



# The Catholic Key

November 24, 2017

Diocese of Kansas City — St. Joseph

Vol. 49 No. 23

## Many blessings in our corner of the Lord's vineyard

Dear Brothers and Sisters in Christ,

In this issue of the Catholic Key you will find our annual diocesan financial report. It is an opportunity for me and our Diocesan Finance Officer, Dave Malanowski, to share with you the details of our financial stewardship of the resources you provide through donations and other gifts which support the work and mission of the Church, entrusted to us by Jesus Christ to serve and extend his Kingdom.



Your gifts enable our diocese to fund what I call our "Catholic infrastructure," those offices and services that support and enable our parishes, schools and other institutions to flourish. These are essential for the life and growth of the Church in northern and western Missouri. We are also able to make grants to specific ministries in need, and fund corporal and spiritual works of mercy. Besides all this, it enables me to fulfill my office as your shepherd as together we strive to follow Jesus as missionary disciples.

This past year has been one of many blessings—too many to count. I am inspired as I travel the length and width of the Diocese of Kansas City-St. Joseph, our corner of the Lord's vineyard. I witness parishes and missions coming together in generosity to worship God at Mass, celebrate the sacraments, teach and hand on the Faith to others in our schools and parish religious education programs, pray and serve, and perform works of Christian charity. This coming year will be one in which we undertake a time of prayerful reflection so that we can deepen our relationship with Jesus Christ and live our mission more fully as Catholics.

Our 2018 Annual Catholic Appeal is underway and your contribution is essential to the mission and ministry of the Church. It is a key to our success and your continued support is much appreciated!

In this week when Americans give thanks, I wish to offer my special thanks to God for all of you, His children. Thank you for your faith—a faith lived out in love. And, thank you for your generosity in giving back to God from the blessings God has given you.

As we rapidly approach the end of one year and the beginning of another, know also of my prayers for each of you. The love of Christ urges us on! (2 Cor 5:14).

Gratefully yours in Christ,

*+ James V. Johnston, Jr.*

Most Reverend James V. Johnston, Jr.  
Bishop of Kansas City-St. Joseph



OFFICE OF DISCIPLESHIP  
& FAITH FORMATION  
DIOCESE OF KANSAS CITY-ST. JOSEPH



Catholic Campus Ministry, Prison Ministry, and Discipleship & Faith Formation are some of the ministries which benefit from your support of the Annual Catholic Appeal. These and some other ministries supported by the ACA are among the stories highlighted in this edition of *The Catholic Key*.

**BISHOP'S  
REPORT** 2017



# Financial Report for 2016-2017

**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 three major components of the administration of the Diocese for the 2016/17 fiscal year ending June 30. The information in this report is for:

The Diocesan Chancery Operation (DCO) - represents administrative functions, ministries and programs which are operated at the Catholic Chancery (at the Catholic Center), as well as our campus ministry locations.

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.

The Diocesan Insurance Operation (DIO) - includes the Diocesan self-insurance fund for property and casualty and the lay and clergy benefit programs

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 the overall financial condition.

## Diocesan Chancery Operations (DCO)

The financial information for the DCO is from the 2016/17 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, 2017 and June 30, 2016, 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 audit was approved by the Diocesan Finance Council at its October 23rd meeting and subsequently approved by Bishop Johnston.

As shown in the DCO's Statement of Financial Position presented in this article, Total Unrestricted Net Assets decreased by approximately \$795,000 to \$10.73 million. Unrestricted/Undesignated Net Assets decreased from \$2.28 million to \$1,093,000. These decreases are due primarily to the recording of an expense (and increased liability) of \$743,764 related to the 'actuarial' cost accrual for health care and long-term care for our retired priests. This \$743,764 expense, 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 \$1.22 million, ending the year with a mortgage balance of \$4.74 million (in 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 \$327,723. Income associated with the Annual Catholic Appeal was \$1.91 million, which was a combination of 16/17 pledges (\$1.81 million) and a small amount of additional 2015/16 pledges (\$97,000). This represents a significant increase from the 2015/16 amount of \$1.57 million

Fiscal Year 2016/17 was the fifth year of the special collection for seminarian education and vocations called "Tomorrow's Priests". This collection realized \$131,000 (compared to a budget of \$130,000). 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 seminarian education.

