Dear Parishes and Friends of the Diocese of Oakland,

I am very pleased to provide you with this Stewardship & Accountability Report, which includes a snapshot of our Diocese’s financial results for recent years. Stewardship is much deeper and all-encompassing than money. It is a recognition of all God has provided for us. Your gifts of time, talent and treasure help make Christ's mission, throughout the Diocese, a reality. Without you, the Church and its life in the Diocese would not exist. Thank you for your generosity.

I pledge to you we are actively and intentionally reviewing the operations and finances of the entire Diocese. We hope you find the charts and narratives helpful in understanding the overall financial health of the Diocese. The Diocese is the whole of many parts, and it reflects the results of our parishes, schools, cemeteries, charities and other ministries. It is one body. In addition to the charts included in the report, you will find more detailed information on the Diocesan website at http://bit.ly/2tb8472.

More importantly, this Stewardship & Accountability Report serves as one way for us, as the local Church, to express our belief in a God of Mercy and Compassion. The work we do, the worship we offer, and the witness we give is revealed in our careful stewardship of God's gifts. The inspiring stories in this report are examples of that stewardship.

Being good stewards of the gifts God has given us requires us to be responsible with the temporal goods with which we have been blessed. I see the hard work of families and donors every day and know the immense responsibility I have to you. Toward this end, we are ensuring finite resources are properly deployed. Vibrant and strong parishes and schools make a healthy Diocese. There is an emphasis on the importance of sound financial planning and an emphasis on sustainability and accountability for the uses of financial resources.

I pledge your commitment of time, talent and treasure to the Diocese is being well applied and is important as we steward our Diocese into the future. Together, we can face and overcome the challenges before us.

Your pledge to support the ministries of the Church makes everything included in this Stewardship & Accountability Report, and so much more, possible. Thank you for your generosity as we undertake these next steps together. Remember it all depends on prayer. We can do all things through Him who strengthens us. Be assured you remain in my daily prayers, and I beg you to please pray for me and our whole Diocese.

Yours sincerely in Christ,

Most Rev. Michael C. Barber, SJ
Bishop of the Diocese of Oakland

Update on Diocesan Debt Refinancing

As part of its ongoing efforts to be a better steward of donors’ contributions, the Diocese of Oakland has reduced and effectively refinanced its debt. Prior to a new loan agreement signed on Feb. 1, 2017, the Diocese had reduced its existing bond debt from $114.7 million to $70.7 million, using funds from the sale of investments (from long-established reserves), nearly $7 million from non-core real estate and property sales and from the Diocesan-wide Capital Campaign proceeds.

Following an affirmation of its solid investment grade rating (A3) by Moody’s Investors Service in January 2016, the Diocese closed a $70 million credit facility/borrowing with BBVA Compass Bank on Feb. 1, 2017. The closing concluded a five-month process conducted by an ad-hoc refinancing group to advise the Bishop, comprised of several finance executive volunteers and the Diocesan chief financial officer. This bank credit facility will most effectively refinance the Diocese’s remaining $70.7 million bond debt as it comes due over the next three years.

The new loan is a committed, secured delayed-draw facility during the remaining bond repayment period ending Nov. 1, 2019, which then converts to a 10-year term loan (with a 25-year amortization schedule). The new structure alleviates the financial pressure from three bond principal payments totaling $70.7 million, which come due in the next three years, and takes advantage of current lower interest rates.

The refinancing was done in the context of broader stewardship-based, long-term operational and financial planning, according to Paul Bongiovanni, Diocesan chief financial officer.

“This planning represents the fulfillment of a pledge made to the faithful to reduce debt and to use Diocesan resources more carefully and deliberately,” he explained. “Bishop Barber, the Diocesan Finance Council and other consultative bodies — clergy and laity — will continue with the integral review of Diocesan operations, finances and resources to ensure sustainability and use of resources for optimal mission impact.”

The debt reduction and refinancing is a significant goal within the Diocese’s planning initiative launched in April 2015. “The Diocese is making better and more intentional decisions in serving the people of the Diocese of Oakland,” Bongiovanni stressed. “As Bishop Barber’s ‘chief Diocesan steward’ I have pledged to every donor my personal commitment to apply their sacrificial gifts in the most prudent manner possible.”
**Overdue improvements at Church of the Good Shepherd in Pittsburg**

The current Church of the Good Shepherd in Pittsburg opened in 1970, and its parish hall 10 years later. Time and use took their toll, so with help from the Diocesan-wide Capital Campaign, Good Shepherd has repaved its parking lot and made electrical, sound and lighting improvements to the parish hall. Rev. Carl Arcosa thanks all those individuals who participated for their financial support. “It has been challenging for many to fulfill their pledges,” he said of the 1,700-family parish. “I’m hoping they’ll be faithful and continue to give.” Parking lot work cost $80,000, with about half coming from Capital Campaign funds, and about $17,000 from those funds so far has helped renovate the hall. As more funds come available from the campaign, the big hall, which can seat 500, will get new appliances and refrigeration, making it more rentable for weddings and events, which will aid the parish.

