

# Stewardship & Accountability Report

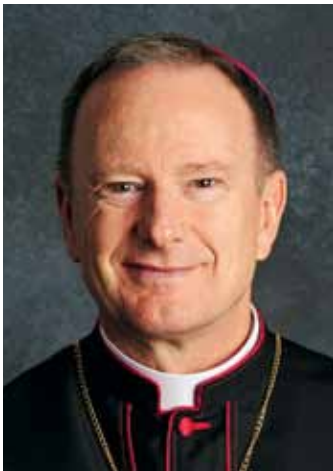
The mission of the Diocese of Oakland is to know Christ better and make Him better known.



## A Letter from Bishop Michael C. Barber, SJ

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.



*Bishop Michael C. Barber, SJ*

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 no silver bullet, no one magic lever to resolve our challenges. I am

confident, however, our Diocesan Finance Council, the pastors, our staff and committed experts are bringing the best solutions forward and executing them in a thoughtful, intentional manner. Our goal is each decision made allows our Church to maximize its mission: To know Christ better and make Him better known.

I intend to learn from our history as, together, we write the future story for the Diocese of Oakland. In the upcoming years, we will focus on three important priorities of our Catholic mission: The Sunday Experience, Corporal and Spiritual Works of Mercy, and Forming Missionary Disciples.

I hope you join me as we begin this exciting new chapter for our Diocese. I find inspiration every time I am with you in our parishes and schools. The witness of love and mercy you exhibit, and your desire to work together for Christ and His mission, means we will continue to be a relevant and strong voice for the mercy of Jesus here in the Bay Area.

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 Diocese's 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."

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

As of and through Dec. 31, 2016

Case Components	Net Funds Raised*	Pledge Balance	Cash Receipts**	Cash Distributions	Revised Goal Allocation***
<b>Restricted (Excluding Cash Distributions)</b>					
Annual Bishop’s Appeal 2015	\$126,000	\$18,000	\$108,000	\$3,000,000	\$3,000,000
Catholic Charities	1,062,000	769,000	293,000	289,000	1,787,000
Catholic Schools New Tuition Assistance Endowment	1,154,000	242,000	912,000	909,000	2,942,000
Planned Debt Reduction	52,000	13,000	39,000	6,725,000	20,000,000
Priests’ Retirement Benefits Trust	198,000	22,000	176,000		456,000
Religious Education Leadership Training Endowment	10,000	1,000	9,000		285,000
<b>Unrestricted</b>					
Funds Raised Outside Parish Campaign	1,560,000	212,000	1,348,000		
Parish Campaign Funds for Parishes	7,520,000	3,055,000	4,464,000	4,320,000	9,769,000
Parish Campaign Funds for All Other Elements	22,558,000	9,166,000	13,393,000		
<b>Total before Combined Parish Capital Campaigns</b>	<b>\$34,240,000</b>	<b>\$13,498,000</b>	<b>\$20,742,000</b>	<b>\$15,243,000</b>	<b>\$38,239,000</b>
Combined Parish Capital Campaigns	\$8,999,000	\$7,850,000	\$1,149,000		
Campaign Expenses				3,923,000	5,000,000
<b>Total Diocesan-wide Capital Campaign</b>	<b>\$43,239,000</b>	<b>\$21,348,000</b>	<b>\$21,891,000</b>	<b>\$19,166,000</b>	<b>\$43,239,000</b>

\*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 honored, always. Parishes remain first unrestricted funding priority. Annual Bishop’s Appeal 2015 moved to second from third priority and funded at \$3 million rather than \$4 million. Planned Debt Reduction case element is fixed at \$20 million for actual debt service. Remaining unrestricted funds are allocated proportionately among other case elements (i.e., case elements other than Parishes, Annual Bishop’s Appeal 2015, and Planned Debt Reduction).

## 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.



ALBERT C. PACCIORINI/THE CATHOLIC VOICE



MICHELE JURICH/THE CATHOLIC VOICE

## 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 contribution 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 what Father Geoffrey Baraan, 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 Capital Campaign effort. “They knew why we were doing it,” he said of the parishioners. “The people responded,” he said.

