

BISHOP'S REPORT

TO THE PEOPLE 2007



November 16, 2007
St. Margaret of Scotland

My Dear Friends in Christ,

Last year, we marked a significant milestone, the 50th Anniversary of our Diocese. Our celebrations honored a past with many blessings and challenged us to continue the dynamic work of the Church.

In Matthew's Gospel, Our Lord commissions us, "Go, therefore, and make disciples of all nations. . . ." Throughout this past year, we answered this mandate by

Teaching the Faith. . .

More than 13,000 Catholic school students and 9,000 children and adults receive education in the faith. With support and guidance from our Catholic Schools Office and the Bishop Helmsing Institute, our religious-education programs foster an ongoing relationship with Christ.

Supporting People at Every Stage of Life. . .

The young people of our Diocese give great hope to the Church. The Offices of Family Life, Youth, and Young Adult and Campus Ministry provide spiritual direction and guidance for youth, college students, young adults and families.

Reaching Out To Those in Need. . .

Through Catholic Charities, we become the heart and hands of Christ and reach out to those in need of the mercy of Jesus. From adoption to services for the elderly, Catholic Charities brings hope to hundreds of thousands of people each year.

Upholding the Dignity of Life. . .

Whether as a bridge for the newly arrived, as advocates who proclaim the Gospel of Life, or as witnesses who stand for justice and charity, the Offices of Hispanic Ministry, Respect Life and Human Rights uphold the fundamental dignity of every person.

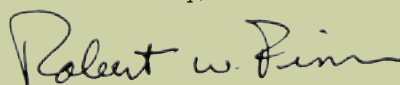
Preparing People To Lead and To Serve. . .

Forming and sustaining compassionate and competent priests, deacons and religious, ensures the continuity of our faith. The number of our seminarians has tripled in the last three years! The Vocations, Diaconate and Consecrated Life Offices exist to help people hear and answer the call.

You have been generous in answering the call. Please take time to review our annual financial report for July 2006 through June 2007. These fully audited figures reflect our best efforts as grateful stewards of God's gifts.

As individuals, we cannot always be there for someone in need. United, we transform lives – spiritually, pastorally, educationally, and charitably.

In Christ and Mary,

+ 

Most Reverend Robert W. Finn, DD
Bishop of Kansas City ~ St. Joseph

Carpe Diem



Statistical Snapshot

Priests & Parishes

- ◆ 99 Parishes & Missions
- ◆ 73 Diocesan Priests in Active Ministry
- ◆ 21 Religious Order Priests Staff Our Parishes
- ◆ 5 Priests On Loan from Other Dioceses
- ◆ 37 Retired Diocesan Priests

Priests are central to the life of the church. By announcing the Gospel faithfully and celebrating the sacraments, they take care of the people of God.

Pope Benedict XVI

Seminarians

- ◆ 24
- ◆ Diocesan Priest Personnel
- ◆ 63% are over 50
- ◆ 37% are 49 or younger

The number of men who have entered seminary has grown in recent years. We all are grateful for this renewed interest in vocations. The numbers, however, are still far below what we need in order to replace priests who are retiring. Let us face this sober reality with hope and prayer.



Pastoral Plans Chart A Future Full Of Hope

Charged with overseeing diocesan planning, Diocesan Chancellor Msgr. Bradley Offutt observed, "We must make better use of our available priest personnel, finances, and parish resources to serve all of the people of this diocese effectively."

"With shifting populations, diminishing numbers of diocesan priests, aging parish plants in many places, and a need for new construction in other areas," said Msgr. Offutt, "Bishop Finn clearly sees the need for detailed strategic planning."

Over the past two years, the diocese has worked with Meitler Consultants to organize and engage clusters of parishes and schools for strategic pastoral planning. The initiative already has required a significant investment of time and approximately \$155,000 in consulting fees.

A nationally-recognized consulting firm with experience in more than 100 dioceses, Meitler Consultants has completed a plan approved by Bishop Finn for the parishes in Clay and Platte Counties. As part of the Northland Pastoral Plan, the firm also is conducting a feasibility study for a proposed new Catholic elementary school in the Northland. Additionally, Meitler Consultants was engaged to develop a pastoral plan for parishes and schools in the Northeast Deanery and for the critical area of Hispanic Ministry.