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) increased by \$109,000 to \$2.46 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 receivable amount can be an important and effective gauge of parish or school financial health.

## Diocesan Deposit and Loan Fund (DLF)

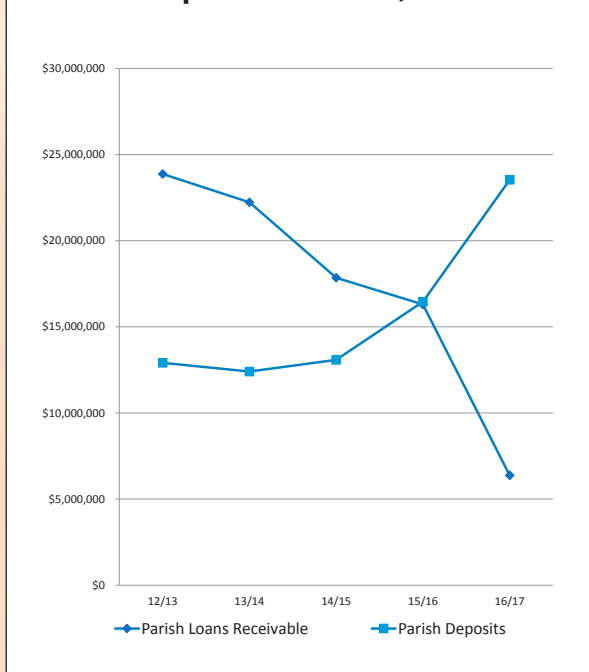
The Board of Trustees of the Deposit and Loan Fund approved the Fund's audit on November 1, 2017. The audit of this Fund, like the DCO, was performed by RSM US and received a "clean opinion" from our auditors, and represents a successful first full year of operation as a separate trust. The Statement of Financial Position (as presented in this article) shows a healthy DLF, with \$44.4 million in assets, of which \$33 million are in investments. These investments would handle prospective withdrawals and

loans. Net Assets totaled \$3.98 million. The chart contained in this article shows the level of parish loans and deposits over the last five years. Two large parish loans were paid off over this fiscal year. The estimate of net deposits at 6/30/16 and 6/30/17 indicates 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.



Dave Malanowski

Parish Deposits and Loans, 2013-2017



## Diocesan Insurance Operation (DIO)

In January 1, 1975, the Diocese established a self-insurance program for property and casualty insurance coverages. Under this plan, the Diocese 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 Diocese. Claims in excess of the self-insured retention are insured by licensed insurance carriers. Under the program, the Diocese 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.

In addition to the self-insurance 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.)

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 Diocesan Insurance Office and used to pay claims as they are incurred. Premiums for insured coverages are collected by the Diocese 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 <\$10.1 million>. This negative net asset amount relates very directly, but not solely, to the \$9.9 million sexual abuse settlement of 2014. The DIO had a surplus in 2016/17 of \$2.3 million, a third successive year of surplus. A plan, approved by the Diocesan Finance Council in January 2014, has enabled the net asset amount to increase by \$5 million over the last 3 years. (The net asset figure in 2013/2014 was <\$15.0 million> and now is <\$10.1 million>.) The one-time loan from the DCO to the DIO made three years ago decreased by \$2 million in 2016/2017 from \$7.5 million to \$5.57 million. The Diocesan Finance Office continues 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 and successfully addressing the savings and loaning needs of parishes and is in solid financial shape, and 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.

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 (pending its review by the Finance Council on November 20th) on our Diocesan website: <https://kcsj catholic.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 many important ways.

