
Total board-designated net assets	27,320,765	26,139,692
Undesignated net assets	<u>13,427,253</u>	<u>13,835,175</u>
Total net assets without donor restrictions	<u>\$ 40,748,018</u>	<u>\$ 39,974,867</u>

The Roman Catholic Diocese of Toledo in America

Notes to Combined Financial Statements

June 30, 2020 and 2019

Note 12 - Net Assets (Continued)

Net assets with donor restrictions as of June 30, 2020 and 2019 are available for the following purposes:

	<u>2020</u>	<u>2019</u>
Subject to expenditures for a specified purpose:		
Social services	\$ 2,074,203	\$ -
Ministry support	1,674,297	-
Healthy Beginnings	1,011,391	-
Seminarian and religious education	647,058	-
Support for operations of Queen of Apostles School	12,059	8,059
Other	710,819	111,805
	<u>6,129,827</u>	<u>119,864</u>
Total subject to expenditures for a specified purpose		
Subject to the Diocese's spending policy and appropriation:		
Funds restricted in perpetuity to investments, the income from which is expendable to support various programs	14,940,678	4,158,315
Funds deficiency from continued appropriation for programs (Note 17)	<u>(533,730)</u>	<u>(61,772)</u>
	<u>14,406,948</u>	<u>4,096,543</u>
Total subject to spending policy and appropriation		
Total net assets with donor restrictions	<u>\$ 20,536,775</u>	<u>\$ 4,216,407</u>
Purpose restrictions accomplished:		
Social Services	\$ 40,257	\$ -
Ministry Support	65,000	-
Healthy Beginnings	18,927	-
Other	33,169	20,510
	<u>157,353</u>	<u>20,510</u>
Total purpose restrictions accomplished		
Release of appropriated endowment amounts with purpose restrictions	<u>315,109</u>	<u>198,906</u>
Total net assets released from restrictions	<u>\$ 472,462</u>	<u>\$ 219,416</u>

The Roman Catholic Diocese of Toledo in America

Notes to Combined Financial Statements

June 30, 2020 and 2019

Note 13 - Functional Expenses

For the years ended June 30, 2020 and 2019, expenses are functionally allocated as follows:

	2020					
	Personnel Costs	Occupancy Costs	Office/ Program	Professional Services	Travel/ Professional Development	Grants/ Other Assistance
Administrative expenses:						
Salaries and benefits	\$ 3,036,083	\$ -	\$ -	\$ -	\$ -	\$ -
Apostolates and ministry programs	-	71,984	270,397	21,087	13,633	294,322
Other administrative expenses	25,239	639,706	663,478	377,672	80,064	199,819
Cemeteries operating costs	-	-	-	290,112	-	-
Central City Ministries operating costs	-	-	-	7,500	-	-
Interest expense	-	-	23,256	-	-	-
Depreciation	-	387,789	-	-	-	-
Total administrative expenses	3,061,322	1,099,479	957,131	696,371	93,697	494,141
Program expenses:						
Salaries and benefits	4,122,155	-	-	-	-	-
Apostolates and ministry programs	-	529,869	878,366	373,505	195,197	1,991,960
Insurance premiums and claims	-	-	16,935,681	-	-	-
Other administrative expenses	-	56,107	167,831	1,325,897	14,883	106,806
Cemeteries operating costs	-	131,724	232,313	339,373	9,162	-
Central City Ministries operating costs	10,973	188,046	159,797	-	1,073	182,929
Interest expense	-	-	793,562	-	-	-
Depreciation	-	594,698	-	-	-	-
Total program expenses	4,133,128	1,500,444	19,167,550	2,038,775	220,315	2,281,695
Fundraising expenses:						
Salaries and benefits	77,124	-	-	-	-	-
Other administrative expenses	-	-	45,235	-	-	-
Central City Ministries operating costs	917	-	6,054	-	123	5
Total fundraising expenses	78,041	-	51,289	-	123	5
Total	\$ 7,272,491	\$ 2,599,923	\$ 20,175,970	\$ 2,735,146	\$ 314,135	\$ 2,775,841

The Roman Catholic Diocese of Toledo in America

Notes to Combined Financial Statements

June 30, 2020 and 2019

Note 13 - Functional Expenses (Continued)

	2019					
	Personnel Costs	Occupancy Costs	Office/ Program	Professional Services	Travel/ Professional Development	Grants/Other Assistance
Administrative expenses:						
Salaries and benefits	\$ 2,819,184	\$ -	\$ -	\$ -	\$ -	\$ -
Apostolates and ministry programs	-	71,968	176,775	18,272	16,479	296,341
Other administrative expenses	8,000	618,313	308,240	103,600	78,929	261,269
Cemeteries operating costs	9,939	-	34,750	241,022	1,145	-
Central City Ministries operating costs	-	-	-	7,660	-	-
Interest expense	-	-	98,529	-	-	-
Depreciation	-	394,616	-	-	-	-
Total administrative expenses	2,837,123	1,084,897	618,294	370,554	96,553	557,610
Program expenses:						
Salaries and benefits	3,936,112	-	-	-	-	-
Apostolates and ministry programs	-	118,552	708,415	660,747	199,881	2,086,049
Insurance premiums and claims	-	-	16,733,456	-	-	-
Other administrative expenses	-	68,684	115,052	1,248,337	10,002	-
Cemeteries operating costs	-	122,465	250,286	340,027	10,955	-
Central City Ministries operating costs	-	140,121	300,318	-	1,672	52,887
Interest expense	-	-	824,712	-	-	-
Depreciation	-	579,582	-	-	-	-
Total program expenses	3,936,112	1,029,404	18,932,239	2,249,111	222,510	2,138,936
Fundraising expenses:						
Salaries and benefits	112,875	-	-	-	-	-
Other administrative expenses	-	184,917	-	170,339	996	-
Central City Ministries operating costs	-	847	24,933	-	528	-
Total fundraising expenses	112,875	185,764	24,933	170,339	1,524	-
Total	\$ 6,886,110	\$ 2,300,065	\$ 19,575,466	\$ 2,790,004	\$ 320,587	\$ 2,696,546

