

BISHOP'S REPORT

To The Diocese 2008

Dear Friends in Christ,

Again this year, it is my duty to offer a financial accounting of how your gifts have been used in service to our community and our Church.

Separately, we are 135,000 Catholics. Together, we are one Church entrusted with a sacred work. As the Diocese of Kansas City-St. Joseph, we share a common mission to assist those in need.

Throughout this past year, your stewardship allowed us to feed thousands of people at parish food pantries and soup kitchens. You have welcomed children into Catholic school classrooms, children whose families otherwise could not afford Catholic education. In Jesus' name, you clothed the needy, comforted the grieving, and brought hope to prisoners.

We also see the hand of God in the trials and tribulations of this past year. He is with us in a special way during such times. Our recent difficulties – and their resolution in the large settlement - have provided also an occasion for reconciliation, and the beginning of some needed healing.

Your faith and generosity, dear friends, are a consolation to me. Your investment in the work of the Diocese encourages me to see that much more good lies ahead. I thank you and assure you of my prayers.

As you read and reflect on this report and on all that we have accomplished together, I know you will join me in giving thanks and praise to God.

In Christ and Mary,

+ *Robert W. Finn*

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



Lazarus continues to stand at our door. Let your faith and love bear rich fruit in outreach to the poor, the needy and those without a voice.

His Holiness Benedict XVI, New York Yankee Stadium, April 2008

Inside the Key



Catholic Charities
Page



Catholic School Strategic Planning
Page



Vocations
Page



Young Adult & Campus Ministry
Page

PROUD PAST ~ PROMISING FUTURE: The Journey Ahead

Statistical Snapshot

Serving the People

- 216 Religious Women
- 120 Religious Men
- 62 Deacons
- 13 in Formation

Priests & Parishes

- 98 Parishes & Missions
- 97 Diocesan Priests
- 70 in Active Ministry
- 27 Retired
- 86 Religious Order Priests
- 18 Pastors of Parishes

Seminarians

- 27 Men in Formation

Diocesan Priest Personnel

- 63% are over 50
- 37% are 49 or younger



Catholic Schools

- 8 High Schools
- 3,557 Students
- 31 Elementary Schools
- 8,260 Students
- 8 Early Childhood Centers
- 632 Students
- 1,067 Certified Teachers

Safe Environment Training

- 14,036 Adults
- 342 Adult Workshops
- +16,000 Children and Youth

The roots of Catholicism in western Missouri

go back to French fur traders and trappers who ventured along the rivers to make their fortunes. As early as 1723, Father Jean Baptiste Mercier established a Catholic presence at Ft. Orleans, located along the Missouri River in what is now Carroll County.

On Chouteau's Landing in 1819 and at Roubidoux' Trading Post in the Black Snake Hills in 1825, the Catholic community established those first toe holds in what gave rise to Kansas City and St. Joseph. From the beginning, a steady stream of immigrants from almost every corner of the world brought with them a tapestry of spiritual and ethnic traditions.

Recognizing the potential, the Vatican formed the Diocese of St. Joseph in 1868 and the Diocese of Kansas City in 1880. Over the decades, both nurtured the faith until they merged paths in 1956. From two core cities, rings of suburbs and across rural communities, the Diocese of Kansas City ~ St. Joseph reflects the cycles of change in northwest Missouri.

Northland Planning Focuses on Opportunities

During the late 1980s and early 1990s, diocesan leaders carefully examined ways to strengthen parishes and schools. Even with merging some parishes and schools in Kansas City and in St. Joseph, the ever-shifting population required a closer examination of how to utilize human and financial resources. As an initial step, the diocese studied the significant growth in Clay and Platte Counties.

"In order to meet the current and future needs of Catholics living in the Northland, we recognized the critical importance of developing a pastoral plan to guide us over the next 20 years," said Chancellor Monsignor Bradley Offutt.



Dave Woolwine, Msgr. Offutt, Dave Malanowski

Affordable housing, workforce expansion, and quality public services fueled growth between 1995 and 2005. Census data confirmed a 21 percent growth in the two counties, and diocesan reports measured a 20 percent growth in Catholics registered in parishes.

"As a first step, the diocese engaged Meitler Consultants to analyze population trends and to bring parish leaders together to plan," said Msgr. Offutt. "Given the unprecedented growth, the plan recommended expanding some churches and schools. In more mature neighborhoods, the shift in population required us to combine St. Raphael with St. Gabriel Parish."

On June 29, 2008, parishioners of St. Raphael the Archangel celebrated a last Mass at the church that has been their spiritual home for 45 years.

Highlights of the Northland Pastoral Plan

- Establishing Twelve Apostles Parish in Platte City;
- Planning for new worship spaces at Holy Family in Kansas City, Good Shepherd in Smithville, and St. James in Liberty;
- Completing the expansion of the sanctuary at Church of the Annunciation in Kearney;
- Dedicating a seven-room addition to St. James School in Liberty;
- Promoting collaboration among all parishes and schools in the region; and
- Evaluating and adjusting diocesan property holdings to reflect settlement patterns.

