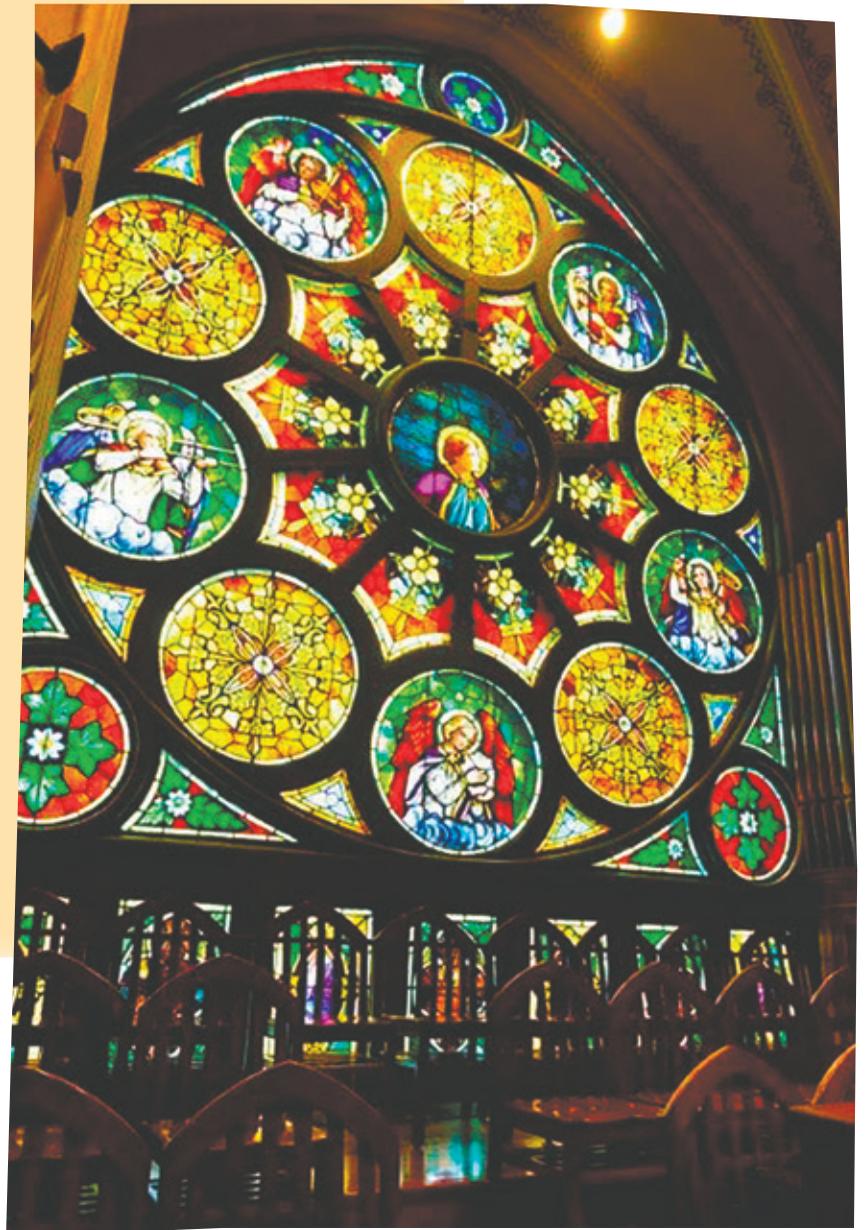




THE CATHOLIC DIOCESE of RICHMOND

2014 ANNUAL REPORT



“PREPARE THE WAY
OF THE LORD”

MARK I:3



FROM THE BISHOP



MISSION

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.

My dear Sisters and Brothers in Christ,

In keeping with my annual tradition, I am pleased to introduce this year's annual report on the activities of the Diocese's Central Administrative Offices known as the Pastoral Center.

This has been a memorable year in the life of our Diocese as we launched two initiatives to strengthen our mission of spreading the Gospel message. On the feast of the Baptism of our Lord we released the Diocese's five-year pastoral plan for evangelization, *Encounter the Joy of the Gospel and Set the World Ablaze!* Later in January, the first wave of parishes embarked on the historic diocesan-wide \$65 million *Living Our Mission* campaign to strengthen and support our ministries, our parishes and our clergy.

As Bishop, I am sometimes asked, "What is the most important ministry?" There is no simple answer to this question. I often say we are in the business of "sin and redemption." Because sin is a reality of our human existence, spreading the Good News of Christ's redemptive love is critical. Our pastoral plan uses the tools of the New Evangelization to re-propose that message in a fresh way to parishioners, "fallen-away" Catholics and those who've never set foot inside our churches. Our Pastoral Center staff aims to assist our parishes, our Catholic schools, and our college campuses in this important work. The Church universal — and the Diocese of Richmond in particular — desires that all those created in His image build — or re-build — their relationship with God and, thereby *Set the World Ablaze!*

As your Bishop, I rely on guidance from my key advisory bodies, namely the Priests Council, and the Diocesan Pastoral and Finance Councils. I seek input at the parish level from pastors and their staffs, as we are currently doing by surveying them about the level of service they receive from the diocesan Pastoral Center. The *Living Our Mission* campaign sprang from the guidance and support of those advisory groups to help me address our greatest challenge — from a financial and administrative perspective — of allocating limited personnel and financial resources to the many deserving ministries. With my dedicated staff and advisors and faithful collaborators, our Diocese is focusing substantial energy and time on these two crucial endeavors.

Strategic financial planning by staff and the Diocesan Finance Council led us to conclude this diocesan capital campaign would be the most effective way to raise funds to address our long-range financial challenges, such as obligations to our retired priests, as well as to secure additional resources for much-needed ministries. I am genuinely encouraged by the results from the first wave of pilot parishes. The case for support clearly resonates with our parish communities. There are already many examples of amazing, faith-filled generous pledges.

