

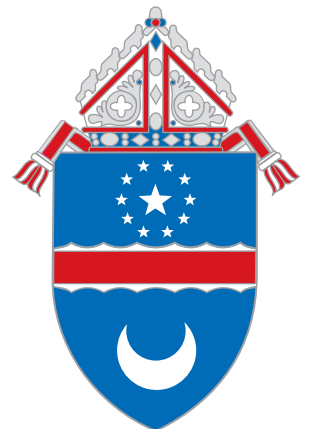


“For where your treasure is, there also will your heart be” (Matthew 6:21)

2011

Catholic Diocese of Arlington

Annual Report



Introduction and Overview



Bishop Loverde joins volunteers in serving those in need at Christ House, Alexandria, on Christmas Day.



Bishop Loverde travels throughout the diocese confirming young men and women. Here he is pictured at St. Ambrose, Annandale.



Dear Brothers and Sisters in Christ,

As a diocese, we have had recently many opportunities to focus on the Heart of Christ. Parishioners throughout the diocese venerated the relics of Saint Margaret Mary Alacoque, a saint who received a vision of the Sacred Heart. On the Feast of Christ the King, I consecrated the entire diocese to the Sacred Heart of Jesus. I also wrote a pastoral letter entitled *Fountain of Life, Fire of Love*, emphasizing the love that the Lord has for each one of us.

Through growing closer to the Heart of Christ, we are given the grace to know more deeply the desires of our own hearts. Indeed, we are called to consider prayerfully our values and priorities in light of the One Who first loved us.

One way in which so many of you demonstrate your commitment to the faith is through your generous stewardship of our diocesan Church. In looking at this past fiscal year (July 1, 2010 to July 1, 2011), I humbly recognize how clearly you have listened to the passage from Scripture: "For where your treasure is, there also will your heart be" (Matthew 6:21).

Due to the generous hearts of the parishioners in this diocese, the past year has been full of many blessings. As these pages will attest, our diocesan offices have prudently focused resources on programs and initiatives which truly support the mission of the Church, including the New Evangelization and outreach to those in need.

In this report, you will find information about the Bishop's Lenten Appeal, parish finances, and diocesan income and expenses. I remain ever grateful for your continued faithful stewardship and assure you of my prayers daily for you and your family.

Faithfully in the Heart of Christ,

Most Reverend Paul S. Loverde, Bishop of Arlington

Diocese of Arlington: At-A-Glance

- More than 450,000 registered Catholics
- 6,500 square miles, 21 counties and 7 independent cities
- 68 parishes and 6 missions
- 36 parishes that offer Masses in Spanish
- 255 priests (diocesan, religious and extern)
- 38 diocesan elementary, one independent elementary, 5 stand-alone preschools, 4 diocesan high schools, 2 independent high schools and 17,523 students
- Approximately 38,050 students involved in religious education
- Approximately 15,000 youth involved in parish youth ministry programs
- 53 permanent deacons
- 38 seminarians currently studying for the diocese
- Over 35,000 men, women and children served by the outreach of Catholic Charities (2011)
- Over 1,000 refugees assisted by the Office for Refugee Resettlement (2011)
- 8,923 baptisms (2011)
- 6,538 confirmations (2011)
- 1,531 marriages (2011)

Dear Fellow Members of Our Diocesan Church:

Volatile, unpredictable, turbulent and unsettled are all words that come to my mind when attempting to characterize the economic environment we've been working in for the last three years. It would seem as though the "new normal" with regard to financial management is one of uncertainty and abnormality. However challenging, we have, under the direction of Bishop Paul S. Loverde, along with the consultation of the Diocesan Finance Council, maintained a strong financial footing. Thus, I am pleased to present the annual financial report to the faithful of the Diocese of Arlington for the fiscal year ended June 30, 2011.

The generosity of the faithful in our diocese continues to be evidenced through increased giving to parish offertories, the annual Bishop's Lenten Appeal and through direct participant program revenue to the many initiatives and programs offered by the ministries and offices of the diocese. As a direct response to this increased giving, as well as in reaction to the growing need for direct financial support, we were once again able to provide funds for emergency assistance back to the parishes and schools of the diocese. In fact, in excess of \$400,000 was returned to the parishes as a charitable response to your faithful stewardship.

During the fiscal year, we were able to complete the project of establishing the Arlington Diocesan Investment and Loan Corporation (DIAL Corp), a separate legal corporation replacing the former DIAL fund. This entity is responsible for managing parish deposits, in excess of those needed for current operations, as well as funding parish loans for renovation and construction needs. Although DIAL Corp is a separate entity, its financial position is provided as a way to be transparent to the operations of the diocese as a whole. Additionally, we continue to provide expanded financial information regarding parish operations, including those of the parochial schools, in this financial report.

