

Finance Office reports results of diocesan operations through June 30, 2024

By ALISON MONTEE
Diocesan Finance Officer

The annual audit of the financial statements of the Administrative Offices of the Catholic Diocese of Evansville has been completed, and we have the opportunity to share with you the financial results of our Diocesan Operations for fiscal year ended 6/30/24.

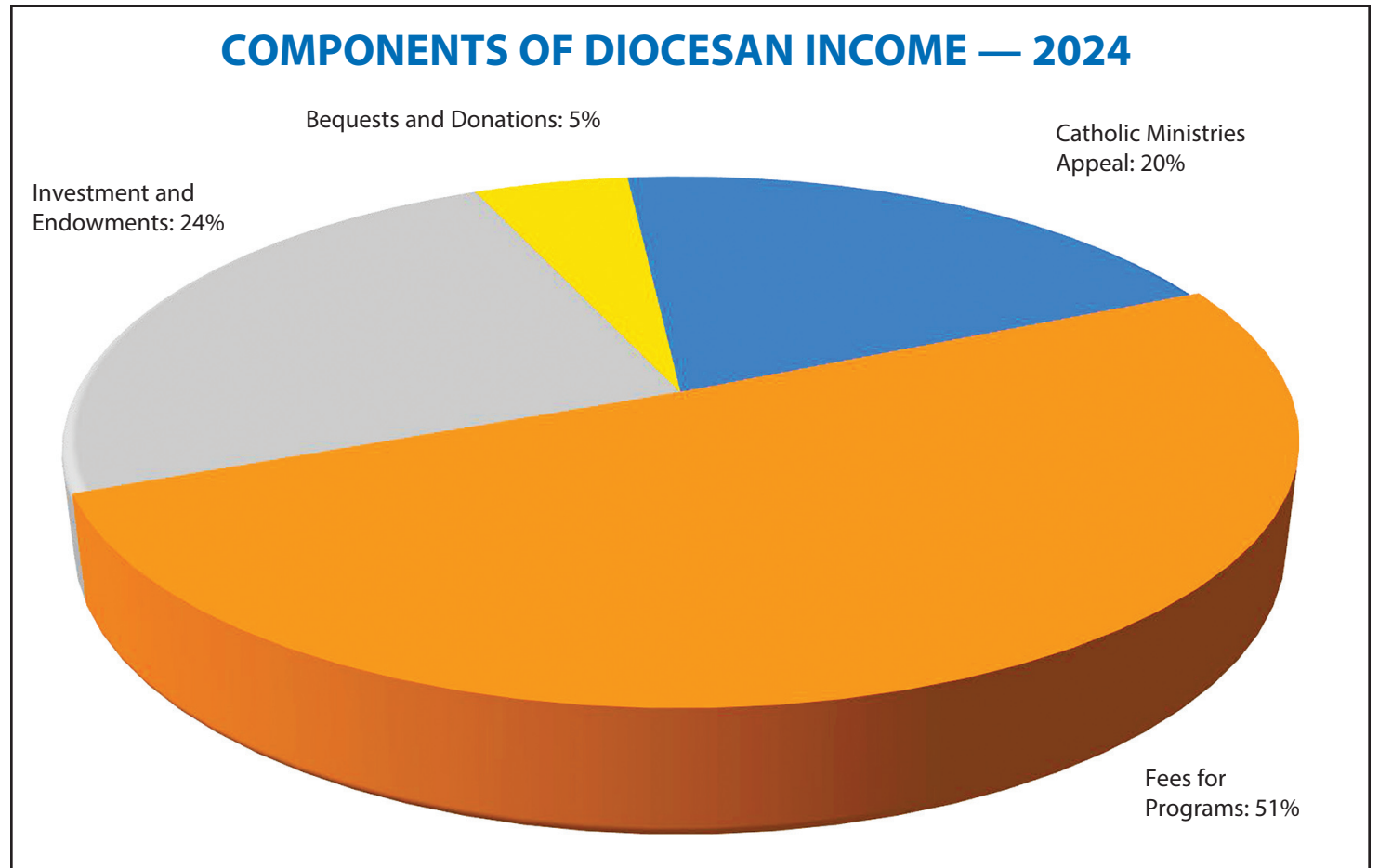
The full financial report, with auditor’s opinion, footnotes and supplemental information can also be found on the diocesan website at evdio.org under Departments, Finance Office, Forms and Documents.