Another direct, long-term positive impact of the *Living Our Mission* campaign, often overlooked, is that our parishes are able to choose their own projects that need support. Many parishes fund construction and renovation projects while others choose to support local pastoral ministries. Some parishes have opted to assist a neighboring parish or local Catholic school. A few opt to lower debt or build endowments. The diocesan campaign also will fund emergency grants, evangelization grants, distance learning technology, support for mission parishes, school scholarships and seminarian education. In this way *Living Our Mission* will reduce the reliance on money from the parishes in the future and reserve a larger share of parish resources for local ministries.

Each initiative provides a wonderful opportunity for all Catholics to participate, and I ask each of you to prayerfully consider how you can use your time, talent, and treasure to assist your Diocese in building the Kingdom of God.

To learn more about these initiatives detailed in this report please visit our website at www.richmonddiocese.org.

With my pledge of prayers, I am,

Sincerely yours in Christ,

+ Francis X. Di Lorenzo

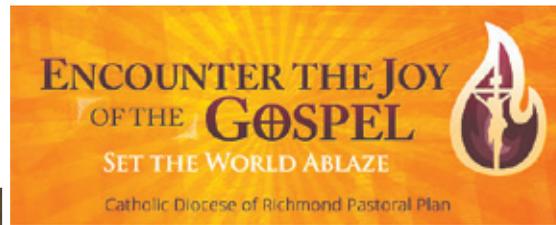
Most Rev. Francis X. DiLorenzo
Bishop of Richmond



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ENCOUNTER THE JOY OF THE GOSPEL



1. Diocese of Richmond youth prepare meals for Catholic Relief Services. 2. Youth praise and worship during general session. 3. Sarah Hart, featured speaker for the Catholic Women's Conference this November, poses with participant. 4. Students participate in the Diocesan College Summit, which was held in Roanoke this past February. 5. Student captures a selfie with Bishop DiLorenzo.

ON THE FEAST OF THE BAPTISM OF THE LORD, January 12, 2014, Bishop Francis X. DiLorenzo released the pastoral plan entitled "Encounter the Joy of the Gospel and Set the World Ablaze" which sets a roadmap for our work of evangelization in the Diocese of Richmond over the next five years. Through this roadmap, a dramatic shift in the way we view the culture of our parish communities is proposed.

Since the release of this plan, parishes, Catholic schools, and campus ministry programs across the diocesan footprint have entered with great enthusiasm into the work of evangelization. Tasked with leading this effort for the Diocese, the Office for Evangelization has hosted several training sessions for clergy, lay staff and evangelization teams as well as coordinated the allocation of annual appeal funding to support local evangelization efforts.

As the first thematic year of our pastoral plan (an emphasis on a personal relationship with the person of Jesus Christ) draws to a close, Catholics have begun to rediscover their relationship with Jesus and the Church. We have all been encouraged to share our personal stories with those around us to make the person of Jesus Christ incarnate. It is by the witness of the early disciples at the time of Jesus that helped to spread the Christian message and today we are tasked to do the same with renewed ardor, methods, and expressions.

In many parishes across our Diocese, the foundational work of this first year will continue for the foreseeable future as we continue to tell our stories. Evangelization teams in our parishes and schools will help guide our efforts as we progress into the second thematic year, a focus on the domestic church. It is through the domestic church, the family, that we build a lifelong relationship with Jesus through strong marriages and healthy families. It is here that we begin to look to our family members who have "fallen away" or left their Catholic Church home and lovingly invite them back home.

"It is by the witness of the early disciples at the time of Jesus that helped to spread the Christian message and today we are tasked to do the same with renewed ardor, methods, and expressions."

Diocesan Evangelization Pastoral Plan Overview

YEAR 1 2014

Personal Encounters with Jesus Christ

- Introduce "active" parishioners to a personal encounter with Jesus Christ through a call to continual conversion.
- Equip people with skills to "tell their story" of personal encounters.
- Assess parish existing evangelization efforts and areas of opportunity.
- Build an evangelization team to further efforts in the parish.

YEAR 2 2014 – 2015

Focusing on the Domestic Church

- Integrate new diocesan marriage preparation instructions.
- Strengthen existing marriages.
- Address ways to alleviate alienation of divorce/single-parent families.
- Interweave outcomes of the Synod on the Family.
- Propose methods to evangelize fallen away family members.

YEAR 3 2015 – 2016

Equipping the Parish

- Implement strategies for "welcoming back" fallen away Catholics.
- Introduce programs that encourage personal contact with parishioners.
- Harness the natural moments of evangelization that take place in the midst of parish life (i.e., baptisms, marriages, funerals).
- Ensure the multi-cultural nature of the parish fully reflects the demographics of the parish boundaries.

YEARS 4 and 5 2016 – 2018

Missioning Disciples Locally and Globally

- Coordinate door-to-door evangelization efforts to reach Catholics who have never been members of the community.
- Expand ecumenical dialogue so as to encourage education about the Catholic faith to other local faith traditions.
- Coordinate regionally and through LPAs to broaden the reach of the church to local and regional communities.
- Begin work to expand the reach of parish communities across the Diocese to other dioceses and other countries.

Discussion and Analysis of Financial Statements

General Operating Fund:

The general operating fund captures the day-to-day revenues and expenses of the Pastoral Center. During the year ended June 30, 2014, operating revenue exceeded program expenses by \$948,218. Unrestricted net assets, not designated for a specific purpose, increased by \$312,000. This increase is after a \$1 million transfer to the Property, Equipment, and Related Debt Fund to reduce debt in that fund. Designated and temporarily restricted net assets increased by \$636,000 and \$941,000, respectively. Unrestricted and designated net assets increased as a result of revenue increases in many areas and unrealized gains on investments exceeding the prior year by nearly \$300,000. Temporarily restricted net assets increased as a result of multi-year grants of \$997,000. These grants will be spent over a period of years.

In the area of Pastoral Ministries, the training of our future priests now exceeds \$1 million for our 20 seminarians. The orientation, mentoring, and enculturation of international priests costs \$605,000 and additional resources have been spent on support for our priests that are not in parish assignments.