## 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 parishioners are no strangers: 150 members make hospital visits, their pastor said. The parish is often visited by those individuals seeking a place of quiet prayer and solace away from the hospital. Father Rosario sees the new garden as “our community gift to the neighborhood.” This gift to the community is made possible by the parishioners’ generosity. Twenty-five percent of the contributions made to the Diocesan-wide Capital

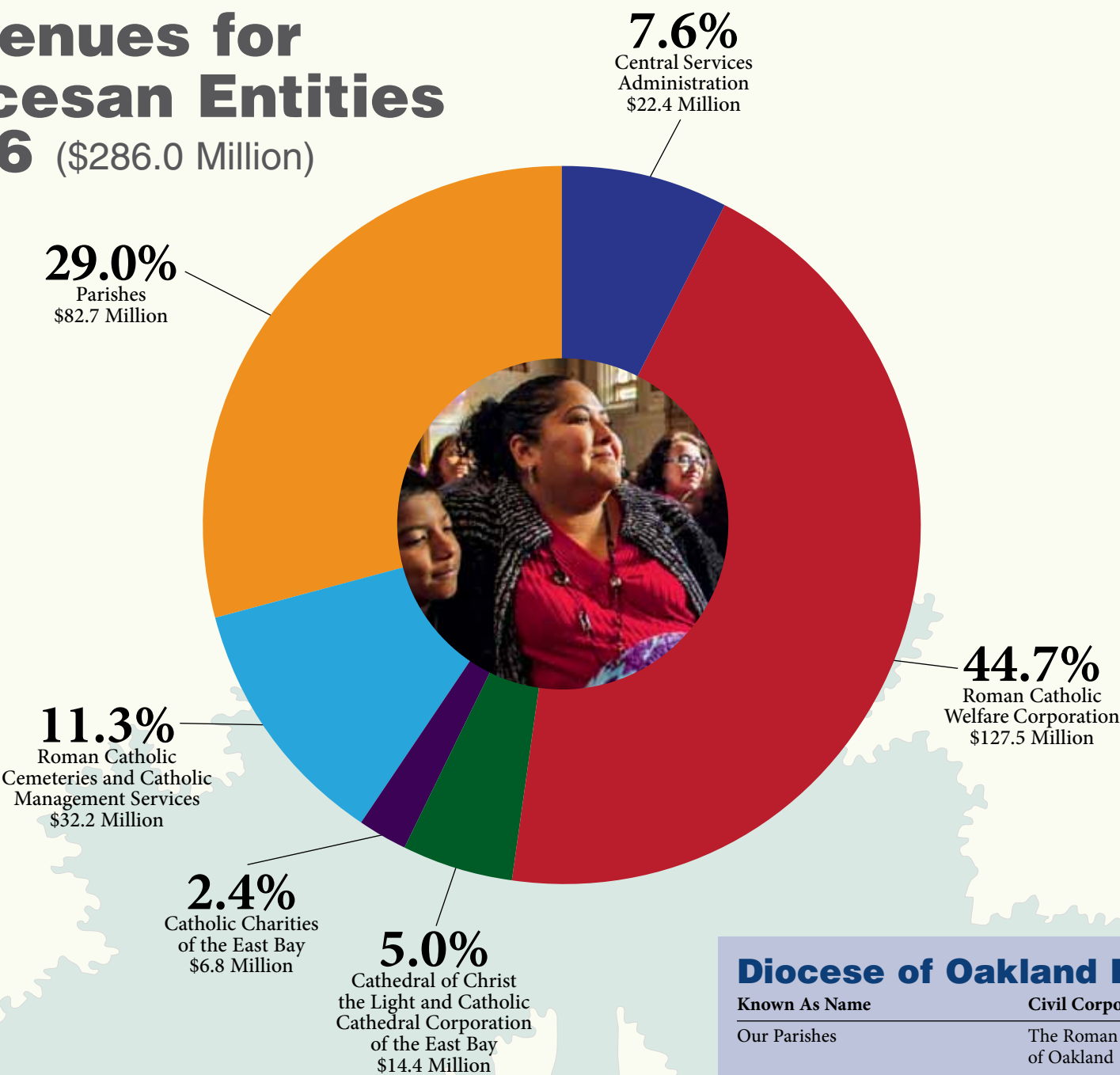


MICHELE JURICH/THE CATHOLIC VOICE

Campaign, Reclaiming Christ’s Mission Together, have and will be returned to the parish for projects such as the garden at St. John Vianney. Through Dec. 1, more than \$181,000 has been returned to 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.



