



The Catholic Key

December 6, 2019

One Family: RESTORED IN CHRIST - EQUIPPED FOR MISSION

Vol. 51 No. 24

Giving thanks as One Family

Dear Brothers and Sisters in Christ,

Our annual Diocesan Financial Report is included in this issue of The Catholic Key. I appreciate this opportunity, along with our Diocesan Finance Officer, Dave Malanowski, to share directly with you details of our financial stewardship of the resources provided by your donations and other gifts supporting the work, ministry and mission of the Church given us by Jesus Christ.



Your gifts, sacrificial offerings and tithes enable our diocese to sustain and appropriately grow the offices and ministries that also support and enable our parishes, schools and other institutions to be all they are meant to be.

The life and growth of the Church in northern and western Missouri form our identity together as a family. This issue of the Key, for example, highlights a few examples of those who come together to carry out the mission and work of our local Church.

Additionally, because of these financial gifts, together we are also able to specifically fund certain corporal and spiritual works of mercy through grants and other means of reaching specific ministries in need. All these actions combined enable me to more fully and directly fulfill my office as your shepherd as we follow Jesus as missionary disciples.

This past year we received the valuable feedback of the listening groups of our Visioning Process and articulated a Mutually Shared Vision, our new pastoral plan, to guide our efforts these next several years. We are also in the final months of our Holy Year of Renewal whereby in our communal prayer we are spiritually preparing our hearts for the mission ahead. In my travels throughout the cities, towns, and all the corners of our diocese, I continue to see the rich blessings God showers upon us as well as our Catholic faith expressed in you, His children. Sacraments continue to be celebrated with faith and joy; teaching, sharing and handing on the faith to both our young and not-so-young continues in so many beautiful ways; works of Christian charity and mercy are extended in hope. We are blessed indeed.

Our 2020 Annual Catholic Appeal is underway and your contribution remains essential to the mission and ministry of the Church. Your participation at some level is itself an expression of faith.

In this Advent season in which we pray Maranatha—"Come Lord Jesus"—and prepare our hearts for the awesome gift of Incarnation and the birth of our Savior at Christmas, I offer my own thanks for your belief and faith, for your witness to your baptism, for your generous heart. Thank you for sharing your generosity in giving back to God from the various blessings God has given you; for indeed, "the Love of Christ urges us on!" (2 Cor 5:14).

Gratefully yours in Christ,

+ James V. Johnston, Jr.



BISHOP'S REPORT 2019

Financial Report for 2018-2019

Our Diocese is committed to the proper stewardship of and accountability for the financial resources of the Diocese. Therefore, we continue our practice of disclosure and transparency, and present the financial status and activity of the three major components of the administration of the Diocese for the 2018/19 fiscal year ending June 30. The information in this report is for:

1. The Diocesan Chancery Operation (DCO) - represents administrative functions, ministries and programs which are operated at the Catholic Chancery (at the Historic New York Life Building), as well as our campus ministry locations.
2. The Diocesan Deposit and Loan Fund (DLF) - is a segregated trust (overseen by a seven-member Board of Trustees) and holds the deposits of parishes and schools 'in trust' primarily to make loans to parishes and schools for new construction and major renovation.
3. The Diocesan Insurance Operation (DIO) - includes the Diocesan self-insurance fund for property and casualty and the lay and clergy benefit programs.



Dave Malanowski

included a budgeted \$350,000 transfer of net interest income from the Deposit and Loan Fund approved by the Trustees of the Deposit and Loan Fund. This amount was \$400,000 in 2017/18.

Fiscal Year 2018/19 was the seventh year of the special collection for seminarian education and vocations called "Tomorrow's Priests". This collection realized \$140,548. The continued generous support of this collection speaks to the recognition by the Diocesan Faithful of the importance of priestly vocation awareness and development and the cost of seminarian education (undergraduate and theology programs).

All offices, departments and programs did a reasonable and effective job in adhering to approved budgets.