**Contemplation, healing at St. John Vianney**

An olive tree stands at the center of a healing garden at St. John Vianney Church in Walnut Creek. The choice came down to: myrtle, Japanese maple or olive? Although the Japanese maple may be his favorite, Father William Rosario knew which tree he was called to choose.

Olive, whose oil is used in anointing and healing, it was.

The parish mission is “Know and love Jesus. Follow Christ in compassionate service.” It can be simplified even further, Father Rosario said: “Heal wounds and warm hearts.”

St. John Vianney’s proximity to John Muir Medical Center, just across busy Ygnacio Valley Road from the parish, offers unique opportunities.

The choice came down to: myrtle, Japanese maple or olive? Although the Japanese maple may be his favorite, Father William Rosario knew which tree he was called to choose.

St. John Vianney for parking lot lighting, church restrooms and landscaping.

“Thanks to the Capital Campaign, we were able to go ahead,” Father Rosario said. Two curved benches, reflecting the shape of the church, have been installed in the garden. Parishioners have chosen plants in memory of loved ones, making it a memorial garden as well.

---

**St. Anne Church is wearing a fresh coat of paint**

Parishioners wanted to spruce up St. Anne Church in Union City, built in 1973, in time for the annual festival in late July 2016. Parishioners had responded faithfully to Reclaiming Christ’s Mission Together, the Capital Campaign that promised 25 percent of the parish’s contributions would be returned to it for parish projects. After seeking bids for the work, the parishioners requested their funds. They arrived in time to have the job completed at festival time.

Credit for the success of the capital campaign goes to Carl Arcosa, who served as pastor for 11 years before moving to St. Joseph Parish in Pinole last year, called “the dream team,” a committee of parishioners who “worked so hard” in engaging the entire St. Anne community in the Campaign effort.

“They knew why we were doing it,” he said of the parishioners. “The people responded,” he said, a fresh coat of paint that St. Anne Church is wearing.

---

**Diocesan-wide Capital Campaign, Reclaiming Christ’s Mission Together**

As of and through Dec. 31, 2016

<table>
<thead>
<tr>
<th>Case Components</th>
<th>Net Funds Raised*</th>
<th>Pledge Balance</th>
<th>Cash Receipts**</th>
<th>Cash Distributions</th>
<th>Revised Goal Allocations***</th>
</tr>
</thead>
<tbody>
<tr>
<td>Restricted (Excluding Cash Distributions)</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Annual Bishop’s Appeal 2015</td>
<td>$126,000</td>
<td>$18,000</td>
<td>$108,000</td>
<td>$3,000,000</td>
<td>$3,000,000</td>
</tr>
<tr>
<td>Catholic Charities</td>
<td>1,062,000</td>
<td>709,000</td>
<td>293,000</td>
<td>1,787,000</td>
<td></td>
</tr>
<tr>
<td>Catholic Schools New Tuition Assistance Endowment</td>
<td>1,554,000</td>
<td>242,000</td>
<td>912,000</td>
<td>2,042,000</td>
<td></td>
</tr>
<tr>
<td>Planned Debt Reduction</td>
<td>52,000</td>
<td>13,000</td>
<td>39,000</td>
<td>6,725,000</td>
<td></td>
</tr>
<tr>
<td>Priests’ Retirement Benefits Trust</td>
<td>198,000</td>
<td>22,000</td>
<td>176,000</td>
<td>456,000</td>
<td></td>
</tr>
<tr>
<td>Religious Education Leadership Training Endowment</td>
<td>10,000</td>
<td>1,000</td>
<td>9,000</td>
<td>285,000</td>
<td></td>
</tr>
<tr>
<td>Unrestricted</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Funds Raised Outside Parish Campaign</td>
<td>1,560,000</td>
<td>212,000</td>
<td>1,348,000</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Parish Campaign Funds for Parishes</td>
<td>7,520,000</td>
<td>3,055,000</td>
<td>4,464,000</td>
<td>3,320,000</td>
<td>9,769,000</td>
</tr>
<tr>
<td>Parish Campaign Funds for All Other Elements</td>
<td>22,558,000</td>
<td>9,166,000</td>
<td>13,393,000</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total before Combined Parish Capital Campaigns</td>
<td>$34,240,000</td>
<td>$13,498,000</td>
<td>$20,742,000</td>
<td>$15,243,000</td>
<td>$38,239,000</td>
</tr>
<tr>
<td>Combined Parish Capital Campaigns</td>
<td>8,999,000</td>
<td>7,850,000</td>
<td>1,149,000</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Campaign Expenses</td>
<td></td>
<td></td>
<td></td>
<td>3,923,000</td>
<td>5,000,000</td>
</tr>
<tr>
<td>Total Diocesan-wide Capital Campaign</td>
<td>$43,239,000</td>
<td>$21,348,000</td>
<td>$21,891,000</td>
<td>$19,166,000</td>
<td>$43,239,000</td>
</tr>
</tbody>
</table>

