

*george martell*

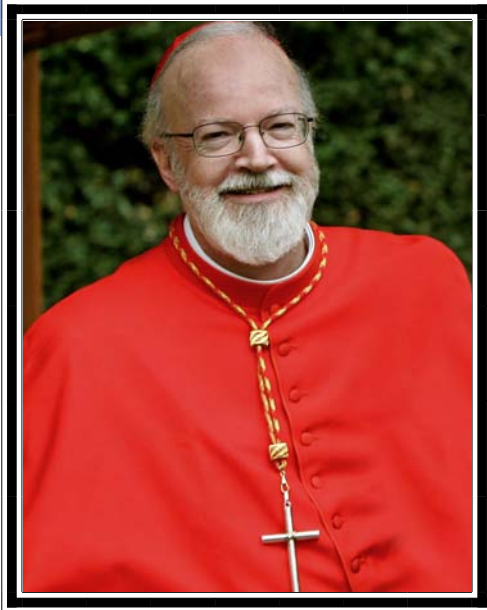
# Archdiocese of Boston **FINANCIAL REPORT**

For the Year Ending June 30, 2008

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**Seán P. Cardinal O'Malley, OFM, Cap.**  
Roman Catholic Archbishop of Boston

My Dear Friends in Christ,

Last November we gathered at the Cathedral of the Holy Cross for a magnificent celebration of the Archdiocese of Boston's Bicentennial. The depth and breadth of our history and the vitality of our local church in this present time were brought forth as we made the commitment to continue building on the foundations established by our predecessors.

This annual report shows us that the Archdiocese's overall financial condition has improved over the last year, continuing the positive trend of recent years. The report also indicates that we face a number of challenges, including an unprecedented number of requests for services for the poor and those who find themselves in a never expected circumstance of need. The economic declines and job losses of the past year have impacted many people. We will do everything we can to respond to all who ask for our help.

Our schools also present a challenge, but we are making great strides with the Archdiocese's *Campaign for Catholic Education*. In the fall of 2008, we marked the opening of the Pope John Paul II Catholic Academy in Dorchester and Mattapan, following the previous year's opening of Trinity Catholic Academy in Brockton. These achievements are the product of parish-based regional planning, guided by the tireless efforts of Jack Connors, Peter Lynch, John Fish, Tom Shields and Kathleen Driscoll. Their leadership has been invaluable for this initiative.

In June of 2008, we relocated our central ministries to the new Archdiocesan Pastoral Center in Braintree. I am deeply grateful to the late Thomas Flatley and his family for their generosity in making this possible. The heart of the Center is the beautiful Bethany Chapel, where the prayer and celebration of the sacraments offered each day are the source of our strength and vision. We are pleased that the Pastoral Center has become a gathering place for meetings, training sessions and special events, and that people from the surrounding communities join us for daily Mass. The entire Catholic community and all our friends are welcome here.

Looking ahead, it is critical that we proceed with pastoral planning based on a realistic assessment of our available resources. This process will call for us to make choices among competing needs, a difficult but necessary task. We will be greatly



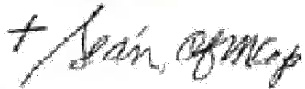


**Seán P. Cardinal O'Malley, OFM, Cap.**  
Roman Catholic Archbishop of Boston

assisted in this work by experienced personnel who have joined the Archdiocesan team and will help guide our planning .

During the Easter season we are called to reflect on the circumstances of Jesus' followers in the time after His resurrection. They also faced significant challenges, and at times great uncertainty, but with the strength given them by the Spirit they persevered and succeeded. With that same gift of the Spirit, let us go forward together to fulfill the mission entrusted to us.

Devotedly yours in Christ,



Seán P. Cardinal O'Malley, OFM, Cap.  
Archbishop of Boston



**James P. McDonough, Chancellor**  
Secretary for Financial and Administrative Services

I am pleased to report that the financial state of the Archdiocese continues to improve and build on the achievements of recent years even as we continue to address a number of remaining challenges. Our parishioners have again increased their support for the parishes and the Catholic Appeal; Central Ministries are making the necessary adjustments to eliminate its budget deficit, and we are weathering the current economic turmoil through careful management of expenses and day-to-day operations.

The primary focus of this report is the fiscal year ended June 30, 2008, for which the audited financial statements of the Roman Catholic Archbishop of Boston, A Corporation Sole and its related organizations are included. These comprehensive statements are also available on the Archdiocese's new website, [bostoncatholic.org](http://bostoncatholic.org). This report also addresses the challenges faced in recent years and the progress we made during 2008 and the early part of 2009.

In keeping with the Archdiocese's commitment to financial transparency, beginning with the financial statements for fiscal year 2005, we have provided the Catholic community, and all interested parties, a comprehensive analysis of our operations and financial condition. This report seeks to again provide, in as complete a way as possible, our financial position and the changes in our net assets.

## **CENTRAL MINISTRIES:**

In June of 2008, the offices of the Central Ministries were moved to the Pastoral Center in Braintree. Kevin Kiley, a key member of our leadership team, directed all aspects of the move and brought us to a new location for our ministries that is efficient and well organized. The beautifully crafted Bethany Chapel, the heart of the Pastoral Center, was completed over the course of last summer and blessed by Cardinal Seán on October 1, 2008. Mass is celebrated there each weekday at 12:05 PM and is well attended by our staff and members of the faithful from Braintree and surrounding communities. We are forever indebted to the late Thomas Flatley and his family for the magnificent gift of the new Pastoral Center of the Archdiocese of Boston; it is a testament to Mr. Flatley's dedication to his faith and his love of the Church.

Most importantly, the Pastoral Center allows our dedicated staff to more effectively support the work of our pastors and lay faithful in the 292 parishes of the Archdiocese.



Our mission, as determined by Cardinal Seán, is “to serve and guide the Catholic parishes, schools, hospitals, and agencies within the 144 cities and towns of the Archdiocese of Boston.” The Pastoral Center enables that mission to be fulfilled with better communication and collaboration. The Pastoral Center has also fast become a preferred meeting place for our related entities and various ministries of the Archdiocese.

We are committed first and foremost to a culture of service at the Pastoral Center. Our dedicated team of professionals is on call to assist pastors, business managers and other parish staff in the areas of Risk Management, Real Estate, Facilities Maintenance, Financial Planning, Human Resources and Fundraising. Additionally, our pastoral and ministerial departments offer a wide range of support for the important work of Religious Education, Youth Ministry and Evangelization, Cultural Ministries, Marriage Ministries and much more. We are here to provide our parishes with whatever help they need to fulfill their mission of serving the people of God.

Our commitment to a balanced budget for Central Ministries continues to be a priority. The \$4 million deficit in FY2008 (exclusive of one time charges) was the result of changes in the allocation of costs paid by related entities. We expect to reduce the deficit to \$2.3 million for FY 2009 and are working toward the goal of a balanced budget for FY2010. We are committed to operating with the fiscal discipline that our parishes follow and our supporters and benefactors expect from us.

## PARISHES

The Archdiocese’s parishes (not including parish schools and cemeteries) continued to experience an increase in offertory collections in 2008, up 4% from the prior year. Total revenues increased 11%, or just over \$20 million, primarily due to an increase in property sales of \$13 million. Expenses were up 8%, primarily due to increases in maintenance and repairs and clergy stipends.

While combined parish collections are increased from last year, not all parishes are collecting enough from parishioners to cover their operating expenses. In recent years we have observed that forty-five parishes have been funding ongoing operations from one-time property sales. Most of these parishes are located in urban areas and their weekly offertory does not cover parish expenses. During the years 2003 – 2008 these parishes spent \$7.5 million of real estate sale proceeds to fund ongoing operations. We have begun working with these parishes to develop a plan that will bring their expenses in line with their income or develop alternative sources of recurring revenue, such as rental income.



## PASTORAL PLANNING

Our financial concerns, along with the declining number of priests available for full time service, highlight the need to make the best use of our available resources. For this purpose, Cardinal Seán has established the Office of Pastoral Planning under the Secretary of Parish Life and Leadership, which is led by the Very Rev. Thomas S. Foley. While parish finances are not the focus of pastoral planning, it is critical that parishes begin collaborating and sharing staff and costs whenever possible. Well-qualified business managers are able to serve multiple parishes, and other pastoral roles can be shared to the benefit of all. Going forward, parishes will need to plan for increased payrolls as more lay staff will be needed for operational responsibilities previously handled by clergy or religious.

## CATHOLIC EDUCATION

The Archdiocese and parishes remain committed to the mission of providing excellence in Catholic education. This year, our Catholic schools are educating 22,960 students at the elementary level and 1,250 at the high school level. In total, all Catholic schools within the Archdiocese, including those not associated with a parish, educate approximately 45,000 students.

Secretary of Education Dr. Mary Grassa-O'Neill, who joined the Archdiocese in July of 2008, is leading the effort to develop a five year plan for our schools that builds on the three priorities developed by her team: academic excellence, formation in faith and values, and financial stability.

The Archdiocese is blessed with the support of the Campaign for Catholic Schools led by Jack Connors, John Fish, and Kathleen Driscoll, and the Catholic Schools Foundation led by Peter Lynch and Michael Reardon. We are greatly indebted to them for their support and their dedication. These individuals have given hope to parents and students who seek quality Catholic education. We are also grateful to the countless lay persons who serve on the boards of various Catholic schools throughout the Archdiocese, providing leadership, fundraising support, and management expertise. The strength of the local board is a key factor at schools that are achieving success.

Much progress has been made recently in the establishment of several regional school structures yet many of our parish schools continue to be an area of concern. Some schools are considered "at risk" primarily because of two factors: too few students and tuitions that do not cover the per student cost. The average tuition in our Catholic elementary schools is \$4,000 but the average cost per student is \$5,500. While scholarships and other financial aid has been helpful, there are still many schools with low enrollments and high deficits. These challenges are most evident in our urban



schools, where we have now begun to implement a new model for Catholic education in order to address these issues. Though nine parish schools were closed in 2008, the majority were strategic closings aimed at strengthening the overall system. Seven schools were closed in Dorchester and Mattapan in conjunction with the creation of the Pope John Paul II Catholic Academy, housed at five of the former parish school sites and now serving 1,400 students in new or renovated facilities. Through April of 2009, five elementary schools have announced that they will close at the conclusion of this academic year.

The need for regionalization of our schools has never been greater. It is our hope that Pope John Paul II Catholic Academy in Dorchester and Trinity Catholic Academy in Brockton will become the premier models for Catholic education in the Archdiocese, and we are seeing signs of this taking hold. In September, the new South Boston Catholic Academy, created from two former parish schools through the vision of parish and community leaders, will open with almost 400 students enrolled.

Not unexpectedly, the economic downturn is having an impact on our schools. For the 2009 – 2010 school year we are forecasting an enrollment decline of 4% at our parish elementary schools and 9% at our parish high schools. Nevertheless, many of our schools continue to thrive in spite of the economy.