June 30, 2020 and 2019

Note 14 - Multiple-employer Defined Benefit Pension Plan

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. For the years ended June 30, 2020 and 2019, the Diocese contributed 6 and 5 percent, respectively, of each participating employee's compensation to the Retirement Plan, and each employee contributed 4 and 3 percent, respectively, of compensation. Such percentages were increased beginning July 1, 2018 and will continue to increase each year through June 30, 2021. 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.

The Diocese contributed \$165,000 and \$1.73 million to the Retirement Plan for the years ended June 30, 2020 and 2019, respectively. Of the \$1.73 million, \$1.6 million was a one-time contribution made as part the Mareda proceeds, as described in Note 19, and the remaining \$130,000 was standard annual contributions made. The diocese contributions do not represent more than 5 percent of total contributions received by the Retirement Plan, except for the one-time \$1.6 million contribution noted previously during the year ended June 30, 2019.

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, 2020:

	<u>Retirement Plan for Lay Employees in the Catholic Diocese of Toledo</u>
Total plan assets	\$ 162,032,865
Actuarial present value of accumulated plan benefits	\$ 204,649,000
Total contributions received by the Plan	\$ 6,871,203
Indicated level of funding	79.18 %

Note 15 - 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.

The Roman Catholic Diocese of Toledo in America

Notes to Combined Financial Statements

June 30, 2020 and 2019

Note 16 - 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.

Fair values determined by Level 1 inputs use quoted prices in active markets for identical assets or liabilities 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 and liabilities 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 or liability.

In instances where 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 or liability.

The following tables present information about the Diocese's assets and liabilities measured at fair value on a recurring basis at June 30, 2020 and 2019 and the valuation techniques used by the Diocese to determine those fair values:

Assets and Liabilities 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:				
U.S. corporate bonds	\$ -	\$ 7,860,563	\$ -	\$ 7,860,563
Common stock	10,968,058	-	-	10,968,058
Mutual funds - Fixed income	15,569,680	-	-	15,569,680
Mutual funds - Equity	40,171,632	-	-	40,171,632
Mutual funds - Real estate	1,920,615	-	-	1,920,615
Money market funds	480,853	2,621,033	-	3,101,886
U.S. government obligations	-	24,692,720	-	24,692,720
Interest in Foundations	-	-	617,433	617,433
Beneficial interest in perpetual trusts	-	-	344,702	344,702
Total	\$ 69,110,838	\$ 35,174,316	\$ 962,135	105,247,289
Investments measured at NAV - Common collective funds				11,836,122
Total assets				\$ 117,083,411
Liabilities - Due to brokers	\$ 44,499	\$ -	\$ -	\$ 44,499

The Roman Catholic Diocese of Toledo in America

Notes to Combined Financial Statements

June 30, 2020 and 2019

Note 16 - Fair Value Measurements (Continued)

Assets and Liabilities Measured at Fair Value on a Recurring Basis at June 30, 2019				
	Quoted Prices in			Balance at June 30, 2019
	Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	
Assets				
Trading securities:				
U.S. corporate bonds	\$ -	\$ 1,428,567	\$ -	\$ 1,428,567
Mutual funds - Fixed income	11,297,230	-	-	11,297,230
Mutual funds - Equity	14,551,284	-	-	14,551,284
Money market funds	5,057,614	-	-	5,057,614
U.S. government obligations	-	23,016,454	-	23,016,454
Common collective trust - Catholic Foundation	-	1,488,983	-	1,488,983
Interest in Foundations	-	-	83,426	83,426
Total	\$ 30,906,128	\$ 25,934,004	\$ 83,426	56,923,558
Investments measured at NAV				
Total assets				\$ 56,923,558
Liabilities - Due to brokers	\$ (4,614,470)	\$ -	\$ -	\$ (4,614,470)

The fair value of U.S. corporate bonds, U.S. government bonds, and money market funds at June 30, 2020 and 2019 were determined 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, 2019 was determined primarily based on stated market value of the underlying assets in the fund. There were no unfunded commitments or redemption restrictions related to these funds.

Certain investments in Level 3 assets arose from the transfer in of the Catholic Foundation net assets. The Diocese's policy is to recognize transfers in and transfers out of Level 1, 2, and 3 fair value classifications as of the actual date of the event.

