

DIOCESE OF
RICHMOND
ANNUAL REPORT



2021
JUNE 30, 2021

AND WHAT ARE WE DOING IF WE ARE NOT DOING GOD'S WILL? — *Saint Vincent de Paul*



November 29, 2021

A Message from Bishop Knestout

Dear Brothers and Sisters in Christ,

When Pope Francis announced the 2023 World Synod of Bishops, he emphasized the theme that we will be “journeying together.” Those words define how the Catholic community in the Diocese of Richmond continues to carry out its mission despite the impact of COVID. For over a year, we have been walking together through the fog of the pandemic — a challenge that most of us had never dealt with before. Individually, as parishes, and as a diocese, our faith and hope in God sustain us, and allow us to carry out our baptismal call.

As with other institutions over this past year, our local Church benefited from the recovering economy. Last fiscal year (FY 19-20) our net assets decreased due to less revenue caused by the pandemic, the Independent Reconciliation Program and substantial lower investment income. This fiscal year (FY20-21), we added to our diocesan funds thanks in large part to strong recovery in our investments.

With purposeful and prudent stewardship of our resources, our operating fund program expenses were \$1.3 million lower than the previous fiscal year. However, due primarily to legal, professional fees and bad debt expense, our administrative and financial services costs increased by \$1.4 million.

While this report focuses upon the finances of the diocese, I would be remiss if I did not acknowledge and express my gratitude to all of our pastors, parishes and their members for their generosity. While overall Mass attendance remains below pre-COVID levels, Offertory collections are only down about 5%. This speaks volumes about the lay faithful's love for and dedication to their parishes.

Given all we have endured in the last 18 months, we have much to celebrate and much for which to be grateful. The optimism and appreciation go beyond the numbers in this report. We are thankful for what these figures represent — our journeying together to strengthen our faith communities, to fund the programs that allow us to grow in faith, and to provide support for opportunities to reach those in need — particularly those on the peripheries.

Through the uncertainty, worry and fear of the pandemic, we persevered on this journey together and we continue to do so. Despite it all, people remained generous, committed and faithful to our local Church. Thank you for your faithfulness during an incredibly challenging year.

As I've previously written “hope is a gift of our faith in God that assures us that there is no situation that we can imagine, no situation that has ever existed, in which God can't bring good from it.” Our hope remains in Christ.

May we continue to courageously walk in that hope.

Most Reverend Barry C. Knestout
Bishop of Richmond

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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.

BICENTENNIAL CONCLUSION



Closing Bicentennial Mass: January 17, 2021

“This jubilee has given us inspiration to further the mission of the Church and to encourage the wider acceptance of the Good News and the salvation God offers to the world in our Lord's paschal mystery.”

— BISHOP KNESTOUT



Dedication of the St. Vincent de Paul Statue

The Diocese of Richmond's bicentennial year concluded in January, 2021 with Bishop Knestout unveiling, dedicating and blessing of St. Vincent de Paul, our diocesan patron, outside the Pastoral Center.

Bishop Richard V. Whelan, second bishop of the diocese, likely chose St. Vincent de Paul to be the diocesan patron during the 1840s. St. Vincent de Paul is venerated as the apostle of charity and the father of the poor — a ministry that closely aligned with the history of the Catholic Church in Virginia at that time.

In blessing the statue, Bishop Knestout prayed, “We ask St. Vincent de Paul to intercede for the Church of Richmond so that we may fulfill the exhortation of St. Paul, our bicentennial theme, ‘Shine like stars in the world, as you hold fast to the word of life.’”



As the bicentennial celebration of the Diocese of Richmond came to a close on Jan. 17, 2021, the diocese was still in the midst of pandemic restrictions. It was a stark difference from when the diocese began its celebration a year earlier. The opening Mass in 2020 had pews filled with worshipers; the closing Mass at the Cathedral of the Sacred Heart, Richmond, was attended by approximately 150 people wearing masks and practicing social distancing.