Catholic Education Ministries includes the offices of Catholic Schools and Christian Formation. These offices oversee the Diocese's 24 Catholic schools and provide leadership training for parish staff. Grant income from the Catholic Extension Society and the Porticus Foundation has allowed the Office of Catholic Schools to increase services to the various schools while the Annual Diocesan Appeal provides over \$100,000 in funding toward Christian Formation programs, keeping the costs low to parishes and participants.

The offices in the area of Social and Cultural Ministries increased spending by \$278,000 or 27% as additional funds were provided by grants from the Annual Diocesan Appeal, the Catholic Extension Society to assist with Hispanic Ministry, and the Black and Indian Mission fund.

Evangelization continues to be a high priority and this year additional resources have been devoted to the Center for Marriage, Family and Life, as well as the new Evangelization Pastoral Plan, *Encounter the Joy of the Gospel and Set the World Ablaze!*

Numerous centralized administrative and financial services such as the administration of health benefits, payroll, pension plans, the new 403(b) plan and fundraising initiatives are delivered by the offices of Human Resources, Finance, and Development. While the Office of Information Technology's primary focus is on the Pastoral Center computer networks, this office is able to assist various parishes and schools by assisting and advising on computer and technology questions. More parishes and schools are using the Office of Copy Services for their printing and copying needs. A new professional fee of \$207,000 relates to payroll services for the new payroll vendor and the Pastoral Center added a part-time position to assist with diocesan communications.

GENERAL OPERATING FUND

Financial Statements

BALANCE SHEETS	JUNE 30, 2014	JUNE 30, 2013
Cash and cash equivalents	\$ 1,189,829	\$ 1,461,213
Accounts receivable	3,561,850	2,698,435
Investments	11,709,305	8,289,853
Due from other fund	-	-
Prepaid expenses and other assets	257,074	221,893
Total Assets	\$ 16,718,058	\$ 12,671,394
Accounts payable and accrued expenses	\$ 1,488,997	\$ 1,339,237
Deferred revenue and other liabilities	321,033	497,157
Due to other fund	3,670,144	662,446
Notes payable	-	823,869
Total Liabilities	5,480,174	3,322,709
Unrestricted net assets for operations	3,080,648	2,768,624
Designated net assets:		
Investments operating as endowments	4,237,092	3,816,787
Priest Auto Fund	1,081,711	1,210,384
Programs	478,785	134,223
Temporarily restricted net assets	2,359,648	1,418,667
Total Net Assets	11,237,884	9,348,685
Total Liabilities and Net Assets	\$ 16,718,058	\$ 12,671,394

STATEMENT OF ACTIVITIES	JUNE 30, 2014	JUNE 30, 2013
Operating Revenues		
Diocesan Assessments:		
Cathedraticum	\$ 6,523,588	\$ 6,180,020
Priests	764,514	687,070
Other	365,147	173,975
Contributions from elderly housing facilities	4,360,896	4,482,271
Program revenue	807,787	648,601
Realized/Unrealized gain (loss) on investments	628,229	334,166
Contributions, gifts, bequests, legacies, and collections	595,516	190,152
Retreat Centers	257,796	357,939
Interest and dividend income	162,397	188,739
Other fees and charges	139,779	46,168
Refunds and reimbursements	110,072	103,382
Grants and contracts	25,845	33,914
Transfer to McMahon-Parater Foundation	-	(397,897)
Transfers to other funds	(1,116,754)	(957,559)
Total Operating Revenues	13,624,812	12,070,941

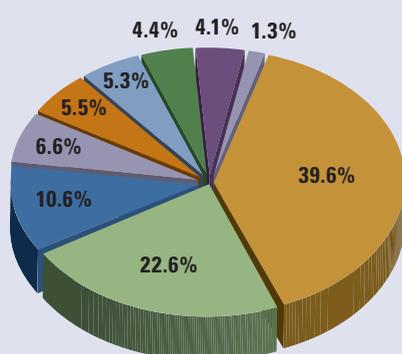
NET ASSETS RELEASED FROM RESTRICTIONS

Satisfaction of Purpose Restrictions:		
Annual Appeal	2,046,197	1,727,715
General Operating Fund	916,575	1,045,144
Restricted Endowments	858,860	842,721
Other funds	-	-
Total Revenues	17,446,444	15,686,521
Total Program Expenses (see Table I)	16,498,226	15,081,623
Change in Unrestricted Net Assets	948,218	604,898

CHANGE IN TEMPORARILY RESTRICTED NET ASSETS

Grants	997,411	556,465
Collections and other	425,075	108,586
Contributions, gifts, bequests, and legacies	257,843	325,674
Released from restriction	(916,575)	(1,045,144)
Transfers to other funds	(70)	4,291
Change in Temporarily Restricted Net Assets	763,684	(50,128)
Other changes in net assets	177,297	-
NET ASSETS, BEGINNING OF YEAR	9,348,685	8,793,915
NET ASSETS, END OF YEAR	\$ 11,237,884	\$ 9,348,685

Income

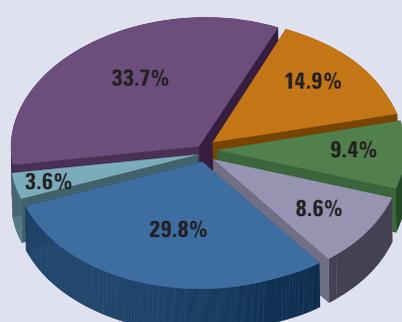


Income for General Operations

June 30, 2014

Diocesan Assessments	\$7,653,249
Contributions from Elderly Housing	\$4,360,896
Annual Diocesan Appeal	\$2,046,197
Contributions, gifts, bequests, legacies, and collections	\$1,278,434
Program Revenue, Fees, and Other Income	\$1,057,638
Grants and Contracts	\$1,023,256
Endowment Income	\$858,860
Investment Income	\$790,626
Retreat Centers	\$257,796

Expenses



Expenses for General Operation

June 30, 2014

Office of Bishop and Vicars	\$590,542
Pastoral Ministries	\$4,920,029
Catholic Education Ministries	\$1,544,107
Social and Cultural Ministries	\$1,423,891
Evangelization	\$2,454,614
Administrative and Financial Services	\$5,565,043