It is with our continued commitment to financial accountability and transparency that we hold ourselves to the highest of standards in safeguarding the assets and patrimony of the diocesan Church. To this end, Bishop Loverde, along with the Diocesan Finance Office, provided three opportunities for pastors and parish finance council members to attend a seminar devoted to the topic of strengthening the financial controls and oversight of parish and school administration. These presentations were well attended and encouraged increased prudence and vigilance in administration of the goods entrusted to the Church. Feedback provided was positive and suggested ongoing support for future presentations.

As always, you are invited to review the complete audited financial statements for the fiscal year ended June 30, 2011, as well as those for prior years, by visiting the Finance Office page of the diocesan website at www.arlingtondiocese.org/offices/finance.php.

Your continued generosity is what makes support for the parishes, schools and the ministries of our diocese possible. Let us join our prayer and hearts with Bishop Loverde, as our participation in the dedication of the Diocese of Arlington to the Sacred Heart of Jesus, and ask with confidence, "**Jesus, meek and humble of Heart, make our hearts like unto Thine**" (Litany of the Sacred Heart of Jesus).

Please do not hesitate to contact my office with any questions or concerns regarding this financial report. With prayerful wishes, I remain,

Sincerely in Christ,

Timothy R. Cotnoir, CPA, Diocesan Finance Officer

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On Jan. 15, 2011, Bishop Paul S. Loverde celebrated the first ordination in over 20 years of permanent deacons in the Diocese of Arlington. The 16 new deacons (pictured here with their wives and Bishop Loverde, Rev. deLadurantaye and Rev. Ferguson) serve in parishes throughout the diocese.



Parishioners took this year's Bishop Lenten Appeal's theme "Placing Our Gifts at the Service of Others" to heart, becoming generous stewards of so many diocesan programs.

Bishop's Lenten Appeal Exceeds Goal and Provides Emergency Assistance to Those in Need

The 2011 Bishop's Lenten Appeal (BLA) exceeded \$14.7 million in pledges, with \$12.5 million paid to date from more than 44,800 parish households. This is an increase from the 2010 BLA, which had \$13.6 million in pledges. We are grateful to all who sacrificially support the BLA.

The BLA exceeded its diocesan goal this year, creating the opportunity for a special emergency assistance fund for parish and diocesan critical needs. This special fund provides a direct line of assistance from the diocese to parishes and includes emergency aid for parishioners such as: food, clothing, utilities, rental or mortgage assistance and diocesan Catholic school tuition assistance. For the fiscal year ended June 30, 2011, \$406,000 was distributed for emergency assistance. In the current year to date, more than \$276,000 has been disbursed to 31 parishes for emergency needs from this fund.

The Bishop's Lenten Appeal is the main source of funding for programs, ministries and offices coordinated by the diocese.

Ministries and Programs Funded by the BLA Include:

- Vocation awareness and discernment groups; room, board, tuition and health care expenses for seminarians
- Support for the permanent diaconate program and for active and retired priests
- Office of Youth Ministry, Office of Catholic Schools and Religious Education programs
- Evangelization efforts and pastoral ministries including College Campus Ministries, Hospital ministries, Peace and Justice Commission and our Dominican Republic mission parishes
- Office for Family Life initiatives: Marriage Preparation, Young Adult Ministries, Project Rachel, Gabriel Project
- The Tribunal and the Respect Life Office
- Spanish Apostolate and Multicultural Ministries
- San Damiano Spiritual Life Center
- Support to the Virginia Catholic Conference; parish programs and other offices that support all diocesan parishes, missions and schools
- Catholic Charities, Victim Assistance and other charitable works



Diocesan Catholic schools provide excellent academics to over 17,000 students throughout Northern Virginia. In the words of Bishop Loverde, these schools are "forming students to live as faithful and articulate members of the Church and active, responsible citizens of this nation."

Parish Financial Information

The Diocese of Arlington strives to employ the highest level of responsible stewardship of the assets entrusted to the Church by the faithful. The continuing enhancement of parish finances is an essential part of building a culture of accountability and transparency. Through the years, the Church on all levels has broadened its understanding of the need to gather our collective wisdom and share responsibility for financial matters.

Canon Law provides this collective wisdom through consultative bodies in the parish. This

year, we held our first regional Finance Council Seminars led by Bishop Paul S. Loverde. These seminars held for parish finance council members, parish financial staff and pastors provided an opportunity to address timely issues pertaining to parish financial policies and procedures as well as to civil regulations.