Bishop Knestout noted this in his homily that the bicentennial was celebrated “in the heart of this upheaval and uncertainty.” He continued, “We have done so with confronting the failures of the past and trying to make recompense. We have done so through special effort at service to the poor and with hymns and prayers.”

Yet, Bishop Knestout also noted the bicentennial celebration provided “hope and renewal” for the diocese. The final Mass celebrated the Mass for Mary, Mother of the Church. As we move into the next century, we continue to ask for her intercession for our local Church.

As Bishop Knestout said in his closing, “We turn to her today and every day, especially in these days when the grace God offers is so much needed for our lives and for our nation.”

PERSEVERING THROUGH A PANDEMIC

Success of Catholic Schools

One diocesan institution that responded to the challenges presented by COVID-19 is our Catholic school system. In the summer of 2020, after extensive consultation, the diocese decided that by diligently employing all necessary safety precautions we could keep our 6,837 students safe, healthy, engaged, academically focused and nurtured during the 2020-2021 school year.

Kelly Lazzara, superintendent of the diocese's Catholic schools, credited the preparation by and commitment of our school families — administrators, teachers, staffs, and parents — throughout the school year for making effective, in-person education in faith-filled environments possible.

"Making sure we continue to provide quality education in a safe environment for faculty, staff and students," Lazzara said, "was my biggest challenge as well as my biggest success."



Despite Obstacles, Hard Work Bears Fruit

The Diocese of Richmond saw renewed life over the last year with the renovation of many of our historic churches and the construction of new houses of worship.

"I see God's hand in all of this"

— KAREL BAILEY, DIRECTOR OF RELIGIOUS EDUCATION, ST. THERESA, FARMVILLE

The new parish center at St. Theresa, Farmville, was blessed by Bishop Knestout on April 17, 2020, when he sprinkled holy water on the walls and floor of each room. The center is home

to the food pantry and clothing closet, a kitchen updated classrooms, office and meeting rooms, a spacious social hall, and restrooms with showers.



"In this year of chaos, this church is an oasis"

— DOMINICAN FATHER JOSEPH-ANTHONY KRESS, PAROCHIAL VICAR AND CHAPLAIN, CATHOLIC CAMPUS MINISTRY AT UVA

St. Thomas Aquinas University Parish, Charlottesville, was built to accommodate the growing number of faithful Catholics in the Charlottesville area, as the community had outgrown two previous buildings since its establishment in 1943. Bishop Knestout celebrated the dedication Mass on Sept. 20, 2020.

Due to the COVID-19 pandemic, the Mass had been rescheduled from its original April dedication, and attendance was limited to approximately 300 people, although the new church seats more than 1,100. Those unable to attend watched by livestream.



"This is a project of the Holy Spirit"

— PARISHIONER PHIL THORPE, BUILDING COMMITTEE CHAIR, ST. JOHN THE EVANGELIST

The newly constructed St. John the Evangelist, Waynesboro, was dedicated by Bishop Knestout on Sunday, July 4, 2021. Those involved in building the Romanesque-style church said that the Holy Spirit was present at every step along the way. Construction of the church included elements of the 1932 parish: a stained glass, rose window and reframed stations of the cross. The church provides seating for 600, allowing increased participation in parish life.

The \$12.5 million needed for the project was raised through the generosity of parishioners and supporters, and the diocesan "Living Our Mission" capital campaign.



Saving the Most Vulnerable: Blessing of Ultrasound Machines

Bishop Knestout blessed a portable ultrasound machine at the Blue Ridge Women's Center in Roanoke on Sept. 26, 2020. Beginning in 2019, Knights of Columbus Salem Council 10015, J.C. Webb Council 12134 (Fincastle) and Roanoke Council 562 raised \$10,750 through the Tri-Council Ultrasound Initiative. With a matching contribution from the Knights of Columbus Charities, they were able to purchase the \$21,500 machine.