*Includes one-time gifts and pledges, net of write-offs.

**Cash receipts at the Foundation only. Cash receipts for Combined Parish Capital Campaigns received and remaining at parishes have been excluded.

***Represents modification to original case elements funding priorities to reflect reduction in overall campaign goal from original $65 million to revised $43.5 million. Restrictions on gifts are as follows:

- **Cash receipts at the Foundation only. Cash receipts for Combined Parish Capital Campaigns received and remaining at parishes have been excluded.**
- **Includes one-time gifts and pledges, net of write-offs.**
- **Represents modification to original case elements funding priorities to reflect reduction in overall campaign goal from original $65 million to revised $43.5 million. Restrictions on gifts are as follows:**
Revenues for Diocesan Entities 2016 ($286.0 Million)

- **29.0%** Parishes $82.7 Million
- **11.3%** Roman Catholic Cemeteries and Catholic Management Services $32.2 Million
- **2.4%** Catholic Charities of the East Bay $6.8 Million
- **5.0%** Cathedral of Christ the Light and Catholic Cathedral Corporation of the East Bay $14.4 Million
- **7.6%** Central Services Administration $22.4 Million

Expenses for Diocesan Entities 2016 ($274.9 Million)

- **27.4%** Parishes $75.4 Million
- **13.7%** Roman Catholic Cemeteries and Catholic Management Services $37.7 Million
- **2.5%** Catholic Charities of the East Bay $6.9 Million
- **3.8%** Cathedral of Christ the Light and Catholic Cathedral Corporation of the East Bay $10.3 Million
- **7.2%** Central Services Administration $19.7 Million

Diocese of Oakland Entities

- **Our Parishes**: The Roman Catholic Bishop of Oakland
- **Our Schools**: The Roman Catholic Welfare Corporation of Oakland
- **Our Cemeteries and Mortuaries**: Roman Catholic Cemeteries of the Diocese of Oakland and Subsidiaries
- **Catholic Management Services**: Catholic Church Support Services
- **Catholic Charities of the East Bay**: Catholic Charities of the Diocese of Oakland
- **The Cathedral of Christ the Light**: Christ the Light Cathedral Corporation and Catholic Cathedral Corporation of the East Bay

Note: Revenues and expenses reported above exclude other income (losses) such as gains (losses) on the sale of land, property, and equipment; net realized and unrealized gains (losses) on marketable securities; interest income on notes from related parties; and bond and other financing interest expense.
Central Services Administration Revenues

**Statements of Activities*\n**

*Activities categories explained*

- **Donations**: Donations include the Bishop’s Annual Appeal ($2.0 million) and various other donations, grants and bequests ($3.5 million) in support of the Diocesan mission.
- **Services Fees**: Services fees represent ministerial department revenues charged and collected by departments of the Chancery such as Diocesan Youth Retreat Center use fees, Safe Environment live scan fingerprinting fees, CYO fees, Department of Faith Formation & Evangelization related fees, etc.
- **Other Revenues**: Other revenues includes interest income from loans to parishes, insurance revenues, etc. The insurance program includes employee benefits, general liability, property, and earthquake insurance along with others.
- **Support Services**: Support services primarily include clergy retirement expenses.
- **Clergy**: Clergy-related expenses include many functions provided by Central Services, such as Pastoral Life (vocations, priest formation and support, ethnic and cultural ministries, etc.); Cannon Law; Office of the Chancellor (Faith Formation & Evangelization, CYO, Human Resources etc.); Communications; and the Office of the Bishop.
- **Parishes and Schools**: Direct expenses include expenses intentionally incurred in support of parishes and schools, including operating subsidies and interest expense incurred on parish/school deposits.
- **Other Expenses**: Other expenses include an annual charge for the change in the reserve for parish and school loans and receivables that may not be collected in full. They also include a subsidy to the Cathedral Parish for occupancy costs, other property expenses, and the priests’ convocation expenses.