To further ensure proper stewardship of the temporal goods of the Church, the Diocese of Arlington has implemented a third-party ethics hotline/helpline firm, EthicsPoint, a well-known company in the nonprofit community. The use

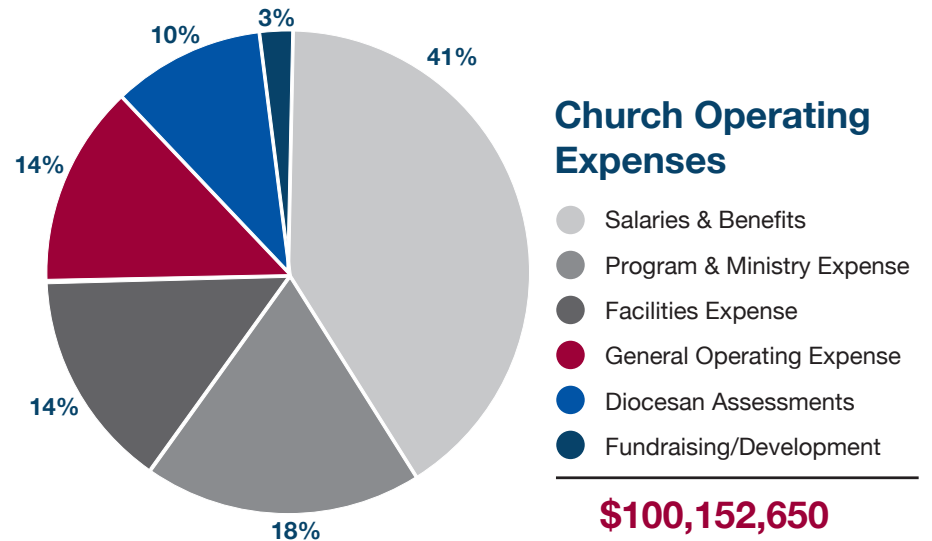
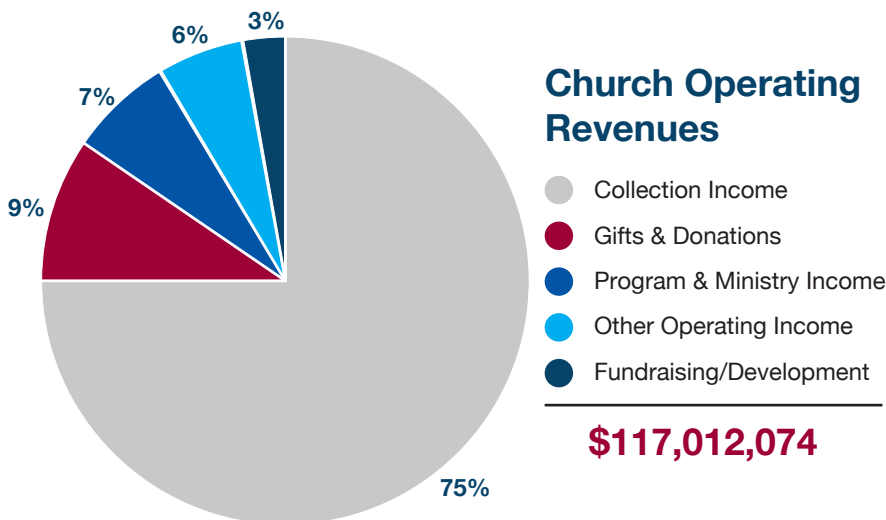
of the EthicsPoint system enables anyone to confidentially report issues or concerns relating to criminal, unethical behaviors, including fraud, conflicts of interest and financial impropriety. Complaints may be filed by phone and, if preferred, may be made anonymously.

The use of such hotlines is growing more common in other diocesan and nonprofit organizations and this will help ensure ongoing transparency and accountability throughout the Catholic Diocese of Arlington.

Combined Statement of Parish Financial Activities

Fiscal Year Ending June 30 (Unaudited)	Church		School		Parish	
	2011	2010	2011	2010	2011	2010
Regular Offertory/Tuition Related Income	\$87,578,002	\$83,787,961	\$58,634,194	\$56,820,915	\$146,212,196	\$140,608,876
Other Income/Donations	29,434,072	27,931,621	22,707,464	21,407,686	52,141,536	49,339,307
Total Operating Income	117,012,074	111,719,582	81,341,658	78,228,601	198,353,732	189,948,183
Personnel Expense	40,761,164	39,960,522	60,208,375	58,939,202	100,969,539	98,899,724
Other Operating Expense	59,391,486	57,578,983	19,206,873	18,699,731	78,598,359	76,278,714
Total Operating Expenses	100,152,650	97,539,505	79,415,248	77,638,933	179,567,898	175,178,438
Operating Surplus	16,859,424	14,180,077	1,926,410	589,668	18,785,834	14,769,745
Capital Campaign/Other Extraordinary Income	13,834,954	12,100,672	598,143	339,060	14,433,097	12,439,732
Capital Improvement/Major Repair/Renovation	15,712,476	17,447,962	1,919,858	1,257,906	17,632,334	18,705,868
Net Other (Expense)	(1,877,522)	(5,347,290)	(1,321,715)	(918,846)	(3,199,237)	(6,266,136)
Net Surplus (Deficit)	\$14,981,902	\$8,832,787	\$604,695	(\$329,178)	\$15,586,597	\$8,503,609

Total parish revenue from all sources, including parish schools, was in excess of \$212 million. Over 95% of our parishes and missions ended the year with an operating surplus.



