

ANNUAL FINANCIAL REPORT FOR THE DIOCESE OF RALEIGH

DEAR BROTHERS AND SISTERS IN CHRIST,
As the Chief Financial Officer and Chief Administrative Officer of the Diocese of Raleigh, it is my responsibility and my privilege to make this Annual Report on the finances and other relevant statistical data for the Diocese of Raleigh. Our Diocesan finances are audited by the independent accounting firm of Cherry Bekaert, and those audited financial statements for the year ended June 2017 are published on our Diocesan website at: <http://dioceseofraleigh.org/offices/chief-operating-and-finance-officer/audited-financial-statements>.

If you do not have access to a computer and would like a copy of the audited financial statements, you may contact me by calling 919-821-9703.

I am pleased to report that through the generosity of the faithful in the Diocese, the leadership of our pastors and pastoral administrators, prudent management by our Diocesan staff, and the excellent advice of our Diocesan Finance Council, our Diocese continues to be financially stable. The Diocesan unrestricted reserves have stayed the same as in the previous year, at just over the target level suggested by the Diocesan Finance Council. Once again, the Diocesan audit is accompanied by an unmodified opinion, which is the highest level of assurance issued by the auditors, and which means that the auditors believe the financial statements fairly represent the financial status of the Diocese. In addition, there is an attestation letter from the auditors which indicates that their review and testing shows that the restrictions upon parish deposits with the Diocese, the Bishop's Annual Appeal and the Our



Number of Parishes

79

Parishes

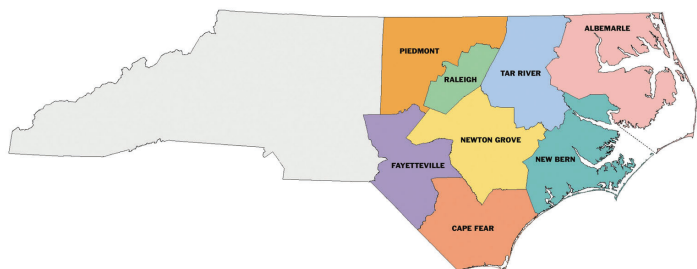
18

Missions

Cathedral: One Faith, One People campaign have been honored.

OUR DIOCESE CONTINUES TO EXPERIENCE MANY SIGNS OF GROWTH AND VIBRANCY:

- Parish offertory across the Diocese increased by just under 2% over the previous year, and two thirds of our parishes and missions had an increase in offertory over the previous year. 14% of our parishes and missions experienced offertory increases of over 10% above the prior year.
- This growth is also seen in the continuing construction of new facilities. Since mid-2017 alone, four new churches have been dedicated in the Diocese (Holy Name of Jesus Cathedral, St. Mary Magdalene in Apex, Our Lady of La Vang in Raleigh, and St. Luke the Evangelist in Raleigh). In addition, there is a new church under construction at St. Joseph the Worker in Warrenton, and new churches are under architectural design at Holy Infant in Durham and at St. Stephen the First Martyr in Sanford. Several other parishes are in various stages of planning for facility expansion.
- The Holy Name of Jesus Cathedral has been in operation since late July 2017. Offertory has been running at an increase of over 50% vs. the same time period in the previous year. The next phase on the drawing boards is a parish activity center. Behind the scenes work continues on the major gift and memorial naming phase of the Cathedral campaign.
- At the end of June 2017, the Diocese had 23 men in formation for the Priesthood. There are currently 26 men in formation and it is anticipated that three of these men will be ordained to the Priesthood during 2018. Seminarian formation and education are ministries that receive significant funding - just under \$1 million this current year - from the Bishop's Annual Appeal. I am grateful for so many



219,720 Registered Parishioners | **250,000** Estimated Unregistered
467,720 Estimated Total Catholic Population in the Diocese of Raleigh



26 Seminarians
29 Extern Priests
144 Active Diocesan and Religious Order Priests

of the faithful who pray for increased vocations to the Priesthood and religious life, and I am also thankful for so many of our parishioners who regularly pray for our seminarians by name.

