

DIOCESE OF
RICHMOND
ANNUAL REPORT
JUNE 30, 2022



2022

WE JOURNEY TOGETHER

November 28, 2022

A Message from Bishop Knestout

Dear Brothers and Sisters in Christ,

Earlier this year, parishioners, members of Catholic organizations and advisory councils in the Diocese of Richmond participated in synod listening sessions called for by Pope Francis as preparation for the 2023 World Synod of Bishops. These gatherings were opportunities for us to come together in prayer and to intentionally listen to each other about our concerns and hopes for the mission of the Church.

This is not merely a program, but the start of an ongoing process of discernment and engagement for our Church — locally and universally — with the purpose of deepening our communion with God and each other.

It is this communion that allows us to remain people of faith, hope and charity during unsettled times, including those that are the result of the geopolitical environment in which we live, the shortage of raw materials, supply line disruptions and the highest inflation in more than 40 years.

This economic uncertainty has impacted diocesan financial results, and this year's financial statements reflect sizable investment losses. While these losses lower our investment balances, we continually work to manage our operating budgets in a conservative manner so our ability to serve God's people through our programs and ministries may remain strong.

Many parishes have reported an increase in offertory. Although some parishes have experienced declines, as a group, offertory in our parishes improved by 7.5% during the recent year. The Annual Diocesan Appeal continues to be the recipient of generous gifts from many committed members of the community and is on track to match or even exceed last year's campaign.

Your contributions allow the diocese and parishes to fulfill their respective missions to serve. Coupled with your gifts of time and talent, your stewardship is integral to the communion of the Church, which is a hallmark of our faith communities.

The Eucharist we celebrate and receive — the source and summit of our faith — is at the core of our Christian life. During the coming 18 months, we, along with the other dioceses of the United States, through prayer, teaching and local activities, will foster a Eucharistic Revival. This revival will refocus us on the Real Presence of Jesus, with us in word and sacrament, and remind us to continue our witness of the Gospel in the face of the challenges our world presents. When we are nourished by the Bread of Life, we are fortified to be more Christ-like, giving us the strength to live our baptismal call to holiness.

Thank you for the support you give to your parish, our diocese and to the Church. Let us continue to grow in communion with the members of the Church through our communion with Christ in the reception of the Eucharist.

Most Reverend Barry C. Knestout
Bishop of Richmond



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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.

STEPPING FORWARD



The future of our students is at the heart of the Learn to Lead campaign, which is an investment in their futures as leaders and servants of God and community.

Learn to Lead:

The Learn to Lead Campaign is the first-ever campaign in the Diocese of Richmond dedicated solely to strengthening the ability of Catholic schools to serve families and educate students. Begun in fiscal year 2021-2022, initial gifts already show great promise that the \$30 million overall goal is on track to be surpassed. As of June 30, 2022, \$13.1 million had been pledged or already received, including a \$1 million planned gift. Donors throughout the Diocese of Richmond can designate their gifts to benefit a particular school or direct their giving to one of the overarching priorities such as scholarship aid. Learn more at www.learnleadcampaign.org.

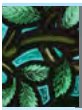
Annual Appeal 2022:

Every year, the aim of the Annual Diocesan Appeal is to fund critical ministries and programs that have an impact for today and for years to come. The 2022 Appeal has a nearly \$4 million target and as of November 8, 2022, has raised \$4.6 million with two-thirds of parishes exceeding their goal. When the lay faithful contribute to the Appeal, they are sharing their gifts with those in their local community as well as those they may not ever see. The Case for Support has three main initiatives: Empowering the Next Generation, Providing for Those in Need, and Strengthening Catholic Communities. Some examples of funding priorities include the Fuel & Hunger Fund, Seminarian Education, Home Mission Grants, Campus Ministries, and many other essential programs.

2022 LEMI Commissioning



\$639,000	\$1,360,000	\$1,507,000	\$475,000
EMPOWERING THE NEXT GENERATION Seminarian Education \$400,000 Campus Ministries \$145,000 Segura Educational Initiative for Children \$94,000	PROVIDING FOR THOSE IN NEED (Partial List) Fuel and Hunger Fund \$500,000 Pastoral Support \$350,000 Retired Priests \$300,000 Saint Francis Home \$100,000	STRENGTHENING CATHOLIC COMMUNITIES (Partial List) Parish Sharing \$1,052,000 International Priests \$260,000 Lay Leadership and LEMI \$140,000	BUILDING AN EFFECTIVE ANNUAL APPEAL The 2022 Appeal administrative costs represent a decrease from the 2021 Appeal, meaning more of the funds raised for the Appeal will go to the Case for Support ministries.