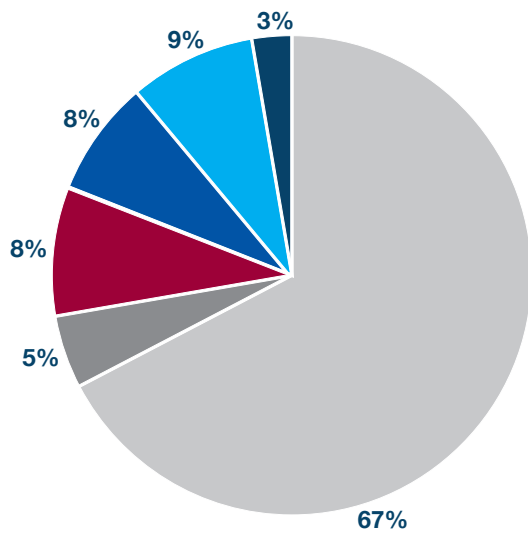
Churches

Parish regular collection income increased 4.5% in the current fiscal year to \$87.5 million. While the majority of the parishes had increases in their income, ongoing costs such as facilities and employee benefits continue to grow. For some parishes, these costs may grow faster than their income. Your continued generosity enables the Church to carry out Her mission.



Parish Financial Information

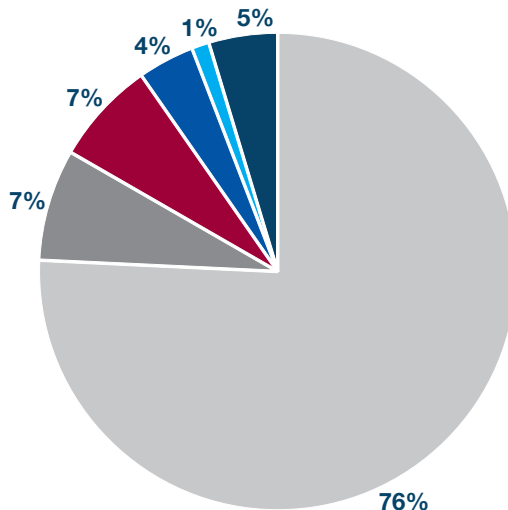
Diocesan Finance Council



School Operating Revenues

- Tuition & Fees
- Tuition Assistance
- Parish Subsidy
- Fundraising/Development
- Student Services
- Other Income

\$81,341,658



School Operating Expenses

- Salaries & Benefits
- Instructional/Student Services
- Facilities Expense
- General Operating Expense
- Other School Expense
- Fundraising/Development

\$79,415,248

Parish Growth

Parish Projects Nearing Completion or Recently Completed

- All Saints, Manassas, New Church
- Holy Martyrs of Vietnam, Arlington, Church Expansion
- St. Mary of the Immaculate Conception, Fredericksburg, New Rectory and Organ Chamber
- St. Michael, Annandale, Dome Repairs
- St. Francis of Assisi, Triangle, New Parking Lot

Current Parish Projects Under Construction

- St. John the Apostle, Leesburg, New Church
- St. Louis, Alexandria, Structural Repairs
- St. John Neumann, Reston, Kitchen Renovation
- St. Mary, Alexandria, Stephen's Hall Project
- St. Francis de Sales, Purcellville, Route 28 Turn Lane in preparation for New Education Center

Parochial Schools

During the 2010-2011 academic year, the 38 parish elementary schools provided an excellent academic education emphasizing Catholic values to over 13,000 students. Parish schools' operating revenue for 2011 totaled \$81.3 million. Tuition and fees accounted for 67% of the total, with the balance made up through tuition assistance, parish subsidy, student services and local development and fundraising efforts. Total tuition assistance for Fiscal Year 2011 was \$4 million.

Diocesan Finance Council

As required by canon law, the Diocesan Finance Council is made up of laity and clergy of the diocese. The finance council is charged with preparing the annual diocesan budget and making recommendations to Bishop Loverde on a number of financial issues including audits, construction projects, Diocesan Investment and Loan (DIAL) Corporation, funds and investments. The current members are:

Most Rev. Paul S. Loverde – Chairman
Mr. Timothy R. Cotnoir, Diocesan Finance Officer

Membership:

Rev. Kevin J. Larsen
Rev. Mark S. Mealey, O.S.F.S., J.C.D., Ph.D., V.G., J.V.
Rev. Richard A. Mullins
Rev. Frank J. Ready, V.G.
Rev. Robert J. Rippy, V.F.
Ms. Joan M. Biehler
Mr. Mark E. Herrmann, Esq.
Mr. William Hummel
Mrs. Kathy McKinless
Mr. Paul S. Stevens

Audit & Budget Committee:

Mrs. Kathy McKinless (Chair)
Mrs. Ellen Goitia
Mr. Victor F. Sellier

Investment Committee:

Mr. Paul S. Stevens (Chair)
Mr. Val Hawkins
Mr. William Hummel

DIAL Corp. Board of Directors

Rev. Mark S. Mealey (President)
Mr. Joseph J. Calabrese, III
Mr. Timothy R. Cotnoir (Secretary/Treasurer)
Mr. Michael Donovan
Mr. Mark E. Herrmann (Registered Agent)
Mrs. Kathy McKinless (Chair)

(Right) Construction of a new church for St. John the Apostle Parish, Leesburg



Statement of Activities

Operating Expenses

Pastoral includes Youth and Campus Ministry, the Office for Family Life, the Respect Life Office, the Spanish Apostolate, the Office of Multicultural Ministries, the Permanent Diaconate, the Virginia Catholic Conference, the diocese's two missions in the Dominican Republic, St. Rose of Lima Priests' Retirement Villa and the San Damiano Spiritual Life Center.

