

Diocesan Stewardship Report

(July 1, 2011 to June 30, 2012)



Diocesan Finance Officer Report

By Lisa Sakamoto

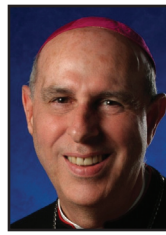
I am happy to report once again that the Diocese of Honolulu received an unqualified opinion for the fiscal year ending June 30, 2012, from its independent auditors CW Associates.

The Annual Report summarizes the activities of the diocese for the period July 1, 2011, through June 30, 2012, and is presented to keep you informed of the funds spent by the Diocese of Honolulu in furthering our call to be a Witness to Jesus.

The Diocese of Honolulu received \$11,177,719 in funds for the 12 months ending June 30, 2012, and spent \$14,129,794 during the same period resulting in a decrease in net assets of \$(2,952,075). The decrease was due primarily to three events. The diocese expensed approximately \$1.7 million toward retirement obligations for clergy and lay employees as a result of fluctuating interest rates affecting our actuarial results. Secondly, the diocese expensed an additional \$700,000 toward the uncollectible of certain receivables. Lastly, the diocese experienced a \$700,000 shortfall in investment income. The diocese continues to rely heavily on generating at least \$1.5 million in income from our investment portfolio to balance the budget and the resulting market volatility provided for an unreliable steady source of income. Be assured, however, that our office continues to monitor our investments closely having adjusted our portfolio this past year to mitigate our exposure to the market uncertainty. On a more positive note, the diocese received \$2.4 million in grants from the Hawaii Catholic Community Foundation this year to continue implementing the initiatives established from the With Grateful Hearts Campaign which are highlighted in its report.

This past year, our office has continued to work diligently toward the implementation of best practices to provide for the proper stewardship of our precious resources. Our project to standardize the financial system for all parishes and schools will go live on July 1, 2013. We have completed training for all of our clergy, business managers, and finance council and school board volunteers to prepare for this change. Our goal is to make sure moving forward that we provide accurate, complete, and most importantly, timely financial reports to provide transparency and accountability to our faithful. In another initiative, we will be conducting a surprise cash collection audit at all of our parishes in 2013-2014 to ensure the implementation of these best practices.

Our diocese continues to be challenged to finance the many priorities of our church in an uncertain economy and difficult times. However, in doing so, I can only continue to assure you that our office remains focused on continuing to be good stewards of our precious resources that God entrusted to us.



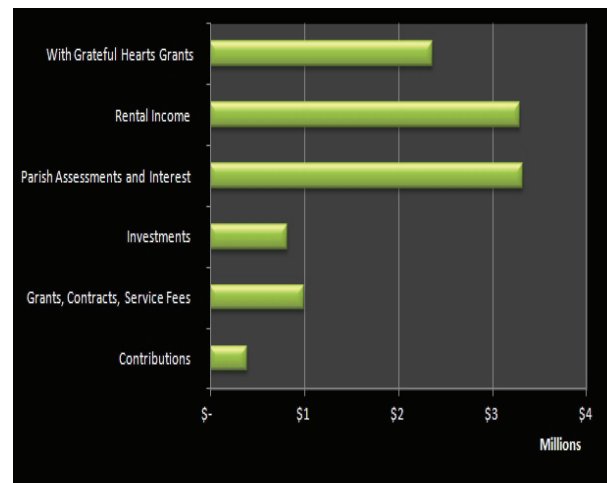
Dear Brothers and Sisters:

Our mission is to witness to Jesus, to share the good news of his love and his victory over sin and death. I am filled with gratitude when I see so many of our clergy, religious, and laity sharing their gifts and talents, their financial resources and their precious time to work toward this witness the world so desperately needs. We thank God for all of you! As anyone involved in ministry knows, however, preaching the Gospel is a complex and costly adventure, and funds are always needed so that we can be more effective in reaching out with Christ's love. We thank you for your constant generosity! This financial report allows you to see how we are doing our best to be good stewards of the resources that belong to all of us as the Body of Christ in the Diocese of Honolulu. Even as we thank you, we are aware that all good gifts come from heaven above, so we thank God for the abundant blessings he has given us. We trust in him that the work of Jesus may continue through the full involvement of all the members of his Body.