TABLE I

Program Expenses

OFFICE OF THE BISHOP AND VICARS	JUNE 30, 2014	JUNE 30, 2013
Bishop's Office	\$ 302,873	\$ 313,675
Vicar General	170,199	72,761
Vicar for Clergy	76,144	278,269
Vicar for Pastoral Services	40,094	27,262
Chancellor's Office	1,232	1,658
Retired Bishop's Office	-	88,426
Total Office of Bishop and Vicars	590,542	782,051
PASTORAL MINISTRIES		
Support for Priests:		
Diocesan support for priests	856,663	492,283
International priests enculturation and mentorship	604,529	593,839
Priest auto fund grants	498,884	422,541
Retired priests health care and support	262,193	466,969
Priests long-term care	189,890	240,171
Priests convocation and formation	77,703	88,542
Priests Council	4,862	6,509
Vocations	1,168,658	866,229
Tribunal	523,184	479,565
Retreat Centers	371,308	435,824
Permanent Diaconate	226,769	186,544
Pastoral Planning	40,529	148,559
Diocesan Theologian, Worship and Other	94,857	88,872
Total Pastoral Ministries	4,920,029	4,516,447
CATHOLIC EDUCATION MINISTRIES		
Office of Catholic Schools	950,637	793,198
Christian Formation	593,470	535,351
Total Catholic Education Ministries	1,544,107	1,328,549
SOCIAL AND CULTURAL MINISTRIES		
Social Ministries (formerly Justice and Peace)	507,416	483,555
Hispanic Ministry	335,750	260,365
Office for Black Catholics and Asian Ministry	205,625	163,508
Fuel and Hunger Fund	205,200	-
Home Missions Program	124,223	116,400
Office of Disabilities	45,677	36,072
Refugee and Immigration Services	-	78,000
Total Social and Cultural Ministries	1,423,891	1,137,900
OFFICE FOR EVANGELIZATION		
Campus field operations	1,006,387	1,071,830
Youth programs and events	550,892	469,303
Administration and cross-office programs	467,540	520,892
Campus programs and events	138,632	124,382
Young Adult programs and events	122,291	52,118
Center for Marriage, Family and Life	120,578	16,296
Evangelization Pastoral Plan	48,294	-
Office for Evangelization	2,454,614	2,254,821
ADMINISTRATIVE AND FINANCIAL SERVICES		
Finance	1,175,915	1,125,794
Human Resources	787,295	698,042
Professional fees and general administration	733,110	529,857
Information Technology	640,022	638,973
Facility operations, repairs and maintenance	639,334	546,026
Development	541,614	558,079
Annual Diocesan Appeal	418,560	410,222
USCCB and Virginia Catholic Conference Dues	330,322	309,965
Copy Services	117,587	127,426
Archives and Museum	85,473	71,314
Risk Management	51,031	36,578
Diocese of Richmond Housing Corporation	26,407	9,579
Communications	18,373	-
Total Administrative and Financial Services	5,565,043	5,061,855
Total Expenses	\$ 16,498,226	\$ 15,081,623

Restricted Endowments

BALANCE SHEET	JUNE 30, 2014	JUNE 30, 2013
Investments	\$ 23,086,973	\$ 20,696,467
Beneficial interest in perpetual trust	766,522	698,678
Due (to) / from other fund	(9,000)	-
Total assets, net of liability	\$ 23,844,495	\$ 21,395,145
Unrestricted net assets	\$ (1,424)	\$ (14,869)
Temporarily restricted net assets	16,165,629	13,887,751
Permanently restricted net assets	7,680,290	7,522,263
Total net assets	\$ 23,844,495	\$ 21,395,145
STATEMENT OF ACTIVITIES		
Investment income	\$ 3,369,079	\$ 2,378,047
Contributions and collections	14,912	17
Transfers out, current operations	(862,512)	(842,721)
Catholic education ministries	(209,000)	(194,138)
Other administrative expenses	(21,253)	-
Transfer in, Social Ministry beginning balance	158,124	-
Change in net assets	\$ 2,449,350	\$ 1,341,205

Restricted Endowments — Restricted Endowments experienced another year of growth due to the strong performance of the investment portfolios, earning nearly \$3.4 million or 17.3%. These endowments help to fund diocesan programs by transferring \$1,070,000 to the general operating fund for vocations expenses, tuition assistance and other programs and ministries of the Diocese.

Property, Equipment, and Related Debt

BALANCE SHEET	JUNE 30, 2014	JUNE 30, 2013
Investments	\$ 7,811,881	\$ 8,110,753
Note receivable	376,545	399,480
Land held for future parish sites	502,696	502,696
Land, buildings, and equipment, net of depreciation	15,411,006	16,654,106
Total assets	\$ 24,102,128	\$ 25,667,035
Notes payable	\$ 9,378,930	\$ 9,605,061
Due to other funds and other liabilities	2,707,395	5,278,536
Total liabilities	12,086,325	14,883,597
Unrestricted net assets	(4,205,274)	(6,680,738)
Designated for programs	307,375	307,375
Net assets invested in property, plant, and equipment	15,913,702	17,156,801
Total net assets	12,015,803	10,783,438
Total liabilities and net assets	\$ 24,102,128	\$ 25,667,035
STATEMENT OF ACTIVITIES		
Transfers from other funds	\$ 1,257,296	\$ 1,120,732
Investment income	1,231,499	847,766
Gain on sale of property	519,926	1,060,054
Rental income	160,474	273,661
Contributions and other income	85,049	382,701
Depreciation expense	(1,347,691)	(1,452,073)
General administration	(462,842)	(214,373)
Interest expense	(211,346)	(235,147)
Change in net assets	\$ 1,232,365	\$ 1,783,321

Property, Equipment, and Related Debt — One of the important challenges facing the Diocese is the need to reduce debt and to build reserves to maintain buildings and equipment. A multi-year, multifaceted plan is in place and is being executed to address this challenge. The plan includes selling property that is not being used in ministry, transferring a portion of the General Operating Fund surplus, and raising funds through the *Living Our Mission* campaign. During the past two fiscal years, \$2.4 million in property was identified for sale and has been sold and \$2.4 million has been transferred to this fund from the General Operating Fund. Investment income has exceeded expectations and has generated over \$2 million. At the beginning of the prior fiscal year, unrestricted net assets of this fund stood at a deficit of \$9.4 million. At the close of the June 30, 2014 fiscal year, the deficit has been decreased to \$4.2 million, a \$5.2 million improvement over two years.