Catholic Schools Shape the Future

By February 2008, a companion study measured the need for an additional Catholic elementary school in the Northland. The conclusion was that a school is needed to serve the north central region of Clay and Platte Counties and that the most appropriate site is the new location of Holy Family Parish, at 106th and Woodland. The study recommended the gradual development of the school to meet future needs. Master planning at Holy Family includes a school in the second phase of parish development.

"We are convinced that Catholic schools continue to be 'the most effective means available to the Church for the education of children and young people' who are the future of the Church."

United States Conference of Catholic Bishops, 2005

Planning Responds to Change in Northeast

In announcing pastoral planning for Hispanic Ministry and the Northeast Deanery of Kansas City, Bishop Finn wrote, "In recent decades, our diocese has witnessed change in the Northeast neighborhoods of Kansas City and in the cultural composition of our broader church. In communion with the diocese, all parishes and schools must monitor how change affects them so that they can fulfill their missions to build Christ's Church."

Meitler Consultants confirmed that the overall population in the Northeast Deanery declined by 45 percent from 1960 to 2000. Diocesan reports found 1,948 registered Catholic households in the five parishes. At the same time, the numbers of Hispanic residents grew significantly, with some estimates suggesting that another 8,000 to 9,000 unregistered Catholics may live in the area.

After broad consultation, Bishop Finn approved changes that, when fully implemented, will strengthen the Church in Northeast Kansas City. Noting the saturation of churches in the neighborhood, the shortage of priests, and the difficult financial situation the planning team and parish leaders recommended merging St. Aloysius with St. Anthony Parish. On April 27, 2008, St. Aloysius parishioners celebrated the 122-year history of their parish, processed to St. Anthony and were warmly welcomed by their new pastors and fellow parishioners.

- Maintain four of the five church sites;
- Combine St. Aloysius with St. Anthony Parish;
- Strive for a resident pastor in each parish; and,
- Strengthen Catholic schools through a three-year plan of improvement.

Plans for St. Stephen's Academy and Holy Cross School already have aligned many aspects of school administration. In this school year, the schools implemented uniform financial policies and calendars. With the support of the Catholic Schools Office and community advisors, parishes are working to stabilize and increase enrollment, improve facilities, and bring fiscal stability to their schools.

Outcomes from Hispanic Ministry Planning



Recognizing a great need to reach out to the newly arrived and welcome them into the life of the Church, the Hispanic Ministry Coordinating Committee adopted a plan to form English and Spanish-speaking Catholics into one Christian community.

- Support bi-lingual and bi-cultural pastoral leadership;
- Identify and provide formation for Hispanic lay leaders;
- Implement outstanding Spanish-language sacramental preparation;
- Develop an active youth ministry; and,
- Provide systematic catechesis for all age groups.

Planning Office Animates the Effort

With considerable effort and financial resources committed to strategic planning, Bishop Finn established an Office of Planning in March 2008. As director, Dave Woolwine is responsible for coordinating planning activities and assisting parishes, schools and implementation teams. Woolwine meets regularly with Northland and Northeast Deanery pastors and principals and monitors progress.

As a career educator, Woolwine brings 28 years of experience as a school administrator and, most recently, as an Associate Superintendent of Schools. Woolwine's experience made him an ideal choice to organize the Diocesan School Study, which is now underway.

"To strengthen and sustain the Catholic schools of our diocese, we began a comprehensive study and strategic planning effort last spring," stated Bishop Finn. "Our goal is to develop a prudent plan and to take reasoned steps to ensure that our schools are distinctly Catholic, academically excellent, and fiscally stable."

Meitler Consultants is researching trends and striving to engage the entire Catholic community in formulating a course of action. Consultants visited every school in the diocese last spring, are working with two advisory groups, and will convene focus groups of pastors, school administrators, and parish and school leaders. These groups will offer input into the plan that will be recommended to Bishop Finn in the spring.

"Because the future of our Catholic schools is of such great significance to our entire diocese, we are striving to gain input and recommendations from the community," said Woolwine.

Our Diocese

We Remember

- **1,221 People Buried**

We Celebrate

- **1,845 Infants Baptized**
- **2,548 First Communicants**
- **2,420 First Reconciliations**
- **1,881 Confirmations**
- **773 Marriages**

We Believe

- **134,218 Catholics**

Total Population in Our Diocese

- **1.47 million**



"Find the Lord. Find the saints of the times, but also find the NOT canonized simple people who are really the heart of the faith."