Religious Personnel Development includes the Office of Vocations and other religious personnel development programs.

Education includes the Office of Catholic Schools, the Office of Catechetics and the Tuition Assistance Program.

Social Services include the diocesan subsidy to Catholic Charities, the Office of Child Protection and Safety and other charitable causes.

Operating Income

Bishop's Lenten Appeal (BLA) accounted for more than \$13.9 million in income in 2011 to support ministries and programs throughout the diocese. BLA contributions fund pastoral programs, religious personnel development, education, and social services as well as contribute to the administrative support of ministries and offices at the diocesan level. The continuing generosity of the faithful of the diocese is clearly demonstrated by the more than 11% increase over the prior year.

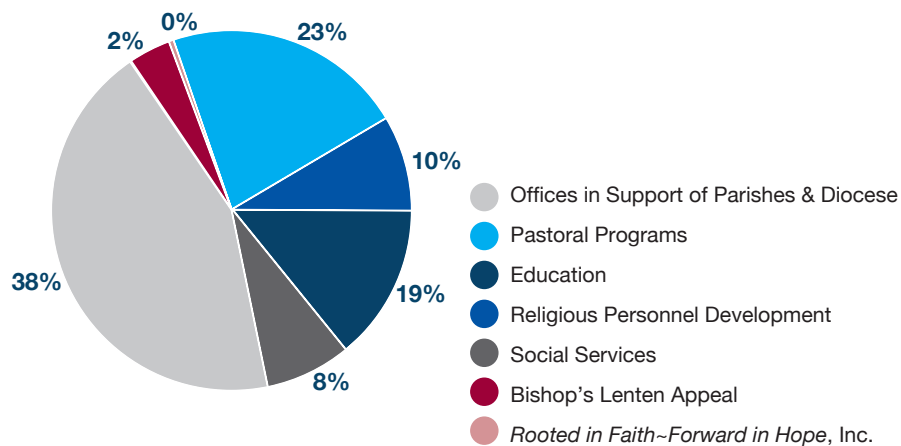
Parish Assessment accounted for over \$6.6 million in operating income in 2011. This income is calculated and paid by parishes as a function of the regular parish offertory. Eight percent of the parish offertory, as of June 30th, is computed and paid monthly in the subsequent year. Total assessment has remained steady compared to the previous year, with some parishes reporting an increase in parish offertory and others reporting a decrease. This income supports offices that serve parish, school and diocesan administration (e.g. Office of the Bishop).

Investment Income for Programs totaling \$1.4 million reflects the budgetary amount anticipated from the investment returns of Diocesan reserves, both unrestricted and restricted. Actual investment returns may or may not be indicative of that which is budgeted and utilized for operational need.

Program Revenue includes registration and professional development fees for a variety of initiatives including Youth Ministry's WorkCamp, World Youth Day, Conferences for the Engaged and catechetical certification. Amounts contributed and received by the Tribunal are also included in program revenue.

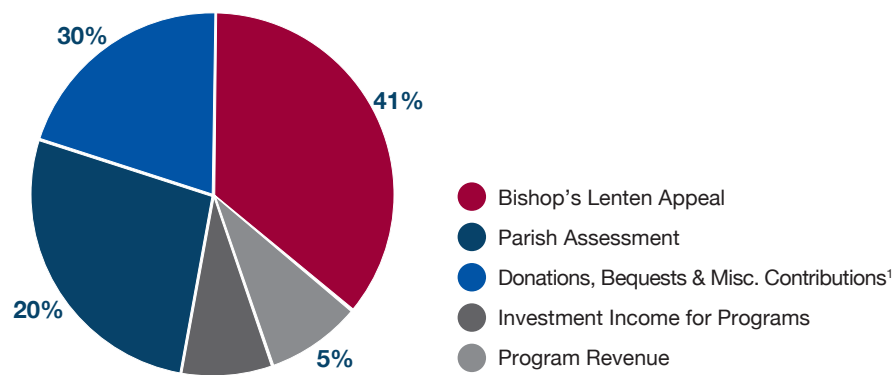
Donations, Bequests and Misc. Contributions totaled approximately \$10 million. Current year donations and collection of prior year pledges continue to be a source of funds for donor supported projects. Because of the unpredictable nature of this type of income, the budget excludes this from estimation.