RESTORATION

Basilica of Saint Mary, Norfolk:

The Basilica of Saint Mary of the Immaculate Conception in Norfolk underwent both structural and cosmetic changes, such as a new floor, restoration of stained-glass windows, roof repairs and new pews arranged to give the church a central aisle. Bishop Knestout celebrated Mass on Sept. 26, 2021, to consecrate the new altar after the success of the \$6.7 million project that commenced over four years ago. Nearly 400 people attended the celebration.



\$6.7 million



Saint Andrew, Roanoke:

Saint Andrew in Roanoke completed a seven-year, \$7.7 million restoration project, which was funded by donations from parishioners and others in the area. The nearly 120-year-old building was given new steeples, a repaired roof, new baptismal font, as well as general cosmetic improvements. The statewide organization Preservation Virginia honored St. Andrew with the Gabriella Page Preservation Award for Outstanding Preservation Project, remarking on the dedication of the restoration effort as well as the importance of preserving religious sites for communities past, present and future.

\$7.7 million

Our Lady of the Blessed Sacrament, West Point:

Parishioners of Our Lady of the Blessed Sacrament in West Point raised \$386,000 in only three months for the *Our Hope, Our Home, Our Lady* capital campaign to preserve the church's buildings. Established by Polish immigrants in 1918, Our Lady of the Blessed Sacrament continues to serve their descendants as well as growing Anglo, Hispanic and Vietnamese communities. The generosity of those in every cultural group that call the parish home will allow for repairs to the church's three buildings, including repairing water damage, a new roof, restoring the masonry stairs and walkway and new doors to the classroom wing.

\$386,000



Church of the Visitation, Topping:

A \$1.6 million addition at the Church of the Visitation in Topping has given the mission church a separate worship area. Previously, the parish had used the multipurpose space for liturgy as well as social events. Now, the addition includes a confessional, 14 stained glass windows, pews and kneelers, a baptismal font and altar constructed by parishioners, and a tabernacle previously used by the Little Sisters of the Poor in Richmond.

\$1.6 million

SERVING THE VULNERABLE

Crisis Pregnancies:

To journey with those on the peripheries, individuals and organizations across the diocese have dedicated themselves to life-affirming causes, especially regarding women facing crisis pregnancies.

Mary's Choice RVA, an organization devoted to housing and supporting mothers with unplanned pregnancies, first began its planning in 2019, with fundraising efforts continuing today. This is the only pro-

gram of its kind in the Richmond area, giving a mother and her child a place to stay for up to four years along with an array of other services.

Commonwealth Catholic Charities (CCC) developed the Seton Housing program, which helps mothers facing homelessness find housing and provides access to counseling, employment training and nutrition assistance. With the pilot announced in May 2021, the program has secured funding and housing for mothers in Richmond and Roanoke with plans to expand across the rest of CCC's territory.

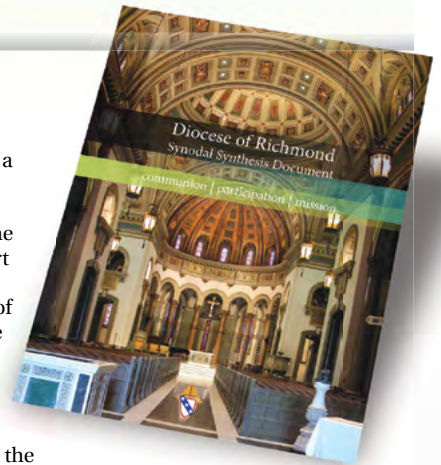


Cristo Rey:

In 2013, Benedictine College Preparatory relocated from the Museum District of Richmond to the Benedictine Abbey campus. This allowed the Diocese of Richmond to purchase the Museum District property. On May 20, 2022, the diocese closed on the sale of this property to Cristo Rey for \$6.8 million. This rigorous college preparatory Catholic high school educates young people of limited economic means with an integrated work study experience and will see its first senior class graduate in 2023.