May the Lord bless you always!

Larry Silva
Bishop Larry Silva

Sources of Revenue



CATEGORY	AMOUNT
Contributions	\$392,5433.5%
Grants, Contracts, Service Fees	\$994,6328.9%
Investments	\$815,3027.3%
Parish Assessments and Interest	\$3,321,87929.7%
Rental Income	\$3,291,11529.4%
With Grateful Hearts Grants	\$2,362,24821.1%
Total	\$11,177,719 100.00%

TERMS FOR SOURCES OF REVENUE

Contributions: Consists of monetary donations to various Diocesan departments.

Grants, Contracts, Service Fees: Includes revenues from Hawaii Catholic Schools fees, Hawaii Catholic Herald subscriptions and advertising, Department of Religious Education workshops, Office of Social Ministry grants, etc.

Investments: Includes earnings on investment accounts and cash deposits.

Parish Assessments and Interest: \$2.7 million assessment to parishes for support of diocesan-wide operations. Interest of \$621,879 received on loans to parishes.

Rental Income: Represents rental income on all diocesan owned property held for investment purposes.

With Grateful Hearts Grant: Represents amount received from Hawaii Catholic Community Foundation for diocesan initiatives as set forth in the With Grateful Hearts (WGH) Capital Campaign.

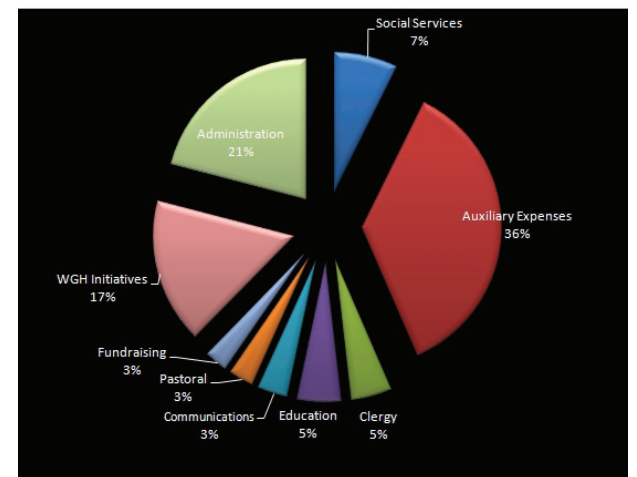
NATIONAL COLLECTIONS

YEAR ENDED JUNE 30, 2012	
Latin America	\$33,884
Black & Indian Missions	\$36,685
Catholic Relief Services	\$85,219
Holy Land	\$102,669
Catholic Communication	\$47,806
Holy Father (Peter's Pence)	\$61,099
Catholic University	\$52,287
Campaign for Human Development	\$62,698
Rice Bowl	\$91,170
Propagation of the Faith	\$74,674
Religious Retirement	\$98,875
Total	\$747,067

DIOCESAN FINANCE COUNCIL

Robert S. Harrison	chairperson
James Severson	vice-chair
Sr. Davilyn Ah Chick, OSF	secretary
Janessa Bonifacio, CPA	member
Paul deVille	member
Lawrence Lasua	member
Vecy Pascual	member

Use of Our Resources



CATEGORY	AMOUNT
Social Services	\$1,030,0327%
Auxiliary Expenses	\$5,113,89936%
Clergy	\$664,8645%
Education	\$721,5485%
Communications	\$489,7843%
Pastoral	\$407,8983%
Stewardship and Development	\$379,4563%
WGH Initiatives	\$2,362,24817%
Administration	\$2,960,06521%
Total	\$14,129,794100%

TERMS FOR USE OF OUR RESOURCES

Social Ministries: Includes diocesan support of the Office of Social Ministry, HOPE Services, Inc, Catholic Charities Hawaii and other programs.

Auxiliary Expenses: Includes subsidies and interest to parishes, real property expenses, depreciation, clergy and lay post-retirement expenses, professional fees and St. Stephen Diocesan Center.

Clergy: Costs include seminarian education expense, retired clergy living and medical expenses, hospital ministry, clergy and vocation offices, the annual priest convocation, and priest continuing education.

Education: Consists of Hawaii Catholic Schools Office and the diocesan Department of Religious Education.

Communications: Costs for publication and distribution of the Hawaii Catholic Herald.