Issues Driving Pastoral Planning

In every aspect of ministry, two values underscored the need for pastoral planning.

- ◆ Making responsible use of human resources, and
- ◆ Making just decisions about limited financial resources.

A planning concern is the availability of priests to staff parishes. Over the 10-year period from 1996 to 2006, the number of diocesan priests declined from 131 to 110. Excluding the retired, the number of diocesan priests available for active ministry is 73. Currently, five priests on loan from other dioceses perform vital ministries, and religious orders furnish priests for 21 of the 99 parishes in the diocese.

"If we are being called to commit resources to one area, then we have less to invest in other areas," said Msgr. Offutt. "We no longer have the luxury of allowing historical accident and the customs of sentiment drive our pastoral life."

"By convening priests of the deanery, parish and school lay leadership, and diocesan personnel, planning allows us to arrive at solutions that allow us a future," said Msgr. Offutt.

A strategic pastoral plan ultimately is a set of decisions about what to do, why to do it, and how to do it with a focus on the future. The Meitler process includes reviewing demographics, analyzing parish and school reports, and providing for extensive community consultation. Once fully-implemented, the resulting plans will identify ways to strengthen parishes and schools.

First Fruits Of Pastoral Planning

"As difficult as it is to bring a community together to determine a pastoral plan and recommend it to the Bishop for approval, the truly difficult part of the process is implementation," observed Msgr. Offutt. "By God's grace, we already are seeing the first fruits of this effort in the Northland."

"The Platte City Mass Community is considering parish names and capital campaign possibilities, Holy Family Parish is conducting a feasibility study to determine the finances for constructing a new church, Church of the Good Shepherd is researching alternate sites for relocating their church, we are proceeding with the market research study to determine the need for a new Catholic elementary school, and the diocese is studying ways to improve the utility of its Northland real estate holdings," said Msgr. Offutt.

The first of two rounds of parish

listening sessions already have taken place in the Northeast Deanery of Kansas City. In addition to the five parishes in the Northeast Deanery, parishioners of Sacred Heart-Guadalupe also will give input into pastoral planning for Hispanic Ministry. By spring, Bishop Finn will review recommendations developed through these efforts and will endorse a plan for the pastoral care of Catholics in this region.

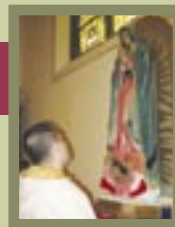
"The strategic planning process is inherently messy and even painful," said Msgr. Offutt. "But, in so many ways, we have lived ourselves into a corner and do not have the luxury of avoiding our problems." ◆



Strategic Pastoral Planning Offers Opportunities

- ◆ to prepare for our future
- ◆ to gauge personnel and facilities needs
- ◆ to articulate our mission and objectives
- ◆ to ensure continuity of services
- ◆ to unite people to complete the plan

Bishop Helmsing Classes Build Stronger Faith Life For Hispanic Community



One of the most successful new initiatives in the Diocese of Kansas City-St. Joseph has been the development of Spanish language classes through the Bishop Helmsing Institute.

As the proportion of Spanish speaking Catholics in the diocese continues to grow, effectively serving their pastoral needs has become a pressing concern, according to Diane Matous, director of Hispanic Ministry for the diocese.

While there are several good priests in the diocese eager to serve this population as best they can, Matous explained that differences in language have prevented them from doing all they wish to do, particularly in the area of catechetical formation.



So last year, the Institute set out to find a Spanish language instructor and found the perfect candidate in Gustavo Valdez, a Mexican national whom Matous had befriended doing missionary work with Hispanics in Louisiana.

As a younger man, Valdez earned a degree in engineering, and as success piled on success in his business career, he felt pursuing material goals was not the only work God was calling him to. A spiritual director suggested he take a year off to pursue missionary work with the poor in isolated areas of northern Mexico.

More deeply called to service in his faith, Valdez decided to take a second degree in Christian Philosophy while discerning a vocation to the priesthood. He followed that with mission work in the Diocese of Biloxi, Mississippi and work on a Masters degree at Loyola University, New Orleans. Then Katrina hit, Loyola closed and Valdez returned to Mexico.