	Fair Value at June 30, 2020	Valuation Technique	Unobservable Inputs
Assets:			
Beneficial interest in perpetual trusts	\$ 344,702	Percentage of ownership interest in the perpetual trusts, which consist of equity securities that are publicly traded and a small portion of hedge funds and common collective funds that are valued at net asset value per share	Perpetual trusts' investment statements containing the detail of the underlying assets held
Interest in Foundations	617,433	Percentage of ownership interest in the Foundations, which consist of fixed-income, real estate and equity securities that are publicly traded	The Foundations' investment statements containing the detail of the underlying assets held

Notes to Combined Financial Statements

June 30, 2020 and 2019

Note 16 - Fair Value Measurements (Continued)

	Fair Value at June 30, 2019	Valuation Technique	Unobservable Inputs
Assets:			
Interest in Foundations	\$ 83,426	Percentage of ownership interest in the Foundations, which consist of fixed-income and equity securities that are publicly traded	The Foundations' investment statements containing the detail of the underlying assets held

Investments in Entities that Calculate Net Asset Value per Share

The Diocese 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 Diocese 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.

Note 17 - Donor-restricted Endowments

The Diocese's endowment includes donor-restricted endowment funds. Net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions.

Interpretation of Relevant Law

The Diocese is subject to the State Prudent Management of Institutional Funds Act (SPMIFA) and, thus, classifies amounts in its donor-restricted endowment funds as net assets with donor restrictions because those net assets are time restricted until the Diocese appropriates such amounts for expenditures. Most of those net assets also are subject to purpose restrictions that must be met before reclassifying those net assets to net assets without donor restrictions. Management of the Diocese had interpreted SPMIFA as not requiring the maintenance of purchasing power of the original gift amount contributed to an endowment fund, unless a donor stipulates the contrary. As a result of this interpretation, when reviewing its donor-restricted endowment funds, the Diocese considers a fund to be underwater if the fair value of the fund is less than the sum of (a) the original value of initial and subsequent gift amounts donated to the fund and (b) any accumulations to the fund that are required to be maintained in perpetuity in accordance with the direction of the applicable donor gift instrument. The Diocese has interpreted SPMIFA to permit spending from underwater funds in accordance with the prudent measures required under the law. Additionally, in accordance with SPMIFA, 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

The Roman Catholic Diocese of Toledo in America

Notes to Combined Financial Statements

June 30, 2020 and 2019

Note 17 - Donor-restricted Endowments (Continued)

Endowment Net Asset Composition by Type of Fund as of June 30, 2020			
	Without Donor Restrictions	With Donor Restrictions	Total
Donor-restricted endowment funds:			
Original donor-restricted gift amount and amounts required to be maintained in perpetuity by the donor	\$ -	\$ 12,621,920	\$ 12,621,920
Accumulated investment gains	-	2,318,758	2,318,758
Appropriated funds	-	(533,730)	(533,730)
Total	\$ -	\$ 14,406,948	\$ 14,406,948
Changes in Endowment Net Assets for the Fiscal Year Ended June 30, 2020			
	Without Donor Restrictions	With Donor Restrictions	Total
Endowment net assets - Beginning of year	\$ -	\$ 4,096,543	\$ 4,096,543
Investment return - Investment income	-	383,852	383,852
Contributions	-	148,535	148,535
Appropriation of endowment assets for expenditure	-	(315,109)	(315,109)
Transfers from Catholic Foundation	-	10,093,127	10,093,127
Endowment net assets - End of year	\$ -	\$ 14,406,948	\$ 14,406,948
Endowment Net Asset Composition by Type of Fund as of June 30, 2019			
	Without Donor Restrictions	With Donor Restrictions	Total
Donor-restricted endowment funds:			
Original donor-restricted gift amount and amounts required to be maintained in perpetuity by the donor	\$ -	\$ 4,158,315	\$ 4,158,315
Appropriated funds	-	(61,772)	(61,772)
Total	\$ -	\$ 4,096,543	\$ 4,096,543
Changes in Endowment Net Assets for the Fiscal Year Ended June 30, 2019			
	Without Donor Restrictions	With Donor Restrictions	Total
Endowment net assets - Beginning of year	\$ -	\$ 4,205,877	\$ 4,205,877
Investment return - Investment income	-	89,572	89,572
Appropriation of endowment assets for expenditure	-	(198,906)	(198,906)
Endowment net assets - End of year	\$ -	\$ 4,096,543	\$ 4,096,543

June 30, 2020 and 2019

Note 17 - Donor-restricted Endowments (Continued)

Underwater Endowment Funds

From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor or SPMIFA requires the Diocese to retain as a fund of perpetual duration. Deficiencies of this nature exist in three of the donor-restricted endowment funds, which together have an original gift value of \$7,347,928 and \$4,158,315, a current fair value of \$6,814,198 and \$4,096,543, and a deficiency of \$533,730 and \$61,772 as of June 30, 2020 and 2019, respectively. These deficiencies resulted from the combination of a change in market value of investments and continued appropriation for certain programs that was deemed prudent by the board of trustees.

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 reflect 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.

Spending Policy and How the Investment Objectives Relate to Spending Policy

The Diocese has a policy of appropriating for distribution each year 5 percent of its endowment funds' December 31 balance. In establishing this policy, the Diocese considered the long-term expected rate of return on its endowments. 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 18 - 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 included in Diocese investments on the combined statement of financial position. There was an outstanding draw on the line of credit at June 30, 2020 of \$500,000. There were no outstanding draws on the line of credit at June 30, 2019. The agreement expires on December 31, 2020.