Seven months later, on April 25, 2021, Bishop Knestout blessed three ultrasound machines at the Pregnancy Resource Center of Metro Richmond, thanks to the work of the Francis J. Byrne Knights of Columbus Council 5476 at St. Bridget, Richmond. Total cost for the machines was \$90,000, which was raised through the parish's Jennifer Stivers Campaign to Save the Lives of the Most Vulnerable and matching funds from the national Knights of Columbus organization.



Roanoke

Richmond

Returning to Normal: Dispensation Lifted



The diocese announced in late May 2021 that liturgical celebrations were returning to the way they were pre-COVID-19. In a webinar for clergy, seminarians, parish staffs, campus ministers and Pastoral Center personnel, Bishop Knestout thanked participants for the "outstanding way" they handled the modifications COVID-19 imposed and reiterated a full resumption of the Church's work.

On June 2, 2021, the bishops of the Province of Baltimore, which includes the Diocese of Richmond, announced that the general dispensation of the Sunday and Holy Day Mass obligation would be lifted the weekend of June 26-27.

Reflections of a Seminararian in Rome During COVID

Matthew and I were asked to move to Rome at the height of the COVID pandemic for our first year of theological studies. There was quite a bit of uncertainty about our ability to even make it out of the United States. Upon arrival, we were quickly ushered to be tested — not for the last time — for COVID. This was followed by a 2-week quarantine. Throughout the year, we experienced various levels of quarantining.

What I have to come to understand in a deeper way is that God's love is absolute. It's so powerful that there is nothing, absolutely nothing, that God can't use for our good. St. Paul wrote a letter to us Romans that reminded me of that: "All things work together for our good" (Rom 8:28).

This is easy to say but difficult to believe. With the pandemic, it's easy to be fearful for yourself, family or friends. Frankly, it is easy to become frustrated at some of the protocols, whether you're for them or against them. It's certainly easy to wish things were different.

Despite all this, God hasn't changed. Jesus on the Cross shows us that even in great pain and suffering, God our Father is

loving us. The suffering of the Cross is not a good thing by itself, yet without it, we wouldn't know how powerful and good God's love is. God's love is so powerful that it can turn the great suffering and evils we're so familiar with and make good out of them.

God is speaking this reality to our hearts during the pandemic. He can make good out of COVID. We have faith that he is present in our annoyance, frustration and suffering. We have confident hope that he is going to see us through this, and we will be better for it. — Sam Hill



