

# 2011 Annual Report



*The Cathedral of The Sacred Heart  
18 North Laurel Street  
Richmond, Virginia*



*The Catholic Diocese of Richmond*

**Diocese of Richmond**

Pastoral Center • 7800 Carousell Lane, Richmond, Virginia 23294-4201 • Phone: (804) 359-5661 • Fax: (804) 358-9159



My dear friends,

On the following pages you will find the 2011 Annual Report for the Administrative Offices of the Catholic Diocese of Richmond. In this report you will see how the resources entrusted to me during this past year were spent. Your support of your parishes and your generous participation in the Annual Diocesan Appeal are two of the primary sources of revenue to fund our operating budget.

Just as each parish is asked to provide an annual accounting to its parishioners, I likewise make this report to you. It is intended to highlight the significant activities and accomplishments during the year. The entire set of independently audited financial statements may be found on our website at [www.richmonddiocese.org](http://www.richmonddiocese.org). I encourage you to review this report, and if you are so inclined, visit our website to see the more comprehensive financial report. If you should have any questions, I ask that you contact our Finance Office for assistance.

In summary, the Administrative Offices generated a surplus from the ongoing operations before a change in accounting for the priests' pension and retired priests' health insurance plans. Also reflected in the financial statements are changes in accounting for the investment in elderly housing and other reclassifications from prior years. These are explained in the pages that follow.

During the year, Pastoral Center staff coordinated many programs which are vital to the pastoral and educational mission of our parishes and schools. The most tangible examples include the work of our Vicars for Clergy and Vocations. It is due to their efforts that I am able to assign priests and deacons to each of our parishes. On the administrative and financial side, we are able to take advantage of the combined purchasing power of our parishes and schools in order to buy health insurance for all of our employees. Likewise the property, liability, auto and workers compensation insurance policies are purchased on a group basis in order to save money. These are just some of the examples of how your dollars are put to good use.

I am profoundly grateful for your support and I look forward to seeing you during my parish visits.

Sincerely yours in Our Lord,

Most Rev. Francis X. DiLorenzo,  
Bishop of Richmond

December 26, 2011

**DIOCESAN FINANCE COUNCIL**

*Mr. Michael Cotter, Chairman*

- |                      |                       |
|----------------------|-----------------------|
| Ms. Kathleen Barrett | Mr. Michael Kerner    |
| Mr. Michael Bellanca | Mr. Gregory Kilduff   |
| Mr. Joe Fernandes    | Mr. William O'Connell |
| Mr. Greg Franceski   | Mr. Joseph Petro      |
| Mr. Terrence Gates   | Mr. William Sigler    |

*Mr. Michael McGee,  
Chief Financial Officer, Staff to Council*

**CATHOLIC DIOCESE OF RICHMOND  
BY-THE-NUMBERS**

- 235,816 Registered Catholics
- 33,000 square miles, 74 counties and encompasses the southern three-fifths of the state
- 9,300 students
- 3,445 baptisms (2010)
- 3,365 first holy communions
- 2,673 confirmations
- 1,001 marriages
- 176 priests (145 diocesan, 31 religious)
- 146 parishes and missions
- 79 permanent deacons (2010)
- 25 parishes that offer Mass in Spanish
- 24 elementary schools and high schools
- 20 college campus ministry programs
- 15 seminarians currently studying for the diocese
- 4 diocesan owned retreat centers

**BISHOP OF RICHMOND**

**VICAR GENERAL**  
Chancellor /  
Episcopal Vicars

**VICAR FOR CLERGY**  
Diaconate

**TRIBUNAL**

**VICAR, PASTORAL SERVICES**  
Vocation, Black Catholics, Hispanic  
Apostolate, Youth/Young Adults,  
Pastoral Planning, Disabilities,  
Archives, Worship

**SPECIAL ADVISOR TO THE BISHOP**  
Office of the Bishop

**CHIEF FINANCIAL OFFICER**  
Finance, Advancement/Development,  
Risk Management, IT

**HUMAN RESOURCES**  
HR, Bishop's Charter/Safe Environment,  
Printing, Facilities

**CHIEF EDUCATION ADMINISTRATOR**  
Catholic Schools, Christian Formation

**EDITOR**  
The Catholic Virginian

**Mission Statement**

We, the Christian faithful of the Catholic Diocese of Richmond, led by our Bishop and in union with the universal Church, are listeners, learners, teachers and Disciples of Christ. We embrace our diversity and its expression in faith. We share a vision of a diocese where love grows, life triumphs and justice and peace prevail. We participate in God's work to renew our Church and the world, through Word, Worship, Community and Service.