The Roman Catholic Diocese of Toledo in America

Notes to Combined Financial Statements

June 30, 2020 and 2019

Note 19 - Mareda

During the year ended June 30, 2019, the Diocese received proceeds of \$13.3 million from a separate entity, in which the Bishop is a governing member, for the sale of five affordable housing properties within the Toledo, Ohio area referred to as the Mareda Properties (Mareda). These proceeds were allocated by the Bishop to entities and trusts included in this report (combined entities), as well as other noncombined entities. The Diocese placed all the funds in one account and then moved the funds to each respective entity based on the Bishop's approval, after consultation with various advisory bodies.

The following table shows the total funds received by the Diocese in 2019 that were then allocated based on the Bishop's approval:

Allocation and use of proceeds:	
Social ministry support	\$ 3,053,478
Debt reduction:	
Catholic Foundation - ACA obligation to the Diocese	1,700,000
Cemeteries - Obligation to the Diocese	964,491
Central City Ministries Fund - Obligation to the Diocese	654,666
Diocese pension contributions for priests and lay employees:	
Retirement plan for lay employees	1,600,000
Priests' retirement plan	500,000
Cemetery future obligations:	
Establish Pre-Need Cemetery Merchandise and Services Trust cash reserves	1,619,932
Enhance Cemeteries Perpetual Care Trust	1,000,000
Cemeteries equipment and property upgrades and niche inventory	500,000
Other diocesan initiatives:	
General reserve funds	1,228,324
Strategic initiative support	300,000
Cathedral building	200,000
	<hr/>
Total proceeds allocated for use	13,320,891
Mareda proceeds allocated to noncombined entities:	
Catholic Foundation	(1,700,000)
Retirement plan for lay employees	(1,600,000)
Catholic Charities	(980,000)
Priests' retirement plan	(500,000)
	<hr/>
Proceeds allocated to noncombined entities	(4,780,000)
	<hr/>
Total	\$ 8,540,891

For the year ended June 30, 2020, there was a reduction in Mareda proceeds of \$(128,855) related to one-time donations made by the Diocese to related institutions.

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 years ended June 30, 2020 and 2019 and have issued our report thereon dated December 8, 2020, which contained an unmodified opinion on those combined financial statements. Our audit was performed for the purpose of forming an opinion on the 2020 combined financial statements as a whole. The information in the accompanying combining statement of financial position at June 30, 2020 and 2019 and the combining statement of activities and changes in net assets for the years ended June 30, 2020 and 2019 is 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 is 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 2020 combined financial statements. The information has been subjected to the auditing procedures applied in the audit of the 2020 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 2020 combined financial statements as a whole.

Plante & Moran, PLLC

December 8, 2020

The Roman Catholic Diocese of Toledo in America

Combining Statement of Financial Position

June 30, 2020

	Diocese of Toledo in America Corporation	Diocese of Toledo Management Corporation	Central City Ministries Fund	Diocese of Toledo Cemeteries Corporation	Deposit and Loan Trust	Health Benefits Trust	Property and Casualty Trust	Cemeteries Perpetual Care Trust	Pre-Need Cemetery Merchandise and Services Trust	Catholic Investment Trust	Eliminating Entries	Total
Assets												
Cash and cash equivalents	\$ 989,126	\$ 202,039	\$ 456,160	\$ 282,038	\$ -	\$ -	\$ -	\$ (1,061)	\$ -	\$ -	\$ -	\$ 1,928,302
Restricted cash and cash equivalents	-	-	-	104,913	6,183,148	4,733,533	1,321,304	-	-	-	-	12,342,898
Other designated cash and cash equivalents	3,126,759	-	252,622	108,845	-	-	-	-	-	-	(3,488,226)	-
Receivables - Net of allowances:												
Parish and other related entity receivables	213,599	-	53,767	-	-	278,649	219,286	-	-	-	-	765,301
Cemetery receivables	-	-	-	366,045	-	-	-	-	-	-	-	366,045
Receivables from other combining entities	339,460	361,336	654	1,684,246	242,680	32,680	268,701	47,332	-	-	(2,977,089)	-
Other receivables	264,470	1,767	-	-	-	-	-	-	-	21,838	-	288,075
Total receivables - Net of allowances	817,529	363,103	54,421	2,050,291	242,680	311,329	487,987	47,332	-	21,838	(2,977,089)	1,419,421
Beneficial interest in perpetual trusts	344,702	-	-	-	-	-	-	-	-	-	-	344,702
Interest in foundations	535,233	-	82,200	-	-	-	-	-	-	-	-	617,433
Prepaid expenses and other assets	211,717	360	-	-	121,344	31,480	-	3,525	-	-	-	368,426
Loans and notes receivable - Net of allowance	731,433	-	-	-	12,374,998	-	-	-	-	-	-	13,106,431
Diocese investments	13,581,997	-	-	-	-	-	-	-	-	-	-	13,581,997
Other trusts and funds investments	-	-	-	-	32,553,282	2,736,116	4,130,332	3,230,963	1,683,019	58,161,068	-	102,494,780
Investments in other combining trusts	18,543,368	-	1,281,792	-	-	-	-	-	-	-	(19,825,160)	-
Property and equipment - Net	2,249,423	-	862,201	2,126,987	-	-	-	-	-	-	-	5,238,611
Total assets	\$ 41,131,287	\$ 565,502	\$ 2,989,396	\$ 4,673,074	\$ 51,475,452	\$ 7,812,458	\$ 5,939,623	\$ 3,280,759	\$ 1,683,019	\$ 58,182,906	\$ (26,290,475)	\$ 151,443,001