Pastoral: Consists of the Office of Worship and the Office for Parish Resources.

Stewardship and Development: Consists of the Diocesan Office of Stewardship and Development.

WGH Initiatives: Includes expenses incurred by the Diocese to carry out the diocesan initiatives as set forth in the WGH capital campaign (See WGH annual report for details).

Administration: Diocesan administration includes the offices of the Bishop, Vicar General, Chancellor, Tribunal and Canonical Affairs, Finance, Human Resources, Real Estate, Facilities, Strategic Planning and Diocesan Services.

Taryn Schuman, CPA	member
Todd Taniguchi	member
Most Rev. Larry Silva	ex-officio
Very Rev. Gary Secor	ex-officio
Lisa Sakamoto	ex-officio
Marlene DeCosta	ex-officio
Robert Bruce Graham, Jr., Esq.	of counsel

With Grateful Hearts Report

(December, 2008 to December 31, 2012)



Stewardship and Development Director's report

By Mark Clark

MAHALO to our generous and faithful donors!

This report covers activity of the **With Grateful Hearts** (WGH) capital campaign from December, 2008 through December 31, 2012. Together, over \$27 million has been received since the start of this historic initiative, with approximately \$20 million distributed to help fund diocesan-wide ministries, special endowments and individual parish projects. The balance of funds received is allocated for future campaign elements and paid campaign expenses.

All WGH funds restricted to the Witness to Jesus Diocesan Road Map intentions are governed by the Hawaii Catholic Community Foundation (HCCF). We are happy to report that the HCCF has received an unqualified (clean) opinion for the calendar year ending December 31, 2010, and December 31, 2011, from its independent auditors CW Associates. The HCCF is now gearing up for the next audit scheduled in May of 2013, for the calendar year ending December 31, 2012.

The WGH campaign funds highlighted in this report are strategic in supporting the Road Map priorities of the Diocese of Honolulu and its parishes. Noteworthy is that the largest disbursement of funds – nearly \$10 million — has been returned to the parishes to fund a multitude of important projects. Clearly, **With Grateful Hearts** is enhancing the legacy of commitment to further the ministry of Christ and the tradition of our Catholic faith throughout the Hawaiian Islands.

Thank you for your continued support!
For more information about the campaign, please visit our Stewardship page on the new and improved diocesan website at www.catholichawaii.org



With Grateful Hearts
Me ka Na'au Ho'omaika'i

With Grateful Hearts Diocesan Initiatives

CATEGORY	TOTAL ALLOCATIONS
Vocation Endowment	\$1,537,706
Leadership Development	\$886,388
Social Services	\$1,281,421
Faith Formation	\$510,309
Education Endowment	\$1,025,137
Youth and Young Adult	\$944,866
Clergy Retirement	\$1,537,706
Cathedral Restoration	\$768,853
Land Asset Management	\$1,119,693
Total	\$9,612,079

VOCATION ENDOWMENT

Total Allocated as of December 31, 2012 \$1,537,706
Funds for an endowment to provide for the education and training of seminarians in Hawaii.

LEADERSHIP DEVELOPMENT

Total Allocated as of December 31, 2012 \$886,388

Clergy Training: One week parish administration training sessions for all priests

Financials Solution Project: Standardization of parish & school financial systems.

Hawaii Catholic Schools: Education to increase the leadership potential of future school administrators.

Rachel's Vineyard: Facilitators/Trainers for therapeutic intervention for women struggling with post abortion issues.

Diocesan Website Creation: A multi phase project to launch a new and improved internet, intranet and mobile website.

SOCIAL SERVICES

Total Allocated as of December 31, 2012..... \$1,281,421

Homeless Affordable Housing: Office of Social Ministry established to plan, advocate and implement housing projects for kupuna and others.

Homeless Housing Ministry: Initiative to generate awareness, capacity, engagement and impact at the parish level.

Hope Services Hawaii: Established to address Affordable Housing and Homelessness in the County of Hawaii.

Catholic Charities Housing Development Corporation: Create infrastructure to increase transitional housing options for the homeless.*

*Funds released \$120,000 directly to Catholic Charities.

FAITH FORMATION

Total Allocated as of December 31, 2012 \$510,309

Deacon Formation: Train, educate and prepare individuals for service as deacons.