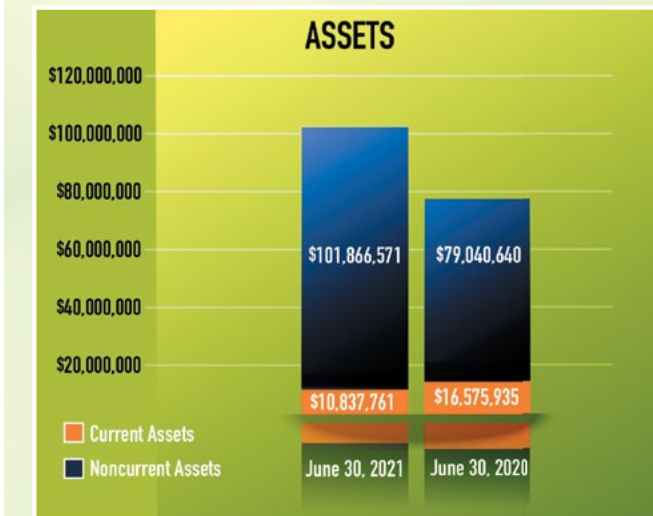
STATEMENTS OF FINANCIAL POSITION

ASSETS

	JUNE 30, 2021	JUNE 30, 2020
CURRENT ASSETS		
Cash and Cash Equivalents	\$ 882,063	\$ 554,242
Accounts Receivable	4,130,821	5,301,835
Short-Term Investments	3,906,350	3,795,235
Prepaid Expenses and Other Current Assets	1,146,185	1,237,974
Pledges Receivable - Current Portion, Net	772,342	5,686,649
Total Current Assets	10,837,761	16,575,935
NONCURRENT ASSETS		
Pledges Receivable - Non Current Portion, Net	553,559	677,166
Investments	80,764,690	61,632,322
Other Noncurrent Assets	744,395	615,392
Land, Buildings and Equipment, Less Accumulated Depreciation	19,803,927	16,115,760
Total Noncurrent Assets	101,866,571	79,040,640
Total Assets	\$ 112,704,332	\$ 95,616,575

LIABILITIES AND NET ASSETS

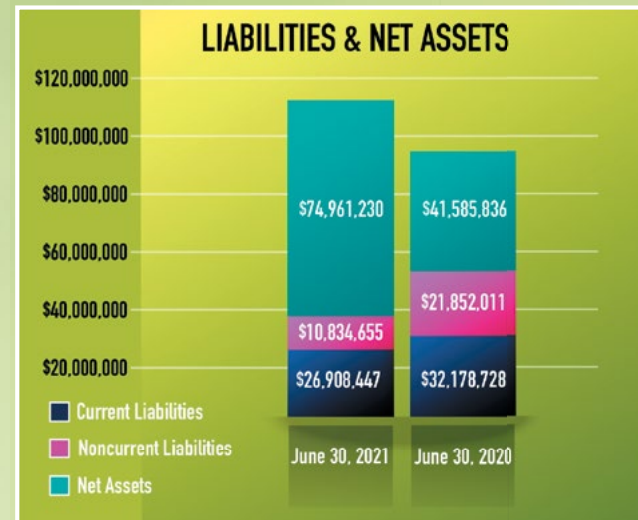
	JUNE 30, 2021	JUNE 30, 2020
CURRENT LIABILITIES		
Accounts Payable and Accrued Expenses	\$ 4,014,111	\$ 5,221,213
Independent Reconciliation Program Payable	-	6,300,000
Parish Share Liability	903,980	5,145,091
Notes Payable	19,128,730	13,373,398
Other Current Liabilities	2,861,626	2,139,026
Total Current Liabilities	26,908,447	32,178,728
NONCURRENT LIABILITIES		
Net Unfunded Priest Other Postretirement Employee Benefits Liability	8,198,119	10,416,801
Net Unfunded Priest Pension Liability	2,239,311	10,599,873
Other Noncurrent Liabilities	397,225	835,337
Total Noncurrent Liabilities	10,834,655	21,852,011
Total Liabilities	37,743,102	54,030,739
NET ASSETS		
Without donor restrictions	23,017,400	422,119
With donor restrictions:		
To be spent for specific purpose	44,186,190	33,536,444
Maintained in perpetuity	7,757,640	7,627,273
Total Net Assets	74,961,230	41,585,836
Total Liabilities and Net Assets	\$ 112,704,332	\$ 95,616,575



Statements of Financial Position

Current assets decreased \$5.7 million as of June 30, 2021, when compared to the prior year. Pledges receivable decreased \$4.9 million as the *Living Our Mission* campaign nears the end of its pledge redemption phase. Accounts receivable declined \$1.2 million, due in part to COVID relief grants to certain parishes from the Diocese which were used to pay past due bills. Noncurrent assets increased \$22.8 million primarily due to appreciation in investments and endowments which are part of a diversified, Catholic-screened portfolio of stocks and bond managed by the Catholic Community Foundation. The asset allocation has been weighted heavier in stocks which contributed to the overall portfolio's one-year return of over 31 percent.

Current liabilities decreased \$5.3 million as the payable to parishes for *Living Our Mission* declined as indicated above. Noncurrent liabilities declined \$11.0 million due to favorable investment returns and actuarial gains in the retirement obligations for diocesan priests. The accrual of \$6.3 million for the Independent Reconciliation Program settlements to victim survivors was converted to a note payable as the settlements were paid, causing the increase in notes payable.