The Roman Catholic Diocese of Toledo in America

Combining Statement of Financial Position (Continued)

June 30, 2020

	Diocese of Toledo in America Corporation	Diocese of Toledo Management Corporation	Central City Ministries Fund	Diocese of Toledo Cemeteries Corporation	Deposit and Loan Trust	Health Benefits Trust	Property and Casualty Trust	Cemeteries Perpetual Care Trust	Pre-Need Cemetery Merchandise and Services Trust	Catholic Investment Trust	Eliminating Entries	Total
Liabilities and Net Assets												
Liabilities												
Accounts payable	\$ 221,456	\$ 46,637	\$ 25,352	\$ 82,370	\$ 36,686	\$ 74,859	\$ 63,332	\$ -	\$ -	\$ -	\$ -	\$ 550,692
Bank line of credit	500,000	-	-	-	-	-	-	-	-	-	-	500,000
Deferred revenue	435,031	-	98,255	2,909,862	-	63,495	-	-	-	-	-	3,506,643
Payables to other funds and related parties	1,038,356	-	30,465	63,120	3,648,424	-	-	2,122	1,683,019	-	(6,465,506)	-
Intercompany payables	-	-	-	-	-	-	-	-	-	19,824,969	(19,824,969)	-
Due to agency funds	531,723	-	-	-	-	-	-	-	-	-	-	531,723
Accrued liabilities	41,324	36,183	-	36,242	19,126	-	8	-	-	-	-	132,883
Reserve for claims and claims expenses	-	-	-	-	-	1,573,323	577,154	-	-	-	-	2,150,477
Notes payable	-	-	-	-	43,079,453	-	-	-	-	-	-	43,079,453
Due to parishes and other organizations	-	-	-	-	-	-	-	-	-	38,357,937	-	38,357,937
Paycheck Protection Program loans	605,180	264,600	328,020	150,600	-	-	-	-	-	-	-	1,348,400
Total liabilities	3,373,070	347,420	482,092	3,242,194	46,783,689	1,711,677	640,494	2,122	1,683,019	58,182,906	(26,290,475)	90,158,208
Net Assets												
Without donor restrictions:												
Undesignated	10,754,414	218,082	878,631	1,430,880	-	-	-	145,246	-	-	-	13,427,253
Board designated	6,479,087	-	1,616,614	-	4,691,763	6,100,781	5,299,129	3,133,391	-	-	-	27,320,765
Total without donor restrictions	17,233,501	218,082	2,495,245	1,430,880	4,691,763	6,100,781	5,299,129	3,278,637	-	-	-	40,748,018
With donor restrictions	20,524,716	-	12,059	-	-	-	-	-	-	-	-	20,536,775
Total net assets	37,758,217	218,082	2,507,304	1,430,880	4,691,763	6,100,781	5,299,129	3,278,637	-	-	-	61,284,793
Total liabilities and net assets	\$ 41,131,287	\$ 565,502	\$ 2,989,396	\$ 4,673,074	\$ 51,475,452	\$ 7,812,458	\$ 5,939,623	\$ 3,280,759	\$ 1,683,019	\$ 58,182,906	\$ (26,290,475)	\$ 151,443,001