The required format of audited financial statements can be a little overwhelming when deciphering the results of the fiscal year. It can be difficult to decipher what’s “Good” and what’s “Bad.” As such, we have included some supplemental information that we hope will be helpful:

- Link/QR Code to a short video providing an Overview to how the Diocesan Offices are organized
- Chart showing the primary sources of revenue for the diocese
- Condensed Income and Expense Summary
- Audited Statement of Financial Position (Balance Sheet)
- Audited Statement of Activity (Income Statement)

ORGANIZATION OVERVIEW:

Last year a short video was developed providing an overview of how the Diocese is structured, funded, and works with all of its parishes to carry out the ministry of the Catholic Church



in Southwestern Indiana. I encourage you to make a little time to view this video at the link or QR code below:



www.evdio.org/3-d-communications.html

The Audited Financial Statements

presented here represent the three “lines of business,” including 1.) Diocesan Ministries, 2.) The Deposit/Loan Program, and 3.) The Self-Funded Insurance Program whereby these three “lines of business” rely on four primary sources of revenue in order to fund their operations as follows:

- **Catholic Ministries Appeal** (formerly CPC) — Funds only used for lines of business 1 and 2
- **Fees for Programs & Services** (Including the Insurance Program)
- **Investment & Interest Income** (Including Returns on Endowment holdings)

- **Bequests & Donations** (Including cash distributions from Endowment holdings)

The pie chart included above reflects each of these sources of revenue and their respective percentage of total revenue presented in the audited financial statements for 2024. (Note: The percentages in this chart include the Insurance Program whereas the percentages of revenue shared in the aforementioned overview video do not, therefore the percentages referenced in the video do not exactly match the chart above — both are accurate based on their specific application.)

FINANCIAL RESULTS SUMMARY:

The table, below, represents a condensed summary of the audited income statement. The fiscal year ended with very solid financial results, on a normalized basis (eliminating extraordinary items — discussed later), just slightly better than break-even for normal operations of the Diocesan offices and the Deposit and Loan pro-

gram (lines of business 1 and 2), and generated a prudent surplus in the Insurance Program (line of business 3) in order to maintain appropriate insurance reserves for the future. Additionally, similar to 2023, we were fortunate to experience a couple of extraordinary income items that created a strong positive change in Net Assets. These extraordinary items consisted of a substantial uptick in the investment market which generated

some significant unrealized gains in our investments and endowment funds and we benefitted from another nice reduction in our pension plan liability that further contributed to the positive change in Net Assets. Whether including or excluding the extraordinary items Net Income, Balance Sheet Liquidity, and overall Net Asset positions were extremely solid.

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Income and Expense Summary

	6/30/2024	6/30/2023
Income:		
Catholic Parishes Campaign Income	\$ 6,412,258	\$ 6,348,771
Net Investment & Endowment Income	\$ 7,862,763	\$ 6,309,427
Bequests & Donations - Contributions & Endowment Distributions	\$ 1,558,789	\$ 1,209,383
Fees for Programs - Insurance, Medical, & Service Fees	\$ 16,320,465	\$ 15,488,683
Total Revenue, Gains, & Support	\$ 32,154,275	\$ 29,356,264
Total Expenses	\$ 24,367,395	\$ 22,926,310
Change in Net Assets - i.e. Net Income/(Loss) - Operating	\$ 7,786,880	\$ 6,429,954
Change in Pension Liability	\$ 4,959,589	\$ 6,843,717
Total Change in Net Assets - i.e. Net Income/(Loss)	\$ 12,746,469	\$ 13,273,671



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INCOME:

The Income statement reflects a \$12.7M net income for the year (positive change in Net Assets), compared to a previous year net income of \$13.2M, which would appear to be excessively **Good**, it is important to note that the primary driver of each of those results are massive swings in the investment market. Both in 2023 and 2024, the market was extremely favorable which required increasing the valuation of our investments on the balance sheet (referred to as “unrealized gain”) creating a large net income on the income statement. Although these are important elements of our financial results and stability, it is essential to look beyond these large unrealized gains and into the normalized results of the operations of the Diocese. The information below attempts to assist you in reviewing normal operations of the diocese.