Changes in Net Assets

During the year ended June 30, 2021, net assets increased from a variety of reasons including the extraordinarily positive investment environment / recovery, a beginning of the recovery in parish contributions which allowed the parishes to fund a full year's amounts for insurances and other assessments, the forgiveness of the Payroll Protection Program loan, extraordinary contributions, and lower operating expenses. In the prior year, expenses exceeded revenues by \$13.9 million, dropping last year's total net assets to \$41.6 million. Net assets ended this year at \$75.0 million, a marked improvement.

See the Statements of Activities for a further explanation in the Changes in Net Assets.

For questions regarding the 2021 Catholic Diocese of Richmond Annual Report, 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.

Statements of Activities

Total revenue increased \$26.8 million due to a myriad of reasons. All areas of revenue increased with the exception of Contributions from Elderly Housing Facilities whose operations were negatively impacted by the pandemic. Investment income was higher by \$17.8 million, contributions, including campaigns, increased by \$3.1 million, and the PPP loan forgiveness added \$2.0 million. Assessments to the parishes were temporarily suspended last year. Since the suspension of these assessments was lifted, revenue from parish assessments increased \$3.1 million year-over-year.

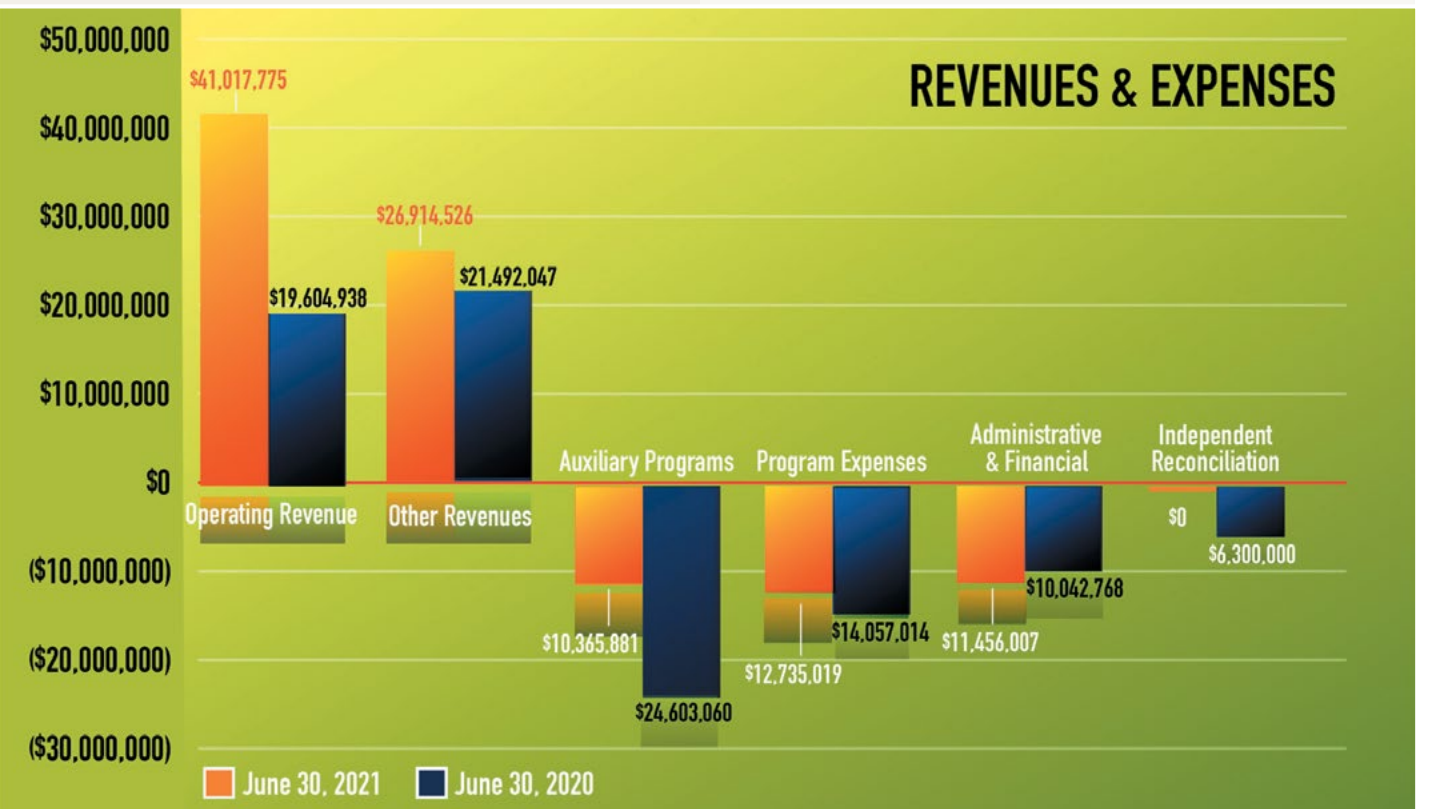
In light of the uncertainty related to the economy, a conservative approach was taken when planning the operating budgets for the year and where possible costs were trimmed in a number of program, administrative, and financial services areas. Program expenses were lower by \$1.3 million year-over-year. These measures also contributed to the positive results for the year in addition to the favorable investment environment and positive actuarial results in the Priests Pension and Priests Other Postretirement Health Obligations Fund this year, resulting in a \$10.6 million gain being recognized.