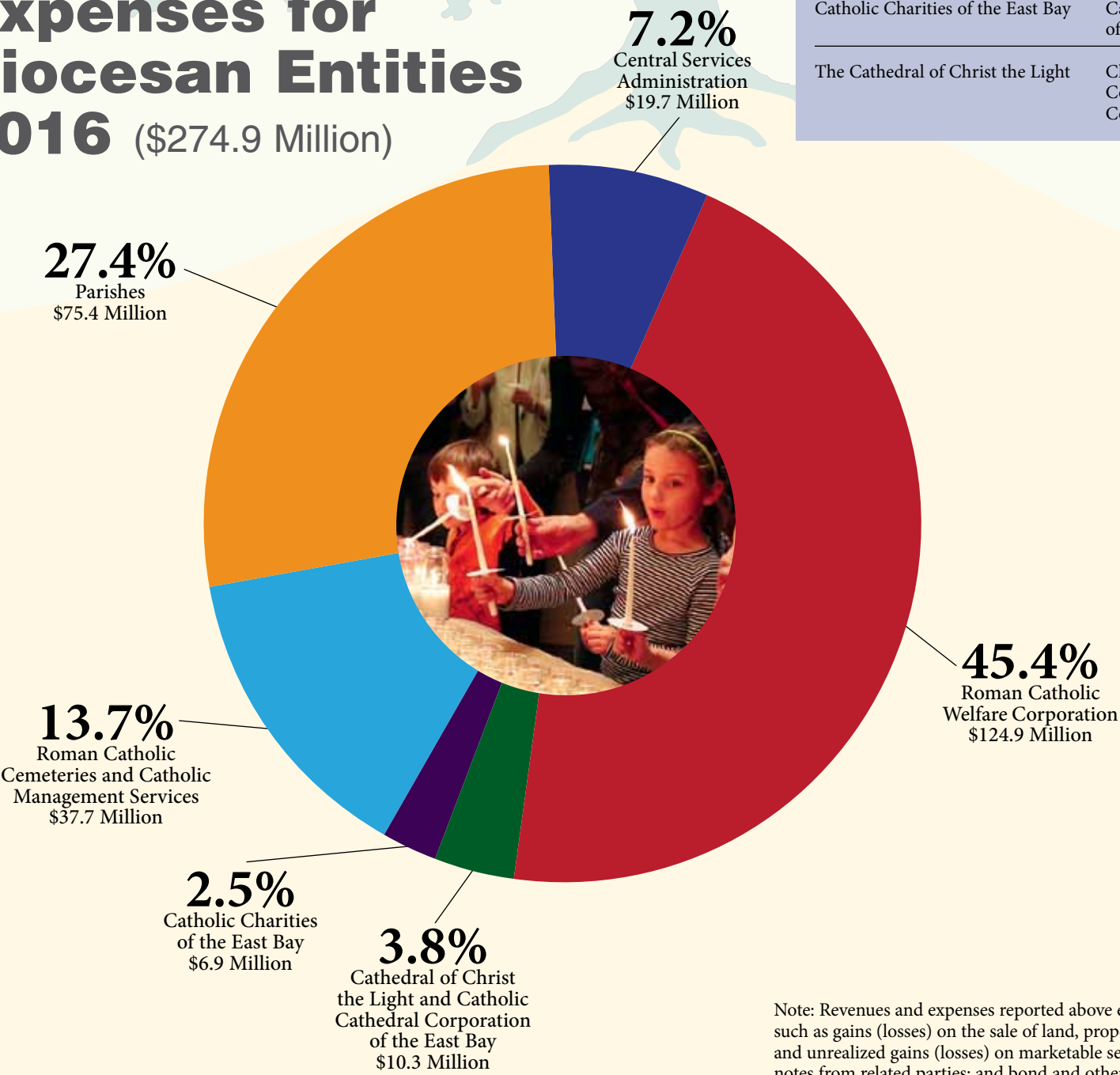
# Revenues for Diocesan Entities 2016 (\$286.0 Million)



## Diocese of Oakland Entities

Known As Name	Civil Corporation Name
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