Self-Insurance Programs

BALANCE SHEET	JUNE 30, 2014	JUNE 30, 2013
Accounts receivable	\$ -	\$ 9,000
Insurance premium receivable	340,039	144,517
Investments	3,148,872	1,882,803
Prepaid expenses	53,062	42,335
Due from other fund	4,154,076	3,978,556
Total assets	\$ 7,696,049	\$ 6,057,211
Accounts payable and accrued expenses	\$ 420,060	\$ 137,382
Deferred revenue	-	-
Insurance reserves for open claims	1,294,917	1,053,299
Notes payable	-	150,000
Total liabilities	1,714,977	1,340,681
Unrestricted net assets, health insurance	3,651,176	2,593,664
Unrestricted net assets, property & casualty insurance	2,329,896	2,122,866
Total net assets	5,981,072	4,716,530
Total liabilities and net assets	\$ 7,696,049	\$ 6,057,211

Self-Insurance Programs CONTINUED

STATEMENT OF ACTIVITIES	JUNE 30, 2014	JUNE 30, 2013
Health insurance assessments	\$ 10,302,681	\$ 9,506,591
Property and casualty insurance assessments	2,058,634	1,934,706
Investment income	139,796	81,869
Health insurance premiums and claims	(9,413,602)	(8,130,784)
Property and casualty insurance premiums and claims	(1,670,072)	(1,554,783)
Transfers out	(152,895)	(124,108)
Change in net assets	\$ 1,264,542	\$ 1,713,491

Self-Insurance Programs — The two self-insurance programs of the Diocese, health insurance and property and casualty insurance, have continued to perform well, and combined, generated a surplus of \$1,264,542. This follows the prior year surplus of \$1,713,491. Both programs have needed to increase assessments to remain ahead of the increases in the cost of health care, property and casualty claims, and the cost of excess insurance policies. The combined purchasing power of all parishes and schools continue to keep these costs affordable and the average annual increase over the past two years was 7.0%.

Investments are beginning to generate revenue for these funds which will lower the cost to parishes and schools in the future. These investment reserves allow the Diocese to save on the cost of purchasing excess insurance policies, while at the same time acting as a reserve against large claims.

Agency Funds (Annual Appeal, Tuition Assistance, & Collections)

BALANCE SHEET	JUNE 30, 2014	JUNE 30, 2013
Pledges and accounts receivable	\$ 191,708	\$ 233,921
Due from other fund	1,822,901	1,836,720
Total assets	\$ 2,014,609	\$ 2,070,641
Accounts payable and accrued expenses	\$ 95,854	\$ 116,960
Deposits held for others and other liabilities	336,506	534,181
Total liabilities	432,360	651,141
Net assets, tuition assistance fund	240,452	244,936
Net assets, annual appeal fund	1,341,797	1,174,564
Total net assets	1,582,249	1,419,500
Total liabilities and net assets	\$ 2,014,609	\$ 2,070,641

STATEMENT OF ACTIVITIES	JUNE 30, 2014	JUNE 30, 2013
Annual Diocesan Appeal	\$ 3,898,433	\$ 3,856,919
Tuition assistance assessments	3,298,469	2,992,454
Contributions and other transfers in	28,738	66,283
Annual appeal case elements, including parish share	(3,731,200)	(3,358,579)
Tuition assistance awards	(3,331,691)	(3,025,205)
Other expenses	-	(50,003)
Transfers to other funds	-	(43,356)
Change in net assets	\$ 162,749	\$ 438,513

Agency Funds (Annual Appeal, Tuition Assistance, & Collections) — These funds serve to separate money collected from the Annual Diocesan Appeal, the Parish Sharing Assessment, and the approved national and international collections conducted each year from other diocesan funds. Of the \$7.2 million received through the Annual Appeal and the Parish Sharing Assessment, \$7.1 million has been forwarded to the intended recipient. The net assets for the annual appeal as of the end of the year relate to case elements in which the money was received as of June 30, 2014 and the programs are scheduled to take place during the following fiscal year.

Priest Pension & Retirement Accounting Fund

BALANCE SHEET	JUNE 30, 2014	JUNE 30, 2013
Priest pension liability, net of pension plan assets	\$ 9,424,542	\$ 11,199,668
Unfunded priest other postretirement benefits liability	9,617,159	9,027,190
Total liabilities	\$ 19,041,701	\$ 20,226,858
Unrestricted net assets	\$ (19,041,701)	\$ (20,226,858)
Total net assets	(19,041,701)	(20,226,858)
Total liabilities and net assets	\$ -	\$ -

STATEMENT OF ACTIVITIES	JUNE 30, 2014	JUNE 30, 2013
Change in priest pension liability	\$ 1,775,126	\$ 3,762,421
Change in priest postretirement benefit liability	(589,969)	5,474,552
Change in net assets	\$ 1,185,157	\$ 9,236,973

Priest Pension & Retirement Accounting Fund — During the past year, as in the previous two fiscal years, the overall net liabilities for our retired priests have decreased due to the significant parish contributions made to the priests' pension plan and as a result of favorable investment performance. Still, this area remains as one of the top fiscal challenges of the Diocese with a combined net liability of \$19,041,701.

During the year ended June 30, 2014, the priests' pension plan's net liability decreased by \$1,775,126. The funded status of the plan increased from 51.5% as of June 2013, to 61.1% as of June 2014. Conversely, the liability for the post-retirement health insurance plan for retired priests increased by \$589,969 during the year. The monthly per-retiree premium increased 5.7% from \$401.62 to \$424.62. This \$9.6 million obligation is currently funded on a "pay-as-you-go" method and there are no plan assets to fund this obligation.