Despite these positive results, and even with surplus of \$2.8 million in the Property & Casualty Insurance Fund, this Fund has a \$1.8 million negative net asset balance. It will require additional time to replenish the Property & Casualty Insurance Fund from the \$7.0 million deficit incurred in the year ended June 30, 2020, due to settlements through the Independent Reconciliation Program; and additional expenses and lower revenues related to the COVID-19 pandemic that impacted this Fund. (See Page 35 of the Audited Financial Statements on the diocese's website at <https://richmonddiocese.org/office/office-of-finance/> for a full report on all the funds' net asset balances.)

STATEMENTS OF ACTIVITIES

	JUNE 30, 2021	JUNE 30, 2020
OPERATING REVENUES		
Diocesan Assessments	\$ 9,814,998	\$ 9,105,597
Contributions and Collections	4,335,086	2,242,541
Contributions from Elderly Housing Facilities	3,938,514	4,150,000
Other Income	2,594,043	1,022,154
Program and Fee Revenue	1,546,934	2,080,444
Investment Income	18,788,200	1,004,202
Total Operating Revenues	41,017,775	19,604,938
OTHER REVENUES		
Insurance Assessments	15,412,177	13,625,275
Campaign Contributions, Net	4,987,890	3,966,821
Tuition Assistance Assessments	4,515,459	3,899,951
Payroll Protection Program Loan Forgiveness	1,999,000	-
Total Other Revenues	26,914,526	21,492,047
Total Revenues	67,932,301	41,096,985
AUXILIARY PROGRAMS AND SERVICES		
Insurance Expenses	16,070,475	13,898,533
Tuition Assistance Program	3,961,115	4,349,040
Change in Unfunded Priest Pension Liability	(8,360,562)	3,066,450
Change in Unfunded Priest Other Postretirement Health Obligations	(2,218,682)	1,921,437
Campaign Case Distributions	913,535	1,367,600
Total Auxiliary Programs and Services	10,365,881	24,603,060
PROGRAM EXPENSES*	12,735,019	14,057,014
ADMINISTRATIVE AND FINANCIAL SERVICES*	11,456,007	10,042,768
INDEPENDENT RECONCILIATION PROGRAM	-	6,300,000
Total Expenses	34,556,907	55,002,842
CHANGE IN NET ASSETS	33,375,394	(13,905,857)
Net Assets - Beginning of Year	41,585,836	55,491,693
NET ASSETS - END OF YEAR	\$ 74,961,230	\$ 41,585,836