#### **IMPROVED FINANCIAL RELATIONSHIP COMMITTEE**

Among the encouraging initiatives of the past year is the Improved Financial Relationship Committee, made up of five pastors, three lay leaders, and four members of the Cabinet. This Committee, formed in response to the input of pastors who found the current system inadequate, is working with pastors throughout the Archdiocese to develop a new model of financial collaboration with central ministries. The committee is working to develop a mutually beneficial system that will link central ministry budgets to parish budgets, so that each can share in the other's successes. This Committee began its work in earnest in October 2008 and will continue into the next fiscal year. I am confident that they will provide us the recommendations for an improved system of funding central ministries that will have the support of pastors.

#### **CATHOLIC APPEAL**

The Catholic Appeal received total contributions of \$15.1 million in 2008, surpassing its goal by \$100,000. Secretary of Institutional Advancement Scot Landry and his team, and pastors who lead the Appeal effort in parishes, are to be commended for this achievement given the financial turmoil of the past year. We are all very grateful to those who support the work of Cardinal Seán and our Central Ministries with generous donations. In recognition of the current economic environment, we are keeping the goal for the 2009 Catholic Appeal campaign at \$15 million, the same level as last year.





## INVESTMENT PERFORMANCE

Though our investments closed the fiscal year ending June 30, 2008 with a loss of 6.4%, we were pleased to have avoided the much greater losses of the major market indexes. We are working diligently to minimize losses in fiscal year 2009 as the markets continue to experience significant turmoil. For the first half of the fiscal year our investments were down 15.8%, again less than many other portfolios due to our limited exposure to the sub-prime mortgage market and related financial companies. Our Investment Committee meets monthly and we are monitoring our portfolio aggressively in order to preserve capital and generate income.

## PENSION FUNDS

The impact of our investment performance is most significant in our lay and clergy pension funds, both of which have been diminished by the general market decline. We consider our responsibilities to address these challenges as much more than financial challenges. Our pension plans were designed to honor the commitment and service of clergy and lay people who dedicated many working years, and in the case of clergy, their lives, to the service of others in the name of Christ. We honor their service in a number of ways including the important commitment to provide them with their retirement pensions.

The lay pension fund, which was fully funded as of June 30, 2007, was funded at 90% as of June 30, 2008. We are in the process of re-evaluating the plan to achieve 100% funded status.

The clergy pension plan continues to be our largest liability and most significant financial concern; the plan is \$114 million under-funded and if continued as currently structured and operated would run out of cash in 2011. Fortunately, we are making rapid progress in implementing the following important changes in order to stabilize the plan:

- A significant restructuring of expenses charged to clergy funds;
- Plans to increase revenues, including a third annual collection, seeking to increase the Christmas and Easter collections, an annual fundraising event, and a major gifts campaign;
- A business plan to achieve a break-even budget by fiscal year 2011.

Cardinal Seán has also formed a Clergy Fund Board of Trustees to assist with the management and oversight of the plan. The trustees will include: Mr. John A. Kaneb, Mr. Kenneth Quigley, Jr., Ms. Jill Ker Conway, Sr. June Ketterer, SGM, Msgr. George Carlson, Rev. Gerard Petringa, and the Very Rev. Thomas Foley.



## CONCLUSION

While the challenges ahead are great, I continue to be optimistic about our future. We are blessed with the leadership and the resolve to continue the rebuilding of our Archdiocese. Through the dedication and commitment of clergy, religious and laity we have made great progress in recent years and will build on those accomplishments, always prepared to adjust our plans to reflect the realities of our time.

I want to offer my personal thanks to Cardinal Seán for his leadership, inspiration and support. I am most appreciative of the efforts of Fr. Richard Erikson, Ph.D., Vicar General and Moderator of the Curia, for his untiring efforts to assist Cardinal Seán in leading the Archdiocese and our Central Ministries in a caring, pastoral manner with a great understanding of the financial realities that we are facing. His grace in leading us through the various challenges of each day is an example for us all.

In addition, my thanks go out to those that serve so faithfully and that offer significant support and assistance to our administrative management team, including:

- Members of the Cardinal's Cabinet;
- The Archdiocesan Finance Council and its committees;
- Members of the Improved Financial Relationship Committee;
- The many pastors who have unselfishly offered their advice, counsel, and time.

In my three years as Chancellor, I have been deeply motivated by the faith of the people of our Archdiocese and their dedication to the mission of the Church. Working with Central Ministries employees, clergy, religious, and lay parishioners has given me an immense appreciation for the breadth of the ministries provided to close to 2 million Catholics in our 144 cities and towns. With the strength of our shared commitment to advance the saving ministry of Jesus Christ we will meet the challenges we face and achieve our goals.

Sincerely yours in Christ,

James P. McDonough  
Chancellor



**The Roman Catholic Archbishop of Boston,  
A Corporation Sole  
Fiscal Year ended June 30, 2008**

**MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL  
POSITION AND RESULTS OF OPERATIONS**

The following discussion and analysis should be read in conjunction with the financial statements, supplemental schedules and report of independent certified public accountants contained in Item 4 of this financial report.

**INTRODUCTION**

The Roman Catholic Archbishop of Boston, A Corporation Sole (the "Corporation Sole") is a legal entity created under Massachusetts civil law in 1897 to provide the Roman Catholic Archbishop of Boston with a means to operate within the public statutes of the Commonwealth of Massachusetts. The Corporation Sole, as an entity, is distinguishable from the Roman Catholic Archbishop of Boston whose powers and responsibilities are established by Canon Law.

The financial statements of the Corporation Sole are grouped into four reporting units: the activities of all parishes located within the Archdiocese ("Parishes"), the central administrative activities and programs of the Archdiocese ("Central Operations"), central endowments ("Endowments") and the Archdiocese self-insurance programs ("Self-Insurance"). The Parishes include the 292 parishes of the Archdiocese and the 84 schools and 42 cemeteries operated by these parishes. Included within Central Operations are the assets and activities of the parish reconfiguration program that commenced in 2004.

The Archbishop of Boston, by virtue of his office, serves as chairman of the board of numerous separately incorporated Catholic organizations that operate within the Archdiocese of Boston. While these organizations are considered to be related organizations of the Corporation Sole, they are not under the control of the Corporation Sole and, accordingly, their financial activities are not presented as part of the



Corporation Sole's financial statements. The financial statements of the related organizations that operate within the Archdiocese of Boston are included in Item 7 of this financial report.

## EXECUTIVE SUMMARY

In July 2007 the Archdiocese sold its remaining administrative campus in Brighton to Boston College. The mortgage on the administrative campus was repaid from a portion of the proceeds of the sale.

The Archdiocese purchased an office building in Braintree that was converted into the new Pastoral Center. A donor contribution funded the purchase price. The central programs and offices were relocated to the Pastoral Center in June of 2008.

The value of investments of the Corporation Sole was relatively stable during the fiscal year, although subsequent to fiscal year-end the fair value has decreased due to volatility in the domestic and international financial markets.

Through June 30, 2008, the land and buildings associated with thirty-three suppressed parishes have been sold.

The Archdiocese entered into settlement agreements during the fiscal year with 55 individuals who brought sexual misconduct claims in prior periods and continues to provide counseling services to individuals affected by clergy misconduct.

The funding of clergy pension and other postretirement obligations continues to be a challenge and significant efforts are underway to address this shortfall.

Unrestricted operating revenue experienced a 1% decrease during the fiscal year, while program expenses experienced a 5% increase. Central Operations implemented an early retirement program as part of a restructuring plan during the fiscal year that accounted for the majority of the increase in management and general expenses.





**June 30, 2008 Condensed Statement of Financial Position (000's)**

|   | <b>Parishes</b>  | <b>Central<br/>Operations</b> | <b>Self<br/>Insurance</b> | <b>Endowments</b> | <b>Elimina-<br/>tions</b> | <b>Total</b>     |
|---|------------------|-------------------------------|---------------------------|-------------------|---------------------------|------------------|
| <b>Assets</b>                           |                  |                               |                           |                   |                           |                  |
| Land, Buildings & Equipment             | \$355,485        | \$ 40,957                     | \$ -                      | \$ -              | \$ -                      | \$396,443        |
| Cash                                    | 140,482          | 74,127                        | 6,350                     | 268               | (8,898)                   | 212,329          |
| Investments                             | 65,430           | 8,943                         | 4,531                     | 14,404            | -                         | 93,307           |
| Other Assets                            | 20,101           | 23,472                        | 3,355                     | 146               | (1,898)                   | 45,176           |
| <b>Total Assets</b>                     | <b>\$581,498</b> | <b>\$147,499</b>              | <b>\$14,236</b>           | <b>\$14,818</b>   | <b>\$(10,796)</b>         | <b>\$747,255</b> |
| <b>Liabilities</b>                      |                  |                               |                           |                   |                           |                  |
| Accrued Clergy Retirement               | \$114,483        | \$ -                          | \$ -                      | \$ -              | \$ -                      | \$114,483        |
| Due to Related Organizations            | 15,317           | 47,475                        | -                         | -                 | (10,714)                  | 52,078           |
| Other liabilities                       | 35,580           | 14,199                        | 294                       | -                 | (2,994)                   | 47,079           |
| Reserve for Losses                      | -                | 10,066                        | 3,625                     | -                 | -                         | 13,691           |
| <b>Total Liabilities</b>                | <b>165,380</b>   | <b>71,740</b>                 | <b>3,919</b>              | <b>-</b>          | <b>(13,708)</b>           | <b>227,331</b>   |
| <b>Net Assets</b>                       |                  |                               |                           |                   |                           |                  |
| Unrestricted                            | 396,318          | 52,498                        | 10,317                    | -                 | 2,911                     | 462,045          |
| Restricted                              | 19,800           | 23,261                        | -                         | 14,818            | -                         | 57,879           |
| <b>Total Net Assets</b>                 | <b>416,118</b>   | <b>75,759</b>                 | <b>10,317</b>             | <b>14,818</b>     | <b>2,911</b>              | <b>519,924</b>   |
| <b>Total Liabilities and Net Assets</b> | <b>\$581,498</b> | <b>\$147,499</b>              | <b>\$ 14,236</b>          | <b>\$ 14,818</b>  | <b>\$(10,796)</b>         | <b>\$747,255</b> |