Total Expenses for Operations



\$28,446,236

Total Income for Operations



\$33,802,632

¹ Includes restricted income

Statement of Activities Highlights

Operating income for Fiscal Year 2011 is demonstrative of the continued generosity of the faithful within the Diocese of Arlington. Individuals responded to the call to increase their Bishop's Lenten Appeal (BLA) donations, which provided more than \$13.9 million to support the pastoral, vocational, educational and social services ministries of the diocese. The continued growth of the BLA appeal also allowed for an increase in emergency assistance to parishes and schools. Parish assessments, investment income and direct program revenue, all served to fund their respective offices in accordance with the approved budget. The decline in restricted contributions in 2011 reflects the fact that the *Rooted in Faith~Forward in Hope (RIF-FIH)* campaign is coming to a close. As of June 30, 2011, the stated goals of the Campaign have been exceeded and funds distributed to carry out the initiatives. Projects funded through this Campaign include the construction of Pope John the Paul the Great High School and Saint Rose of Lima Priests' Retirement Villa (Phase I); the creation of San Damiano Spiritual Life Center and St. Margaret of Cortona Family Transitional Residence; and renovations at Christ House. Endowments created as a result of this campaign have been fully funded and are currently providing endowment income in support of educational programs and Catholic Charities.

This year's investment performance resulted in significant gains, both realized and unrealized, which mirrored the trend in the general market. Spending policies remained consistent to provide a predictable stream of funding to programs, thus gains resulted in a significant increase in net assets during the current year. Although the market trend may continue to be volatile throughout the next fiscal year, we remain confident in the long term view of the market as it pertains to our investment horizon for those assets invested, as well as the prudent investment policies and oversight exercised by the various diocesan financial advisory committees. Insurance programs (health and risk management) netted positive results, increasing reserves to cover future claims and market increases. The positive change in the priests' pension and post-retirement health obligation was primarily the result of actuarial adjustments and better than anticipated investment returns. Related party contributions reflect the DIAL activity associated with transferring assets and liabilities to DIAL Corp. Net property gains were realized with the sale and exchange of real property.

The total increase in net assets of approximately \$29 million is the result of the significant investment gains experienced in current operations and endowments. Following several years of increases in property, plant, property in equipment, completion of significant projects and annual provision for depreciation has resulted in a decrease in this component of net assets in 2011.

Statement of Activities Highlights

	June 30, 2011	June 30, 2010
Operating Activities		
Operating income (including restricted amounts)	\$33,802,632	\$28,558,998
Operating expenses	(28,446,236)	(27,030,748)
Transfers of Contributions from RIF-FIH	160,000	2,094,600
Operational Surplus	5,516,396	3,622,850
Non-Operating Activities		
Investment income (loss), net of amounts in operations	21,068,531	6,238,711
Net change in insurance programs	2,534,237	2,435,793
Change in unfunded priests' pension and postretirement health obligation	1,427,149	(3,774,399)
Bond interest expense - net of related property income	440,851	420,578
Net property gains	3,006,541	—
Rental Income	132,871	91,140
Related parties contributions	(4,217,316)	—
Transfers of permanently restricted endowments from RIF-FIH Capital Campaign	86,000	1,194,700
Increase in net assets	\$29,995,260	\$10,229,373
Increase in Net Assets related to		
Current Operations	25,989,110	(679,094)
Endowments, ADEF & Functioning as Endowment	6,731,840	3,564,937
Property, Plant & Equipment	(2,725,690)	7,343,530
Total Increase	\$29,995,260	\$10,229,373

Offices in support of the parishes and diocese include:

- **Office of the Bishop**
- **Employee Benefits and Human Resources**, which serve the nearly 3,500 employees of our parishes, schools and diocesan offices
- **Planning, Construction and Facilities Management**, which provides technical and fiduciary oversight in addition to project management for the physical development and maintenance of parish and diocesan properties
- **Communications Office**, which serves the diocese and parishes through media relations, the diocesan web site and other communications support
- **General Counsel**, which provides legal services to parishes and the diocese
- **Information Services**, which provides information technology support for diocesan ministries and offices
- **Offices of Finance and Accounting**, which serve as a resource to parishes with regard to financial matters, as well as overseeing parish internal audits and the administration of DIAL and diocesan financial administration
- **Office of Risk Management**, which provides oversight with regard to the diocesan property and casualty self-insurance program and assists the parishes and schools with related risk-mitigating initiatives
- **Development Office**, which assists in parish and diocesan stewardship programs

Current Operations

The diocese maintains assets for current operations to support current programs, ministries and future capital needs. Pledges and accounts receivable include major gifts receivables and Bishop Lenten Appeal pledges that will be used to fund programs into the next fiscal year. Investments have incurred significant realized and unrealized gains reflective of general market conditions. In 2011, these investments included longer-term funds of DIAL Corp (see below) held in the investment pool. The increase in the unrestricted net assets in 2011 also reflects the closing of the DIAL Fund upon incorporation of DIAL Corp.