Dave Malanowski  
Diocesan Finance Officer



**Catholic Diocese of Kansas City-St. Joseph CHANCERY OPERATION**  
**Statement of Financial Position** *Years ended June 30, 2017 and 2016*

	2017					2016
	Current	Plant	Custodian	Endowment	Total	Total
<b>ASSETS</b>						
Cash & Cash Equivalents	\$ 6,915,692	\$ 912,165	\$ 142,566	\$ 1,967,514	\$ 9,937,938	\$ 7,895,656
Loans & Accounts Receivable	5,099,533	1,007,729	-	5,000,000	11,107,262	11,819,108
Pledges Receivable-Annual Catholic Appeal	121,397	-	-	-	121,397	220,209
Land, Buildings & Equipment	1,023,794	9,659,566	-	-	10,683,359	11,727,735
Beneficial Interest in Others	-	-	-	578,930	578,930	539,549
Investments, At Market	-	-	-	2,916,044	2,916,044	2,596,643
<b>Total Assets</b>	<b>13,160,416</b>	<b>11,579,460</b>	<b>142,566</b>	<b>10,462,488</b>	<b>35,344,930</b>	<b>34,798,900</b>
<b>LIABILITIES</b>						
Accounts Payable	\$ 376,781	\$ -	\$ -	\$ -	\$ 376,781	\$ 351,847
Notes Payable	-	4,737,296	-	-	4,737,296	5,959,232
Other Short Term Deposits	1,477,974	-	142,566	-	1,620,540	451,920
Annuities Payable	-	-	-	732,287	732,287	669,243
Long Term Deposits Payable:	-	-	-	-	-	-
Diocesan Insurance Reserves	141,144	-	-	-	141,144	135,899
Retired Priests Benefits Obligations	8,930,702	-	-	-	8,930,702	8,186,938
Deferred Revenue	269,798	-	-	-	269,798	276,746
<b>Total Liabilities</b>	<b>11,196,399</b>	<b>4,737,296</b>	<b>142,566</b>	<b>732,287</b>	<b>16,808,548</b>	<b>16,031,824</b>
<b>NET ASSETS</b>						
Unrestricted						
Designated Funds	1,392,419	912,165	-	2,243,341	4,547,925	4,360,686
Designated for Annuities	-	-	-	169,081	169,081	142,786
Expended for Plant	-	4,922,270	-	-	4,922,270	4,744,709
Undesignated Reserves	85,193	1,007,729	-	-	1,092,922	2,279,202
<b>Total Unrestricted Net Assets</b>	<b>1,477,612</b>	<b>6,842,164</b>	<b>-</b>	<b>2,412,422</b>	<b>10,732,198</b>	<b>11,527,383</b>
Restricted						
Temporarily Restricted						
Other Restricted Net Assets	486,405	-	-	-	486,405	314,637
Endowments temporarily restricted	-	-	-	3,763,683	3,763,683	3,418,998
<b>Total Temporarily Restricted Net Assets</b>	<b>486,405</b>	<b>-</b>	<b>-</b>	<b>3,763,683</b>	<b>4,250,088</b>	<b>3,733,635</b>
Permanently Restricted						
Endowments permanently restricted	-	-	-	3,554,096	3,554,096	3,506,057
<b>Total Net Assets</b>	<b>1,964,017</b>	<b>6,842,164</b>	<b>-</b>	<b>9,730,201</b>	<b>18,536,382</b>	<b>18,767,075</b>
<b>Total Liabilities &amp; Net Assets</b>	<b>\$ 13,160,416</b>	<b>\$ 11,579,460</b>	<b>\$ 142,566</b>	<b>\$ 10,462,488</b>	<b>\$ 35,344,930</b>	<b>\$ 34,798,900</b>