# Unrestricted Net Assets Analysis (000's)

|   | Parishes         | Central<br>Operations | Parish<br>Reconfiguration | Self<br>Insurance | Eliminations    | Total            |
|---|------------------|-----------------------|---------------------------|-------------------|-----------------|------------------|
|   |                  |                       |                           |                   |                 |                  |
| Investment in land,<br>buildings, equipment | \$354,172        | \$ 31,872             | -                         | -                 | -               | \$386,045        |
| Other                                       | 31,550           | 274                   | -                         | -                 | \$ 2,912        | 34,736           |
| Designated for parish<br>reconfiguration    | -                | -                     | \$ 20,352                 | -                 | -               | 20,352           |
| Cemetery future care                        | 10,595           | -                     | -                         | -                 | -               | 10,595           |
| Designated for self<br>insurance programs   | -                | -                     | -                         | \$ 10,317         | -               | 10,317           |
| <b>Total Unrestricted Net<br/>Assets</b>    | <b>\$396,317</b> | <b>\$ 32,146</b>      | <b>\$ 20,352</b>          | <b>\$ 10,317</b>  | <b>\$ 2,912</b> | <b>\$462,045</b> |



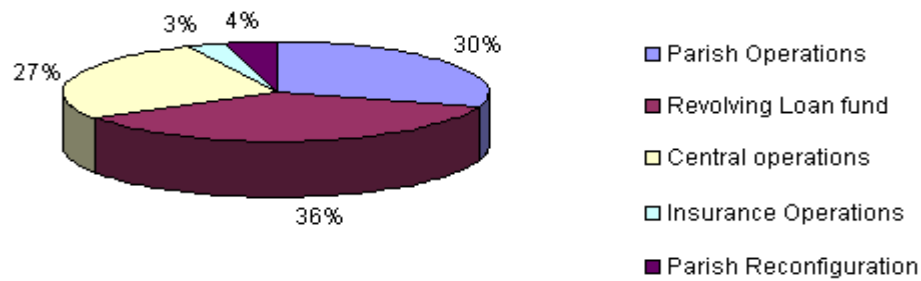
**June 30, 2008 Condensed Statement of Activities - Unrestricted (000's)**

|                                      | <b>Parishes</b>  | <b>Central<br/>Operations</b> | <b>Self<br/>Insurance</b> | <b>Endowments</b> | <b>Eliminations</b> | <b>Total</b>     |
|--------------------------------------|------------------|-------------------------------|---------------------------|-------------------|---------------------|------------------|
| <b>Operating Revenues</b>            |                  |                               |                           |                   |                     |                  |
| Collections                          | \$117,972        | \$ 16,144                     | \$ -                      | \$ -              | \$ (433)            | \$133,683        |
| Tuition                              | 103,925          | -                             | -                         | -                 | -                   | 103,925          |
| Other                                | 56,673           | 13,381                        | 5,006                     | 626               | (7,605)             | 68,081           |
| Contributions & Fundraising          | 37,205           | 2,563                         | -                         | -                 | (469)               | 39,299           |
| Total Operating Revenues             | 315,775          | 32,088                        | 5,006                     | 626               | (8,507)             | 344,988          |
| <b>Operating Expenses</b>            |                  |                               |                           |                   |                     |                  |
| Program                              | 310,440          | 19,265                        | -                         | (626)             | (7,261)             | 321,818          |
| Management and General               | 848              | 17,679                        | 6,026                     | -                 | (5,751)             | 18,802           |
| Fundraising                          | 7,566            | 3,000                         | -                         | -                 | -                   | 10,566           |
| Reconfiguration                      | -                | 1,502                         | -                         | -                 | (124)               | 1,378            |
| Total Operating Expenses             | 318,854          | 41,446                        | 6,026                     | (626)             | (13,136)            | 352,564          |
| <b>Operating Income/(Loss)</b>       | <b>(3,079)</b>   | <b>(9,358)</b>                | <b>(1,020)</b>            | <b>-</b>          | <b>4,629</b>        | <b>(8,828)</b>   |
| <b>Non-Operating Income/(Loss)</b>   |                  |                               |                           |                   |                     |                  |
| Gain on Sale of Land, Bldg & - Equip | 22,680           | 16,638                        | -                         | -                 | -                   | 39,318           |
| Contributions                        | -                | 25,750                        | -                         | -                 | -                   | 25,750           |
| Other                                | 3,809            | (145)                         | (2,683)                   | -                 | (5,118)             | (4,137)          |
| Total Non-Operating                  | 26,489           | 42,243                        | (2,683)                   | -                 | (5,118)             | 60,931           |
| <b>Change in Net Assets</b>          | <b>\$ 23,410</b> | <b>\$ 32,885</b>              | <b>\$ (3,703)</b>         | <b>\$ -</b>       | <b>\$ (489)</b>     | <b>\$ 52,103</b> |



## JUNE 30, 2008 FINANCIAL POSITION

### CASH AND CASH EQUIVALENTS:



Parish operations cash and equivalents represent the daily operating accounts of our parishes and the related schools and cemeteries operated by those parishes. Parish operating cash increased by 3% to \$63.3 million at June 30, 2008 as compared to \$61.5 million at June 30, 2007, illustrating a slightly improved cash position.

The Revolving Loan Fund is a cooperative loan program for our parishes and related organizations. Parishes deposit savings into the Revolving Loan Fund and earn an interest rate equivalent to comparable market rates during the year. Parishes and related organizations in need of short-term lines of credit and long-term loans borrow from this fund. These borrowings incur an interest rate that is established following Corporation Sole's prevailing borrowing rate. The Revolving Loan Fund cash and cash equivalents decreased by 6% during the last fiscal year, from \$82.2 million at June 30, 2007 to \$77.2 million at June 30, 2008. This decrease is partially the result of an increase of the Revolving Loan Fund's longer-term investments.

Central Operations cash and cash equivalents represent monies controlled centrally by the Archdiocese. The significant increase at June 30, 2008 as compared to June 30, 2007 results from the \$34.8 million of net proceeds from the Brighton campus sale to Boston College and \$5.8 million of restricted contributions from outside donors, partially offset by expenditures for the new Pastoral Center.

Insurance operations cash and cash equivalents represent the operating accounts of the Archdiocese's self-insurance programs. The majority of the \$4.9 million decrease at June 30, 2008 as compared to June 30, 2007 is the result of timing of receivables and payables to Corporation Sole's other accounting units and related organizations.





### **PREPAID EXPENSES AND OTHER ASSETS**

The \$4.2 million increase at June 30, 2008 as compared to June 30, 2007 relates to a \$4.0 million receivable from Boston College as part of the Brighton campus sale that occurred in fiscal 2008. In accordance with the sale agreement, the \$4.0 million is to be paid upon satisfaction of two conditions, one of which was satisfied in July 2008 and the second is expected to be satisfied in the future.

### **DUE FROM RELATED ORGANIZATIONS**

The Catholic Foundation of the Archdiocese of Boston, Inc. ("The Catholic Foundation"), a related organization, manages the Catholic Appeal for the Archdiocese. The Catholic Appeal is an annual campaign by The Catholic Foundation through direct mailings and Archdiocesan parishes in support of the central administrative activities and programs of the Archdiocese. Included in the amount due from related organizations are \$994,000 and \$892,000 at June 30, 2008 and 2007, respectively, of Catholic Appeal contributions collected by The Catholic Foundation and due to Corporation Sole.

At June 30, 2008 the balance additionally includes \$873,000 due from The Fund for Catholic Schools, Inc., a related organization, for operating expenses Corporation Sole paid on its behalf during fiscal 2008.

### **CONTRIBUTIONS RECEIVABLE**

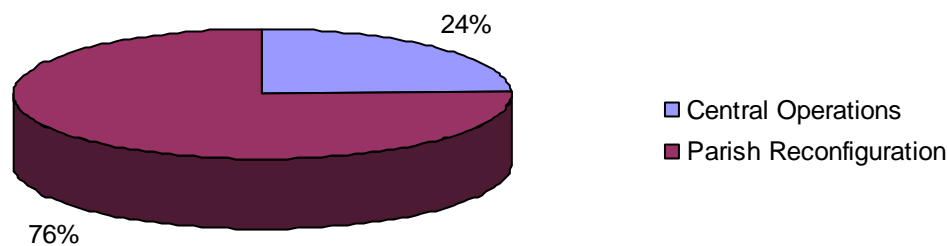
The increase in contributions receivable of \$4.4 million or 159% at June 30, 2008 as compared to June 30, 2007 is a result of an increase in wills and estates that were probated as of June 30, 2008 but not paid as of that date. All of the wills and estates receivable are contributed in support of parish operations.



### LOANS RECEIVABLE

The majority of loans receivable are short-term loans made by the Revolving Loan Fund to related organizations. The increase of \$3.4 million or 65% at June 30, 2008 as compared to June 30, 2007 relates to new loans made to Archbishop Williams High School and Matignon High School, both related organizations.

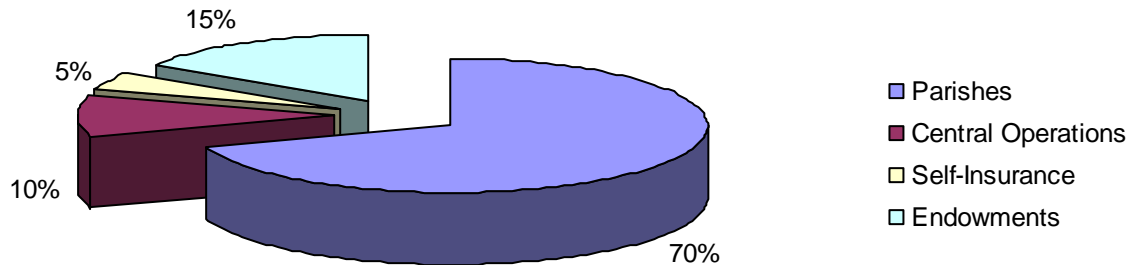
### LAND AND BUILDINGS HELD FOR SALE



The decrease in land and buildings held for sale of \$8.7 million or 84% at June 30, 2008 as compared to June 30, 2007 is due to the sale of the Brighton campus to Boston College in July 2007.



## INVESTMENTS



The majority of our investments are holdings in the Common Investment Fund, Roman Catholic Archbishop of Boston (the “Common Investment Fund”) and the Fixed Income Investment Fund, Roman Catholic Archbishop of Boston (the “Fixed Income Fund”). Both are related organizations established to provide a common investment pool in which the Corporation Sole and other Catholic organizations may participate.

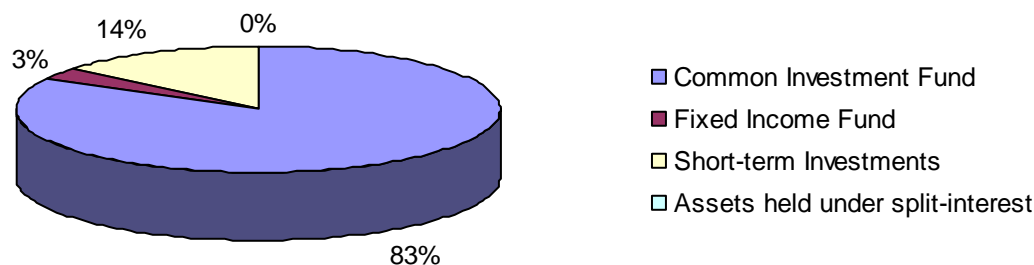
The Common Investment Fund invests nearly all of its funds in the Collective Investment Partnership, Roman Catholic Archbishop of Boston (the “Partnership”), the underlying investments of which are primarily equity and fixed-income securities (U.S. Government and agency securities, asset-backed securities and corporate bonds) owned either directly, or indirectly through mutual funds and private investment entities.