The Roman Catholic Diocese of Toledo in America

Combining Statement of Financial Position

June 30, 2019

	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	Pre-Need Cemetery Merchandise and Services Trust	Eliminating Entries	Total
Assets											
Cash and cash equivalents	\$ 2,011,206	\$ 233,249	\$ 328,848	\$ 64,829	\$ -	\$ -	\$ -	\$ 3,327	\$ (222)	\$ -	\$ 2,641,237
Restricted cash and cash equivalents	-	-	-	11,051	9,095,680	3,402,206	1,334,055	-	-	-	13,842,992
Other designated cash and cash equivalents	3,812,530	-	-	451,005	-	-	-	-	-	(4,263,535)	-
Receivables - Net of allowances:											
Parish and other related entity receivables	579,867	-	86,793	-	-	446,181	247,303	-	-	-	1,360,144
Cemetery receivables	-	-	-	289,648	-	-	-	-	-	-	289,648
Receivables from other combining entities	358,580	17,550	-	1,669,462	1,138,916	-	195,060	-	-	(3,379,568)	-
Other receivables	295,688	3,523	-	-	-	-	-	-	-	-	299,211
Total receivables - Net of allowances	1,234,135	21,073	86,793	1,959,110	1,138,916	446,181	442,363	-	-	(3,379,568)	1,949,003
Interest in foundations	-	-	83,426	-	-	-	-	-	-	-	83,426
Prepaid expenses and other assets	282,818	-	-	-	132,174	32,020	-	2,429	-	-	449,441
Loans and notes receivable - Net of allowance	290,114	-	-	-	14,383,707	-	-	-	-	-	14,673,821
Diocese investments	15,034,305	-	-	-	-	-	-	-	-	-	15,034,305
Other trusts and funds investments	-	-	1,493,883	-	24,193,355	2,663,901	4,021,319	3,149,437	1,669,462	-	37,191,357
Property and equipment - Net	2,599,560	-	1,049,199	2,478,351	-	-	-	-	-	-	6,127,110
Total assets	\$ 25,264,668	\$ 254,322	\$ 3,042,149	\$ 4,964,346	\$ 48,943,832	\$ 6,544,308	\$ 5,797,737	\$ 3,155,193	\$ 1,669,240	\$ (7,643,103)	\$ 91,992,692
Liabilities and Net Assets											
Liabilities											
Accounts payable	\$ 494,954	\$ 18,187	\$ 27,156	\$ 75,843	\$ 67,515	\$ 15,885	\$ 10,679	\$ -	\$ -	\$ -	\$ 710,219
Deferred revenue	640,761	-	103,410	2,723,294	-	27,992	-	-	-	-	3,495,457
Payables to other funds and related parties	1,675,905	-	-	27,203	4,264,452	919	918	4,244	1,669,462	(7,643,103)	-
Due to agency funds	435,852	-	-	-	-	-	-	-	-	-	435,852
Accrued liabilities	264,406	21,917	-	21,212	-	(9,876)	(624)	-	-	-	297,035
Reserve for claims and claims expenses	-	-	-	-	-	1,528,173	251,003	-	-	-	1,779,176
Notes payable	-	-	-	-	41,083,679	-	-	-	-	-	41,083,679
Total liabilities	3,511,878	40,104	130,566	2,847,552	45,415,646	1,563,093	261,976	4,244	1,669,462	(7,643,103)	47,801,418
Net Assets											
Without donor restrictions:											
Undesignated	10,069,464	214,218	1,326,215	2,116,794	-	-	-	108,706	(222)	-	13,835,175
Board designated	7,474,978	-	1,577,309	-	3,528,186	4,981,215	5,535,761	3,042,243	-	-	26,139,692
Total without donor restrictions	17,544,442	214,218	2,903,524	2,116,794	3,528,186	4,981,215	5,535,761	3,150,949	(222)	-	39,974,867
With donor restrictions	4,208,348	-	8,059	-	-	-	-	-	-	-	4,216,407
Total net assets	21,752,790	214,218	2,911,583	2,116,794	3,528,186	4,981,215	5,535,761	3,150,949	(222)	-	44,191,274
Total liabilities and net assets	\$ 25,264,668	\$ 254,322	\$ 3,042,149	\$ 4,964,346	\$ 48,943,832	\$ 6,544,308	\$ 5,797,737	\$ 3,155,193	\$ 1,669,240	\$ (7,643,103)	\$ 91,992,692

The Roman Catholic Diocese of Toledo in America

Combining Statement of Activities and Changes in Net Assets

Year Ended June 30, 2020

	Diocese of Toledo in America Corporation	Diocese of Toledo Management Corporation	Central City Ministries Fund	Diocese of Toledo Cemeteries Corporation	Deposit and Loan Trust	Health Benefits Trust	Property and Casualty Trust	Cemeteries Perpetual Care Trust	Pre-Need Cemetery Merchandise and Services Trust	Catholic Investment Trust	Eliminating Entries	Total
Changes Net Assets without Donor Restrictions												
Revenue, gains, and other support:												
Parish assessments	\$ 2,431,912	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,431,912
Bishop's Annual Catholic Appeal	2,616,999	-	-	-	-	-	-	-	-	-	-	2,616,999
Central City Ministries Fund revenue	-	-	1,962,000	-	-	-	-	-	-	-	-	1,962,000
Catholic education - Fees and services	780,301	-	-	-	-	-	-	-	-	-	-	780,301
Other fees and services	1,830,564	519,499	-	-	-	-	-	114,286	-	-	(669,709)	1,794,640
Management fee income	-	1,931,271	-	-	-	-	-	-	-	-	(1,842,910)	88,361
Insurance premiums	-	-	-	-	-	16,416,484	2,349,115	-	-	-	-	18,765,599
Cemetery revenue	-	-	-	1,711,908	-	-	-	-	-	-	-	1,711,908
Interest income	-	-	-	-	700,580	-	-	-	-	-	-	700,580
Miscellaneous income	-	1	43,725	22,683	-	-	365,430	-	-	-	(360,155)	71,684
Estates and other gifts	129,970	-	-	-	-	-	-	-	-	-	-	129,970
Cathedral organ project	131,885	-	-	-	-	-	-	-	-	-	-	131,885
Proceeds from Marenda sale	(128,855)	-	-	-	-	-	-	-	-	-	-	(128,855)
Interest in earnings from custody trust account	209,578	-	-	40,841	754,595	66,155	99,866	89,537	-	-	(374,697)	885,875
Net assets released from restrictions	472,462	-	-	-	-	-	-	-	-	-	-	472,462
Total revenue, gains, and other support	8,474,816	2,450,771	2,005,725	1,775,432	1,455,175	16,482,639	2,814,411	203,823	-	-	(3,247,471)	32,415,321
Expenses:												
Salaries and benefits	3,388,940	1,459,064	1,636,189	751,169	-	-	-	-	-	-	-	7,235,362
Apostolates and ministry programs	4,640,320	-	-	-	-	-	-	-	-	-	-	4,640,320
Insurance premiums and claims	-	-	-	-	-	14,121,835	2,813,846	-	-	-	-	16,935,681
Other administrative expenses	1,411,354	857,950	-	101,715	65,357	1,116,883	142,777	6,921	(222)	-	-	3,702,735
Cemeteries operating costs	-	-	-	1,002,685	-	-	-	-	-	-	-	1,002,685
Central City Ministries operating costs	-	-	557,417	-	-	-	-	-	-	-	-	557,417
Interest expense	23,256	-	-	-	793,562	-	-	-	-	-	-	816,818
Depreciation	387,789	-	186,998	407,700	-	-	-	-	-	-	-	982,487
Management fees	1,391,991	-	45,041	87,657	64,090	133,335	107,977	12,819	-	-	(1,842,910)	-
Annual Catholic Appeal and capital campaign	519,499	-	-	-	-	-	-	-	-	-	(519,499)	-
Rent and occupancy	262,682	133,397	-	-	-	-	-	-	-	-	(396,079)	-
Perpetual care contributions	-	-	-	114,286	-	-	-	-	-	-	(114,286)	-
Total expenses	12,025,831	2,450,411	2,425,645	2,465,212	923,009	15,372,053	3,064,600	19,740	(222)	-	(2,872,774)	35,873,505