So, as discussed above, the \$12.7M net income is primarily driven by the unrealized gains on investments (\$7.8M) and a reduction in Lay Pension Liability (\$4.9M). *If those two extraordinary income items were eliminated,*

the results of the operation would be, as stated earlier, a little better than break even with net income of about \$40K. Below is further explanation of these market-driven, extraordinary items:

1. Market performance over the course of the year was up and down with a lot of volatility in the market, however, the fiscal year ended strong which allowed us to record unrealized gains again this year although slightly less than last year. This drove significant increases in the value of our investment assets and, in turn, created substantial income on the Income Statement. Again, it should be noted that this is certainly beneficial, but the gains are primarily “unrealized” meaning the value of the investments increased creating income that is shown on the income statement, however did not drive actual cash receipts to fund operations. Our investment strategies are designed to smooth and protect against the effects of market fluctuations in the long term but can swing significantly year to year.
2. The pension liability was reduced by a material amount of \$4.9M. This reduction is driven

by additional funds placed into the pension plan, as was the intention for the year, coupled with favorable investment returns on the plan assets, and an increase in the discount rate to 5.5 percent (up from 5 percent Prior Year) driving a significant benefit to the income statement. Both our balance sheet and Income statement were materially impacted in a positive way by these factors. While our strategies in managing the pension plan liability continue to produce favorable results, a number of the factors that create these large swings in the liability and then influence our income statement results are driven by the actuarial assessments of the plan and the discount rates dependent on the bond market, which are often beyond our direct control.

EXPENSE:

Normalized Operating Expenses, excluding extraordinary items discussed below, came in generally as expected, just slightly unfavorable to budget (\$110K) due primarily to increased interest paid out to our parishes based on their deposit balances with the Diocese (line of business 2).

As alluded to above, during the year we encountered two extraordinary expense items that involved utilizing a number of prior year, earmarked contributions, to complete construction of a small chapel in the Catholic Center (note that this construction began and a portion of the expense was recorded as extraordinary expense in the 6/30/23 financial statements) as well as renovation of the former convent on the Sacred Heart Campus which is now the House of Formation, housing our first-year seminarians starting their Propaedeutic year. While these were planned items and funded from prior year contributions, as well as current year donations, they did create a slightly larger unfavorable variance to budget than the \$110K referenced above.

On the whole, the expenses of Diocesan Ministries and Operations and the Deposit and Loan Program (lines of business 1 and 2) were managed effectively compared to budget. The slight overage in those operating expenses were offset by much lower than planned expenses in the insurance program (line of business 3). The insurance program generated another solid year of controlled claim losses and closely managed administrative

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Statements of Activities Year Ended June 30, 2024 and 2023