For the year ended June 30, 2008, investment holdings increased \$11.4 million or 14% as compared to June 30, 2007. Investment income was \$11.4 million compared to \$13.3 million in the prior year. Corporation Sole had a net realized and unrealized loss of \$6.6 million for the year ended June 30, 2008 compared to a \$6.0 million gain in the prior year. The Archdiocese had very little exposure to the sub-prime mortgage collapse prior to June 30, 2008. That being said, our investments have been and continue to be subject to volatility in the domestic and international fixed income and



equity markets. From July 1, 2008 to March 31, 2009 the fair value of Corporation Sole's investments has decreased by approximately 18%. The value of investments presented in the statement of financial position as of June 30, 2008 does not reflect any market events after such date.

### Investments



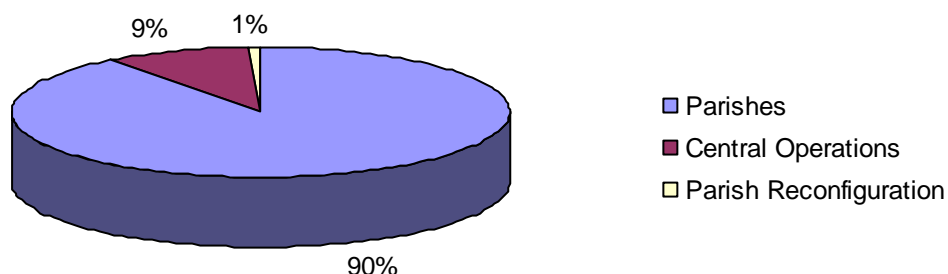
### INTEREST IN NET ASSETS OF A FOUNDATION

The Corporation Sole is one of the designated beneficiaries of pledges and assets held by The Catholic Foundation. The value of our beneficial interest is recorded as an interest in net assets of a foundation. The \$1.6 million or 13% increase at June 30, 2008 compared to the prior year is principally related to contributions received by the Foundation for the benefit of Central Operations.





## LAND, BUILDINGS AND EQUIPMENT



In July 2007, the Corporation Sole and St. John's Seminary, a related organization, entered into an agreement with Boston College to sell the remaining Brighton campus of 18.7 acres for \$65.0 million. The sales proceeds, which were received in their entirety by the Corporation Sole, were allocated between the Corporation Sole and St. John's Seminary based upon the relative appraised value of the property owned by each entity. The amount allocated to St. John's Seminary was \$45.6 million.

In connection with the sale of the Brighton campus, the Corporation Sole disposed of furniture and equipment with an original cost of \$16.5 million. Substantially all of the furniture and equipment was fully depreciated.

In November 2007, the Corporation Sole purchased a 150,000 square-foot office building located in Braintree. The \$25.8 million purchase price was allocated to the land and the building, \$10.1 million and \$15.7 million, respectively. A donor gift funded the entire purchase price. Through June 30, 2008, the Corporation Sole invested \$4.3 million in building improvements and \$3.4 million in furniture and equipment for the use of this building as the Pastoral Center of the Archdiocese.

## ACCOUNTS PAYABLE AND ACCRUED EXPENSES

The increase in accounts payable and accrued expenses of \$4.4 million or 34% at June 30, 2008 as compared to June 30, 2007 is primarily due to an increase in



payables for building improvements and furniture and fixtures relating to the new Pastoral Center of \$3.1 million and the accrual of \$1.9 million related to the early retirement program. During the year ended June 30, 2008, the Corporation Sole offered an early retirement program to certain Central Operations employees. The total cost of the one-time termination benefit was \$3.5 million and is being expensed over the individuals required future service period.

#### **AGENCY OBLIGATIONS**

Agency obligations represent Parish special collections for beneficiary organizations outside of Corporation Sole. These special collections are not recorded as collection revenue, but are reflected as agency obligations until such time as the funds are remitted to the specified organization. The \$550,000 or 66% increase at June 30, 2008 as compared to prior year is from the timing of special collection receipts and distributions to beneficiaries.

#### **RESERVE FOR LOSSES**

The Corporation Sole is substantially self-insured for the risk of loss on clergy misconduct claims. During the year ended June 30, 2005, the Corporation Sole established a \$25.0 million reserve for the estimated cost of future settlements of clergy misconduct claims. The reserve for losses at June 30, 2008 is comprised of two components, the balance of \$10.0 million for the future settlement of clergy misconduct claims and \$3.6 million for other non-abuse related self-insurance losses incurred but not paid.

During the year ended June 30, 2008, the Corporation Sole entered into settlement agreements with 55 individuals who had brought sexual misconduct claims for approximately \$5.5 million.

During the years ended June 30, 2008 and 2007, the Corporation Sole expensed \$2.8 million and \$2.0 million, respectively, for funding provided to a related organization for the purpose of providing counseling services to individuals affected by clergy misconduct and other educational and abuse prevention services. This funding is not accounted for through the reserve for losses.

#### **DUE TO RELATED ORGANIZATIONS**

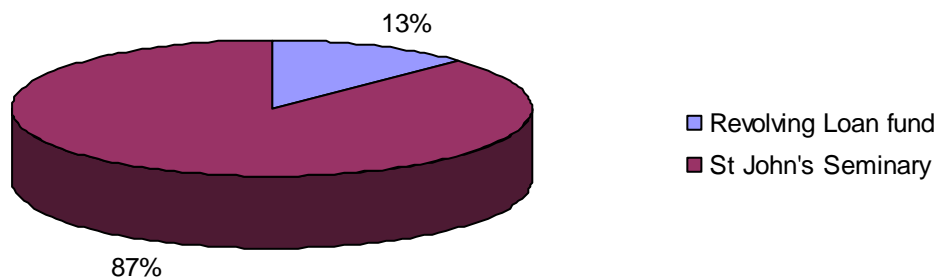
At June 30, 2008 and 2007, \$6.6 million and \$1.8 million, respectively, represent amounts related organizations had on deposit in the Revolving Loan Fund.

In addition, at June 30, 2008, \$45.6 million of the cash proceeds allocated to St. John's Seminary from the Brighton campus sale was included in the amount due to



related organizations. In December 2008, the Corporation Sole and St. John's Seminary entered into a subordinated 10-year non-interest bearing promissory note for \$36.4 million of the amount due to St. John's Seminary. The balance of \$9.2 million due to St. John's Seminary was repaid subsequent to June 30, 2008.

### Due to Related Organizations



### DEFERRED REVENUE AND SUPPORT

The majority of deferred revenue and support represents tuition deposits received by the parish schools prior to June 30 for the following academic year. The balance is consistent with that of the prior year.

### ACCRUED PENSION AND OTHER POST-RETIREMENT COSTS

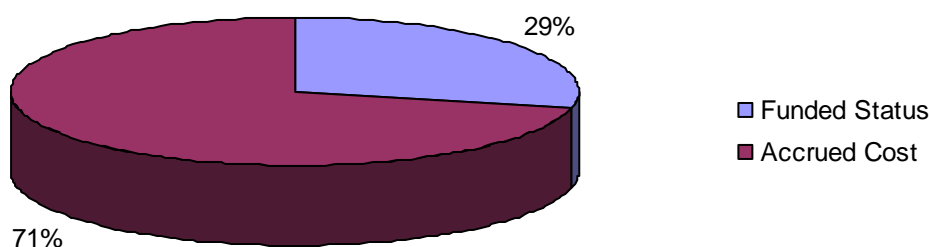
The Corporation Sole sponsors a single-employer, noncontributory, defined benefit pension and disability plan covering clergy who are incardinated in the Archdiocese of Boston. Benefits are provided through the Archdiocese of Boston Clergy Retirement/Disability Plan (the "Clergy Retirement Plan").

The Clergy Retirement Plan also offers other post-retirement benefits, including health, dental and subsistence benefits that are expected to be paid to or on behalf of currently retired clergy and active clergy after retirement. This obligation is unfunded.



At June 30, 2008 the accrued pension and other post retirement costs of \$114.5 million represents the present value of clergy benefit obligations in excess of plan assets, a 29% funded status. This accrual increased by \$4.9 million or 4% as compared to the prior year due to an increase in the projected benefit obligation, imputed interest and a decline in the fair value of plan assets offset by payments to beneficiaries. This obligation continues to be Corporation Sole's largest financial obligation. The Archdiocese is currently focusing on controlling clergy retirement expenses and increasing contributions into the plan.

### Accrued Pension and other Post Retirement Costs



### NOTE PAYABLE – RELATED ORGANIZATION

In April 2005, The Corporation Sole entered into a \$4.9 million note with St. John's Seminary. Interest compounds on the note at a rate equivalent to the annual average total return of the Common Investment Fund. Because the overall return on the Common Investment Fund was a loss in fiscal 2008, the accrued interest on the note also decreased \$436,000 from the amount accrued in the prior year.

### OTHER NOTES PAYABLE

The decrease of \$26.2 million in other notes payable at June 30, 2008 as compared to June 30, 2007 relates to the repayment of the Central Operations mortgage note. This note was repaid in August 2007 from the proceeds of the Brighton campus sale.





## **FISCAL YEAR ENDED JUNE 30, 2008 RESULTS OF OPERATING ACTIVITIES**

### **COLLECTIONS**

Collections represent the sum of weekly contributions received by our 292 parishes that support their day-to-day operations. During the fiscal year ended June 30, 2008 collections increased by \$5.7 million or 5% as compared to the prior year, an encouraging sign of continued recovery for the parishes of the Archdiocese.

### **COLLECTIONS – CLERGY BENEFITS**

This is the sum of the Christmas and Easter special collections for the support of clergy benefits. This is the major source of funding for the Clergy Retirement Plan other than infrequent direct contributions. These special collections amounted to \$5.4 million for the fiscal year ended June 30, 2008, which is consistent with the prior year.

### **CATHOLIC APPEAL**

Gifts to the Catholic Appeal provide the majority of the resources for the Archdiocese's Central Operations, which finances over 50 ministries, programs and offices, including many services for parishes and schools. The Catholic Appeal is to Central Operations what the weekly offertory is to our parishes. The launch of the 2008 Appeal was moved up to March 1 vs. a May launch in 2007 which accounted for the majority of the \$2.1 million increase in 2008 as compared to the previous fiscal year. Excluding the impact of the change in its launch date, the 2008 Appeal campaign experienced a 3% increase as compared to the 2007 campaign.