Parish/School Accounts Receivable (what is owed to the DCO) decreased by \$46,000 to \$2.71 million. These are amounts that parish, schools, Catholic Cemeteries and Catholic Charities owe to the DCO for certain, normal monthly bills (the Diocesan Cathedral Assessment, employee benefits, property and casualty insurance premiums, school per pupil assessment, etc.). The increase was a comparison of 10/14/19 to the previous year 10/14/18, a comparison which provides the Diocesan Finance Council with the most current information available when meeting in October. The receivable amount can be an important and effective gauge of parish or school financial health.

Diocesan Deposit and Loan Fund (DLF)

The Board of Trustees of the Deposit and Loan Fund approved the Fund's audit on October 31, 2019. The audit of this Fund, like the DCO, was performed by RSM US and received a "clean opinion" from our auditors and represents a successful second full year of operation as a separate trust. The Statement of Financial Position (as presented in this article) shows a healthy DLF, with \$47.0 million in assets, of which \$29.2 million are held in investments. These investments would handle prospective withdrawals and loans. Net Assets totaled \$4.1 million. The line graph contained in this article shows the level of parish loans and deposits over the last five years. Loaning activity increased with the completion of Holy Family's beautiful new church, the near completion (at 6/30/19) of St. James' (Liberty) equally beautiful new church, and the near completion of a significant roof repair and church renovation at St. James in St. Joseph. Thus, total loans receivable (parishes and schools) increased from \$12.5 million to

\$16.7 million. The amount of net deposits at 6/30/18 and internal projections of deposits, withdrawals, loans and principal paybacks (out to end of 2020) indicate adequate capacity to handle anticipated loans and withdrawals in the near term, particularly, taking into account current and upcoming construction or renovation projects being considered or in design.

Diocesan Insurance Operation (DIO)

The Diocesan Insurance Operation is reviewed by RSM US each year. A review includes applying analytical procedures to management's financial data and making inquiries of management. Thus, the scope is different and less than a full audit. The Diocesan Finance Council approved this review at its meeting on November 25th.

In January 1, 1975, the Diocese established a self-insurance program for property and casualty insurance coverages. Under this plan, the Diocesan Insurance Operation (DIO) self-insures the property and casualty coverages (except for boiler insurance, which is a deductible program) for all Diocesan parishes, schools, early childhood centers, Catholic Cemeteries Association, Catholic Charities of Kansas City-St. Joseph, and other diocesan institutions. The self-insurance programs provide coverage for buildings, machinery and equipment, boiler, workers' compensation, automobile, student accident, comprehensive general liability, fiduciary liability, professional liability, sexual misconduct liability and cyber liability. The program includes a limit on each claim payable by the DIO. Claims in excess of the self-insured retention are insured by licensed insurance carriers. Under the program, the DIO contracts for the administration of claims, appraisals, and loss control and prevention services. The Diocesan Insurance Office coordinates the placement of coverage, payment of claims and premiums with insurance companies and service providers.

Part of the administrative activity of the DIO is the Office of Child and Youth Protection, which oversees: a) compliance with the Charter for the Protection of Children and Young People, b) victims' services and counseling, c) safe environment training and education and d) investigations.

In addition to the property and casualty coverages, the Diocesan Benefits Office administers the clergy and lay employee benefit programs, which include pension, life insurance, short-term disability, long-term disability, health care insurance, voluntary dental care, voluntary supplemental life insurance, flexible spending accounts, health savings accounts, long-term care (clergy), and supplemental medical reimbursement (clergy). (Please note-the actual pension plans for the Diocesan priests and the lay employees are two individual, separate trusts overseen by two boards.)

Premiums for the self-insurance property and casualty coverages are based on an exposure basis for the specific line of coverage such as the appraised value of structures and contents for property coverage. Premiums are collected by the DIO and used to pay claims as they are incurred. Premiums for insured coverages are collected by the DIO from all entities of the Catholic Diocese of Kansas City-St. Joseph, Catholic Cemeteries Associated of Kansas City-St. Joseph, and Catholic Charities of Kansas City-St. Joseph.

The DIO Statement of Financial Position presented in this article shows net assets of <\$3.4 million>. This 'negative' net asset amount relates very directly, but not solely, to the \$9.9 million clergy sexual abuse settlement of 2014. The DIO had an operating surplus in 2018/19 of \$2.1 million, a fifth successive year of surplus. A plan, approved by the Diocesan Finance Council in January 2014, has enabled the net asset amount to increase by approximately \$12 million over the last 5 years. (The net asset figure in 2013/2014 was <\$15.0 million> and now is <\$3.4 million>.)