Synod Report:

The Synod on Synodality began with a solemn opening in Rome on Oct. 9 and 10, 2021, with Bishop Knestout celebrating the Mass for the opening of the Synod at the Cathedral of the Sacred Heart on Sunday, Oct. 17, 2021. The synodal process will close in 2023 after two years of listening and dialogue globally, with three prominent themes in our diocese: Communion, Discussion and Dialogue, and Participation and Mission. The Synodal Synthesis Document published feedback gathered in listening sessions at the parish and diocesan levels, with 89% of parishes participating in the synodal process. The full synthesis report is available in English and Spanish at richmonddiocese.org



Opening Mass of Synod

Portsmouth Catholic Regional School Shoe Drive:

Middle school students at Portsmouth Catholic Regional School participated in a service project collecting shoes for an orphanage in Hinche, Haiti. The project collected more than 300 pairs of shoes, which were given to the Maison Fortune Orphanage Foundation to distribute. The service project provided students an opportunity to journey with others and make the physical journeying safer and more comfortable for those less fortunate.



STATEMENTS OF FINANCIAL POSITION

ASSETS

	JUNE 30, 2022	JUNE 30, 2021
CURRENT ASSETS		
Cash and Cash Equivalents	\$ 901,190	\$ 882,063
Short-Term Investments	4,430,680	3,906,350
Accounts Receivable	3,224,178	4,130,821
Pledges Receivable - Current Portion, Net	1,541,810	772,342
Prepaid Expenses and Other Current Assets	1,352,749	1,146,185
Total Current Assets	11,450,607	10,837,761
NONCURRENT ASSETS		
Investments	69,680,773	80,764,690
Notes Receivable	6,809,691	-
Pledges Receivable - Non Current Portion, Net	2,384,977	553,559
Other Noncurrent Assets	1,021,843	744,395
Land, Buildings and Equipment, Less Accumulated Depreciation	10,579,800	19,461,802
Total Noncurrent Assets	90,477,084	101,524,446
Total Assets	\$ 101,927,691	\$ 112,362,207

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES

Accounts Payable and Accrued Expenses	\$ 3,401,109	\$ 4,014,111
Notes Payable	15,217,642	19,128,730
Other Current Liabilities	2,786,950	2,861,626
Parish Share Liability	1,555,390	903,980
Total Current Liabilities	22,961,091	26,908,447

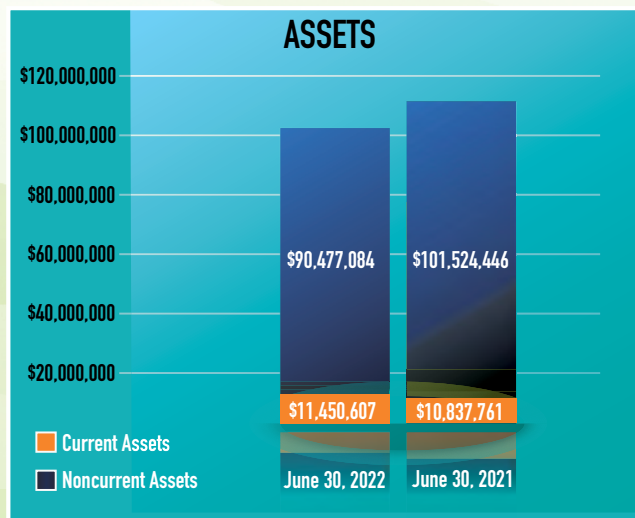
NONCURRENT LIABILITIES

Net Unfunded Priest Other Postretirement Employee Benefits Liability	7,124,991	8,198,119
Net Unfunded Priest Pension Liability	2,724,093	2,239,311
Other Noncurrent Liabilities	32,162	55,100
Total Noncurrent Liabilities	9,881,246	10,492,530

Total Liabilities	32,842,337	37,400,977
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NET ASSETS

Without donor restrictions	22,173,902	23,017,400
With donor restrictions:		
To be spent for specific purpose	39,284,079	44,186,190
Maintained in perpetuity	7,627,373	7,757,640
Total Net Assets	69,085,354	74,961,230
Total Liabilities and Net Assets	\$ 101,927,691	\$ 112,362,207