Faith Formation: On-going leadership training for pastoral leaders, diocesan and parish staff, and lay volunteers.

Adult Faith Formation Education Tech Coordinator: Implement education and training sessions via electronic and

social media.

Year of Faith Events: Special gatherings and resources to renew, evangelize and celebrate our faith.

EDUCATIONAL ENDOWMENT

Total Allocated as of December 31, 2012 \$1,025,137

Funds released directly to the Augustine Educational Foundation to increase tuition assistance grants to more families seeking a Catholic education.

YOUTH & YOUNG ADULT MINISTRY

Total Allocated as of December 31, 2012 \$944,866

Youth & Young Adult Ministry Office: Establish diocesan office to support the formation of leaders, programs and activities that empower youth and young adults to live Christ centered lives.

Diocesan/Vicariate Youth Day: Sponsor annual gatherings of youth and youth leaders in order to inspire faith and enhance leadership skills.

Bagels with Bishop: Provide "town hall" meetings at each of our Catholic high schools for seniors to engage with Bishop Larry and other diocesan leaders.

CLERGY RETIREMENT

Total Allocated as of December 31, 2012 \$1,537,706

Funds deposited directly for the diocesan priest retirement plan.

CATHEDRAL OF OUR LADY OF PEACE RESTORATION

Total Allocated as of December 31, 2012 \$768,853

Funding for the historical research, forensic analysis and architectural planning necessary to restore the nearly 170 year old "mother church" of the Hawaiian Islands.

LAND ASSET MANAGEMENT & PARISH FACILITIES

Total Allocated as of December 31, 2012 \$1,119,693

Real Estate Office: Establish diocesan real estate office to support the proper management, archiving and use of the land and properties of the Diocese.

Land Acquisition: Establish advisory committee and engage the services of various consultants required for analysis, planning and decision making.

HCCF BOARD OF DIRECTORS

Linda Nishigaya	President
Sr. Patricia Chang	Vice President
John Brogan	Secretary
Mark Pillori	Treasurer
Jim Walsh	Director

With Grateful Hearts Parish Disbursements

PARISH SHARE*

Total Disbursed as of December 31, 2012\$9,336,587
*Funds released directly to each individual parish

PARISH PROJECTS

- Building & Renovation
- Technology & Audio Visual
- Outreach & Community Service
- Parking & Landscaping
- Youth & Young Adult Ministry
- Parish Schools & Tuition Assistance
- Planning & Debt Reduction
- Roofing & Painting
- Signage & Lighting

PARISHES EXCEEDING GOAL

PARISH	Goal	% vs. Goal*
St. Michael, Kailua-Kona**	\$515,000	288%
Vietnamese Catholic Community...	\$100,000	271%
St. Anthony of Padua, Kailua**	\$575,000	230%
Sacred Heart, Honolulu**	\$425,000	223%
Blessed Sacrament, Honolulu	\$135,000	207%
St. Damien of Molokai	\$125,000	198%
Our Lady of Good Counsel, PC**	\$730,000	192%
St. Ann, Kaneohe**	\$760,000	189%
St. Stephen, Honolulu	\$135,000	187%
Co-Cathedral of St. Theresa	\$440,000	139%
St. Anthony, Honolulu	\$225,000	133%
Sacred Heart, Hawi	\$185,000	129%
St. Anthony, Papaaloa	\$45,000	128%
Annunciation, Kamuela	\$405,000	125%

Our Lady of Sorrows, Wahiawa	\$380,000	121%
St. Anthony, Wailuku..	\$620,000	114%
St. Benedict, Honaunau	\$175,000	113%
St. Theresa, Mt. View	\$145,000	111%
Holy Cross, Kalaheo	\$290,000	110%
St. John Vianney, Kailua	\$710,000	107%
St. Joseph, Waipahu	\$750,000	104%
Holy Trinity, Honolulu	\$725,000	104%
St. Joseph, Hilo	\$610,000	103%
St. Catherine, Kapaa	\$525,000	102%
St. Philomena, Honolulu	\$375,000	101%
Korean Catholic Community	\$315,000	100%

*Based on cash received as of December 31, 2012
**Parishes with combined campaigns, thus parish share is based on corresponding campaign policies.