The Bishop of Richmond and his staff in the Administrative Offices, known as the Pastoral Center, work in various ways to further the Mission of the Catholic Diocese of Richmond.

For most Catholics, the predominate experience of Church is through their parishes, by attending Mass and by celebrating the sacraments.

In order to enrich the faith experience and to prepare for the sacraments, parishes offer many different religious educational programs. An important part of the work of the Pastoral Center staff is to support the parishes by coordinating training programs for the laity and other leaders in the parish.

For a complete list of the Pastoral Center offices and a directory of the staff available to serve the Catholic community, please visit the diocesan website at [www.richmonddiocese.org](http://www.richmonddiocese.org).



### SEMINARIAN EDUCATION

Today's seminarians are tomorrow's priests. The Office for Vocations meets with men who are discerning their call to the priesthood.

After initial interviews, and once the desire to continue to explore priestly ministry is established, the candidate enters into a thorough discernment and evaluation process.

A quality education for our seminarians requires substantial financial resources during the five-year post graduate program. As the fiscal year came to a close, on June 18, 2011, the diocese's efforts were rewarded and two men, Fathers Eric Ayers and Brian Capuano, were ordained into the priesthood at the moving ordination liturgy at the Cathedral of the Sacred Heart.

### PERMANENT DIACONATE

Consistent with the restoration and renewal of the Permanent Diaconate at Vatican II, the Diocese of Richmond has actively endeavored to encourage vocations towards ordained ministry within the Catholic Church as Permanent Deacons.

Currently we have 79 permanent deacons and 39 candidates who will be ordained in 2012. Following this candidate cohort, there are 16 additional candidates in their 3rd year of formation. A third group of 18 aspirants began formation in September 2011.

With their ordination, these deacons will offer their ministry permanently to the church. In approximately 90% of the cases, parish deacons will serve with no remuneration. Permanent Deacons serve parishes in many roles, some on a part-time basis and some are hired as full-time staff. Permanent Deacons may be hired to a full-time position on the parish staff as a Director of Religious Education or in another role.



### CATHOLIC EDUCATION

In order to carry on the faith traditions from one generation to another, Catholic education is an important part of the mission of our Catholic diocese. At the Pastoral Center, the Office of Catholic Education has as its primary responsibility the ongoing faith formation of our laity.

#### **Office for Faith Formation:**

Ongoing faith formation of our youth and adults as

well as the ongoing training of lay leaders is an area of growth in the Diocese. Recently, the Priests' Advisory Committee for the Annual Diocesan Appeal in our diocese increased the allocation of funds to the Office of Catholic Education for training parish Catechetical leaders and for Adult Faith Formation opportunities.

The Christian Formation staff in the Office of Catholic Education provides training for new and emerging lay leaders as well as access to a Master, Bachelor and Certificate training program through the new Lay Ecclesial Ministry Institute. Funding from the Appeal subsidizes the cost of this leader training making it accessible to both the small parishes with volunteer leaders as well as parishes with paid leaders.

Currently 19 persons are enrolled in the Lay Ecclesial Ministry Institute pursuing Bachelors or Masters degrees through St. Leo University and other accredited Catholic institutions and Certificate programs of Study through the University of Dayton. 70 leaders participated in the new leader training. Adult Faith Formation opportunities are planned throughout 2012.

#### **Office for Catholic Schools:**

The Office of Catholic Schools staff oversees the

operation of our 24 Catholic elementary and high schools. Recently, we learned that three of our schools received the Blue Ribbon designation from the U.S. Department of Education. This brings to eleven, the number of Catholic schools in the diocese that have received the coveted honor.