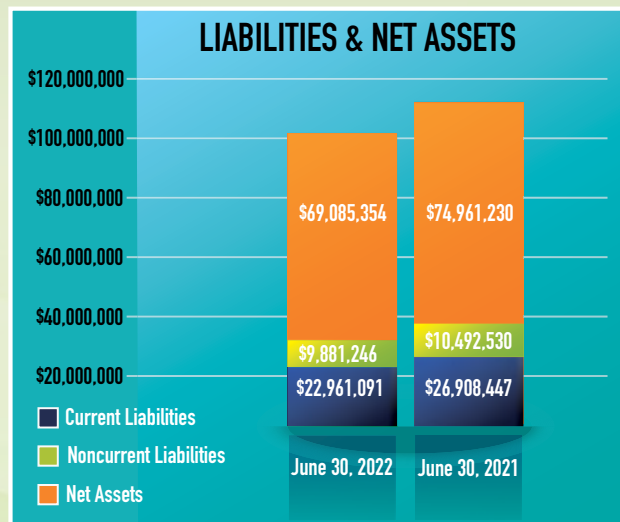
Statements of Financial Position

The Catholic Diocese of Richmond's financial position was impacted by four notable items in addition to ordinary operations. Volatility in the financial markets impacted investments and not surprisingly, the long-term investments declined 12.4% for the twelve months ended June 30, 2022, lowering the noncurrent investments by \$11.1 million to \$69.7 million as of the end of the year. When evaluating investment performance, it is necessary to consider the performance over different periods of time. The diocese's long-term investments returned 31.7% for the twelve months ended June 30, 2021, and despite this year's declines, noncurrent investments are \$8.0 million higher as compared to two years ago.

Two significant real estate transactions closed during the year, the sale of the former Benedictine College Prep High School property to Cristo Rey Richmond and the sale of the former Holy Cross Regional School to a developer in Lynchburg, VA. As a result, Land and Buildings are lower by nearly \$9 million, a new \$6.8 million note receivable was given to Cristo Rey in the owner-financed deal, and \$3.5 million in Holy Cross School debt was paid with the proceeds generated by the sale.

The *Learn to Lead Campaign* for Catholic Schools is just underway, and the diocese's financial statements reflect \$3.9 million in pledges receivable primarily from this new effort to secure new financial resources for Catholic schools.

The diocese did see one positive impact from the aforementioned volatility in the financial markets related to higher interest rates which had the effect of lowering the obligation for Priest Other Postretirement Benefits by nearly \$1.1 million.



Changes in Net Assets

The effect of the notable items mentioned above combined with the normal operations resulted in net assets of \$69.1 million as compared to \$75.0 million in the prior year.

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

For questions regarding the 2022 Catholic Diocese of Richmond Annual Report, contact the Diocesan Finance Office located at the Pastoral Center at (804) 359-5661.

Statements of Activities

Investment losses of \$9.0 million during the year lowered total operating revenue to \$10.9 million, versus the prior year's operating revenue of \$41.0 million which included an extraordinary \$18.9 million of investment income. Broader economic conditions and the geopolitical environment have created headwinds in the financial markets. This year's investment losses are only giving back a portion of the investment gains in the previous year. Taking into consideration the recent losses, the investment portfolio continues to have a 6.6% annualized average return on a five-year basis as of June 30, 2022.

Campaign contributions of \$8.9 million reflect contributions to the *Learn to Lead Campaign* as it gets underway. Other revenue and expense line items remained mostly consistent on a year-over-year basis with the exception of the Office for Evangelization which saw an increase in activity as programs began to return to pre-pandemic levels. Administrative and Financial Services were lower by 10.9% for numerous reasons, including lower bad debt expense as a larger provision was made in the prior year related to the wrap up of the pledge redemption period for the *Living Our Mission Campaign* and lower legal and professional fees.