The presentation of this financial information represents the commitment of Bishop Johnston, our Diocesan Finance Council and the staff of the Diocesan Finance Office to report openly the sources of our funds and how these funds are used, along with a description of financial condition.

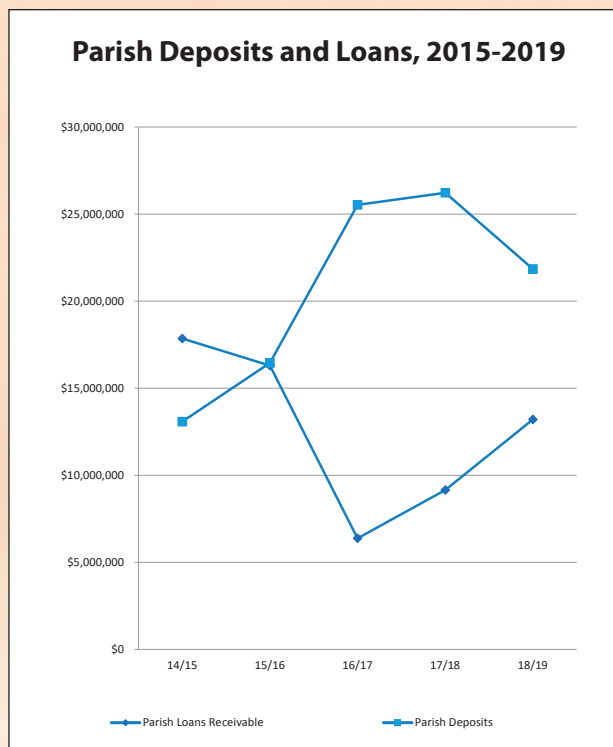
Diocesan Chancery Operations (DCO)

The financial information for the DCO is from the 2018/19 annual audit report prepared by the accounting firm RSM US. The audit resulted in a "clean opinion" meaning there were no qualifications and the financial statements "represent fairly, in all material respects, the financial position of the Catholic Diocese of Kansas City Chancery Operation as of June 30, 2019 and June 30, 2018, and ...are in accordance with the accounting principles generally accepted in the U.S.". In addition, the auditors indicated there were no internal control weaknesses identified within the scope of the audit. The Diocesan Finance Council reviewed and recommended approval of the audit at its October 28th meeting; recommendation was subsequently approved and accepted by Bishop Johnston.

As shown in the DCO's Statement of Financial Position presented in this article, Total Net Assets Without Donor Restrictions decreased by approximately \$898,000 to \$10.3 million. The Undesignated Portion of Net Assets Without Donor Restrictions decreased from \$1,421,000 to \$687,326. These decreases are due primarily to the recording of a loss (and increased liability) of \$596,378 related to the accrued benefit obligation for health care and long-term care for our retired priests. The actuarial loss component (\$222,000), in turn, was due to service cost, interest cost, premiums paid, changes in participant data, interest rate assumptions, industry trends, and new premiums for health and long-term care.

The DCO paid down the mortgage on the Catholic Center by \$127,240, ending the year with a mortgage balance of \$4.37 million (in the Plant Fund). The original mortgage on the Catholic Center in October 2010 was \$7 million.

From a pure "operations perspective" (looking at results in light of the DCO operating budget), the DCO ended with a surplus of \$653,000. Income associated with the Annual Catholic Appeal was \$1.85 million, which was a combination of 2018/19 pledges (\$1.80 million) and a small amount of additional 2017/18 pledges (\$51,000). This represents a decrease from the 2017/18 amount of \$2.12 million. Income



Catholic Diocese of Kansas City-St. Joseph CHANCERY OPERATION **Statement of Financial Position** Years ended June 30, 2019 and 2018