### **CONTRIBUTIONS, BEQUESTS AND GRANTS**

The increase in contributions, bequests and grants of \$11.5 million at June 30, 2008 as compared to June 30, 2007 is primarily the result of \$5.9 million recorded for probated wills in addition to an increase during the year of distributions from wills to parishes and a new beneficial interest in a trust of \$1.8 million that is for the support of Central Operations.



### **REVENUE FROM SERVICES PROVIDED**

Central Operations provide administrative, technology and clerical services to related organizations within the Archdiocese of Boston. Reimbursements for these services are recorded as revenue from services provided. The amount of reimbursements received for the fiscal year ended June 30, 2008 of \$6.1 million reflects a decrease of 16% compared to the prior year. This decrease is a result of a conscious decision to decrease charges for Central Operations support. A thorough review was performed which resulted in improved cost control and a realignment of reimbursements provided by the related organizations that utilize these services.

### **INSURANCE REVENUES**

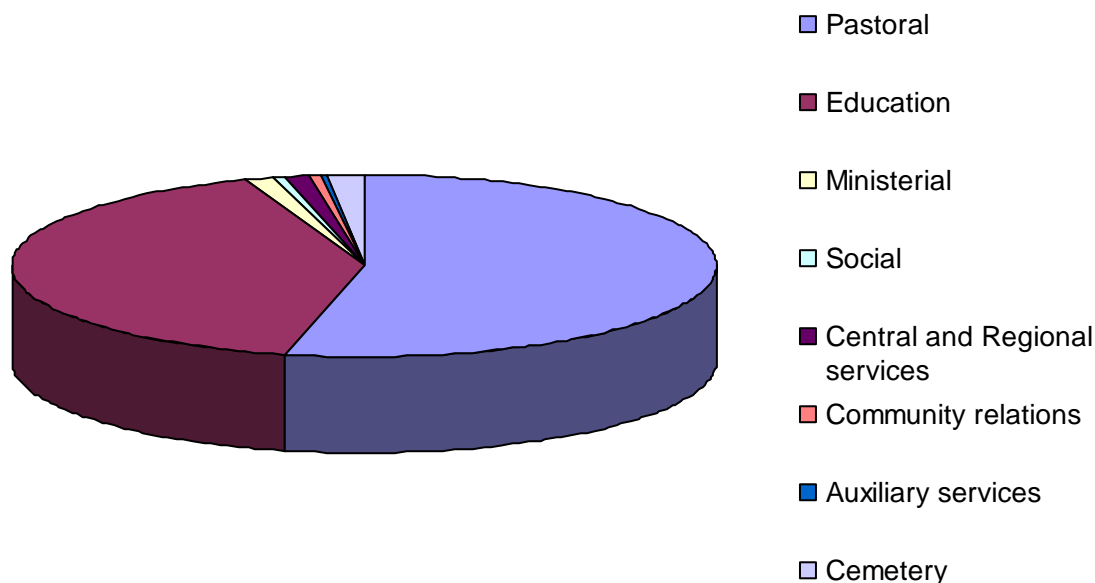
Insurance revenues represent self-insurance premiums from related organizations within the Archdiocese of Boston that participate in our self-insurance programs. Insurance revenues received for the fiscal year ended June 30, 2008 of \$1.4 million reflect an increase of \$1 million as compared to the prior year. The self-insurance programs are provided to two major groups: parishes, (parishes and the related operating units of Corporation Sole) and institutions (related organizations within the Archdiocese). The self-insurance program includes all lines of protection: insurance, loss control and risk management services, claims and litigation management, as well as training and risk mitigation. The self-insurance programs are self-insured for initial losses and maintain reinsurance coverage for excess losses.

### **OTHER REVENUE**

Other revenue combines a variety of different revenue sources, principally at the parish level. The 14% decrease for the year ended June 30, 2008 as compared to the prior year was mostly due to refinements in account classification that occurred in the 2008 year end parish consolidation process.



## PROGRAM EXPENSES



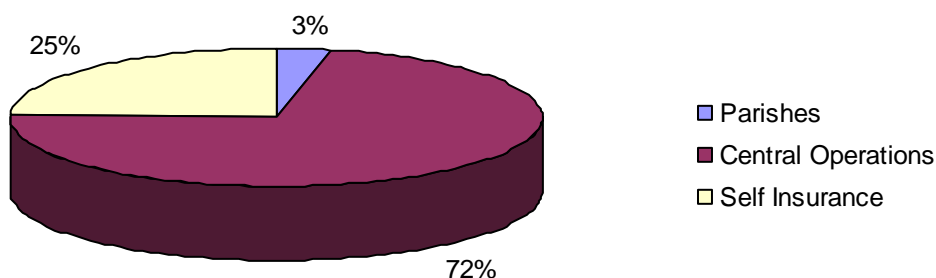
Spending on Archdiocesan programs increased \$14.4 million or 5% for the year ended June 30, 2008 as compared to the prior year. All of this increased investment in programs was within the parishes and focused on the operations of the parishes and related pastoral programs. The major increases in pastoral expense were an increase in priest remuneration and utility costs at our parishes.

## MANAGEMENT AND GENERAL EXPENSES

Management and General Expenses increased \$3.3 million or 21% for the year ended June 30, 2008 as compared to the prior year. Substantially all of these expenses relate to the Archdiocesan Central Administration and claims paid by the Self-Insurance operations. The majority of the increase in management and general expenses for fiscal 2008 relates to the payout of benefits in connection with the early retirement program offered to certain Central Operations employees.

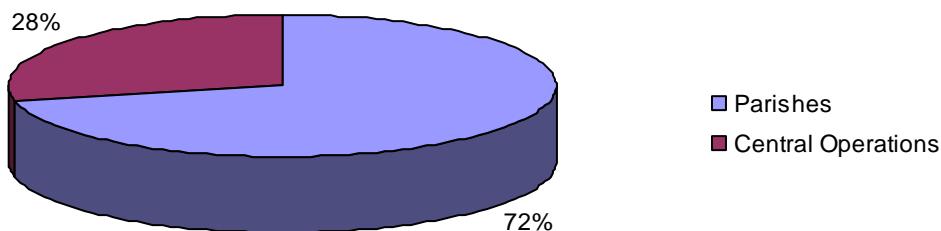


## Management and General Expenses



## FUNDRAISING EXPENSES

The increase of \$2.4 million or 30% in fundraising expenses for the year ended June 30, 2008 as compared to the prior year was driven by two factors: (1) an increase in support to The Catholic Foundation for their administration of the Catholic Appeal and their coordination of fundraising efforts for the Archdiocese in the fiscal year ended June 30, 2007, private fundraising provided a portion of the operating budget of the Catholic Foundation; overall, the operating budget of the Catholic Foundation has remained consistent over the two fiscal years, and (2) an increase in the number of parishes undertaking fundraising campaigns.



### **PARISH RECONFIGURATION EXPENSES**

Parish reconfiguration expense is the cost of maintaining the remaining suppressed parish properties from the 2004 reconfiguration plan. The \$1.4 million expense for the year ended June 30, 2008 was a 23% decrease as compared to the prior year.

## **RESULTS OF NON-OPERATING ACTIVITIES**

### **CONTRIBUTION**

The \$25.8 million contribution was received as a restricted contribution for the purchase of the land and building in Braintree.

### **NET REALIZED AND UNREALIZED GAIN (LOSS) ON INVESTMENTS**

The change from a \$6.0 million gain for the year ended June 30, 2007 to a \$6.6 million loss for the year ended June 30, 2008 is mostly a result of the downturn in domestic and international debt and equity markets. For the year ended June 30, 2007, the Common Investment Fund had an average 11.1% realized and unrealized gain on investments as compared to the year ended June 30, 2008 where it had an average realized and unrealized loss of 8.6%.

### **GAIN ON THE SALE OF ADMINISTRATIVE CAMPUS PROPERTY**

The \$11.8 million gain recognized during the year ended June 30, 2008 relates to Corporation Sole's sale of its portion of the remaining Brighton administrative campus to Boston College in July 2007.

The \$7.9 million gain recognized during the year ended June 30, 2007 relates to Corporation Sole's sale of a portion of the administrative campus in Brighton, specifically the Tribunal Building, to Boston College during that fiscal year.



### **GAIN ON THE SALE OF OTHER LAND AND BUILDINGS**

The \$27.6 million gain on the sale of other land and buildings recognized during the year ended June 30, 2008 is derived from three sources. The first source being the sale of nine buildings by active parishes for a gain of \$22.7 million. The second source is the sale of the land and buildings of four parish reconfiguration properties for a gain of \$3.4 million. The last was the sale of the Emmanuel House by Central Operations for a gain of \$1.5 million.

### **INSURANCE AND OTHER RECOVERIES**

Insurance and other recoveries are amounts recovered on reinsurance policies for losses in excess of amounts retained by the self-insurance activities. Approximately \$1.0 million recovered during the fiscal year ended June 30, 2008 was the final receipts for the rebuilding of the Sacred Heart Parish in Weymouth. Also included in the fiscal 2008 insurance recovery was \$1.6 million received from the limited remaining insurance coverage on clergy abuse settlements.

### **SETTLEMENT AND RELATED EXPENSES**

The majority of the \$3.2 million of expenses incurred in the year ended June 30, 2008 relates to \$2.8 million of funding provided to a related organization for the purpose of providing counseling services to individuals affected by clergy misconduct and other educational and abuse prevention services.





## NET ASSETS

| (000's)                 | Parishes       | Central<br>Operations | Self<br>Insurance | Endowments    | Eliminations | Total          |
|-------------------------|----------------|-----------------------|-------------------|---------------|--------------|----------------|
| Unrestricted            | 396,318        | 52,498                | 10,317            | -             | 2,912        | 462,045        |
| Temporarily restricted  | 11,378         | 14,118                | -                 | 2,178         | -            | 27,673         |
| Permanently restricted  | 8,422          | 9,143                 | -                 | 2,640         | -            | 30,206         |
| <i>Total net assets</i> | <u>416,118</u> | <u>75,759</u>         | <u>10,317</u>     | <u>14,818</u> | <u>2,912</u> | <u>519,924</u> |

## NET ASSET TRANSFERS TO RELATED ORGANIZATIONS

On October 1, 2007 the Cemetery Association assumed responsibility for the operations of two cemeteries with the transfer of ownership from the Holy Family Parish in Gloucester, MA as part of the parish reconfiguration process. The net assets of these cemeteries on the date of transfer were \$200,586. In December 2007, the Corporation Sole transferred \$643,886 from parish reconfiguration funds to the Cemetery Association as funding for the future care of these cemeteries.

On August 13, 2007 as part of the parish reconfiguration process \$2.5 million was transferred to Trinity Catholic Academy Brockton, Inc., a newly formed related organization that consolidated the operations of certain parish schools in Brockton.