	2024			2023		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
Revenue, Gains and Other Support						
Catholic Ministries Appeal	\$ 6,412,258	\$ -	\$ 6,412,258	\$ 6,348,771	\$ -	\$ 6,348,771
Contributions and other community support	34,860	627,190	662,050	166,690	290,079	456,769
Insurance and medical fees	16,093,175	-	16,093,175	15,254,139	-	15,254,139
Service fees	227,290	-	227,290	234,544	-	234,544
Net investment return	5,535,032	50,775	5,585,807	4,877,388	55,561	4,932,949
Change in beneficial interests in Foundation	-	736,145	736,145	-	466,731	466,731
Change in beneficial interests in Foundation – designated	1,540,811	-	1,540,811	909,747	-	909,747
Distributions from Foundation and other revenue	896,739	-	896,739	752,614	-	752,614
Net assets released from restrictions	612,069	(612,069)	-	567,707	(567,707)	-
Total revenues, gains and other support	31,352,234	802,041	32,154,275	29,111,600	244,664	29,356,264
Expenses						
Adult formation	202,501	-	202,501	179,725	-	179,725
Catholic Center and other operations	82,562	-	82,562	70,818	-	70,818
Chancery	762,113	-	762,113	770,385	-	770,385
Education	437,261	-	437,261	576,390	-	576,390
Insurance and medical programs	14,469,858	-	14,469,858	13,399,920	-	13,399,920
Hispanic-speaking ministry	106,584	-	106,584	100,943	-	100,943
Ministry to priests and clergy assistance	391,786	-	391,786	344,495	-	344,495
Newspaper and communications	427,692	-	427,692	440,693	-	440,693
Office of Worship	155,087	-	155,087	118,572	-	118,572
Permanent diaconate	93,081	-	93,081	67,058	-	67,058
Subsidies	769,944	-	769,944	754,848	-	754,848
Tribunal	218,921	-	218,921	203,567	-	203,567
Vocation Office and House of Discernment	1,253,923	-	1,253,923	843,742	-	843,742
Safe Environment	16,248	-	16,248	23,852	-	23,852
Youth ministries, including Newman Centers	343,042	-	343,042	397,098	-	397,098
Lay employee retirement plan	(355,531)	-	(355,531)	732,438	-	732,438
Employee 403(b) benefits	1,076,284	-	1,076,284	1,123,506	-	1,123,506
Office of Family and Life	93,963	-	93,963	81,460	-	81,460
Total program services	20,545,319	-	20,545,319	20,229,510	-	20,229,510
Management and general	3,599,883	-	3,599,883	2,497,691	-	2,497,691
Fundraising	222,193	-	222,193	199,109	-	199,109
Total support services	3,822,076	-	3,822,076	2,696,800	-	2,696,800
Total expenses	24,367,395	-	24,367,395	22,926,310	-	22,926,310
Change in Net Assets from Operating and Investing Activities	6,984,839	802,041	7,786,880	6,185,290	244,664	6,429,954
Change in Minimum Pension Liability	4,959,589	-	4,959,589	6,843,717	-	6,843,717
Change in Net Assets	11,944,428	802,041	12,746,469	13,029,007	244,664	13,273,671
Net Assets, Beginning of Year	17,256,274	8,206,083	25,462,357	4,227,267	7,961,419	12,188,686
Net Assets, End of Year	\$ 29,200,702	\$ 9,008,124	\$ 38,208,826	\$ 17,256,274	\$ 8,206,083	\$ 25,462,357

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costs allowing the overall spend to be favorable to budget resulting in an overall favorable result in all expenses of the Diocese compared to budget.

NET RESULTS:

We have discussed both the normalized income and expense elements for the Diocese in this fiscal year as well as the extraordinary items including the sizeable, positive impact of unrealized gains on investments for the fiscal year. Those gains are good, but again, do not provide cash to fund operations. If we remove those unrealized gains and net all these income and expense results together and look at more normalized operating results, excluding the exceptional unrealized gains on investments, the favorable pension liability adjustment, and the two projects funded from prior year contributions (Chapel and Sacred Heart renovation), our “normalized” consolidated results were a little better than breakeven and allow us to remain in a very solid financial position. *That is Good!*

THE FINAL TAKE-AWAYS AND CLOSING COMMENTS:

- Whether extraordinary items are included or excluded from income and expense, the financial results are good and in line with expectations.
- Pension Liability reduction further boosted net income beyond normal expectations.
- The insurance program remains in strong position
- Strong Investment returns boosted net income beyond normal expectations.
- As we continue to make efforts to manage other income sources and are diligent in our expense management, we continue to show good results, which assists in managing the burden on the Catholic Ministries Appeal (formerly known as CPC), averaging an annual increase of just 0.8 percent (point 8) over the last five years while inflation during that same time period has averaged 4 percent.
- *All of this is Good!*