Permanent Endowments, ADEF and Functioning as Endowment

An endowment is a specific fund that generates investment returns to help an organization or specific program, while preserving the principal funds initially invested. Redemptions from *Rooted in Faith~Forward in Hope* capital campaign pledges have provided endowment funding in excess of the \$20 million goal established for tuition assistance, school faculty development and catechetical programs, youth ministry and Catholic Charities operations. These endowments, overseen by the investment committee of the Diocesan Finance Council, provide annual income for these program initiatives. Although the *RIF-FIH* capital campaign has almost ended, it is anticipated that these endowments will continue to grow with the continued support of contributors to these programs. The Arlington Diocese Education Foundation (ADEF) serves as a means for parochial and regional schools, as well as the diocese, to provide additional annual funds for educational purposes. The original patrimony of the Diocese of Arlington, contributed at inception, has been preserved and invested to function as an endowment for operations. Collectively, all of these funds are managed as restricted investments with a predictable amount budgeted to be utilized annually to support the intended programs or ministries.

Property, Equipment

The diocese is required to report the real property, land and equipment that it holds for diocesan uses. This includes the land and the original buildings and grounds of the diocesan high schools and other affiliated organizations under the office of the diocesan bishop. Construction projects placed in service during 2011 included the St. Rose of Lima Priests' Retirement Villa. Also, \$2 million of land for future needs moved to real property with the placing in service of the Retirement Villa. The almost \$11 million remaining in land for future parish and diocesan needs is demonstrative of the continual emphasis on growth and development, and the diocesan commitment toward that growth. As a result of the utilization of bond proceeds for the Pope John Paul the Great High School construction, the associated \$23 million debt is included as an offset to the asset.

Diocesan Investment and Loan (DIAL)

Effective May 1, 2011, the Diocesan Investment and Loan (DIAL) Fund of the Central Administrative Office, which functioned as a savings and loan for the parishes and diocese, transferred assets and liabilities to the Arlington Diocesan Investment and Loan Corporation (DIAL Corp), a Virginia non-stock corporation. The investment and loan program administered by DIAL Corp is a collaborative effort where participants deposit excess funds in return for a fixed and stable interest rate, and may request and obtain loans for construction, renovation or operating needs that also bear a fixed and stable interest rate. The participants of DIAL Corp include the parishes, missions and schools of the Catholic Diocese of Arlington, along with other entities such as the Catholic Charities of the Diocese of Arlington and Arlington Catholic Herald. The Central Administrative Offices of the Catholic Diocese of Arlington is a separate and distinct entity and is not a participant in, and therefore does not have deposit accounts or loans owed to, DIAL Corp.

As of June 30, 2011 deposits earned interest at 2.5% per annum, and loans accrued interest at 6.5% per annum. Interest rates are reviewed at least annually and adjusted as necessary.

DIAL Corp holds investments in the Diocesan investment pool; approximately \$51 million of investments as of June 30, 2011 are held in the pool. Although investment losses in the two months subsequent to incorporation have resulted in negative unrestricted net assets, they are unrealized.

Current Operations

	June 30, 2011	June 30, 2010
Cash and cash equivalents	\$11,117,801	\$16,458,937
Pledges and accounts receivable	6,983,860	5,258,950
Investments*	90,149,946	20,332,550
Loan receivable	11,192,809	8,796,980
Prepaid expenses and other assets	1,424,730	524,643
Total assets	\$120,869,146	\$51,372,060
Accounts payable and accrued expenses	\$4,275,035	\$4,150,528
Deposits held for others and other liabilities	3,487,721	5,695,019
Funds held for DIAL Corp. in investment pool	51,061,802	—
Accrued priests' pension liability and post retirement health obligation	10,533,783	11,960,932
Line of credit payable	—	7,000,000
Total liabilities	69,358,341	28,806,479
Unrestricted net assets	44,865,780	17,031,651
Temporarily restricted net assets	6,645,025	5,533,930
Total net assets	51,510,805	22,565,581
Total liabilities and net assets	\$120,869,146	\$51,372,060

*includes funds held for DIAL Corp

Permanent Endowments, ADEF and Functioning as Endowment

	June 30, 2011	June 30, 2010
Investments	\$44,472,609	\$35,426,453
Pledges receivable	979,294	1,444,013
Accrued interest receivable	20,398	21,645
Total assets	\$45,472,301	\$36,892,111
ADEF funds held for schools	\$2,515,401	\$2,276,713
Endowments held for others (Catholic Charities)	8,030,231	6,420,569
Total liabilities	10,545,632	8,697,282
Unrestricted net assets, including functioning as endowment	8,400,942	6,623,546
Temporarily restricted net assets	8,084,046	3,308,571
Permanently restricted net assets	18,441,681	18,262,712
Total net assets	34,926,669	28,194,829
Total liabilities and net assets	\$45,472,301	\$36,892,111