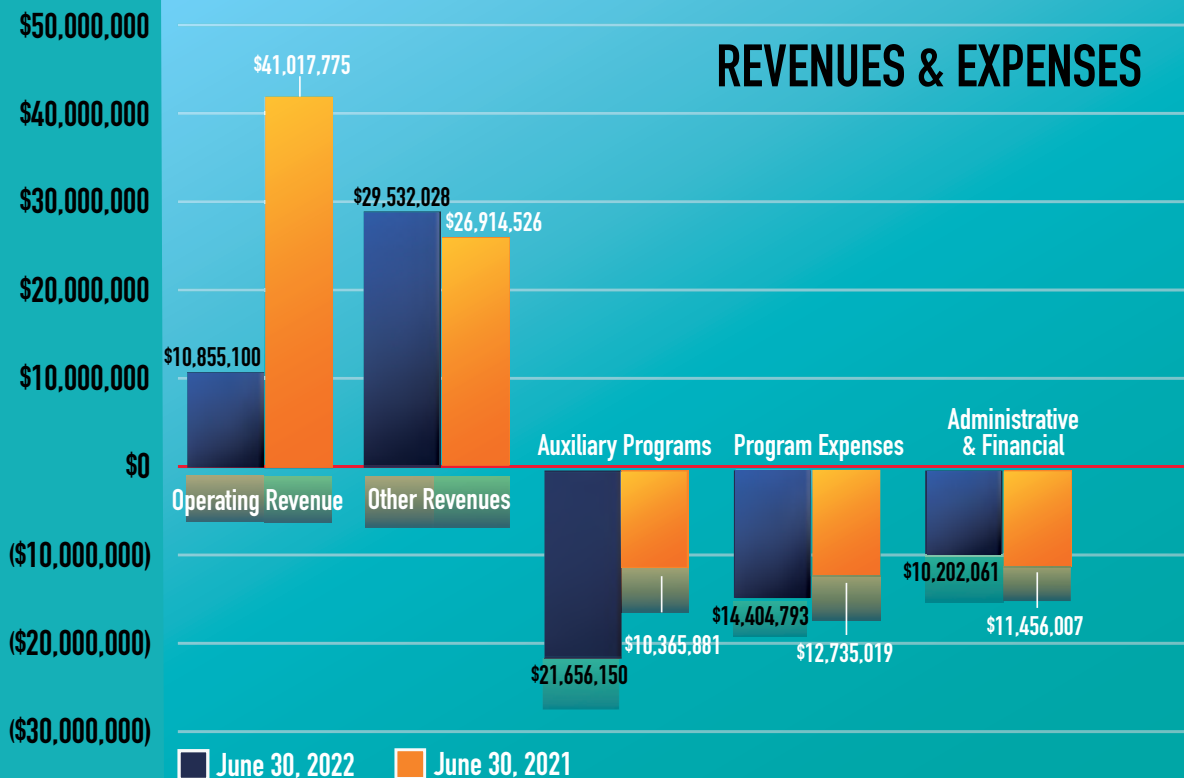
Large gains were recognized during the prior year, the year ended June 30, 2021, in the Priest Pension and Other Postretirement Health Obligations. Higher interest rates as of June 30, 2022, resulted in another \$1.1 million gain in Priest Other Postretirement Health Obligations.

(See the complete audited financial statements on the diocesan website at www.richmonddiocese.org/office/office-of-finance/ for a more detailed report and explanation of all activities.)

STATEMENTS OF ACTIVITIES

	JUNE 30, 2022	JUNE 30, 2021
OPERATING REVENUES		
Diocesan Assessments	\$ 10,129,656	\$ 9,814,998
Contributions and Collections	2,103,825	4,335,086
Contributions from Elderly Housing Facilities	3,597,000	3,938,514
Other Income	1,753,470	2,594,043
Program and Fee Revenue	2,231,008	1,546,934
Investment Income	<u>(8,959,859)</u>	<u>18,788,200</u>
Total Operating Revenues	10,855,100	41,017,775
OTHER REVENUES		
Insurance Assessments	15,847,198	15,412,177
Campaign Contributions, Net	8,916,798	4,987,890
Tuition Assistance Assessments	4,768,032	4,515,459
Payroll Protection Program Loan Forgiveness	-	1,999,000
Total Other Revenues	<u>29,532,028</u>	<u>26,914,526</u>
Total Revenues	<u>40,387,128</u>	<u>67,932,301</u>
AUXILIARY PROGRAMS AND SERVICES		
Insurance Expenses	14,708,232	16,070,475
Tuition Assistance Program	4,527,046	3,961,115
Change in Unfunded Priest Pension Liability	484,782	(8,360,562)
Change in Unfunded Priest Other Postretirement Health Obligations	(1,073,128)	(2,218,682)
Campaign Case Distributions	<u>3,009,218</u>	<u>913,535</u>
Total Auxiliary Programs and Services	21,656,150	10,365,881
PROGRAM EXPENSES*	14,404,793	12,735,019
ADMINISTRATIVE AND FINANCIAL SERVICES*	10,202,061	11,456,007
Total Expenses	<u>46,263,004</u>	<u>34,556,907</u>
CHANGE IN NET ASSETS	(5,875,876)	33,375,394
Net Assets – Beginning of Year	<u>74,961,230</u>	<u>41,585,836</u>
NET ASSETS – END OF YEAR	<u>\$ 69,085,354</u>	<u>\$ 74,961,230</u>