	Current	Plant	2019 Custodian	Endowment	Total	2018 Total
ASSETS						
Cash & Cash Equivalents	\$ 8,279,307	\$ 1,284,977	\$ 1,032,773	\$ 5,171,735	\$ 15,768,792	\$ 13,349,757
Loans & Accounts Receivable	4,011,785	-	16,520	1,230,113	5,258,418	6,831,529
Pledges Receivable-Annual Catholic Appeal	105,961	-	-	-	105,961	148,276
Land, Buildings & Equipment	1,023,794	9,192,216	-	-	10,216,010	10,404,534
Beneficial Interest in Others	-	-	-	626,558	626,558	624,679
Investments, At Market	-	-	-	2,951,716	2,951,716	3,065,855
Total Assets	\$ 13,420,847	\$ 10,477,193	\$ 1,049,293	\$ 9,980,122	\$ 34,927,455	\$ 34,424,630
LIABILITIES						
Accounts Payable	\$ 837,839	-	-	-	\$ 837,839	\$ 420,509
Notes Payable	-	4,372,712	-	-	4,372,712	4,499,952
Other Short Term Deposits	666,042	-	1,049,293	-	1,715,335	1,434,630
Annuities Payable	-	-	-	753,615	753,615	729,875
Long Term Deposits Payable:	-	-	-	-	-	-
Diocesan Insurance Reserves	262,491	-	-	-	262,491	145,023
Retired Priests Benefit Obligations	9,030,263	-	-	-	9,030,263	8,433,885
Deferred Revenue	162,814	-	-	-	162,814	407,104
Total Liabilities	\$ 10,959,449	4,372,712	\$ 1,049,293	753,615	17,135,069	16,070,978
NET ASSETS						
Without Donor Restriction						
Designated Funds	1,362,347	1,284,977	-	2,189,180	4,836,504	4,688,638
Designated for Annuities	-	-	-	(75,615)	(75,615)	174,847
Expended for Plant	-	4,819,504	-	-	4,819,504	4,880,788
Undesignated Reserves	687,326	-	-	-	687,326	1,421,476
Total Net Assets Without Donor Restrictions	2,049,673	6,104,481	-	2,113,565	10,267,719	11,165,749
With Donor Restriction:						
Other	411,725	-	-	-	411,725	268,271
Endowments	-	-	-	7,112,942	7,112,942	6,919,632
Total Net Assets with Donor Restrictions	411,725	-	-	7,112,942	7,524,667	7,187,903
Total Net Assets	2,461,398	6,104,481	-	9,226,507	17,792,386	18,353,652
Total Liabilities & Net Assets	\$ 13,420,847	\$ 10,477,193	\$ 1,049,293	\$ 9,980,122	\$ 34,927,455	\$ 34,424,630

Catholic Diocese of Kansas City-St. Joseph - DEPOSITS AND LOAN FUND

Statement of Financial Position, Years ended June 30, 2019 and 2018

	Endowment	2019 Deposit & Loan	Total	2018 Total
ASSETS				
Cash & Cash Equivalents	\$ -	\$ 1,078,159	\$ 1,078,159	\$ 2,729,247
Loans & Accounts Receivable	-	16,734,977	6,734,977	12,461,982
Investments	3,087,015	26,121,599	29,208,614	33,432,120
Total Assets	3,087,015	43,934,735	47,021,750	48,623,349
LIABILITIES				
Accounts Payable	\$ -	\$ 87,500	\$ 87,500	\$ -
Parish Deposits	-	21,850,521	21,850,521	26,223,578
School Deposits	-	2,173,168	2,173,168	2,432,042
Other Short Term Deposits	-	12,342,051	12,342,051	9,698,207
Long Term Deposits Payable:				
Cemetery Perpetual Care Funds	-	6,479,897	6,479,897	6,271,006
Total Liabilities	\$ -	\$ 42,933,137	\$ 42,933,137	\$ 44,624,833
NET ASSETS				
Without Donor Restrictions				
Designated Funds	1,547,972	-	1,547,972	1,547,972
Undesignated Funds	-	1,001,598	1,001,598	942,924
Total Net Assets Without Donor Restrictions	1,547,972	1,001,598	2,549,570	2,490,896
With Donor Restrictions				
Endowments	1,539,043	-	1,539,043	1,507,620
Total Net Assets With Donor Restrictions	1,539,043	-	1,539,043	1,507,620
Total Net Assets	3,087,015	1,001,598	4,088,613	3,998,516
Total Liabilities & Net Assets	\$ 3,087,015	\$ 43,934,735	\$ 47,021,750	\$ 48,623,349