# Expenses for Diocesan Entities 2016 (\$274.9 Million)



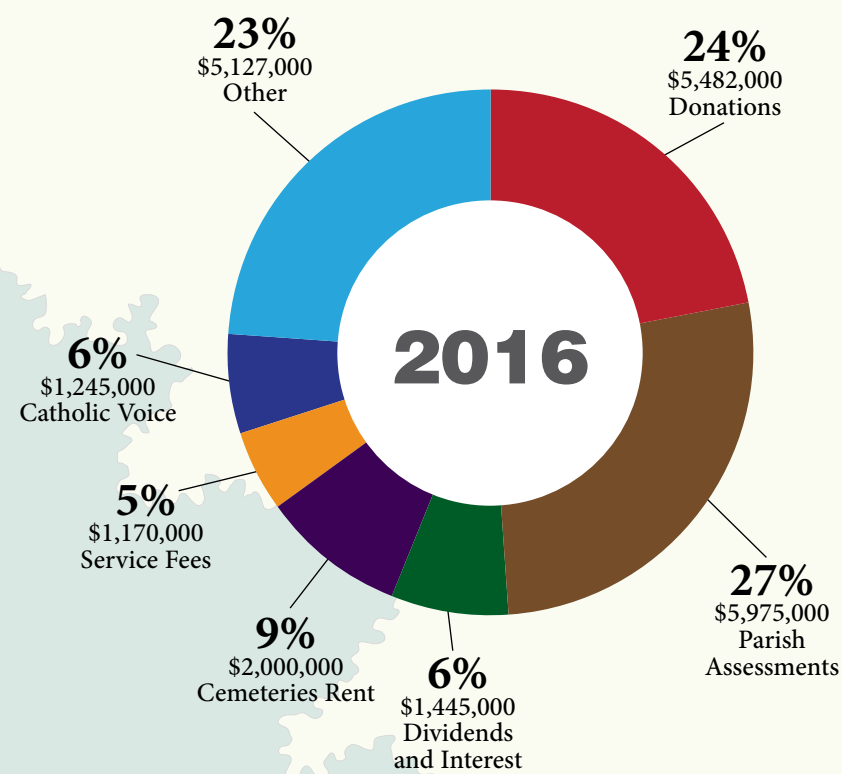
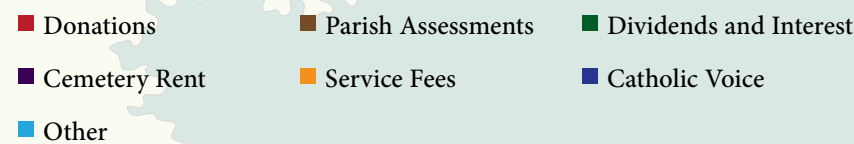
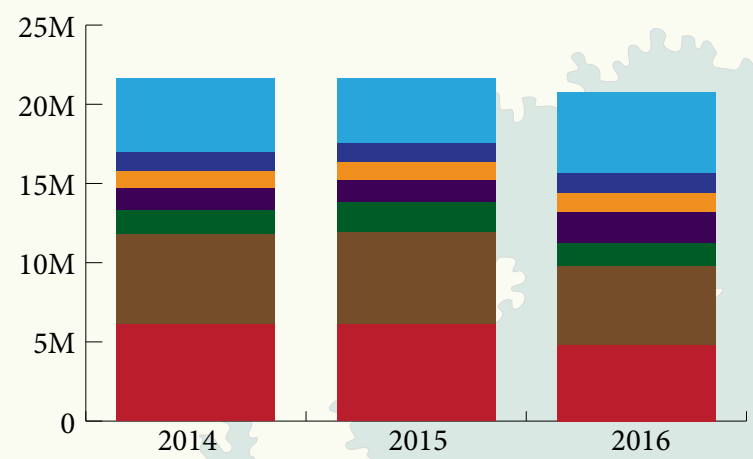
Note: Revenues and expenses reported above exclude other income (losses) such as gains (losses) on the sale of land, property, and equipment; net realized and unrealized gains (losses) on marketable securities; interest income on notes from related parties; and bond and other financing interest expense.

# Central Services Administration Revenues

## Statements of Activities\*

Years Ended Dec. 31, 2014 through 2016

	2014	2015	2016
Donations	6,357,000	6,464,000	5,482,000
Parish Assessments	5,734,000	5,817,000	5,975,000
Dividends and Interest	1,504,000	1,918,000	1,445,000
Cemeteries Rent	1,350,000	1,350,000	2,000,000
Service Fees	1,129,000	1,153,000	1,170,000
Catholic Voice	1,144,000	1,190,000	1,245,000
Other	4,709,000	4,149,000	5,127,000
Total revenues	21,927,000	22,041,000	22,444,000