Statements of Financial Position June 30, 2024 and 2023

	2024	2023
ASSETS		
Cash	\$ 11,702,410	\$ 7,346,320
Receivables		
Catholic Ministries Appeal	529,155	532,555
Parishes and institutions, net of allowance; 2024 and 2023 – \$2,060	442,013	1,576,197
Loans – parishes and institutions, net of allowance; 2024 and 2023 – \$0	1,550,052	991,676
Loans – other organizations, net of allowance; 2024 – \$0	916,323	-
Interest receivable	36,049	23,271
Insurance services receivable	646,289	352,959
Other Diocesan operations	22,960	31,131
	<u>4,142,841</u>	<u>3,507,789</u>
Investments	61,856,886	56,580,830
Beneficial interests in Foundation	18,822,505	16,538,668
Prepaid expenses and other assets	2,443,448	2,255,872
	<u>\$ 98,968,090</u>	<u>\$ 86,229,479</u>
LIABILITIES AND NET ASSETS		
Liabilities		
Accounts payable	\$ 307,927	\$ 273,835
Deposits held for parishes and other Diocesan operations	46,102,171	39,755,460
Other accrued expenses and liabilities	1,637,743	2,320,811
Unearned service revenue	15,799	15,799
Accrued pension liability	12,695,624	18,401,217
	<u>60,759,264</u>	<u>60,767,122</u>
Net Assets		
Without donor restrictions – undesignated	(11,812,386)	(19,275,628)
Without donor restrictions – designated	41,013,088	36,531,902
	<u>29,200,702</u>	<u>17,256,274</u>
With donor restrictions	9,008,124	8,206,083
	<u>38,208,826</u>	<u>25,462,357</u>
Total liabilities and net assets	<u>\$ 98,968,090</u>	<u>\$ 86,229,479</u>

It should be noted that while our normalized operating margins are stable, the market volatility will continue to drive unpredictable results in investment income, uncertainty of the bond market discount rates will continue to cause uncertainty in the pension liability status and other economic pressures will be important to monitor during this next year. Prudent fiscal management remains key.

I would like to once again thank all members of our diocese who give tirelessly of their time, talent and treasure within the parishes, schools, communities, and throughout the diocese, as one church. We are fortunate to have a great team of people helping to serve the faithful of our Diocese.

We continue to be blessed with the generosity of our Catholic Faithful.

We appreciate you, the Catholic faithful of the Diocese of Evansville and understand that you have entrusted us to safeguard the assets and funding for the Diocese. These financial results for 2024 reinforce our efforts for a strong financial plan, effective management of resources, and to continue to be good stewards of the resources in which you have entrusted us.

At National Prayer Vigil for Life, young people challenged ‘to be a light in our culture’

WASHINGTON (OSV News) — In a basilica “adorned with beautiful mosaic art,” the “most impressive” mosaic was “the gathering of people from so many different places coming together to stand for life and to be a light in our culture,” Archbishop Joseph F. Naumann of Kansas City, Kansas, said Jan. 23. He was the main celebrant and homilist at the opening Mass of the National Prayer Vigil for Life at the Basilica of the National Shrine of the Immaculate Conception. A congregation of 5,500 filled the Great Upper Church. Among the concelebrants were Cardinal Wilton D. Gregory, now retired as Washington’s archbishop, and his newly named successor, Cardinal Robert W. McElroy, formerly the bishop of San Diego. In his homily, Archbishop Naumann, a former chairman of the

U.S. bishops’ pro-life committee, called on young people to witness to their peers. “My good young people, say not that you are too young to be a light in our culture and society. You’re called to help them to come to know what brought you here tonight.” A Mass early Jan. 24 closed the vigil, with Bishop Robert J. Brennan of Brooklyn, New York, as the main celebrant.

OSV News photo/Mihoko Owada

Young people pray at the National Prayer Vigil for Life Mass at the Basilica of the National Shrine of the Immaculate Conception in Washington Jan. 23, 2025, the evening before the annual March for Life.