*Please see page AR-8 for further detail



PROGRAM EXPENSES

JUNE 30, 2022 JUNE 30, 2021

OFFICES OF BISHOP AND VICARS

Bishop's Office	\$ 318,743	\$ 276,328
Vicar General	189,662	207,620
Vicar for Clergy	270,132	171,723
Total Offices of Bishop and Vicars	778,537	655,671

PASTORAL MINISTRIES

Support for Priests:

International priests enculturation and mentorship	897,840	599,145
Diocesan support for priests	804,997	959,428
Priest auto fund grants	572,224	288,649
Priests long-term care	549,693	529,397
Retired priests health care and support	253,253	256,740
Priests convocation and formation	92,514	3,031
Vocations	1,582,720	1,312,286
Cemeteries	782,467	744,733
Tribunal and Chancellor's Office	433,640	472,349
Custodial Fund Contributions	336,773	492,994
Permanent Diaconate	213,546	146,235
Education Endowment Contributions	169,801	171,742
Retreat Centers	166,130	236,411
Diocesan Theologian, Worship, and Other	102,693	136,072
Diocese of Richmond Housing Corporation	32,876	55,896
Total Pastoral Ministries	6,991,167	6,405,108

CATHOLIC EDUCATION MINISTRIES

Office of Catholic Schools	853,914	846,173
Christian Formation	614,157	510,369
Total Catholic Education Ministries	1,468,071	1,356,542

SOCIAL AND CULTURAL MINISTRIES

Social Ministries	590,977	421,368
Fuel and Hunger Fund	519,328	402,922
Ethnic Ministries	204,829	263,854
Home Missions Program	155,106	288,222
Total Social and Cultural Ministries	1,470,240	1,376,366

OFFICE FOR EVANGELIZATION

Campus field operations	1,463,310	1,227,516
Administration and cross-office programs	509,730	353,008
Youth programs and events	391,981	30,122
Campus programs and events	146,233	32,434
Marriage and Family	63,960	97,259
Young Adult programs and events	21,002	1,403
Total Office for Evangelization	2,596,216	1,741,742

COMMUNICATIONS

Catholic Virginian	783,070	819,383
Office of Communications	317,492	380,207
Total Communications	1,100,562	1,199,590

TOTAL PROGRAM EXPENSES

\$ 14,404,793 \$ 12,735,019

ADMINISTRATIVE AND FINANCIAL SERVICES

Finance, Real Estate and Risk Management	\$ 1,294,601	\$ 1,313,338
Catholic Community Foundation (Development)	1,141,279	1,155,276
Human Resources	1,048,419	960,175
Information Technology	953,543	906,521
Professional fees and general administration	866,273	1,424,593
Depreciation	833,655	988,892
Facility operations, repairs and maintenance	625,377	567,473
Annual Diocesan Appeal	609,047	497,838
Payroll Processing	485,326	485,267
Learn to Lead/Living Our Mission	439,569	91,652
Interest Expense	407,641	420,065
USCCB and Virginia Catholic Conference Dues	380,866	281,836
Bad debt expense	355,851	1,265,070
Plant Fund Administration of Properties	323,213	506,099
ParishSoft Accounting Fees	195,354	182,480
Copy Services	132,064	115,405
Archives and Museum	109,983	111,422
Bicentennial Celebration	-	182,605

TOTAL ADMIN & FINANCIAL SERVICES

\$ 10,202,061 \$ 11,456,007

A Year in Highlights

Heralds of Faith



Permanent Diaconate Ordination



Feast of Corpus Christi



Dedication of St. Joseph



Priest Ordination



Prayer Service for Haiti