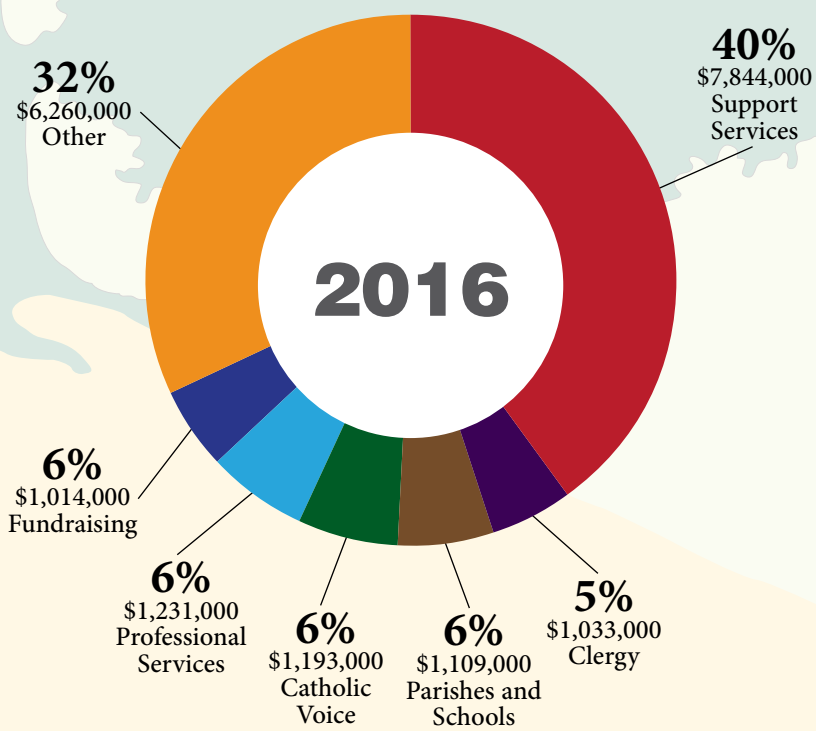
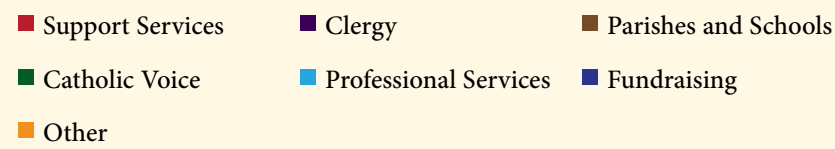
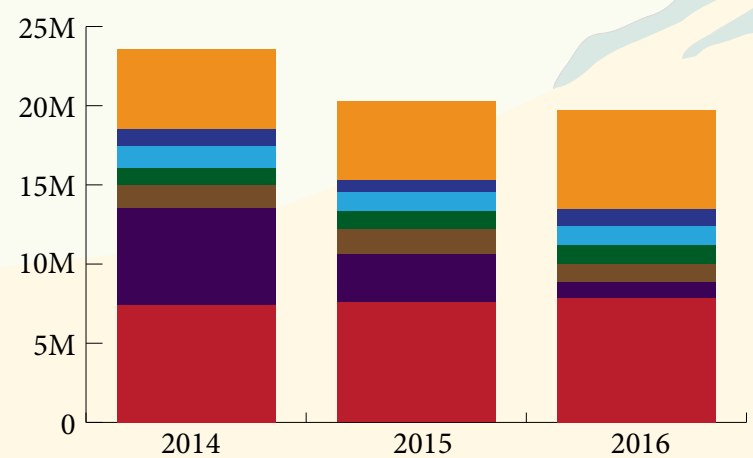


# Central Services Administration Expenses

## Statements of Activities\*

Years Ended Dec. 31, 2014 through 2016

	2014	2015	2016
Support Services	7,403,000	7,570,000	7,844,000
Clergy	6,116,000	3,083,000	1,033,000
Parishes and Schools	1,444,000	1,774,000	1,109,000
Catholic Voice	1,132,000	1,159,000	1,193,000
Professional Services	1,358,000	1,141,000	1,231,000
Fundraising	1,046,000	770,000	1,014,000
Other	5,067,000	4,796,000	6,260,000
Total Expenses	23,566,000	20,293,000	19,684,000



## \*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 includes many functions provided by Central Services, such as Pastoral Life (vocations, priest formation and support, ethnic and cultural ministries, etc.), Canon Law, Office of the Chancellor (Faith Formation & Evangelization, CYO, Human Resources etc.), Communications, and the Office of the Bishop.

### Clergy

Clergy-related expenses primarily include clergy retirement expenses.

### 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.