*Please see page AR-8 for further detail



PROGRAM EXPENSES

	JUNE 30, 2021	JUNE 30, 2020
OFFICES OF BISHOP AND VICARS		
Bishop's Office	\$ 276,328	\$ 385,241
Vicar General	207,620	255,572
Vicar for Clergy	171,723	166,645
Total Offices of Bishop and Vicars	655,671	807,458
PASTORAL MINISTRIES		
Support for Priests:		
Diocesan support for priests	959,428	960,825
International priests enculturation and mentorship	599,145	703,062
Priests long-term care	529,397	532,826
Priest auto fund grants	288,649	600,556
Retired priests health care and support	256,740	260,268
Priests convocation and formation	3,031	73,069
Vocations	1,312,286	1,356,285
Cemeteries	744,733	648,856
Custodial Fund Contributions	492,994	364,469
Tribunal and Chancellor's Office	472,349	557,286
Retreat Centers	236,411	278,072
Education Endowment Contributions	171,742	165,341
Permanent Diaconate	146,235	154,330
Diocesan Theologian, Worship, Priests Council and Other	136,072	138,772
Diocese of Richmond Housing Corporation	55,896	41,586
Total Pastoral Ministries	6,405,108	6,835,603
CATHOLIC EDUCATION MINISTRIES		
Office of Catholic Schools	846,173	877,100
Christian Formation	510,369	645,616
Total Catholic Education Ministries	1,356,542	1,522,716
SOCIAL AND CULTURAL MINISTRIES		
Social Ministries	421,368	309,129
Fuel and Hunger Fund	402,922	325,200
Home Missions Program	288,222	10,000
Ethnic Ministries	263,854	464,804
Total Social and Cultural Ministries	1,376,366	1,109,133
OFFICE FOR EVANGELIZATION		
Campus field operations	1,227,516	1,379,040
Administration and cross-office programs	353,008	407,130
Marriage and Family	97,259	189,683
Campus programs and events	32,434	114,326
Youth programs and events	30,122	540,580
Young Adult programs and events	1,403	15,883
Total Office for Evangelization	1,741,742	2,646,642
COMMUNICATIONS		
Catholic Virginian	819,383	820,820
Office of Communications	380,207	314,642
Total Communications	1,199,590	1,135,462
TOTAL PROGRAM EXPENSES	\$ 12,735,019	\$ 14,057,014
ADMINISTRATIVE AND FINANCIAL SERVICES		
Finance and Real Estate	\$ 1,313,338	\$ 1,301,576
Development	1,155,276	1,167,416
Depreciation	988,892	1,088,132
Information Technology	906,521	929,376
Human Resources	960,175	897,690
Professional fees and general administration	1,424,593	722,754
Facility operations, repairs and maintenance	567,473	612,919
Payroll Processing	485,267	508,146
Plant Fund	506,099	472,652
Annual Diocesan Appeal	497,838	465,054
USCCB and Virginia Catholic Conference Dues	281,836	441,354
Interest Expense	420,065	358,642
Bad debt expense	1,265,070	228,399
Living Our Mission	91,652	199,011
Archives and Museum	111,422	196,298
ParishSoft Accounting	182,480	176,890
Copy Services	115,405	146,495
Bicentennial Celebration	182,605	129,964
TOTAL ADMIN & FINANCIAL SERVICES	\$ 11,456,007	\$ 10,042,768

The World Stopped But the Word Continued
A sampling of some of this past fiscal year's events

500 Years of Christianity in the Philippines



Eucharistic Congress



Pastoral Day of Service



Opening Day of Catholic Schools



Easter Vigil



Priest Ordination