**Catholic Diocese of Kansas City-St. Joseph
DIOCESAN INSURANCE OFFICE**

Statement of Financial Position, Years ended June 30, 2019 and 2018

	2019	2018
ASSETS		
Current Assets:		
Cash	\$ 40,190	\$ 70,511
Prepaid Premiums	290,640	368,224
Accounts receivable	126,897	137,345
Total current assets	457,727	576,080
Investments:		
Deposits with Catholic Diocese of Kansas City-St. Joseph	262,491	145,023
Investments, National Catholic Risk Retention Group Stock	1,693	1,693
	264,184	146,716
Total Assets	\$ 721,911	\$ 722,796
LIABILITIES		
Current Liabilities		
Auto premium reserve	\$ 101,299	\$ 107,223
Claims and expenses payable - Property & Casualty	1,670,548	1,374,962
Claims and expenses payable - Self Funded Health Insurance	685,832	479,336
Total Current Liabilities	2,457,679	1,961,521
Note Payable to Diocese	-	2,487,556
Claims Incurred But Not Reported	1,632,229	1,737,292
Total Long-term Liabilities	1,632,229	4,224,848
Net Assets Without Donor Restrictions	(3,367,997)	(5,463,573)
Total Liabilities & Net (Deficit)	\$ 721,911	\$ 722,796



Bishop James V. Johnston, Jr.

September 28 · 🌐

It may sound strange to ask, "What is the minimum I need to do as a Catholic Christian?"
But, it is an important thing to know the minimum standards so that we can at least rise to them, so we're not adrift without any standard at all.



Doing the Catholic Minimum - Diocese of Kansas City-St. Joseph

KCSJCATHOLIC.ORG

👍 Like 💬 Comment ➦ Share

👍❤️ Patrick Stoops and 58 others



Diocese KCSJ
@DioceseKCSJ



"I will do the work you entrust to me. While You command, I will fight beneath Your banner." St. Martin of Tours
[#SaintoftheDay](#)

💬 ↻️ ❤️ 📤

11 Nov 2019

2018/19 Financial Report cont.

The one-time loan from the DCO to the DIO made five years ago decreased by \$2.5 million in 2018/2019 from \$2.5 million to \$0 million; the loan is completely paid off. The Diocesan Finance Office and the DIO continue to follow the plan set forth by the Diocesan Finance Council.

Closing

In summary, as Diocesan Finance Officer, I would make the following comments: 1) the DCO continues responsible budgeting and seeks to maintain a level of overall financial stability, 2) the DLF is effectively addressing the savings and loaning needs of parishes and is in solid financial shape, 3) the DIO continues to experience positive results to reduce the significant negative net asset position, and continues to follow the plan set forth by the Diocesan Finance Council, 4), the DIO and the Office of Human Resources will continue to monitor results and develop short and long term strategies for cost-effective employee and clergy healthcare, and 5) our Diocese now embarks on addressing the priorities

and goals articulated in the Mutually Shared Vision. A clear Diocesan Vision Statement with the accompanying priorities for the next 3-5 years will allow us to move forward together as One Family. Restored in Christ. Equipped for Mission, passionate about our faith and hopeful for the future.

Anyone having questions or wishing to discuss the information contained in this report may contact me at (816) 714-2319 or e-mail me at malanowski@diocesekcsj.org. I will be happy to assist you. The Diocesan Finance Office will publish the complete DCO Audit, the complete Deposit and Loan Fund Audit and the complete Diocesan Insurance Review on our Diocesan website: <https://kcsjcatholic.org/office/finance-management-services/diocesan-finance-office/>

Thank you for your continued support, particularly during the recent challenging years. This report hopefully shows that your support helps in so many important ways.

Dave Malanowski
Diocesan Finance Officer

Let's keep in touch on social media



Like us on Facebook

Bishop Johnston
facebook.com/BpJamesJohnston
Diocese of Kansas City – St. Joseph
facebook.com/DioceseKCSJ



Follow us on Twitter

Bishop Johnston
twitter.com/bpjamesjohnston
Diocese of Kansas City – St. Joseph
twitter.com/DioceseKCSJ