This is only one measure of success but this designation speaks to the high quality achieved by these schools. Nearly one-hundred percent of our graduating seniors go on to attain a college degree. Most importantly, faith formation is integral to the academic programs in all Catholic schools of the Diocese. Studies show that those who attend Catholic schools are more likely to practice their faith as adults.



## Financial Statements as of June 30, 2011 Balance Sheets

General Operating Fund	
Cash and cash equivalents	\$ 560,348
Pledges and accounts receivable	1,611,878
Investments	6,434,339
Due from other fund	1,657,583
Prepaid expenses and other assets	125,605
<b>Total assets</b>	<b>\$ 10,389,753</b>
Accounts payable and accrued expenses	\$ 712,015
Deposits held for others and other liabilities	757,897
Notes payable	2,385,815
<b>Total liabilities</b>	<b>3,855,727</b>
Unrestricted net assets for operations	1,264,586
Designated net assets:	
Priest Auto Fund	1,211,698
Investments operating as endowments	3,706,621
Temporarily restricted net assets	351,121
<b>Total net assets</b>	<b>6,534,026</b>
<b>Total liabilities and net assets</b>	<b>\$ 10,389,753</b>

Insurance Programs	
Cash and cash equivalents	\$ 221,246
Pledges and accounts receivable	265,479
Investments	782,018
Prepaid expenses and other assets	563,942
Due from other fund	2,675,089
<b>Total assets</b>	<b>\$ 4,507,774</b>
Accounts payable and accrued expenses	\$ 625,170
Deposits held for others and other liabilities	537,513
Insurance reserves for open claims and claims incurred but not reported	1,311,325
Notes payable	150,000
<b>Total liabilities</b>	<b>2,624,008</b>
Unrestricted net assets, property & casualty insurance	1,730,551
Unrestricted net assets, health insurance	153,215
<b>Total net assets</b>	<b>1,883,766</b>
<b>Total liabilities and net assets</b>	<b>\$ 4,507,774</b>

Restricted Endowments	
Investments	4,411,263
Endowments	14,958,699
Beneficial interest in perpetual trust	711,165
Due from other fund	300,000
<b>Total assets</b>	<b>\$ 20,381,127</b>
Accounts payable and accrued expenses	\$ 152,030
<b>Total liabilities</b>	<b>152,030</b>
Unrestricted net assets	(20,996)
Temporarily restricted net assets	13,113,240
Permanently restricted net assets	7,136,853
<b>Total net assets</b>	<b>20,229,097</b>
<b>Total liabilities and net assets</b>	<b>\$ 20,381,127</b>

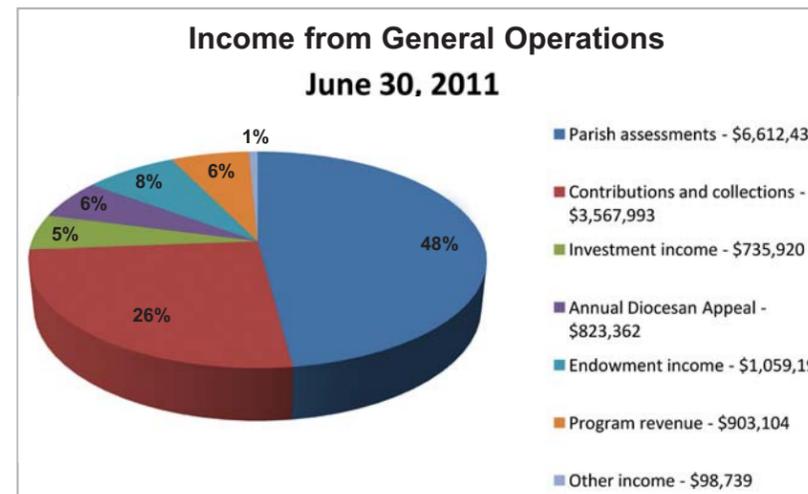
Agency Funds (Annual Appeal, Tuition Assistance, & Collections)	
Cash and cash equivalents	\$ 88,737
Pledges and accounts receivable	57,148
Due from other fund	2,563,608
<b>Total assets</b>	<b>\$ 2,709,493</b>
Accounts payable and accrued expenses	\$ 821,180
Deposits held for others and other liabilities	882,396
<b>Total liabilities</b>	<b>1,703,576</b>
Temporarily restricted net assets	1,005,917
<b>Total net assets</b>	<b>1,005,917</b>
<b>Total liabilities and net assets</b>	<b>\$ 2,709,493</b>