When a position as Spanish language instructor opened up at the Bishop Helmsing Institute, Valdez jumped on the opportunity. Now in this evangelical work, success continues to build for Valdez, the Institute and his students.

The Spanish language track began with an introductory course to the Catholic faith in February, 2006. That class, held at Holy Cross parish, enrolled 15 students. There are now nearly 80 students enrolled in Spanish language Institute classes held at Holy Cross, Sacred-Heart-Guadalupe and St. Patrick Parish in St. Joseph.

"Every time we offer a new class, we get more people," Valdez said, and recruitment is almost exclusively by word of mouth.

The growing number of students is not the only way Valdez measures success though. Valdez explained that people from Mexico and some Latin American countries have only very basic catechetical formation. "They are very strong in their faith but not very strong in understanding," he said, "Their only information is from the pulpit."

Valdez developed the introductory course to the Catholic faith so that people taking further Institute courses could all come from the same basic understanding. Before the introductory course, people often are plagued with misunderstandings about certain aspects of the faith, particularly moral theology, Valdez said.

"When you know why you believe, you can live your faith more effectively," Valdez said. For instance, he explained, "The Church's prohibition on pre-marital sex is just a rule if you don't understand it. It can be a pain. But if you understand it, you can live chastity in a more joyful way," he said.

As a result of the classes, Valdez has seen "that people understand much better their faith and are more active in their faith." Nearly 90 per cent of students in Bishop Helmsing Spanish language classes are leaders in their home parishes, Valdez said, often leading prayer groups, sacramental preparation programs or performing other ministries.

"People outside these classes look to the students as people who know more, people they can ask questions of about their faith," Valdez said.

This has been particularly appreciated by pastors, he said. "They know that the more knowledge their parishioners have about their faith, the better Catholics they'll be and the more able and willing they'll be to help out in parish life." ♦



Last Year in Our Diocese

- ♦ 1.46 million people
- ♦ 136,708 Catholics

Last Year We Celebrated

- ♦ 2,920 Baptisms
- ♦ 2,388 First Communions
- ♦ 1,863 Confirmations
- ♦ 761 Marriages

We Commended

- ♦ 1,236 People To Their Creator

Catholic Schools

- ♦ 8 High Schools
3,557 Students
- ♦ 32 Elementary Schools
7,427 Students
- ♦ 10 Early Childhood Centers
1,843 Students
- ♦ 1,117 Certified Teachers

Safe Environment & Personal Safety Training

- ♦ 10,852 Adults
- ♦ 9,246 Catholic School Students
- ♦ 7,024 Parish Religious Education Students & Youth Group Members



Serving the People

- ♦ 257 Religious Women
- ♦ 77 Religious Order Priests
- ♦ 31 Brothers
- ♦ 62 Deacons



Financial

REPORT TO THE PEOPLE 2007

Our Diocese is committed to proper stewardship of and accountability for the resources of the Diocese, and we continue our practice of full disclosure of the financial status of the Diocesan Central Financing Operation (DCFO). The DCFO represents the functions that are operated from the Catholic Chancery as well as our campus ministry locations. The figures here are from the 06/07 annual audit performed by McGladrey & Pullen and reviewed/approved by the Diocesan Finance Council at its October 22nd meeting. Since 1965, our DCFO has undergone an annual audit and publicized its financial statements. This is an important expression of accountability, and it represents the commitment of Bishop Finn, our Diocesan



Finance Council and the staff of the Finance Office to share openly the sources of our funds and how these funds are used, along with the overall financial condition of the DCFO. This is important in today's world, where much attention and scrutiny is given to the business and financial practices of the Catholic Church, other churches, not-for-profits and businesses in general.

Once again the auditors have given the DCFO a "clean" opinion, meaning that there are no qualifications and the financial statements "represent fairly, in all material respects, the financial position of the DCFO as of June 30, 2007 and ...are in conformity with accounting principles generally accepted in the U.S."