Proceeds from the *Living Our Mission* campaign are scheduled to contribute \$4 million each to these two obligations. Staff, in collaboration with the Priest Benefits Committee and the Diocesan Finance Council, are working diligently to develop additional long-term strategies to address the remaining portion of the underfunded liabilities.

Living Our Mission Campaign Fund

BALANCE SHEET	JUNE 30, 2014
Pledges receivable, net	\$ 6,732,732
Due from other funds	341,104
Total liabilities	\$ 7,073,836
Accounts payable	\$ 702,545
Temporarily restricted net assets	5,651,781
Permanently restricted net assets	719,510
Total liabilities and net assets	\$ 7,073,836

STATEMENT OF ACTIVITIES	JUNE 30, 2014
Living Our Mission campaign gifts	\$ 9,563,119
Reserve for pledge receivable	(1,237,457)
Supporting administrative services	(1,954,371)
Change in net assets	\$ 6,371,291

Living Our Mission Campaign Fund — A new fund was established this year to account for the gifts to and the distributions from the *Living Our Mission* campaign. Featured on pages 7 and 8, the case for support details on how this campaign will make a significant impact on the financial challenges facing the Diocese, in addition to securing funds for the future; while at the same time this campaign will assist parishes and schools in addressing many important local needs. With the pilot wave nearing completion as of June 30, 2014, over \$9.5 million has been raised toward the \$65 million goal.

For questions regarding the Catholic Diocese of Richmond financial reports, please contact the diocesan Finance Office located at the Pastoral Center at (804) 359-5661. Additional information is available at www.richmonddiocese.org where the audited financial statements may be found.

Diocesan Finance Council

Canon 492 - §1. In every diocese a finance council is to be established, over which the diocesan bishop himself or his delegate presides and which consists of at least three members of the Christian faithful truly expert in financial affairs and civil law, outstanding in integrity, and appointed by the bishop. §2. Members of the finance council are to be appointed for five years, but at the end of this period they can be appointed for other five year terms. §3. Persons who are related to the bishop up to the fourth degree of consanguinity or affinity are excluded from the finance council. (1983 Code of Canon Law)

The Bishop of Richmond is the one directly responsible for the administration of the assets of the Diocese. Yet, the Catholic Church does not allow the Bishop to act alone for two reasons: first, so the Bishop does not feel the need to spend an inordinate amount of time attending to financial matters to the neglect of pastoral affairs; and second, to guard against the probability that a decision will be made without accurate and adequate information. Thus, the Bishop is required to consult with two advisory bodies with regard to certain types of financial transactions, the Diocesan Finance Council and the College of Consultors (priests chosen from the Priests Council), and he must obtain the consent of both the Finance Council and the College of Consultors for acts of extraordinary administration as defined by the Catholic Church.

MEMBERSHIP — JUNE 30, 2014

- Mr. William T. Berry, Jr., CPA:** Shareholder at Elliott Davis (*Executive Committee, Budget/Audit Committee, Compensation Committee*)
- Mrs. Joyce Burns, CPA:** Chief Financial Officer at Rose and Womble Realty (*Property/Real Estate Management Committee*)
- Mr. Michael P. Cotter:** Chapter 13 Trustee, U.S. Bankruptcy Courts (*DFC Chairman, Executive Committee, Budget/Audit Committee, Insurance Committee, Compensation Committee*)
- Mr. Joseph Fernandes, CFP:** Financial Advisor at Middle Peninsula Insurance & Financial Services (*Investment Committee*)
- Mr. Terrence C. Gates:** Vice President, Citizens and Farmers Bank, Real Estate Valuation (*Executive Committee, Investment Committee, Property/Real Estate Management Committee*)
- Mrs. Susan Hickey, MSHA:** Chief Executive Officer at Virginia Ear, Nose & Throat (*Compensation Committee, Membership/Nominating Committee*)
- Mr. Michael K. Kerner, MHA:** Chief Executive Officer at Bon Secours Hampton Roads (*Budget/Audit Committee, Compensation Committee, Membership/Nominating Committee*)
- Rev. Donald H. Lemay:** Pastor, St. Edward the Confessor (*Pastors Advisory Committee*)
- Mr. William E. O'Connell, Jr.:** Chessie Professor of Finance Emeritus, College of William and Mary (*Investment Committee, Property/Real Estate Management Committee, Membership/Nominating Committee*)
- Mrs. Jennifer S. Quindoza, CPA, CGMA:** Controller and Risk Manager at Collegiate School (*Budget/Audit Committee*)
- Mr. William A. Sigler:** Retired Senior Foreign Service Officer (*Investment Committee, Property/Real Estate Management Committee*)
- Dr. Douglas E. Ziegenfuss, CPA, CMA, CFE, and CISA:** Accounting Professor at Old Dominion University (*Insurance Committee, Budget/Audit Committee*)

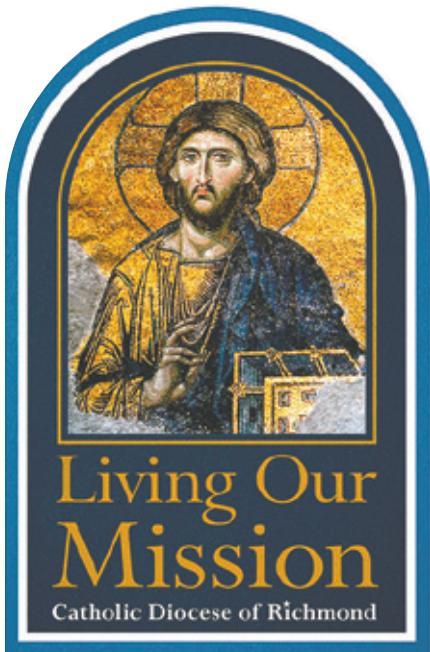
STAFF TO DIOCESAN FINANCE COUNCIL

Michael J. McGee, Chief Financial Officer
Sarah W. Rabin, Director of Finance
Aimee W. Chappell, Accounting Manager
Sara A. Board, Administrative Assistant

LIVING OUR MISSION

A COMPREHENSIVE, HISTORIC AND STRATEGIC CAMPAIGN

AFTER YEARS OF PLANNING in consultation with the Diocesan Finance Council, Priests Council, and Pastoral Council, the historic decision was made to move forward with the largest fundraising initiative ever attempted in the nearly 200-year history of the Catholic Diocese of Richmond. Building on the work of



the Diocesan Planning Commission in which areas of ministry were identified as priorities but lacked the necessary funds, the Diocesan Finance Council recommended to Bishop DiLorenzo that he conduct a campaign feasibility study to survey the pastors and lay leadership regarding their support for such an ambitious undertaking.