Priest Pension & Retirement Accounting Fund	
Priest pension liability, net of pension plan assets	\$ 18,957,734
Unfunded priest other postretirement benefits liability	10,917,987
<b>Total liabilities</b>	<b>\$ 29,875,721</b>
Unrestricted net assets	\$ (29,875,721)
<b>Total net assets</b>	<b>(29,875,721)</b>
<b>Total liabilities and net assets</b>	<b>\$ -</b>

Property, Equipment, and Related Debt	
Land held for future parish sites	\$ 502,696
Land, buildings, and equipment, net of depreciation	21,315,779
Investments	8,090,586
Prepaid expenses and other assets	23,171
<b>Total assets</b>	<b>\$ 29,932,232</b>
Notes payable	\$ 10,443,115
Due to other funds	7,196,280
<b>Total liabilities</b>	<b>17,639,395</b>
Unrestricted net assets	(9,525,638)
Net assets invested in property, plant, and equipment	21,818,475
<b>Total net assets</b>	<b>12,292,837</b>
<b>Total liabilities and net assets</b>	<b>\$ 29,932,232</b>

### STATEMENT OF ACTIVITIES - SUMMARY

Increase (Decrease) in Net Assets:	
General operating fund	\$ 1,658,203
Restricted endowments	2,099,552
Property, equipment and related debt	(297,452)
Insurance programs	(414,421)
Agency funds (Annual Appeal, Tuition Assistance & Collections)	1,005,917
Pension & retirement accounting fund	(3,745,714)
<b>Increase in net assets, current year activities</b>	<b>306,085</b>
Accounting Change:	
Recognition of priest pension liability	(16,440,698)
Recognition of priest postretirement benefit liability	(9,689,309)
Derecognition of investment in elderly housing	(12,111,245)
Other changes and reclassifications	(2,699,344)
<b>Accounting change and other changes</b>	<b>(40,940,596)</b>
Net assets, beginning of the year	52,704,433
<b>Net assets, end of year</b>	<b>\$ 12,069,922</b>



### Statement of Activities by Fund

General Operating Fund (see pie charts for additional information)	
Operating income (including temporarily restricted amounts)	\$ 11,918,190
Transfers in, endowments	1,059,195
Transfers in, annual appeal	823,362
Operating expenses	(12,142,544)
<b>Change in net assets, current year activities</b>	<b>1,658,203</b>
Other changes and reclassifications	(346,833)
<b>Increase in net assets</b>	<b>\$ 1,311,370</b>

### GENERAL OPERATING FUND CURRENT YEAR ACTIVITIES

The General Operating Fund is where the revenues and expenses for the day-to-day operations of the Pastoral Center are reflected. The \$12.1 million operating budget is funded primarily by the assessment on parish income, proceeds from the Annual Diocesan Appeal, and contributions from the Diocese of Richmond Housing Corporation. Other income from program fees and investment income make up the majority of the revenue. The accompanying charts show how these funds are spent.

#### Revenue Highlights

Diocesan assessments account for 55% of the revenue, including the assessments referred to as the Cathedralium Tax. Also included are assessments for

the priests' auto fund and other miscellaneous assessments. Contributions from the Diocese of Richmond Housing Corporation provide approximately 25% of the revenue. As may be seen in the General Operating Fund table, endowment income and income from the Annual Diocesan Appeal are extremely important sources of revenue.