Unrestricted/Undesignated net assets in the Current Fund decreased by \$1.74 million. (Unrestricted/Designated net assets increased by \$62,000, reducing the total decrease in unrestricted net assets to \$1.68 million. (See chart.) This decrease is caused overwhelmingly by a one-time, non-cash charge relating to Financial Accounting Standard #158, which involves the accounting for non-pension retirement benefits, in our case, the health insurance and long term care insurance for retired priests. This one time charge was \$2,998,388. A one time expense was incurred, but was offset by increasing a liability on our Statement of Financial Position; no cash was expended. If we had not followed the new accounting standard, the DCFO would have received a qualified opinion from the auditors. Excluding the one time charge, yet including the realized and unrealized investment gains, the DCFO had a gain in unrestricted/undesignated net assets of \$1.26 million. Offices and programs did a good job generally staying within budget.

Endowment Funds (designated, temporarily restricted and permanently restricted) increased by approximately \$24,000 to \$13.93 million (see trend graph). These internal endowments generate interest income to fund ministries and programs centrally and in our parishes and schools, as well as our charitable gift annuities. Three major ministerial areas (in the DCFO budget) funded by these endowments are

seminarian education, youth ministry and the allocation to Catholic Charities. These endowment funds do not include the Endowment Trust for Catholic Education, which is a separate trust, overseen by a separate Board of Trustees and, therefore, not included on these financial statements.

The total aggregate balance of parish and high school loans at June 30, 2007 was \$38.8 million, down significantly from \$45.3 million last year. This decrease was due to three main reasons: 1) large pay down by Visitation Parish on its church construction loan, 2) most parishes adhering to their payback plans, and 3) only a small amount of new loans in 06/07. Construction and major renovation around the Diocese was not at the high level we experienced 4-5 years ago. Parish deposits were \$16.1 million, down slightly from the previous year. These deposits, along with internal endowments and other long term deposits, form the dollars available to loan to parishes and schools.

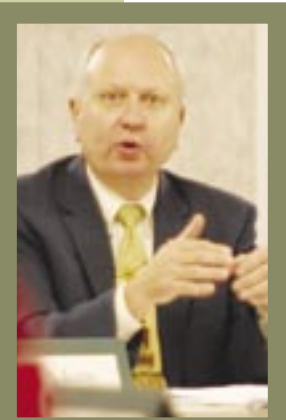
Accounts receivable increased by \$216,000 to \$1.45 million. These are amounts that parishes and schools owe to the DCFO for normal monthly bills (Diocesan Assessment, employee benefits, property and casualty insurance premiums, school per pupil assessment, etc.). It is important to monitor this receivable amount and work with parishes and schools so they don't get too far behind and dig a hole that becomes difficult to escape. The receivable amount is an important gauge of parish or school viability.

Gross pledge income from the Bishop's Annual Appeal in 06/07 was \$1,529,000. This was a decrease of \$36,000 from the previous year. We have reformatted the Bishop's Annual Appeal for 07/08 and, as you hopefully know by now, all parishes have conducted the Appeal in the latter part of September and October, rather than doing it at different times of the year, which was the previous practice. It is our hope that all members of our Diocese have become aware of the more than 30 important ministries and programs that are supported by the Appeal.

Anyone wishing to see the complete copy of the DCFO Audit approved by the Bishop and the Diocesan Finance Council, or anyone having questions, may contact me at (816)-756-1850, ext 236 or Malanowski@diocesekcsj.org; I will be happy to assist you. Again, this year, we will publish the DCFO Audit on our Diocesan website: www.diocese-kcsj.org.

Thank you for your support. This report hopefully shows that your support helps in many important ways.

Dave Malanowski
Diocesan Finance Officer



Dave
Malanowski

Catholic Diocese Of Kansas City-St. Joseph
Central Financing Operations
STATEMENT OF FINANCIAL POSITION
At June 30, 2007