Financial Statements, Supplement Schedules and  
Report of Independent Certified Public Accountants  
**The Roman Catholic Archbishop of Boston, A Corporation Sole**  
June 30, 2008 and 2007



Financial Statements, Supplemental Schedules and  
Report of Independent Certified Public Accountants

**The Roman Catholic Archbishop of Boston,  
A Corporation Sole**

June 30, 2008 and 2007



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# Grant Thornton

## Report of Independent Certified Public Accountants

Audit • Tax • Advisory

**Grant Thornton LLP**  
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His Eminence  
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The Roman Catholic Archbishop of Boston

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We have audited the accompanying statements of financial position of The Roman Catholic Archbishop of Boston, A Corporation Sole (the "Corporation Sole") as of June 30, 2008 and 2007, and the related statements of activities and cash flows for the years then ended. These financial statements are the responsibility of the Corporation Sole's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America as established by the American Institute of Certified Public Accountants. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Corporation Sole's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of The Roman Catholic Archbishop of Boston, A Corporation Sole as of June 30, 2008 and 2007, and the changes in its net assets and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

As discussed further in note H, on June 30, 2007, the Corporation Sole adopted Statement of Financial Accounting Standards No. 158, "Employers' Accounting for Defined Benefit Pension and Other Postretirement Plans, an amendment of FASB Statements No. 87, 88, 106 and 132(R)".

*Grant Thornton LLP*

Boston, Massachusetts  
March 17, 2009



**THE ROMAN CATHOLIC ARCHBISHOP OF BOSTON,  
A CORPORATION SOLE**  
Statements of Financial Position  
June 30, 2008 and 2007

|  | 2008                      | 2007                      |
|--|---------------------------|---------------------------|
| <b>ASSETS</b>  |                           |                           |
| Cash and cash equivalents:                               |                           |                           |
| Parish operations  | \$ 63,328,020             | \$ 61,480,432             |
| Revolving loan fund                                      | 77,153,632                | 82,233,311                |
| Central operations                                       | 57,235,795                | 34,031,780                |
| Insurance operations                                     | 6,350,076                 | 11,242,844                |
| Parish reconfiguration                                   | 8,261,748                 | 7,608,758                 |
| Total cash and cash equivalents                          | 212,329,271               | 196,597,125               |
| Interest and dividends receivable                        | 976,976                   | 708,724                   |
| Prepaid expenses and other assets                        | 8,151,969                 | 3,956,004                 |
| Accounts receivable, net                                 | 2,306,581                 | 2,149,951                 |
| Due from related organizations                           | 1,867,086                 | 891,540                   |
| Contributions receivable, net                            | 7,162,705                 | 2,762,295                 |
| Loans receivable, net (note C)                           | 8,662,555                 | 5,242,138                 |
| Land and buildings held for sale (note E)                | 1,625,745                 | 10,349,839                |
| Investments (note D)                                     | 93,307,213                | 81,946,309                |
| Interest in net assets of a foundation (note G)          | 14,422,454                | 12,791,523                |
| Land, buildings and equipment, net (note E)              | 396,442,547               | 340,958,379               |
| <br>Total assets   | <br><u>\$ 747,255,102</u> | <br><u>\$ 658,353,827</u> |
| <br><b>LIABILITIES AND NET ASSETS</b>                    |                           |                           |
| <b>LIABILITIES:</b>                                      |                           |                           |
| Accounts payable and accrued expenses                    | \$ 17,378,607             | \$ 13,008,846             |
| Agency obligations                                       | 1,380,434                 | 830,477                   |
| Reserves for losses (note J)                             | 13,690,682                | 20,797,288                |
| Due to related organizations (note L)                    | 52,077,601                | 1,797,684                 |
| Deferred revenue and support                             | 17,960,325                | 18,818,731                |
| Accrued pension and other post retirement costs (note H) | 114,483,100               | 109,614,000               |
| Other liabilities  | 3,413,487                 | 3,222,076                 |
| Note payable - related organization (note F)             | 5,634,713                 | 6,070,358                 |
| Other notes payable (note F)                             | 1,311,955                 | 27,516,150                |
| Total liabilities  | 227,330,904               | 201,675,610               |
| <br><b>NET ASSETS:</b>                                   |                           |                           |
| Unrestricted   | 462,045,367               | 413,287,153               |
| Temporarily restricted (note G)                          | 27,673,172                | 19,834,860                |
| Permanently restricted (note G)                          | 30,205,659                | 23,556,204                |
| Total net assets   | 519,924,198               | 456,678,217               |
| <br>Total liabilities and net assets                     | <br><u>\$ 747,255,102</u> | <br><u>\$ 658,353,827</u> |

The accompanying notes are an integral part of the financial statements.





**THE ROMAN CATHOLIC ARCHBISHOP OF BOSTON,  
A CORPORATION SOLE**

Statements of Activities

For the year ended June 30, 2008

(With summarized comparative information for the year ended June 30, 2007)

|   | Unrestricted   | Temporarily<br>Restricted | Permanently<br>Restricted | 2008<br>Total  | 2007<br>Total  |
|---|----------------|---------------------------|---------------------------|----------------|----------------|
| <b>REVENUES AND OTHER SUPPORT:</b>  |                |                           |                           |                |                |
| Collections   | \$ 118,014,221 | \$ 1,702,072              | \$ -                      | \$ 119,716,293 | \$ 114,029,197 |
| Collections - clergy benefits   | -              | 5,448,837                 | -                         | 5,448,837      | 5,599,088      |
| Catholic Appeal   | 15,669,488     | -                         | -                         | 15,669,488     | 13,592,988     |
| Contributions, bequests and grants  | 16,755,217     | 7,832,936                 | 3,765,777                 | 28,353,930     | 16,877,109     |
| Parish fundraiser events  | 22,544,928     | 3,353,787                 | -                         | 25,898,715     | 26,156,677     |
| Tuition and fees  | 103,924,689    | -                         | -                         | 103,924,689    | 103,342,493    |
| Investment income   | 10,282,888     | 1,098,516                 | -                         | 11,381,404     | 13,331,684     |
| Rental income   | 11,532,636     | -                         | -                         | 11,532,636     | 10,971,551     |
| Cemetery operations   | 3,667,873      | -                         | -                         | 3,667,873      | 3,914,421      |
| Revenue from services provided (note L)                                       | 6,080,922      | -                         | -                         | 6,080,922      | 7,236,702      |
| Insurance revenues  | 1,426,044      | -                         | -                         | 1,426,044      | 414,812        |
| Sacramental offerings   | 5,658,617      | -                         | -                         | 5,658,617      | 5,353,487      |
| Other revenues  | 22,233,471     | -                         | -                         | 22,233,471     | 25,969,953     |
| Revenue from and change in interest in net assets of a foundation             | (580,386)      | 762,977                   | 1,607,743                 | 1,790,334      | 1,183,551      |
| Net assets released from restrictions and reclassifications (note G)          | 7,777,350      | (9,053,285)               | 1,275,935                 | -              | -              |
| Total revenues and other support  | 344,987,958    | 11,145,840                | 6,649,455                 | 362,783,253    | 347,973,713    |
| <b>EXPENSES:</b>  |                |                           |                           |                |                |
| Program:  |                |                           |                           |                |                |
| Pastoral  | 173,055,799    | -                         | -                         | 173,055,799    | 161,736,986    |
| Education   | 132,346,449    | -                         | -                         | 132,346,449    | 127,567,437    |
| Ministerial   | 3,888,534      | -                         | -                         | 3,888,534      | 3,449,459      |
| Social  | 1,866,540      | -                         | -                         | 1,866,540      | 2,133,763      |
| Central and Regional services   | 4,268,378      | -                         | -                         | 4,268,378      | 6,309,121      |
| Community relations   | 966,669        | -                         | -                         | 966,669        | 909,270        |
| Auxiliary services  | 1,663,032      | -                         | -                         | 1,663,032      | 1,744,880      |
| Cemetery  | 5,015,203      | -                         | -                         | 5,015,203      | 4,788,161      |
| Total program expenses  | 323,070,604    | -                         | -                         | 323,070,604    | 308,639,077    |
| Management and general  | 18,801,819     | -                         | -                         | 18,801,819     | 15,543,433     |
| Fundraising   | 10,566,200     | -                         | -                         | 10,566,200     | 8,144,540      |
| Parish reconfiguration (note I)   | 1,377,617      | -                         | -                         | 1,377,617      | 1,785,383      |
| Total expenses  | 353,816,240    | -                         | -                         | 353,816,240    | 334,112,433    |
| Operating income  | (8,828,282)    | 11,145,840                | 6,649,455                 | 8,967,013      | 13,861,280     |
| <b>NONOPERATING INCOME (LOSS):</b>  |                |                           |                           |                |                |
| Contribution  | -              | 25,750,000                | -                         | 25,750,000     | -              |
| Net assets released from restrictions   | 25,750,000     | (25,750,000)              | -                         | -              | -              |
| Net realized and unrealized gain (loss) on investments                        | (3,276,097)    | (3,307,528)               | -                         | (6,583,625)    | 5,951,056      |
| Gain on sale of administrative campus property                                | 11,737,932     | -                         | -                         | 11,737,932     | 7,865,070      |
| Gain on sale of other land and buildings (note I)                             | 27,579,422     | -                         | -                         | 27,579,422     | 12,241,530     |
| Insurance and other recoveries (note J)                                       | 2,835,628      | -                         | -                         | 2,835,628      | 9,030,650      |
| Settlement and related expenses (note J)                                      | (3,243,917)    | -                         | -                         | (3,243,917)    | (1,579,582)    |
| Pension-related changes other than periodic pension costs                     | (452,000)      | -                         | -                         | (452,000)      | -              |
| Nonoperating income (loss)  | 60,930,968     | (3,307,528)               | -                         | 57,623,440     | 33,508,724     |
| <b>CHANGE IN NET ASSETS BEFORE THE IMPACT OF ADOPTION<br/>OF SFAS NO. 158</b> |                |                           |                           |                |                |
|   | 52,102,686     | 7,838,312                 | 6,649,455                 | 66,590,453     | 47,370,004     |
| Impact of adoption of SFAS No. 158 (note H)                                   | -              | -                         | -                         | -              | 24,292,000     |
| <b>CHANGE IN NET ASSETS</b>   | 52,102,686     | 7,838,312                 | 6,649,455                 | 66,590,453     | 71,662,004     |
| Net assets at beginning of year   | 413,287,153    | 19,834,860                | 23,556,204                | 456,678,217    | 389,269,923    |
| Net asset transfers to related organizations (note L)                         | (3,344,472)    | -                         | -                         | (3,344,472)    | (4,253,710)    |
| Net assets at end of year   | \$ 462,045,367 | \$ 27,673,172             | \$ 30,205,659             | \$ 519,924,198 | \$ 456,678,217 |

The accompanying notes are an integral part of the financial statements.