#### Expense Highlights

Pastoral ministries accounts for approximately one quarter of the operating budget and include areas such as priest support, retired priests, vocations, retreat centers, and the Tribunal. The offices of planning, the diaconate, worship, and the Ecumenical officer are included in pastoral ministries. Other ministries such as Catholic educa-

### DISCUSSION AND ANALYSIS:

During the year ended June 30, 2011, the Administrative Offices of the Diocese had a surplus of \$306,085 from current year activities; three funds generated a surplus and three funds had deficits. Below, please see the individual statements of activities for each fund accompanied by a discussion of the fund's operations.

This year, a number of accounting changes were adopted and a number of reclassifications have been recorded in order to conform to the current year presentation. The accounting changes are the result of recent updates in how the nonprofit industry's accounting standards view these obligations and how many dioceses across the country now record these liabilities.

An independent actuarial analysis of the priests' pension plan and the plan to provide health insurance for retired priests (known as other post retirement benefits) resulted in \$16.4 million and \$9.7 million liabilities being recorded as of July 1, 2010, respectively. During the year, \$3.7 million in additional liabilities for these plans were accrued in the Pension and Retirement Accounting Fund.

Also, during the year, the Administrative Offices recorded the derecognition of the \$12,111,245 investment in elderly housing. Over the previous ten years or so the Diocese contributed \$8.4 million to St. Francis Home, an affiliated entity, owned by the Bishop of Richmond. These contributions were previously recorded as an investment in elderly housing because these entities are owned by the Bishop of Richmond and some day these funds, or a portion thereof, may be returned to the Administrative Offices.

Similarly, \$3.3 million of the investment in elderly housing represents contributions to the six elderly housing facilities under the supervision of the Diocese of Richmond Housing Corporation. The remaining \$400 thousand represents smaller investments, or contributions, to HUD housing projects.

Each of these entities has their own financial statements and by-laws. In order for the Administrative Offices to reflect an asset in its financial statements, the Administrative Offices needs to have direct control over these assets and meet other standards set by the accounting profession. Also, considering that the scope of these financial statements is for the Administrative Offices, it was decided this year that the accounting for these contributions should be reflected in a manner that is consistent with contributions to other affiliated entities such as a parish, a Catholic school, Commonwealth Catholic Charities, or Catholic Charities of Eastern Virginia. Accordingly, these investments in elderly housing were derecognized and are no longer included as assets of the Administrative Offices.

Other changes and reclassifications have been recorded in the current year statements activities so that the current year actual results may be distinguished from these other changes and reclassifications. Each of these items is explained in more detail below.

Another change in this year's annual report is the fund-by-fund presentation. This presentation was chosen in order to report the assets, liabilities, net assets, and statements of activities in relation to the specific purposes, designations, and restrictions for which the funds are collected.

Evangelization of Youth and Young Adults, and Social and Cultural Ministries represent another one quarter of the operating budget. Approximately one-third of the operating budget is in the area of Administrative and Financial Services and the remainder of the budget funds the offices of the Bishop and Vicars.

Other changes and reclassifications as of July 1, 2010, include pension funds held in the operating fund as net assets being reclassified to a liability, the write off of prior year expenses relating to the restructuring of Refugee and Immigration Services, correcting a payable to the health insurance fund, and the correction of the net asset classification of assets from endowments.

### Diocesan Finance Office Under New Leadership this Year



(Pictured l to r with date assumed position) Sarah W. Rabin, Director of Finance (Oct. 2010); Michael J. McGee, Chief Financial Officer (Aug. 2010) and Aimee W. Chappell, Accounting Manager (Oct. 2010)

Restricted Endowments	
Investment income	\$ 3,313,097
Collections	15,066
Transfers out, current operations	(1,059,195)
Catholic education ministries	(169,416)
<b>Change in net assets, current year activities</b>	<b>2,099,552</b>
Other changes and reclassifications	(149,590)
<b>Increase in net assets</b>	<b>\$ 1,949,962</b>

### ENDOWMENT FUND

During the year ended June 30, 2011, investments performed well and progress was made towards recovering recent years' losses as evidenced by the over \$3.3 million in realized and unrealized gains, interest and dividends.

Over one million dollars were transferred to the General Operating Fund for vocations, Catholic education, missionary purposes, and other purposes. Additionally, \$169,000 were transferred to the McMahon-Parater Foundation for Education for Catholic school tuition assistance.