ASSETS	Current	Plant	Custodian	Endowment	Deposit & Loan	2007	2006
Cash and Cash Equivalents	\$ 2,205,214	\$ 9,064	\$ 158,942	\$ -	\$ -	\$ 2,373,220	\$ 2,226,006
Loans and Accounts Receivable	1,850,066	-	-	-	39,082,251	40,932,317	47,204,726
Diocesan Capital Campaign Pledges Receivable	-	-	-	-	-	-	120,000
Bishop's Annual Appeal Pledges Receivable	297,355	-	-	-	-	297,355	513,102
Land, Buildings and Equipment	-	2,035,118	-	-	1,129,115	3,164,233	3,077,322
Beneficial Interest in Others	-	-	-	564,004	-	564,004	537,361
Investments	8,127,902	-	-	13,389,310	1,487,593	23,004,805	20,844,109
Total Assets	\$12,480,537	\$ 2,044,182	\$ 158,942	\$13,953,314	\$41,698,959	\$70,335,934	\$ 74,522,626
LIABILITIES							
Accounts Payable	\$ 746,739	\$ -	\$ -	\$ -	\$ -	\$ 746,739	\$ 557,034
Notes Payable	-	-	-	-	10,505,955	10,505,955	17,020,301
Parish Deposits	-	-	-	-	16,105,902	16,105,902	16,771,999
Other Short Term Deposits	-	-	158,942	-	3,816,122	3,975,064	2,993,452
Annuities Payable	-	-	-	2,552,252	-	2,552,252	2,462,966
Long-Term Deposits Payable:							
Cemetery Perpetual Care Funds	-	-	-	-	5,574,190	5,574,190	5,375,725
Property and Casualty Reserves	-	-	-	-	4,918,874	4,918,874	4,672,143
Long-Term Disability Reserves	-	-	-	-	777,916	777,916	721,881
Retired Priests Benefits Obligations	7,035,615	-	-	-	-	7,035,615	3,865,511
Deferred Revenue	498,788	-	-	-	-	498,788	202,236
Total Liabilities	8,281,142	-	158,942	2,552,252	41,698,959	52,691,295	54,643,248
NET ASSETS							
Unrestricted							
Designated Funds	476,360	9,064	-	3,953,877	-	4,439,301	4,394,734
Designated for Annuities	-	-	-	14,922	-	14,922	89,195
Expended for Plant	-	2,035,118	-	-	-	2,035,118	1,945,266
Undesignated Reserve	3,562,816	-	-	-	-	3,562,816	5,300,238
Total Unrestricted Net Assets	4,039,176	2,044,182	-	3,968,799	-	10,052,157	11,729,433
Restricted							
Temporarily							
Bishop's Annual Appeal Campaign	-	-	-	-	-	0	516,430
Other Restricted Net Assets	160,219	-	-	-	-	160,219	170,219
Endowments Temporarily Restricted	-	-	-	4,277,582	-	4,277,582	4,462,010
Total Temporarily Restricted Net Assets	160,219	-	-	4,277,582	-	4,437,801	5,148,659
Permanently							
Endowments Permanently Restricted	-	-	-	3,154,681	-	3,154,681	3,001,286
Total Net Assets	4,199,395	2,044,182	-	11,401,062	-	17,644,639	19,879,378
Total Liabilities and Net Assets	\$12,480,537	\$ 2,044,182	\$ 158,942	\$13,953,314	\$ 41,698,959	\$70,335,934	\$74,522,626