Bishop DiLorenzo accepted the recommendation and the next step was to form a Pastors Campaign Committee (PCC) to act as an advisory body to the Bishop and diocesan staff. The Bishop is thankful to the following priests that accepted his invitation to serve in this capacity: Msgr. Mark Lane, Fr. John Abe, Msgr. William Carr, Fr. Luke Clark, Fr. Michael Herbert, Fr. James Kauffman, Fr. John Kazibwe, Msgr. Timothy Keeney, Fr. Timothy Kuhneman, Fr. Donald Lemay, Msgr. Francis Muench, Fr. John David Ramsey, and Msgr. Kenneth Rush.

The next course of action was to select outside counsel to partner with the Office of Advancement to build a team that could successfully carry out this unprecedented mandate. The Diocese received proposals from a number of campaign consultants and three firms were interviewed by the PCC. After careful consideration, the PCC selected Greater Mission of Baltimore, MD.

Over the course of the spring and summer of 2013, Greater Mission conducted a study to examine the feasibility of a Diocesan-wide capital and endowment campaign. Every pastor was interviewed, along with dozens of parishioners representing a variety of parishes and regions. The findings of the study were presented to Bishop DiLorenzo and the pastors. In September 2013, the pastors gathered at the request of Bishop DiLorenzo to cast their vote on whether or not to proceed with this historic campaign.

With 84 percent of the pastors voting in favor of a campaign, preparations began in earnest in October.



The Campaign Case for Support was developed in light of the data gathered from the pastors and laity during the feasibility study, consultation with diocesan office directors, and considering the pastoral needs identified by the Diocesan Planning Commission. The PCC chose a campaign theme of “Living Our Mission” and an overall goal of \$65 million was set, which is equivalent to the combined yearly income of all the parishes of the Diocese and each parish is asked to set a base goal equivalent to its yearly offertory income.

How Contributions Will Be Distributed

The Campaign Case of Support provides essential funding for eleven ministries and programs under four major categories.



STRENGTHENING OUR PARISHES represents one third of the base goal, or \$22 million, which will go back to the parish to be used for their local needs. Each parish will develop its own unique Case for Support for their share, which may include funding for capital projects or ministry needs. Parishes with great needs can increase their goal and can increase their parish share rate to meet their local challenges.



DEVELOPING OUR FUTURE CHURCH includes the New Evangelization Ministry Fund; a Youth, Young Adult, and Campus Ministry Endowment; and contributions to complete goal of the McMahon Parater Foundation Tuition Assistance Endowment. There is a consistent chorus from pastors and laity alike that we as a Church must do more to engage our youth, whether in our schools, our campuses, or in our parishes. This is an exciting time as parishes embark upon the New Evangelization initiative.



SUPPORTING OUR CLERGY funds a Seminarian Education and Advanced Clergy Education and provides funding for Priest Pension, Healthcare, and Long Term Care. We are blessed in our Diocese with many more seminarians in formation than in recent memory. Each seminarian’s education costs approximately \$50,000 per year, which is fully covered by the Diocese. It is easy to see why this blessing creates a need for increased funding. Likewise, our devoted clergy, after spending a lifetime of service and sacrifice, deserve to retire with dignity. The campaign will help to ensure that the proper funding is in place to provide for them in their later years.

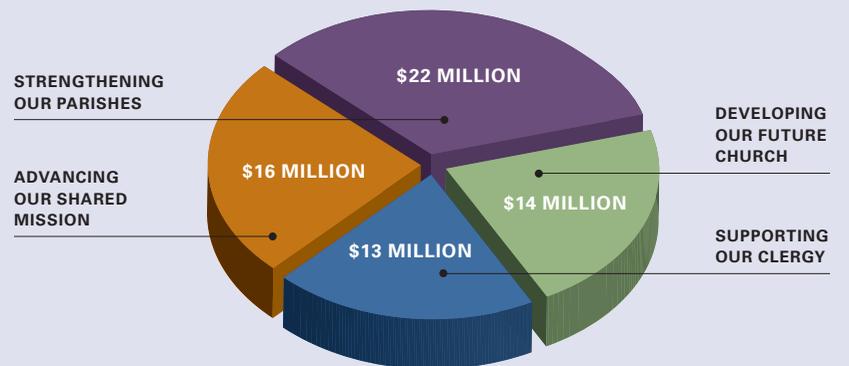


ADVANCING OUR SHARED MISSION funds a Distance Learning and Ministry Training Network, which will leverage new technology to bring access to excellent programming to parishes far and wide; an Emergency Parish Capital Needs Grant Fund, a Diocesan Capital Fund, an endowment fund for Social Ministry Outreach and Mission Parishes. Finally, the Campaign will continue to sustain the essential ministries and programs funded through the Annual Diocesan Appeal in the same year that each parish conducts its campaign.