Other changes and reclassifications as of July 1, 2010, reflect the correction of the net asset classification between the General Operating Fund and the Endowment Fund offset by other changes.

### PLANT FUND

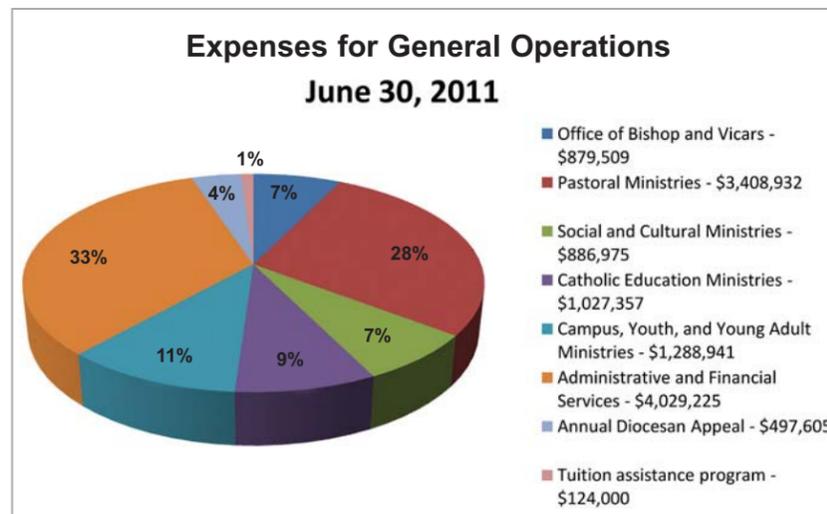
The Administrative Offices uses a Plant Fund to account for transactions related to property, equipment and the related debt. During the year, investments generated income of \$1,457,000 and office space leased to Virginia Commonwealth University resulted in rental income of \$77,000. Total expenses of \$1,831,605 were comprised of depreciation expense, interest expense on debt, and administrative expenses. Included in administrative expense is a one-time contribution of \$180,000 to Sacred Heart Center, Richmond, to cover prior years' operating deficits and the related debt that the Bishop of Richmond agreed to assume. Since depreciation expense is a non-cash item, cash and investments increased by a total of \$1,079,000.

The Plant Fund has \$8.1 million in investments, owes \$10.4 million on notes payable to SunTrust, and owes \$7.2 million to other funds. The Plant Fund has a \$9.5 million deficit in unrestricted net assets. A historical analysis of the Plant Fund indicates that the unrestricted net assets as of June 30, 2001, were a deficit of \$9,628,816. Although detailed financial records are not available, a likely explanation is that expenses such as interest expense on debt, operating expenses such as repairs, maintenance, real estate taxes, etc. were paid, and contributions were made; and, funds were not transferred to the Plant Fund to cover these expenditures. Accordingly, these expenditures were funded by borrowing from other funds or from the SunTrust line of credit.

Steps will need to be taken to transfer funds to the Plant Fund over a period of time to eliminate this deficit and to repay the debts. This will need to be a part of a long-range financial plan for the Administrative Offices.

Other changes and reclassifications reflect the transfer of an endowment previously recorded in the Plant Fund.

Property, Equipment, and Related Debt	
Investment income	\$ 1,457,344
Rental income	76,809
Depreciation expense	(1,375,510)
General administration	(241,178)
Interest expense	(214,917)
<b>Change in net assets, current year activities</b>	<b>(297,452)</b>
Derecognition of investment in elderly housing	(12,111,245)
Other changes and reclassifications	(98,000)
<b>Decrease in net assets</b>	<b>\$ (12,506,697)</b>



### Insurance Programs

Health insurance assessments	\$ 8,257,082
Property and casualty insurance assessments	1,554,693
Investment income	157,244
Health insurance premiums and claims	(8,418,043)
Property and casualty insurance premiums and claims	(1,842,450)
Transfers out	(122,947)
<b>Change in net assets, current year activities</b>	<b>(414,421)</b>
Other changes and reclassifications	(880,406)
<b>Decrease in net assets</b>	<b>\$ (1,294,827)</b>

### INSURANCE PROGRAMS

The Diocese is self-insured for health insurance and for property & casualty insurance. Funds are collected from all parishes and Catholic schools in order to purchase excess insurance policies for large claims.

