

FISCAL YEAR 2009 FUNDING FOR ABUSE SETTLEMENTS AND RELATED COSTS

OVERVIEW

In April 2006, as part of the overall financial transparency presentation, the Archdiocese of Boston published a report entitled "Financial Disclosure of the Archdiocese of Boston Regarding Sexual Abuse Settlements and Related Costs." That report detailed the payments that had been made by the Archdiocese to fund sexual abuse settlements and related costs in the years prior to June 30, 2005. The report also described the sources of the funds that had been expended. The Archdiocese committed to and has updated the report on an annual basis. This report covers the year ended June 30, 2009.

SEXUAL ABUSE SETTLEMENTS AND RELATED COSTS

Sexual Abuse Settlements. During fiscal year 2009 the total amount expended by the Archdiocese to settle claims arising from sexual abuse was \$3.6 million. This represents payments on 27 settlements.

Costs for Pastoral Response and Abuse Prevention and Training. In fiscal year 2009, the Archdiocese expended \$2.6 million to cover the expenses associated with administering abuse prevention efforts and funding outreach to promote healing and reconciliation with survivors and others harmed by sexual abuse. That figure includes the expenses incurred by three principal offices of the Archdiocese: the Office of Volunteer Resources (which conducts annual CORI checks of clergy, employees and volunteers), the Office of Child Advocacy, Implementation, and Oversight (which oversees abuse prevention training), and the Office of Pastoral Support and Outreach (which administers the program of the Archdiocese to fund therapy and related services to survivors of abuse). Under the program administered by the Office of Pastoral Support and Outreach, the Archdiocese funds regular therapy and related medications. This support is available whether or not the survivor has brought a claim against the Archdiocese, and continues to be available after a claim has been settled. In fiscal year 2009, the program funded therapy for 315 individuals at a cost of \$1.4 million.

Other Costs Related to Sexual Abuse Claims. In addition to the moneys paid in settlements and the costs of its pastoral response and abuse prevention programs, the Archdiocese incurred an additional \$1.5 million in costs to respond to and facilitate the settlement of sexual abuse claims during the past fiscal year. These costs were comprised principally of legal costs as well as expenses for mediation and arbitration.



Summary of Costs Taking into account the total cost of the sexual abuse settlements (\$3.6 million) as well as the total of other costs incurred by the Archdiocese related to the sexual abuse claims (\$4.2 million), the Archdiocese expended a total of \$7.8 million during the fiscal year 2009.

SOURCES OF FUNDS

The Archdiocese has funded the settlements and other costs related to the sexual abuse claims in fiscal 2009 from the proceeds of both real estate property sales and insurance funds. These sources have been sufficient to cover the costs of settlement and related expenses described above. It should be made clear, consistent with past practices, that parish funds, money raised from the Promise for Tomorrow Campaign, the Annual Catholic Appeal, and proceeds from the parish reconfiguration process are not being used for settlement costs.

Insurance Recoveries In fiscal year 2009 the Archdiocese received \$75,000 of recoveries from an insurance company that was fully used to fund settlements.

Self-Insurance The self-insurance program of Corporation Sole provided the \$2.6 million of funding to cover the expenses associated with administering abuse prevention efforts and outreach to promote healing and reconciliation with survivors and others harmed by sexual abuse.

Property Sales During fiscal year 2009, the Archdiocese used \$5.1 million from the proceeds of administrative property sales to fund costs related to sexual abuse claims.

FUTURE REPORTS

The Archdiocese will continue to provide, on an annual basis, supplemental financial information regarding any future settlements of sexual abuse claims and the sources of funds for those settlements.

CLOSING WORDS

This annual report presents the detail of financial costs associated with clergy sexual abuse in the Archdiocese of Boston for the fiscal year ended June 30, 2009. It is a somber reminder of the enduring suffering for survivors and their families. It is not possible to quantify the emotional and spiritual pain of those who were sexually abused as children. We remain sincerely committed to the long term process of healing and recovery.