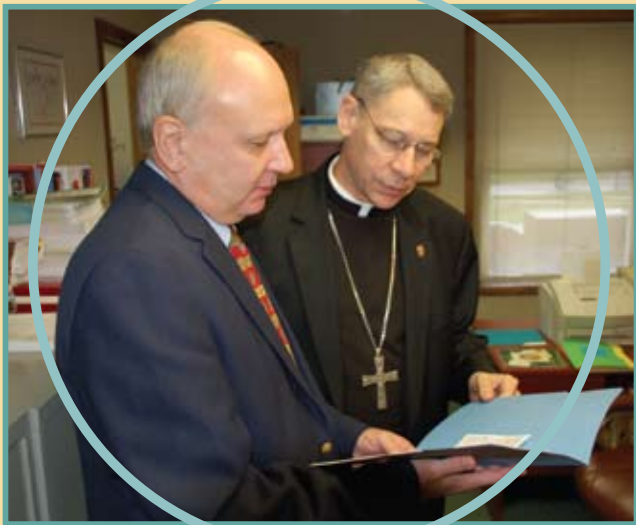
Pope Benedict XVI



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 07/08 annual audit performed by McGladrey & Pullen and reviewed/approved by the Diocesan Finance Council at its October 27th 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 report 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 now given to the business and financial practices of the Catholic Church, other churches, not-for-profits and businesses in general.



Dave Malanowski with Bishop Finn

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, 2008 andare in conformity with accounting principles generally accepted in the U.S."

Unrestricted/Undesignated net assets in the Current Fund increased by \$162,004. Unrestricted/Designated net assets decreased by \$133,312, resulting in a total increase in Unrestricted net assets of approximately \$29,000 (See chart.) Offices and programs did a good job in realizing budgeted income and staying within budgeted expenses. Because of the timing of the announcement of the \$10 million sexual abuse settlement and the date that agreements were signed with insurance carriers (September 17th), auditing rules required the DCFO to record the recovered amount from insurance carriers on the Statement of Activities of the DCFO in the income /expense categories called Auxiliary Services.

Endowment Funds (designated, temporarily restricted and permanently restricted) decreased slightly to \$13.6 million. This \$300,000 decrease in asset value was due to unrealized losses associated with the small portion of Seminarian Endowments that is invested in mutual funds and not invested internally. The internal endowments generate interest income to fund ministries and programs, 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 annual allocation to Catholic Charities.

The total aggregate balance of parish and high school loans at June 30, 2008 was \$38.7 million, essentially the same as a year ago. Total loans made (primarily for construction or renovation projects) were virtually equal to principal payments made on existing loans. Construction projects requiring financing in 07/08 were: St. Patrick's North, St. James Liberty, St. Patrick Holden, St. Munchin Cameron, St. Bridget Pleasant Hill and Annunciation Kearney. Parish deposits were \$17.0 million, an increase of \$900,000 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.

Following a recommendation from the Northland Planning Study, the DCFO purchased a 38-acre tract near 108th and Skyview in Platte County to hold in anticipation of future growth.

Accounts receivable increased by \$94,000 to \$1.54 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. The receivable level increased to \$1.7 million during July, August and September of this year, possibly reflecting the difficult economic conditions. However, October has seen a return to the \$1.4 - 1.5 million range.

Gross pledge income from the Bishop's Annual Appeal in 07/08 was \$1.68 million. This was an increase of \$139,000 from the previous year. 07/08 was the first year of the new format of the Bishop's Annual Appeal, a format that had all parishes conducting 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. We hope that parishioners in the Diocese have greater awareness of the more than 30 important ministries and programs that the Appeal supports.

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. We hope that this report shows that your support helps in many important ways.

David A. Malanowski

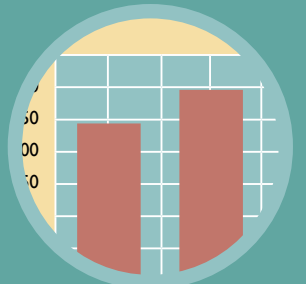
Dave Malanowski
Diocesan Finance Officer



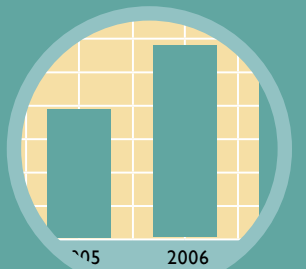
ASSETS

- Cash and Cash Equivalents
- Loans and Accounts Receivable
- Bishop's Annual Appeal Pledges
- Land, Buildings and Equipment
- Beneficial Interest in Others' Investments

Financial Position
Statement
Inside on page



Bishop's
Annual Appeal
Inside on page



Endowment
Fund
Inside on page

CURRENT FUND (in \$)

UNRESTRICTED REVENUE

- Bishop's Annual Appeal
- Diocesan Collections
- Diocesan Share - National Cc
- Assessments
- Bequests
- Contributions
- Fees
- Auxiliary Services /

Central Financing
Operations
Inside on page