The Roman Catholic Diocese of Toledo in America

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

Year Ended June 30, 2020

	Diocese of Toledo in America Corporation	Diocese of Toledo Management Corporation	Central City Ministries Fund	Diocese of Toledo Cemeteries Corporation	Deposit and Loan Trust	Health Benefits Trust	Property and Casualty Trust	Cemeteries Perpetual Care Trust	Pre-Need Cemetery Merchandise and Services Trust	Catholic Investment Trust	Eliminating Entries	Total
(Decrease) Increase in Net Assets without Donor Restrictions - Before nonoperating income (loss) and transfer of net assets	\$ (3,551,015)	\$ 360	\$ (419,920)	\$ (689,780)	\$ 532,166	\$ 1,110,586	\$ (250,189)	\$ 184,083	\$ 222	\$ -	\$ (374,697)	\$ (3,458,184)
Nonoperating Income (Loss)												
Net change in due to parishes and other organizations of the Catholic Investment Trust	-	-	-	-	-	-	-	-	-	(925,444)	374,594	(550,850)
Net realized and unrealized gains (losses) on investments	337,635	-	11,641	3,866	631,411	8,980	13,557	(56,395)	-	925,444	103	1,876,242
Total nonoperating income (loss)	337,635	-	11,641	3,866	631,411	8,980	13,557	(56,395)	-	-	374,697	1,325,392
(Decrease) Increase in Net Assets without Donor Restrictions - Before transfer of net assets	(3,213,380)	360	(408,279)	(685,914)	1,163,577	1,119,566	(236,632)	127,688	222	-	-	(2,132,792)
Transfer of Net Assets	2,902,439	3,504	-	-	-	-	-	-	-	-	-	2,905,943
(Decrease) Increase in Net Assets without Donor Restrictions	(310,941)	3,864	(408,279)	(685,914)	1,163,577	1,119,566	(236,632)	127,688	222	-	-	773,151
Changes in Net Assets with Donor Restrictions												
Contributions	278,575	-	4,000	-	-	-	-	-	-	-	-	282,575
Interest in earnings from custody trust account	577,917	-	-	-	-	-	-	-	-	-	-	577,917
Net assets released from restrictions	(472,462)	-	-	-	-	-	-	-	-	-	-	(472,462)
Transfers of net assets - With donor restrictions	15,932,338	-	-	-	-	-	-	-	-	-	-	15,932,338
Increase in Net Assets with Donor Restrictions	16,316,368	-	4,000	-	-	-	-	-	-	-	-	16,320,368
Increase (Decrease) in Net Assets	16,005,427	3,864	(404,279)	(685,914)	1,163,577	1,119,566	(236,632)	127,688	222	-	-	17,093,519
Net Assets - Beginning of year	21,752,790	214,218	2,911,583	2,116,794	3,528,186	4,981,215	5,535,761	3,150,949	(222)	-	-	44,191,274
Net Assets - End of year	<u>\$ 37,758,217</u>	<u>\$ 218,082</u>	<u>\$ 2,507,304</u>	<u>\$ 1,430,880</u>	<u>\$ 4,691,763</u>	<u>\$ 6,100,781</u>	<u>\$ 5,299,129</u>	<u>\$ 3,278,637</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 61,284,793</u>