**THE ROMAN CATHOLIC ARCHBISHOP OF BOSTON,  
A CORPORATION SOLE**

Statements of Activities

For the year ended June 30, 2007

|   | Unrestricted   | Temporarily<br>Restricted | Permanently<br>Restricted | Total          |
|---|----------------|---------------------------|---------------------------|----------------|
| <b>REVENUES AND OTHER SUPPORT:</b>  |                |                           |                           |                |
| Collections   | \$ 112,283,468 | \$ 1,745,729              | \$ -                      | \$ 114,029,197 |
| Collections - clergy benefits   | -              | 5,599,088                 | -                         | 5,599,088      |
| Catholic Appeal   | 13,592,988     | -                         | -                         | 13,592,988     |
| Contributions, bequests and grants  | 13,931,154     | 2,404,715                 | 541,240                   | 16,877,109     |
| Parish fundraiser events  | 26,156,677     | -                         | -                         | 26,156,677     |
| Tuition and fees  | 103,342,493    | -                         | -                         | 103,342,493    |
| Investment income   | 12,450,243     | 881,441                   | -                         | 13,331,684     |
| Rental income   | 10,971,551     | -                         | -                         | 10,971,551     |
| Cemetery operations   | 3,914,421      | -                         | -                         | 3,914,421      |
| Revenue from services provided (note L)                                       | 7,236,702      | -                         | -                         | 7,236,702      |
| Insurance fund revenues   | 414,812        | -                         | -                         | 414,812        |
| Sacramental offerings   | 5,353,487      | -                         | -                         | 5,353,487      |
| Other revenues  | 25,948,601     | 17,416                    | 3,936                     | 25,969,953     |
| Revenue from and change in interest in net assets of a foundation             | -              | (42,958)                  | 1,226,509                 | 1,183,551      |
| Net assets released from restrictions and reclassifications (note G)          | 13,012,100     | (13,012,100)              | -                         | -              |
| Total revenues, gains and other support                                       | 348,608,697    | (2,406,669)               | 1,771,685                 | 347,973,713    |
| <b>EXPENSES:</b>  |                |                           |                           |                |
| Program:  |                |                           |                           |                |
| Pastoral  | 161,736,986    | -                         | -                         | 161,736,986    |
| Education   | 127,567,437    | -                         | -                         | 127,567,437    |
| Ministerial   | 3,449,459      | -                         | -                         | 3,449,459      |
| Social  | 2,133,763      | -                         | -                         | 2,133,763      |
| Central and Regional services   | 6,309,121      | -                         | -                         | 6,309,121      |
| Community relations   | 909,270        | -                         | -                         | 909,270        |
| Auxiliary services  | 1,744,880      | -                         | -                         | 1,744,880      |
| Cemetery  | 4,788,161      | -                         | -                         | 4,788,161      |
| Total program expenses  | 308,639,077    | -                         | -                         | 308,639,077    |
| Management and general  | 15,543,433     | -                         | -                         | 15,543,433     |
| Fundraising   | 8,144,540      | -                         | -                         | 8,144,540      |
| Parish reconfiguration (note I)   | 1,785,383      | -                         | -                         | 1,785,383      |
| Total expenses  | 334,112,433    | -                         | -                         | 334,112,433    |
| Operating income (loss)   | 14,496,264     | (2,406,669)               | 1,771,685                 | 13,861,280     |
| <b>NONOPERATING INCOME (LOSS):</b>  |                |                           |                           |                |
| Net realized and unrealized gain on investments                               | 4,283,168      | 1,667,888                 | -                         | 5,951,056      |
| Gain on sale of administrative campus property                                | 7,865,070      | -                         | -                         | 7,865,070      |
| Gain on sale of other land and buildings (note I)                             | 12,241,530     | -                         | -                         | 12,241,530     |
| Insurance and other recoveries (note J)                                       | 9,030,650      | -                         | -                         | 9,030,650      |
| Settlement and related expenses (note J)                                      | (1,579,582)    | -                         | -                         | (1,579,582)    |
| Nonoperating income   | 31,840,836     | 1,667,888                 | -                         | 33,508,724     |
| <b>CHANGE IN NET ASSETS BEFORE THE IMPACT OF ADOPTION<br/>OF SFAS NO. 158</b> |                |                           |                           |                |
|   | 46,337,100     | (738,781)                 | 1,771,685                 | 47,370,004     |
| Impact of adoption of SFAS No. 158 (note H)                                   | 24,292,000     | -                         | -                         | 24,292,000     |
| <b>CHANGE IN NET ASSETS</b>   |                |                           |                           |                |
|   | 70,629,100     | (738,781)                 | 1,771,685                 | 71,662,004     |
| Net assets at beginning of year   | 344,675,005    | 21,810,399                | 22,784,519                | 389,269,923    |
| Net asset transfers to related organizations (note L)                         | (2,016,952)    | (1,236,758)               | (1,000,000)               | (4,253,710)    |
| Net assets at end of year   | \$ 413,287,153 | \$ 19,834,860             | \$ 23,556,204             | \$ 456,678,217 |

The accompanying notes are an integral part of the financial statements.



**THE ROMAN CATHOLIC ARCHBISHOP OF BOSTON,  
A CORPORATION SOLE**

Statements of Cash Flows

For the years ended June 30, 2008 and 2007

|  | 2008           | 2007           |
|--|----------------|----------------|
| <b>OPERATING ACTIVITIES:</b>   |                |                |
| Change in net assets   | \$ 66,590,453  | \$ 71,662,004  |
| Adjustments to reconcile the change in net assets to net cash and cash equivalents provided by operating activities: |                |                |
| Net realized and unrealized loss (gain) on investments   | 6,583,625      | (5,951,056)    |
| Property related insurance recoveries  | (1,027,215)    | (7,519,237)    |
| Depreciation   | 13,595,508     | 12,788,353     |
| Adjustment to initially apply SFAS No. 158   | -              | (24,292,000)   |
| Interest accrued on note payable - related organization  | (435,645)      | 738,464        |
| Gain on sale of administrative campus property   | (11,737,932)   | (7,865,070)    |
| Gain on sale of other land and buildings   | (27,579,422)   | (12,241,530)   |
| Provision for uncollectible accounts, contributions and loans receivable   | 18,627         | 242,178        |
| Contributions restricted for long term purposes  | (29,515,777)   | (541,240)      |
| Change in interest in net assets of a foundation   | (1,630,931)    | (305,255)      |
| Changes in operating assets and liabilities:   |                |                |
| Cash limited as to use   | -              | 1,069,425      |
| Interest and dividends receivable  | (268,252)      | (120,314)      |
| Prepaid expenses and other assets  | (4,195,965)    | (1,633,808)    |
| Accounts receivable, net   | (380,460)      | (637,575)      |
| Due from related organizations   | (975,546)      | -              |
| Contributions receivable   | (4,901,853)    | (664,148)      |
| Accounts payable and accrued expenses  | 1,253,658      | 2,293,105      |
| Agency obligations   | 549,958        | 346,165        |
| Reserves for losses  | (7,106,605)    | (2,673,107)    |
| Due to related organizations   | 4,838,500      | 114,505        |
| Deferred revenue and support   | (858,406)      | 719,083        |
| Accrued pension and other postretirement costs   | 4,869,100      | 878,000        |
| Other liabilities  | 191,409        | (145,342)      |
| Net cash and cash equivalents provided by operating activities   | 7,876,829      | 26,261,600     |
| <b>INVESTING ACTIVITIES:</b>   |                |                |
| Proceeds from sale of land, buildings and equipment  | 49,126,129     | 22,511,811     |
| Property related insurance recoveries  | 1,027,215      | 7,519,237      |
| Purchase of land, buildings and equipment  | (67,248,840)   | (36,160,398)   |
| Proceeds from sale of investments and maturity of annuities  | 9,207,766      | 12,324,254     |
| Purchase of investments  | (27,152,296)   | (23,437,120)   |
| Net advances on loans  | (2,713,770)    | (1,060,583)    |
| Net cash and cash equivalents used in investing activities   | (37,753,796)   | (18,302,799)   |
| <b>FINANCING ACTIVITIES:</b>   |                |                |
| Advances from related organization   | 45,441,417     | -              |
| Repayments of other notes payable  | (26,204,195)   | (1,299,739)    |
| Contributions restricted for long term purposes  | 29,515,777     | 541,240        |
| Net cash and cash equivalents provided by (used in) financing activities   | 48,752,999     | (758,499)      |
| <b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>   | 18,876,032     | 7,200,302      |
| Cash and cash equivalents at beginning of year   | 196,597,125    | 192,292,620    |
| Cash transfers to related organizations (note I)   | (3,143,886)    | (2,895,797)    |
| Cash and cash equivalents at end of year   | \$ 212,329,271 | \$ 196,597,125 |

The accompanying notes are an integral part of the financial statements.



## THE ROMAN CATHOLIC ARCHBISHOP OF BOSTON, A CORPORATION SOLE

Notes to Financial Statements

June 30, 2008 and 2007

### NOTE A - NATURE OF ORGANIZATION

The Roman Catholic Archbishop of Boston, A Corporation Sole (the "Corporation Sole") is a legal entity created under Massachusetts civil law in 1897 to provide the Roman Catholic Archbishop of Boston with a means to operate within, and be governed by, the public statutes of the Commonwealth of Massachusetts. The Corporation Sole, as an entity, is distinguishable from the Roman Catholic Archbishop of Boston whose powers and responsibilities are established by Canon Law.

The accompanying financial statements of the Corporation Sole include the activities of all parishes located within the Archdiocese of Boston, the central operations (the corporate administrative activities and programs of the Corporation Sole), endowment and self-insurance.

The Archbishop of Boston, by virtue of his office, serves as chairman of the board of numerous separately incorporated Catholic organizations that operate within the Archdiocese of Boston. While these organizations are considered to be related organizations of the Corporation Sole, they are not under the control of the Corporation Sole and, accordingly, their financial activities are not presented as part of the accompanying financial statements.

### NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

#### **Basis of Presentation**

The financial statements of the Corporation Sole have been prepared on the accrual basis of accounting and in accordance with the reporting principles of not-for-profit accounting.

The Corporation Sole reports three classes of net assets and the changes in those net assets in the statements of financial position and statements of activities, respectively. The three classes of net assets - unrestricted, temporarily restricted and permanently restricted - are based on the existence or absence of donor-imposed restrictions, either explicit or implicit. The three classifications are defined as follows:

Unrestricted net assets - Assets and contributions that are not restricted by the donor or for which restrictions have expired.

Temporarily restricted net assets - Net assets subject to donor-imposed restrictions that permit the Corporation Sole to use or expend the donated assets as specified and that are satisfied by either the passage of time or by actions of the Corporation Sole.