Costs savings are achieved in two ways. All locations are aggregated and the leverage of the combined purchasing power enables the Diocese to negotiate the best price.

Also, since only large claims are covered by the insurance policies, the great majority of claims are paid directly. In addition, the pastors, principals and their staff are not burdened with the responsibility of coordinating health insurance programs for their employees and purchasing property and casualty insurance for their locations.

Other changes and reclassifications as of July 1, 2010 reflect the correction of an error in the health insurance receivable and an error in the way deferred revenue was previously recorded. Two other adjustments as of July 1, 2010 partially offset decrease created by the corrections of the errors.

#### Health Insurance Fund Deficit of \$160,961

Revenue of \$8,257,082 was generated from health insurance assessments to the

parishes, schools, and the Pastoral Center in order to fund the health insurance benefits for the priests and lay employees. Expenses of \$8,418,043 represent the payment of health insurance claims and the purchase of excess insurance policies.

*Note: This fund has ending net assets of \$153,215. Also, this fund has a reserve of \$919,000 for claims that have been incurred but not reported. In the future, net assets should be increased to support this \$8.0 million-plus per year operation.*

#### Property & Casualty Insurance Fund Deficit of \$253,460

Revenue of \$1,588,990 was generated from property and casualty insurance assessments to the parishes, schools, and the Pastoral Center.

This fund has investments of \$782,000 which generated \$156,919 in realized and unrealized gains. Expenses of \$1,842,450 represent the payment of insurance claims, the purchase of excess insurance policies, claims administration, and risk management.

*Note: This fund has ending net assets of \$1,730,551. Also, this fund has a reserve of \$392,000 for claims that have been incurred but not reported. The net assets are deemed adequate based upon the volume of activity in this fund.*

### **PENSION & RETIREMENT ACCOUNTING FUND:**

The Administrative Offices recognized \$16.4 million in priests' pension and \$9.7 million in health insurance liabilities for our retired priests, otherwise known as, other post-employment benefits (OPEB), as of the beginning of the fiscal year. As of July 1, 2010, the benefit obligation of the priests pension plan was \$23.3 million and the market value of the assets was \$6.9 million, resulting in a net liability of \$16.4 million. As of July 1, 2010, the OPEB liability was \$9.7 million. There are no assets set aside for this liability.

Under Canon law, the Bishop is responsible for the care of priests in retirement, thus these liabilities should be recognized. The current predominate accounting treatment for these liabilities is to record these obligations as liabilities of the Administrative Offices. This is consistent with USCCB guidance which also indicates that these liabilities should be recognized and "consideration should be given to pre-funding pension and post-retirement benefit plans."

During the year, the priests' pension liability increased by an additional \$2,517,036 and the OPEB liability increased \$1,228,678, for a combined operating loss in the Pension & Retirement Accounting Fund of \$3,745,714.

The primary reasons for the increase in the pension liability has to do with the decisions to increase the monthly pension benefit for the retired priests and to use a more conservative assumption on the expected investment return on the plan's assets. Despite over \$2.0 million in contributions and \$890,000 in investment gains, the net liability increased.

<b>Pension &amp; Retirement Accounting Fund</b>	
Change in priest pension liability	\$ (2,517,036)
Change in priest postretirement benefit liability	(1,228,678)
<b>Change in net assets, current year activities</b>	<b>(3,745,714)</b>
Accounting Change:	
Recognition of priest pension liability	(16,440,698)
Recognition of priest postretirement benefit liability	(9,689,309)
<b>Decrease in net assets</b>	<b>\$ (29,875,721)</b>

The Administrative Offices are responsible for collecting funds for various designated or restricted purposes and then forwarding those funds to the appropriate entity based upon the donor's intentions. Three Agency Funds have been established, the activities of which are summarized here, in order to segregate these funds from other operating funds.