Pilot Wave Parishes

- Cathedral of the Sacred Heart**
RICHMOND
- Church of the Redeemer**
MECHANICSVILLE
- Holy Cross**
LYNCHBURG
- Our Lady of Mount Carmel**
NEWPORT NEWS
- Prince of Peace**
CHESAPEAKE
- Saint Andrew**
ROANOKE
- Saint Edward the Confessor**
RICHMOND
- Saint Francis of Assisi**
STAUNTON
- Saint John**
HIGHLAND SPRINGS
- Saint Joseph**
MARTINSVILLE
- Saint Matthew**
VIRGINIA BEACH
- Saint Patrick**
RICHMOND
- Saint Paul**
RICHMOND
- Saint Timothy**
TAPPAHANNOCK

Pilot Wave Base Goal:	\$9,550,000
Pilot Wave Total Pledges:	\$14,358,621
Total Number of Gifts:	3,264

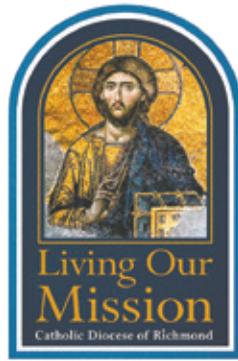


Progress to Date

In just the first 10 months of the campaign, more than \$22 million has been pledged by faithful parishioners across our expansive Diocese. To learn more, visit the campaign’s website, www.livingourmission.org.

LIVING OUR MISSION SUCCESS STORIES

THE *LIVING OUR MISSION* CAMPAIGN kicked off in January 2014 with a diverse group of fourteen parishes. This group of parishes allows the campaign consultants and diocesan staff to design the initial materials and to refine the administrative processes that are used in the larger waves that follow over the next two years. Three parishes, highlighted here, met with early success and each parish has its own unique story. These parishes demonstrate how the campaign might be tailored to accommodate particular local circumstances. Bishop DiLorenzo is sincerely grateful to the leadership of these parishes for accepting the invitation to “test pilot” the campaign and he is humbled by the generosity of the faithful communities that made these campaigns a success.



HOLY CROSS LYNCHBURG

Holy Cross Catholic Church was the first parish to exceed their campaign goal. In fact, Holy Cross exceeded their \$627,000 goal by more than \$100,000. The parish retains one-third of all money raised up to their goal and two-thirds of all money collected over goal. Holy Cross had just completed a capital campaign to repair their building. With the building needs met, the parish was able to focus on pastoral needs, and with the funds raised, the parish will be able to hire a Coordinator of Youth Ministry and plans to hire a Parish Young Adult Minister as well as upgrade their media technology. Msgr. Rush is pastor of Holy Cross. “When we started this process, I wasn’t sure what to expect since it is so new, but I have to say that I have been amazed by the generosity of our people. In

ANNUAL OFFERTORY:	\$627,000
CAMPAIGN GOAL:	\$627,000
PLEDGES RECEIVED:	\$738,406
NUMBER OF GIFTS:	250

addition to raising funds for our local needs, this campaign has also offered us an unexpected opportunity to bring our parish closer together. When I sat with people one-on-one and in small groups to talk about the goals of the campaign,

I was able to learn more about them which helped me build deeper relationships. This campaign has also brought us closer through the many people who rallied together to make it a success — our parish staff members, the consultant and Diocese staff who worked with us, and the many volunteers who contributed their time and talents. I am so grateful for their support,” said Msgr. Rush.



SAINT JOSEPH MARTINSVILLE

St. Joseph Catholic Church in Martinsville was the second parish to exceed its goal. The Living Our Mission campaign came at a very opportune time as St. Joseph Parish had already begun making plans for expanded seating and commons, and to add additional parking. A third area of need was identified as providing a reserve fund for the parish to create financial stability. To meet their needs, Fr. Mark White and parish leaders elected to set a goal of twice the parish’s yearly income, or \$412,000. As a result, the parish will receive two-thirds up to their goal and 90% of everything collected over the goal. The lay faithful of St. Joseph enthusiastically rallied around the campaign, and to date, the parish has received pledges for 110% of the goal they set. This is especially impressive considering the economic circumstances in Martinsville, which struggles with one of the highest unemployment rates in the state.

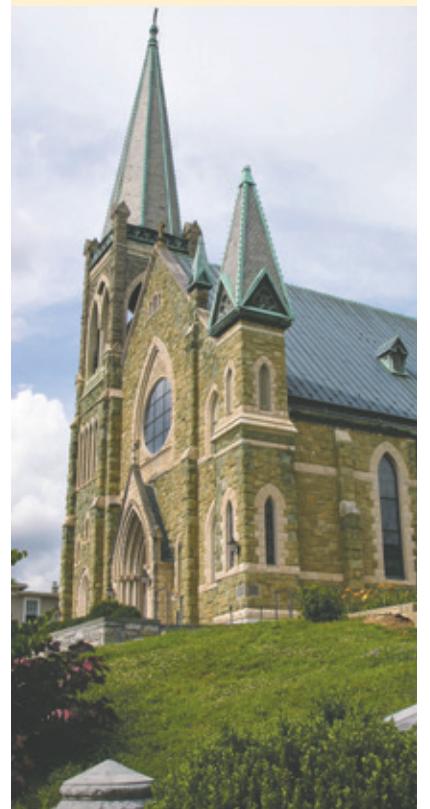
ANNUAL OFFERTORY:	\$206,000
CAMPAIGN GOAL:	\$412,000
PLEDGES RECEIVED:	\$442,678
NUMBER OF GIFTS:	148



SAINT FRANCIS OF ASSISI STAUNTON

St. Francis of Assisi in Staunton achieved what many thought to be impossible. For years, the church’s exterior had been deteriorating, and the situation had become urgent. Because of the magnitude of the project, Fr. Joseph Wamala and parish leaders set a goal of four times their annual income, or \$1.8 million, with 80% of that amount coming back to the parish. In just 12 weeks, the parish met and exceeded this stretch goal. Mr. Greg Ridenour served as the Parish Campaign Chair and explains, “I wanted to be involved in the campaign because it ties everything together — both geographically speaking, the local parish and whole Diocese, but more importantly generationally, building on what has gone before and setting the stage for success in the future.”

ANNUAL OFFERTORY:	\$445,000
CAMPAIGN GOAL:	\$1,800,000
PLEDGES RECEIVED:	\$1,868,224
NUMBER OF GIFTS:	223



Note: Annual offertory is based on the year ended June 30, 2012. Pledges and gifts received are as of October 2014.