The Roman Catholic Diocese of Toledo in America

Combining Statement of Activities and Changes in Net Assets

Year Ended June 30, 2019

	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	Pre-Need Cemetery Merchandise and Services Trust	Eliminating Entries	Total
Changes Net Assets without Donor Restrictions											
Revenue, gains, and other support:											
Parish assessments	\$ 3,246,338	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 3,246,338
Bishop's Annual Catholic Appeal	2,973,364	-	-	-	-	-	-	-	-	-	2,973,364
Central City Ministries Fund revenue	-	-	2,248,030	-	-	-	-	-	-	-	2,248,030
Catholic education - Fees and services	785,408	-	-	-	-	-	-	-	-	-	785,408
Other fees and services	2,362,973	-	-	-	-	-	-	551,598	-	(914,548)	2,000,023
Management fee income	-	1,673,662	-	-	-	-	-	-	-	(1,555,830)	117,832
Insurance premiums	-	-	-	-	-	16,252,467	2,086,876	-	-	-	18,339,343
Cemetery revenues	-	-	-	1,556,906	-	-	-	-	-	-	1,556,906
Interest income	-	-	-	-	846,569	-	-	-	-	-	846,569
Miscellaneous income	-	33	37,913	8,980	-	-	429,024	-	-	-	475,950
Estates and other gifts	505,978	-	270,000	-	-	-	-	-	-	-	775,978
Proceeds from Marenda sale	1,929,691	-	2,526,777	4,084,423	-	-	-	-	-	-	8,540,891
Interest in earnings from custody trust account	308,143	-	-	5,911	593,343	62,333	94,095	55,314	-	-	1,119,139
Net assets released from restrictions	219,416	-	-	-	-	-	-	-	-	-	219,416
Total revenue, gains, and other support	12,331,311	1,673,695	5,082,720	5,656,220	1,439,912	16,314,800	2,609,995	606,912	-	(2,470,378)	43,245,187
Expenses:											
Salaries and benefits	3,185,180	1,304,784	1,642,440	735,767	-	-	-	-	-	-	6,868,171
Apostolates and ministry programs	4,353,479	-	-	-	-	-	-	-	-	-	4,353,479
Insurance premiums and claims	-	-	-	-	-	14,826,707	1,906,749	-	-	-	16,733,456
Other administrative expenses	1,733,671	201,629	-	-	60,305	1,022,058	152,398	6,617	222	-	3,176,900
Cemeteries operating costs	-	-	-	1,010,589	-	-	-	-	-	-	1,010,589
Central City Ministries operating costs	-	-	528,966	-	-	-	-	-	-	-	528,966
Interest expense	98,529	-	71,683	-	753,029	-	-	-	-	-	923,241
Depreciation	394,616	-	185,839	393,743	-	-	-	-	-	-	974,198
Management fees	1,122,348	-	43,991	85,462	56,716	125,576	101,561	19,954	-	(1,555,830)	(222)
Rent and occupancy	258,897	104,053	-	-	-	-	-	-	-	(362,950)	-
Perpetual Care contributions	-	-	-	551,598	-	-	-	-	-	(551,598)	-
Total expenses	11,146,720	1,610,466	2,472,919	2,777,159	870,050	15,974,341	2,160,708	26,571	222	(2,470,378)	34,568,778
Increase in Net Assets without Donor Restrictions - Before nonoperating (loss) income and transfers	1,184,591	63,229	2,609,801	2,879,061	569,862	340,459	449,287	580,341	(222)	-	8,676,409
Nonoperating (Loss) Income											
Donation of noncash asset	(386,900)	-	-	-	-	-	-	-	-	-	(386,900)
Loss on sale of available-for-sale properties	(77,916)	-	-	-	-	-	-	-	-	-	(77,916)
Net realized and unrealized gains on investments	182,971	-	49,395	43,620	355,606	27,889	42,067	28,763	-	-	730,311
Total nonoperating (loss) income	(281,845)	-	49,395	43,620	355,606	27,889	42,067	28,763	-	-	265,495

The Roman Catholic Diocese of Toledo in America

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

Year Ended June 30, 2019

	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	Pre-Need Cemetery Merchandise and Services Trust	Eliminating Entries	Total
Increase (Decrease) in Net Assets without Donor Restrictions - Before transfers	\$ 902,746	\$ 63,229	\$ 2,659,196	\$ 2,922,681	\$ 925,468	\$ 368,348	\$ 491,354	\$ 609,104	\$ (222)	\$ -	\$ 8,941,904
Transfers	1,692,631	-	-	-	-	-	-	-	-	-	1,692,631
Increase (Decrease) in Net Assets without Donor Restrictions	2,595,377	63,229	2,659,196	2,922,681	925,468	368,348	491,354	609,104	(222)	-	10,634,535
Changes in Net Assets with Donor Restrictions											
Contributions	29,370	-	5,000	-	-	-	-	-	-	-	34,370
Interest in earnings from custody trust account	91,547	-	-	-	-	-	-	-	-	-	91,547
Net assets released from restrictions	(219,416)	-	-	-	-	-	-	-	-	-	(219,416)
(Decrease) Increase in Net Assets with Donor Restrictions	(98,499)	-	5,000	-	-	-	-	-	-	-	(93,499)
Increase (Decrease) in Net Assets	2,496,878	63,229	2,664,196	2,922,681	925,468	368,348	491,354	609,104	(222)	-	10,541,036
Net Assets - Beginning of year	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 - End of year	<u>\$ 21,752,790</u>	<u>\$ 214,218</u>	<u>\$ 2,911,583</u>	<u>\$ 2,116,794</u>	<u>\$ 3,528,186</u>	<u>\$ 4,981,215</u>	<u>\$ 5,535,761</u>	<u>\$ 3,150,949</u>	<u>\$ (222)</u>	<u>\$ -</u>	<u>\$ 44,191,274</u>