At the same time that we have been blessed with growth in many areas of the Diocese, that growth and prosperity is not uniform across the eastern half of the state. We know that there are parishioners and people in our communities who are facing serious economic challenges. One third of our parishes and missions have had an offertory decline vs. last year, and six of our parishes and missions have had an offertory decline of over 10% vs. the prior year. In response to these challenges, the Diocese has responded in the following manner:

- Eleven of our smaller parishes and missions in rural areas of the Diocese receive cumulative annual subsidies of over \$167,000 so that a Catholic presence can be maintained in those parts of eastern North Carolina.
- In addition, the Diocese provides full or partial funding for priests serving in ministry throughout the Diocese at parishes which could not otherwise afford them in the amount of \$345,000 per year. This funding comes from the Bishop's Annual Appeal.
- Catholic Charities, which receives \$1.3 million per year in funding from the Bishop's Annual Appeal - more than any other single ministry - continues to serve almost 60,000 people in need each year in our communities. That funding from the Diocese increased by 30%, or over \$300,000 over the past year. Catholic Charities serves all people with an emphasis on the Corporal Works of Mercy, emergency assistance, disaster relief, immigration, counseling, and poverty reduction services. Catholic Charities also continues to coordinate and execute long term relief efforts related to the devastation caused by Hurricane Matthew last year in parts of eastern North Carolina.

I am grateful for the many volunteers who assist the Catholic Charities staff in its outreach, and am grateful for the benefactors who provide the resources to make much of this outreach possible. Just as importantly,

CATHOLIC POPULATION

■ **Catholic Population The Diocese of Raleigh continues to grow in its population and vibrancy. The registered Catholic population has increased by 9% since 2007.**



5,066

Baptisms



5,278

First Communion



3,359

Confirmations

I also ask for you to join me in offering continued prayers for all those in need.

■ I am pleased to report on continued progress in key areas:

- The priest pension plan has a benefit security ratio of 92%, and the lay pension plan (which has been frozen in lieu of a defined contribution plan) has a benefit security ratio of over 80%. The funded status of both the clergy and the lay pension plans represent a sizeable increase from prior years. The Diocese has started a new endowment to provide earnings for the long-term nursing and other care needs for priests that is not covered by health insurance.
- For the eighth consecutive year, health insurance premiums have increased by 5% or lower (with an annual average increase of less than 2%) while national trends in percentage increases in premiums have been significantly higher. In fact, last year health insurance premiums did not increase at all, and during the last eight years, there have also been four "monthly premium holidays" where health insurance premiums

National Special Collections 2016 - 2017

Church in Latin America.....	\$107,440
Church in Central & Eastern Europe.....	\$91,701
Black & Native American Missions.....	\$95,258
Catholic Relief Services.....	\$119,398
Operation Rice Bowl.....	\$78,896
Holy Land Shrines.....	\$101,807
Catholic Home Mission.....	\$109,147
Collection for the Holy Father (Peter's Pence).....	\$135,111
Catholic University of America.....	\$90,916
World Mission Sunday.....	\$115,011
Archdiocese for Military Services, US...	\$81,629
Catholic Campaign for Human Development.....	\$106,326
Retirement Fund for Religious.....	\$215,322
Disaster Relief.....	\$551,068

Total Special Collections\$1,999,030

CURRENT MEMBERS OF THE DIOCESAN FINANCE COUNCIL: Mr. Greg Anglum - St. Mary Magdalene, Apex | Mr. Jay Boyle - St. Michael the Archangel, Cary | Rev. Msgr. David Brockman - St. Catherine of Siena, Wake Forest | Rev. Edward Burch - Our Lady of Lourdes, Raleigh | Ms. René Corders - St. Ann, Fayetteville | Mr. Russell Elmayan - Chief Administrative Officer/Chief Financial Officer | Mr. Thomas Fenn - St. Thomas More, Chapel Hill | Mr. Kevin Green - Holy Name of Jesus Cathedral, Raleigh | Very Rev. Robert Kus - Basilica Shrine of St. Mary, Wilmington | Mr. Carman Liuzzo (Chair) - Holy Name of Jesus Cathedral, Raleigh | Mr. Robert Moloney - St. Peter, Greenville | Mr. Brian Reid - St. Michael the Archangel, Cary | Mr. Tim Thronson - St. Francis of Assisi, Raleigh

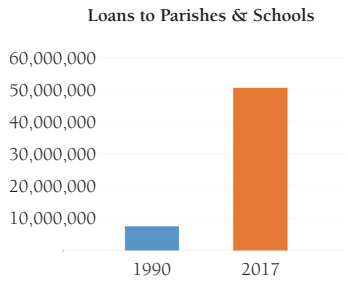
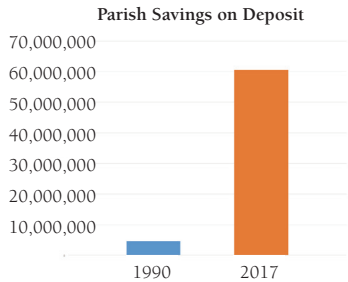
were not charged to our parishes, schools, and employees.