Diocesan Allocations | 2006 . 2007

Bolivian Mission	\$ 9,000	Criminal Justice	\$ 2,000
Campus Ministry		Holy See Support	23,000
Kansas City Campus	45,000	Housing Initiatives	21,000
Maryville Campus	56,649	HUD 202 Housing	
St. Joseph Campus	25,647	Kansas City Organizational Project	9,035
Warrensburg Campus	59,055	Ministry to the Disabled	21,108
Catholic Charities	375,000	Missouri Catholic Conference	106,254
Catholic University	8,250	Natural Family Planning	9,000
Chancery Offices:		Northland Planning	60,000
Archives	75,174	Parish Based Ministry	
Bishop's General Administration	60,250	Guardian Angels, Kansas City	18,000
Bishop Helmsing Institute	259,000	Holy Cross, Kansas City	31,000
Bishop's House	39,222	Our Lady of Lourdes, Kansas City	16,500
Bishop's & Bishop Emeritus Offices	216,237	Our Lady of Peace, Kansas City	30,000
Bishop's Presbyteral Council	8,500	Our Lady of Perpetual Help, Kansas City	6,000
Catholic Key	0	Sacred Heart-Guadalupe, Kansas City	18,500
Chancellor's Office	123,634	St. James, Kansas City	13,500
Chancery Printshop & Mailroom	26,200	St. Louis, Kansas City	10,000
Communication Office	69,340	St. Raphael, Kansas City	11,000
Consecrated Life Office	45,375	St. Therese, Little Flower, Kansas City	11,500
Diaconate Formation Office	122,513	St. Mary, St. Joseph	11,000
Diaconate Office	27,616	Blessed Sacrament, Bethany	5,000
Family Life Office	97,480	St. Ann, Independence	8,000
Finance Office	246,128	St. Joseph the Worker, Independence	8,000
Hispanic Ministry	80,133	St. Mary, Independence	17,000
Human Resources Office	144,508	Bishop Sullivan Center	10,000
Major Seminarians	159,504		225,000
Management Information Systems	154,650	Prison Ministry	31,000
Marriage Tribunal	225,975	Schools - Central City	800,000
Media Center	59,658	Other School Allocations	
Pastoral Care	4,000	St. Patrick, St. Joseph	15,000
Peace & Justice Office	116,849	Archbishop O'Hara High School	185,000
Priestly Life & Ministry	47,115	Bishop Le Blond High School	153,000
Priests on Special Assignment	155,000	St. Mary Bundschu High School	165,000
Professional Services	90,000	St. Pius X High School	175,000
Property Management	171,334	US Conference of Catholic Bishops	51,786
Respect Life	105,036		
Retired Priests Health Insurance	410,000		
Retired Priests Long Term Care	12,000		
School Office	378,717		
Stewardship & Development Office	527,077		
Vicar General's Office	86,534		
Vice Chancellor	115,843		
Vocation Office	187,077		
Worship Office	166,738		
Young Adult Office	86,785		
Youth Office	71,668		

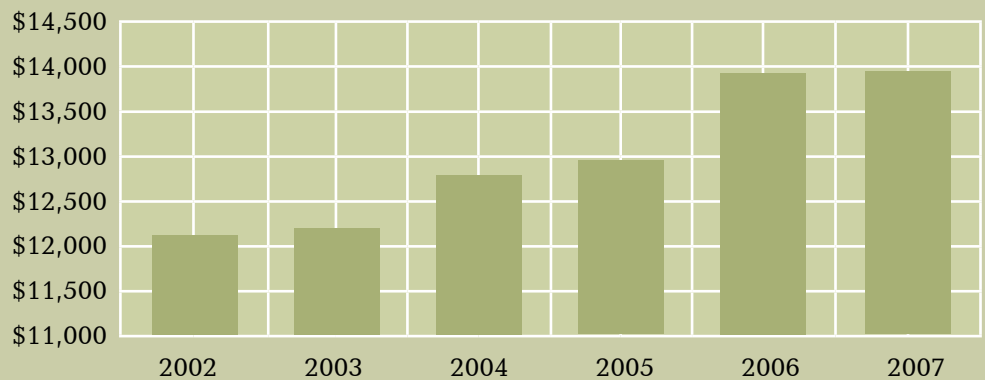
Diocesan Central Financing Operations

Statement of Activities | June 30, 2007
Change in Unrestricted Net Assets

CURRENT FUND (in \$000's)

UNRESTRICTED REVENUE	
Bishop's Annual Appeal	\$ 1,529
Diocesan Collections	73
Diocesan Share - National Collections	96
Assessments	5,529
Bequests	1,134
Contributions	1,898
Fees	210
Auxiliary Services (Insurance & Key)	11,895
Other	727
Release from Restriction - Other	213
TOTAL REVENUE	\$ 23,304
EXPENSES	
Pastoral Services	\$ -2,918
Religious Personnel Development	-2,608
Education	-2,946
Social Services	-949
Diocesan Administration	-2,858
Auxiliary Services	-11,887
SUBTOTAL	\$ -24,166
TRANSFERS	
From Unrestricted Endowments	\$ 179
From Deposit/Loan Fund	1,080
Unrealized Gains	927
TOTAL TRANSFERS	\$ 2,186
Adoption of FASB 158	\$ -2,998
Change in Unrestricted Net Assets	\$ -1,674

Diocese of Kansas City~St. Joseph | Endowment Funds



Bishop's Annual Appeal | 2003 . 2007 (Pledges)