Property, Equipment and Related Debt

	June 30, 2011	June 30, 2010
Real property and improvements	\$117,048,884	\$110,456,093
Land held for future parish and diocesan sites	10,895,532	12,891,038
Land restricted for high school	14,500,000	14,500,000
Furniture and equipment	6,712,237	6,428,004
Construction in progress and assets not yet placed in service	—	6,502,811
Less: accumulated depreciation	(21,894,850)	(19,973,424)
Loan Receivable	4,209,917	4,309,917
Unamortized bond costs	375,265	392,005
Total assets	\$131,846,985	\$135,506,444
Accounts payable	\$41,186	\$439,955
Bonds payable	23,205,000	23,740,000
Temporarily restricted net assets	14,500,000	14,500,000
Unrestricted net assets	94,100,799	96,826,489
Total liabilities and net assets	\$131,846,985	\$135,506,444

Arlington Diocesan Investment and Loan Corp

	June 30, 2011	(DIAL fund prior to incorporation) June 30, 2010
Cash and cash equivalents	\$2,464,111	\$3,158,668
Investments	63,724,324	59,223,763
DIAL loans receivables	41,620,056	49,653,317
Other receivables	306	10,111
Total assets	\$107,808,797	\$112,045,859
DIAL deposits payable*	\$108,643,214	\$109,089,745
Unrestricted net assets	(834,417)	2,956,114
Total liabilities and fund reserves	\$107,808,797	\$112,045,859

*includes operating fund deposits of \$10,395,247 as of June 30, 2010

Evangelization and Outreach

Evangelization is an essential component of the life and stewardship of our diocesan Church. Here are a few examples of the Diocese of Arlington's efforts to answer Christ's call, "Go, therefore, and make disciples of all nations" (Mt. 28:19). For more information about evangelization and outreach, visit www.arlingtondiocese.org.

Diocesan Pilgrimage and Global Living Rosary

This fall, Bishop Loverde, diocesan priests and parishioners from across Northern Virginia gathered to pray at the Basilica of the National Shrine of the Immaculate Conception in Washington, D.C. The day included time for Praise and Worship, Confessions, a Global Living Rosary and Mass. This year's theme was "Come, Worship the King of Kings" as parishioners sought to adore Our Lord and to honor the Blessed Mother. The Global Living Rosary portion was broadcast live on EWTN.



Bishop Loverde and members of the Global Living Rosary pray for peace in our world and in our own lives at the biennial Diocesan Pilgrimage.

Lenten Conferences Invite Women and Men to Deeper Spiritual Lives

The Diocese of Arlington offered two unique conferences this past Lent, inviting each participant to a deeper spiritual life. The Office for Family Life and the Arlington Diocesan Council of Catholic Women sponsored the first Women's Conference – a conversation about the unique challenges confronting women of faith. Also, the diocesan Office for Family Life hosted its second annual Men's Conference, "Tools for Building the Kingdom." These conferences are an opportunity for men and women to learn more about their faith, to build camaraderie throughout the diocese and to spread the truth of the faith to others.

(Far Right) Men from across the Diocese enjoyed a series of talks at the second annual Men's Conference.

(Right) Women were challenged at the first annual Women's Conference by dynamic speakers.

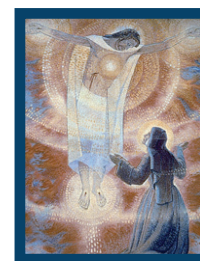


The Diocese of Arlington is Consecrated to the Sacred Heart of Jesus

On the Feast of Christ the King, Bishop Loverde consecrated the entire diocese to the Sacred Heart of Jesus, and each parish was consecrated as well. As part of this consecration, parishioners were provided with images of the Sacred Heart to enthrone in their homes, with a place for families and individuals to sign their names in recognition of their own consecration to the Sacred Heart. Through this consecration, the people of the diocese made a firm decision to entrust their lives and actions to the Heart of Christ.

Parishioners Venerate the Relics of Saint Margaret Mary Alacoque

The Diocese of Arlington welcomed the relics of Saint Margaret Mary Alacoque, the saint who had a vision of the Sacred Heart of Jesus, to five parishes and two schools from October 24-28, 2011. Parishioners throughout Northern Virginia had the opportunity to venerate the relics of this saint who so dearly loved the Sacred Heart as well as to go to the Sacrament of Confession and to participate in Mass.



The Diocese was blessed to have the opportunity to venerate the relics of Saint Margaret Mary Alacoque a month prior to being consecrated to the Sacred Heart of Jesus.

Bishop Loverde's Pastoral Letter "Fountain of Life, Fire of Love"

Calling on Catholics to deepen their faith and share it with others, Bishop Loverde recently released a pastoral letter entitled *Fountain of Life, Fire of Love*. His first pastoral letter in nearly five years addresses the "deadening cycle of pain and inward retreat" brought on by distraction, sin, indifference and "cold and distant" hearts. Drawing from his own experience of pilgrimage and devotion to the Sacred Heart of Jesus and Divine Mercy, Bishop Loverde invites Catholics and the wider community to a more personal experience of the Heart of Christ.