■ We do have some continuing challenges in the financial area that are key areas of focus:

- Parish offertory growth has not kept up with the growth in population and has not kept up with the growing charitable and pastoral needs. To that end, the Diocesan Stewardship and Advancement office is working with several parishes on programs designed to increase parish offertory. Initial results in the first parishes have been quite favorable.

- By the time this article is published, I anticipate that the Diocese will be in the midst of a process designed to reduce the interest rates on parish loans by a sizeable amount, saving our parishes hundreds of thousands of dollars per year in interest expense.

I invite you to review the report on our Diocesan website at the web address listed at the beginning of this letter. This report visually highlights some key financial, statistical, and pastoral benchmarks, as an accompaniment to the annual financial audit. We



Catholic Charities Statistics

Number of People Served: **60,000**

Number of Volunteers: **3,200**

Number of Volunteer Hours: **52,000**

Value of In-Kind Gifts Received: **\$3,200,000**

21% of the budget for Catholic Charities comes from the Bishop's Annual Appeal

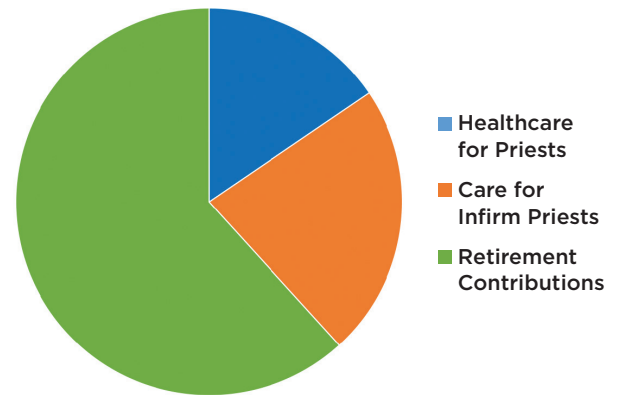
Grants Distributed 2016-2017

Small Parish Operating Assistance	\$223,333
Parish Assistance for One-Time Projects	\$42,934
Deanery Endowment for the Poor	\$102,000
Diocesan Endowment for the Poor	\$21,400
Respect Life Grants	\$10,000
Catholic Schools Tuition Assistance	\$81,200
Grants for Campus Ministry	\$442,931
Priestly Ministry at Hospitals & Parishes	\$226,188
Catholic Campaign for Human Development	\$20,400

take seriously our obligation of exercising proper stewardship over the resources that have been entrusted to us, and I believe that you will find that we have honored that obligation and commitment. I express gratitude to Bishop Luis Rafael Zarama for his steadfast support and for his leadership of our Diocese. I offer renewed thanks for your support, which makes it possible for our Diocese to provide the pastoral and charitable ministries that positively impact so many people each year.

Sincerely,

Russell C. Elmayan
Chief Financial Officer and
Chief Administrative Officer

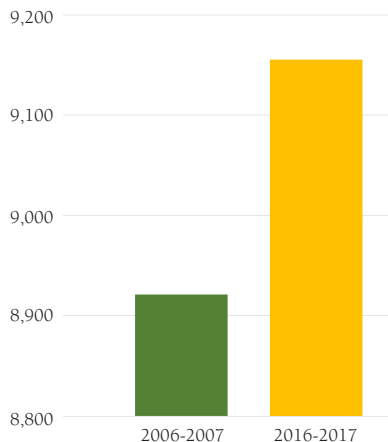


PRIEST WELFARE & RETIREMENT EXPENDITURES - 2017

\$2.14 MILLION*

■ The Diocese of Raleigh is fortunate to have many Diocesan and Religious Order Priests in service here. These expenditures are part of our continuing care for the priests, both active and retired. Each parish contributes to the funding of Priest Welfare & Retirement Expenditures. The chart above represents how those funds are spent.

*Excludes Extraordinary Diocesan Contributions to augment the funded status of the clergy pension plan.



CATHOLIC SCHOOL ENROLLMENT

■ Since 2007, the enrollment in Catholic Schools within the Diocese of Raleigh has increased by 3.0%. During the 2016-2017 enrollment year, over \$1.3 million was distributed by the North Carolina Opportunity Scholarship Program, serving 321 students. The God's Work, Our Challenge Tuition Assistance endowment distributed \$81,200 amongst 20 schools (serving 148 students).