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

Statement of Financial Position, Years ended June 30, 2017 and 2016

	2017			2016
	Endowment	Deposit & Loan	Total	Total
<b>ASSETS</b>				
Cash & Cash Equivalents	\$ -	\$ 377,980	\$ 377,980	\$ 2,764,086
Loans & Accounts Receivable	-	10,725,992	10,725,992	19,909,495
Investments, At Market	3,026,685	30,258,176	33,284,861	9,873,331
<b>Total Assets</b>	<b>\$ 3,026,685</b>	<b>\$ 41,362,148</b>	<b>\$ 44,388,833</b>	<b>\$ 32,546,912</b>
<b>LIABILITIES</b>				
Accounts Payable	\$ -	\$ 9,804	\$ 9,804	\$ 5,417
Notes Payable	-	-	-	2,500,000
Parish Deposits	-	23,533,720	23,533,720	16,451,650
School Deposits	-	3,677,680	3,677,680	4,444,410
Other Short Term Deposits	-	7,065,603	7,065,603	102,281
Long Term Deposits Payable:	-	-	-	-
Cemetery Perpetual Care Funds	-	6,118,469	6,118,469	6,018,754
<b>Total Liabilities</b>	<b>-</b>	<b>40,405,276</b>	<b>40,405,276</b>	<b>29,522,512</b>
<b>NET ASSETS</b>				
Unrestricted				
Designated Funds	1,547,972	-	1,547,972	1,547,972
Undesignated Funds	-	956,872	956,872	17,694
<b>Total Unrestricted Net Assets</b>	<b>1,547,972</b>	<b>956,872</b>	<b>2,504,844</b>	<b>1,565,666</b>
Restricted				
Temporarily Restricted				
Endowments temporarily restricted	1,478,713	-	1,478,713	1,458,734
<b>Total Temporarily Restricted Net Assets</b>	<b>1,478,713</b>	<b>-</b>	<b>1,478,713</b>	<b>1,458,734</b>
Permanently Restricted				
Endowments permanently restricted	-	-	-	-
<b>Total Net Assets</b>	<b>1,478,713</b>	<b>956,872</b>	<b>3,983,557</b>	<b>3,024,400</b>
<b>Total Liabilities &amp; Net Assets</b>	<b>\$ 3,026,685</b>	<b>\$ 41,362,148</b>	<b>\$ 44,388,833</b>	<b>\$ 32,546,912</b>

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

Statement of Financial Position, Years ended June 30, 2017 and 2016

	2017	2016
<b>ASSETS</b>		
Current Assets:		
Cash	\$ 21,693	\$ 20,073
Prepaid Premiums	222,304	59,295
Accounts receivable	282,380	387,114
<b>Total current assets</b>	<b>526,377</b>	<b>466,482</b>
Investments:		
Deposits with Catholic Diocese of Kansas City-St. Joseph	141,143	135,899
Investments, National Catholic Risk Retention Group Stock	1,693	1,693
	142,836	137,592
<b>Total Assets</b>	<b>\$ 669,213</b>	<b>\$ 604,074</b>
<b>LIABILITIES</b>		
Current Liabilities		
Auto premium reserve	\$ 124,751	\$ 121,772
Claims and expenses payable - Property & Casualty	2,034,394	1,774,092
Claims and expenses payable - Self Funded Health Insurance	511,816	513,525
<b>Total Current Liabilities</b>	<b>2,670,961</b>	<b>2,409,389</b>
Note Payable to Diocese		
	5,566,365	7,503,937
Claims Incurred But Not Reported		
	2,548,222	3,124,737
<b>Total Long-term Liabilities</b>	<b>8,114,587</b>	<b>10,628,674</b>
<b>NET (DEFICIT)</b>		
Unrestricted net deficit	(10,116,335)	(12,433,989)
<b>Total Net (Deficit)</b>	<b>(10,116,335)</b>	<b>(12,433,989)</b>
<b>Total Liabilities &amp; Net (Deficit)</b>	<b>\$ 669,213</b>	<b>\$ 604,074</b>

**BISHOP'S**  
**REPORT** 2017



## Let's keep in touch on social media



Like us on Facebook

Bishop Johnston

<http://www.facebook.com/BpJamesJohnston>

BpJamesJohnston

Diocese of Kansas City – St. Joseph

<http://www.facebook.com/DioceseKCSJ>

DioceseKCSJ



Follow us on Twitter

Bishop Johnston

<http://twitter.com/bpjamesjohnston>

Diocese of Kansas City – St. Joseph

<http://twitter.com/DioceseKCSJ>