### **AGENCY FUNDS:**

<b>Agency Funds (Annual Appeal, Tuition Assistance, &amp; Collections)</b>	
Annual Diocesan Appeal	\$ 3,080,331
Tuition assistance assessments	587,086
Transfers from other funds	198,484
Contributions and other income	38,521
Annual appeal case elements, including parish share	(2,103,725)
Tuition assistance awards	(794,780)
<b>Increase in net assets, current year activities</b>	<b>1,005,917</b>
Other changes and reclassifications	(1,224,515)
<b>Decrease in net assets</b>	<b>\$ (218,598)</b>

#### **The three Agency Funds are:**

1. Annual Appeal Fund to capture the proceeds of the Annual Diocesan Appeal. Once the direct expenses of the Annual Appeal are paid and the parish share is forwarded to the parishes, the various elements outlined in the appeal's annual case statement are then funded.
2. Tuition Assistance Fund to record revenue from the Parish Sharing Assessment for Catholic schools. This assessment was created to fund needs-based tuition assistance, to replace parish subsidies to Catholic schools, to fund capital needs, and to set funds aside for marketing and administration.
3. Collections coordinated at the diocesan level for diocesan, national, and international programs are deposited into this fund. There are eight different collections that have been authorized in the Diocese: Respect Life, Catholic Relief Services, Diocesan Home Missions, Peter's Pence, Retired Religious, World Missions, Catholic Campaign for Human Development, and Catholic Charities.

Other changes and reclassifications as of July 1, 2010 reflect the reclassification of collections held for others to a liability. These funds were previously recorded as net assets.



### **OFFICE FOR EVANGELIZATION OF YOUTH AND YOUNG ADULTS**

Based on conclusions reached by a diocesan task force, the Priests' Council and Diocesan Pastoral Council, recommended that the Diocese establish a new office to attend to the needs of youth and young adults. Bishop DiLorenzo embraced this direction and this year established the Office for Evangelization of Youth and Young Adults.

This office places under a single structure the diocesan programs for youth, college students, and young adults. Seeking to strengthen the connection to their faith during their adolescent and young adult years more deeply to understand their faith through new and accessible mediums is a priority for the Diocese.

Funded by the operating budget and the annual appeal, this office has been able to expand its efforts to help reach out to

youth in their middle and high school years and continue to keep them connected to the Catholic Church as they transition into college and young adult phases of their life.

Building on the successful foundation of youth ministry including the diocesan youth conference, middle school youth rallies, and the annual March for Life pilgrimage; a diocesan work camp experience was established this year to serve those in need in our diocese. In campus outreach, the diocese has expanded its presence at several college campuses, including Old Dominion University.

In addition, the Diocese has been able to supplement existing campus ministry efforts to offer a new student retreat to welcome new students to our 68 college campuses and will host our first annual college summit gathering all college students from across the Diocese in the winter.

Our outreach to young adult Catholics has been jump-started and builds upon the successful pockets of ministry to young adults across the Diocese.

The office staff will be able to identify young adult contacts for the various parts of our Diocese, initiate retreat programs, and provide valuable resources to parishes.

These expanded outreach efforts coordinated by parishes and the diocesan office ultimately ensure a strong commitment to reaching this new generation of youth and young adults to build a strong future for our diocesan church.



### **INTERNATIONAL PRIESTS**

Under the leadership of Bishop DiLorenzo, the Diocese of Richmond has developed strong relationships with many bishops from around the world.

His sincere care for the well being of the international priests as well as his foresight in reaching a beneficial financial arrangement with the home diocese has earned him a positive reputation with the international Catholic community.

In order to support the home diocese in the areas of vocations and priests' retirement, the Diocese annually contributes an agreed upon sum, currently \$11,000 per year (\$5,000 for seminary education and \$6,000 for their retirement benefits), to their home diocese. In most cases the international priests are given a five-year assignment.

International bishops recognize and appreciate this partnership and continue to select priests of the highest caliber for service in our Diocese. During the year, dioceses from Africa, Europe, the Philippines, Latin and South America are some of the areas represented by our international priests.