Permanently restricted net assets - Net assets subject to donor-imposed stipulations that they be maintained permanently by the Corporation Sole. Generally, the donors of these assets permit the Corporation Sole to use, all or in part, the income earned on related investments for general or specific purposes. Unexpended appreciation on permanently restricted net assets is included in temporarily restricted net assets.

The Corporation Sole reports gifts of cash and other assets as restricted support if there are donor restrictions as to purpose or time. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.





## THE ROMAN CATHOLIC ARCHBISHOP OF BOSTON, A CORPORATION SOLE

Notes to Financial Statements - Continued

June 30, 2008 and 2007

### NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

The Corporation Sole reports gifts of land, buildings and equipment as unrestricted support unless explicit donor stipulations specify how the donated assets must be used. Gifts of long-lived assets with explicit restrictions that specify how the assets are to be used are reported as restricted support. Absent explicit donor stipulations about how long those long-lived assets must be maintained, the Corporation Sole reports expirations of donor restrictions in the period the expenditure is made.

#### **Cash Equivalents**

Financial instruments with original maturities of three months or less at purchase are classified as cash equivalents. Included in cash equivalents are investments in money market mutual funds and certificates of deposits of \$140.9 million and \$128.5 million at June 30, 2008 and 2007, respectively.

The Corporation Sole deposits its cash in major financial institutions. These deposits are insured by the Federal Deposit Insurance Corporation ("FDIC") up to \$250,000 per institution through December 31, 2009 and \$100,000 thereafter with respect to interest bearing accounts. Unlimited deposit insurance coverage is available through December 31, 2009 for non-interest bearing accounts at institutions participating in the FDIC's temporary liquidity guarantee program. While at times, funds deposited in banks are in excess of FDIC insured limits, the Corporation Sole has not experienced any losses as a result of the use of uninsured deposit accounts.

#### **Accounts and Loans Receivable**

Accounts receivable include amounts due for tuition and amounts due from related organizations for insurance and other central services and are reduced by an allowance for doubtful collections. Loans receivable represent advances made to related organizations, principally Archdiocesan high schools and other Catholic organizations.

Loans receivable are stated at the amount of unpaid principal, reduced by an allowance for loan losses. Generally, loans are granted for specific periods of time and contain specific provisions for monthly payments. Loans are collateralized by certain assets of the related organization being granted the loan. Interest income on performing loans is accrued at rates ranging from 5.5% to 10% on the respective unpaid principal balance.

Loans are classified as nonperforming, and considered impaired, when they are over ninety days past due. Generally, loans are restored to performing status when the obligation is brought current, has performed in accordance with the contractual terms for a reasonable period of time and the ultimate collectibility of the total contractual principal and interest is no longer in doubt.

#### **Allowances for Loan Losses**

The allowance for loan losses is maintained at a level believed by management to be representative of inherent losses estimated on the basis of factors such as the risk characteristics of the borrower, underlying collateral and current economic conditions that may affect the borrower's ability to pay. Loans are written-off in whole or in part when, in management's opinion, collectibility is considered remote. Subsequent recoveries, if any, are credited back to the allowance for loan losses.

While management uses available information to establish the allowance for loan losses, future additions or reductions to the allowance may become necessary if circumstances differ from the assumptions used in making the evaluation.



## THE ROMAN CATHOLIC ARCHBISHOP OF BOSTON, A CORPORATION SOLE

Notes to Financial Statements - Continued

June 30, 2008 and 2007

### NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

#### Investments

Investments are carried at fair value. Changes in fair values are reflected in the statements of activities as gains or losses on investments.

Included in investments are holdings in the Common Investment Fund, Roman Catholic Archbishop of Boston (the "Common Investment Fund") and the Fixed Income Investment Fund, Roman Catholic Archbishop of Boston (the "Fixed Income Fund"). Both are separate related organizations established to provide a common investment pool in which the Corporation Sole and other Catholic organizations may participate. The participants own units based upon a per-unit value at the time of purchase. It is the policy of the Common Investment Fund to distribute to its members on a quarterly basis 1% of the net assets of the Fund as of the previous quarter-end. The policy of the Fixed Income Fund is to distribute all net investment income to its members on a quarterly basis on the last day of the same quarter. This dividend policy is subject to change at the discretion of the Trustee, the Roman Catholic Archbishop of Boston. The Common Investment Fund and the Fixed Income Fund incur service fees from the Corporation Sole for administrative and clerical services performed on their behalf.

The Common Investment Fund invests nearly all of its funds in the Collective Investment Partnership, Roman Catholic Archbishop of Boston (the "Partnership"), the underlying investments of which are primarily equity and fixed-income securities (U.S. Government and agency securities, asset-backed securities and corporate bonds) owned either directly, or indirectly through mutual funds and private investment entities.

The fair value of the Partnership's investments in actively traded securities is determined by State Street Corporation which obtains bid price quotations from independent pricing services on most domestic securities. Investments in traded foreign securities are valued at the mean between bid and asked prices. For those securities whose prices are not available through independent pricing services, bid price quotations are obtained by State Street Corporation from principal market makers in those securities or at fair value as determined in good faith by its management. Investment holdings of private investment entities that are not actively traded are valued by the managers of these entities.

Also included in investments are mutual funds held under split-interest agreements. The funds were received as part of charitable gift annuities with the Corporation Sole having sole investment authority and are invested in balanced mutual funds (equity and fixed-income) at June 30, 2008 and 2007.

#### Interest in Net Assets of a Foundation

The Corporation Sole is a designated beneficiary in certain pledges and assets held by The Catholic Foundation of the Archdiocese of Boston, Inc. ("The Catholic Foundation"), a separate related organization (see Note I).

#### Land, Buildings and Equipment

Land and land improvements, buildings and building improvements, and furniture and equipment are carried at cost, or if donated, at fair market value at the time of donation. Depreciation is recorded on the straight-line basis over the estimated useful lives of the assets, which range from five years for furniture and equipment to forty years for buildings. Expenditures for maintenance and repairs are charged to expense, whereas major betterments are capitalized.





## THE ROMAN CATHOLIC ARCHBISHOP OF BOSTON, A CORPORATION SOLE

Notes to Financial Statements - Continued

June 30, 2008 and 2007

### NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Land and buildings held for sale are accounted for at the lower of cost or market. When buildings are classified as held for sale, depreciation is no longer recorded.

#### Reserves for Losses

##### Self Insurance and Reinsurance

The Corporation Sole is partially self-insured for various risks incidental to the normal course of its activities. Such risks include fire damage (up to \$500,000 annually), general liability claims (up to \$250,000 per occurrence), theft losses and sudden accidental occurrences to boilers and related equipment. In addition, the Corporation Sole participates with other Catholic organizations in a separate workers' compensation self-insurance group, Massachusetts Catholic Self-Insurance Group, Inc., a related organization.

The Corporation Sole also permits related organizations within the Archdiocese to participate in its risk management program. A fee is assessed to these entities based on the type of risks shared among the related organizations. The typical risk areas that the other organizations of the Archdiocese participate in include automobile liability, physical property damage and general liability. The Corporation Sole also provides additional coverage for the peril of all fire, sudden and accidental occurrences, catastrophic umbrella liability and other miscellaneous coverage through the direct purchase of insurance. The Corporation Sole has retained additional carriers for its auto insurance and these carriers cover losses up to \$1 million with additional catastrophic limits.

The reserve for insurance losses is based on losses reported, historical experience and estimates of future trends in loss severity and frequency and other factors, which could vary as losses are ultimately settled. In addition, the Corporation Sole retains an actuary to perform an independent analysis of loss trends. Although the Corporation Sole's management believes that these estimates are reasonable in the circumstances, there is an absence of a significant amount of experience as to whether actual incurred losses and loss adjustment expenses will conform to the assumptions inherent in the determination of the liability. Accordingly, the ultimate settlement of losses and loss adjustment expenses may vary significantly from the estimated amounts included in the financial statements. The methods used to develop these reserves are subject to continuing review and refinement, and any necessary adjustments to these reserves are reflected in the statement of activities in the year identified.

##### Clergy Misconduct Claims

The Corporation Sole estimates a reserve for settlement of reported misconduct claims and related litigation costs using average historical settlement amounts. An additional reserve is accrued using the same historical settlement data for incurred but not reported claims based on an independent analysis performed by an actuary.

##### Deferred Revenue and Support

Deferred revenue and support represents payments received for tuition, fees and support for program services to be provided in future periods.

##### Other Liabilities

Other liabilities represent amounts held on deposit for the benefit of other institutions, parish obligations, annuity obligations of split-interest agreements and miscellaneous other liabilities not classified elsewhere herein.



## THE ROMAN CATHOLIC ARCHBISHOP OF BOSTON, A CORPORATION SOLE

Notes to Financial Statements - Continued

June 30, 2008 and 2007

### NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

#### **Conditional Asset Retirement Obligations**

The liability for conditional asset retirement obligations represents an estimate for future obligations to perform certain retirement activities in connection with the ultimate disposition of tangible long-lived assets due to the nature of material used in their construction or operation. The timing of the performance of these retirement activities is within the control of the Corporation Sole and, due to the nature of these assets, will be performed over an extended period of time. The Corporation Sole is able to estimate its conditional asset retirement obligation for long-lived assets that are expected to undergo major renovations or have been identified for demolition. The Corporation Sole is not able to reasonably estimate its asset retirement obligation for numerous other long-lived assets as the range of time over which it may settle the obligation is unknown or cannot be estimated.

Included in other liabilities in the accompanying statements of financial position is \$3.1 million at June 30, 2008 and 2007, representing management's estimate of its future obligation for such long-lived asset retirement activities.

#### **Collections**

Collections represent contributions received by Archdiocesan parishes for general and specified purposes. These funds are raised for parish operations and other purposes such as hunger, homelessness, and other human welfare programs and are reported as revenue in the statement of activities. Collections at Archdiocesan parishes for specified beneficiary organizations are not recorded as revenues, but are reflected as agency obligations until such time as the funds are remitted to the specified organization.

#### **Catholic Appeal**

The Catholic Appeal represents an annual solicitation by The Catholic Foundation through direct mailings and Archdiocesan parishes in support of the central administrative activities and programs of the Archdiocese.

#### **Contributions, Bequests and Grants**

Unconditional promises to give are reported at fair value on the date the promise is verifiably committed. Unconditional promises to give that are expected to be collected within one year are recorded at net realizable value. Unconditional promises to give that are expected to be collected in future years are recorded at the present value of their estimated future cash flows. The present value discount on these contributions is computed using a risk free interest rate applicable to the years in which the promises are received. Amortization of discounts is included in contributions revenue. Unconditional promises to give are reported as contributions receivable. Conditional promises to give are not included as support until the conditions are substantially met.

#### **Rental Income**

External parties and certain related organizations are charged rent for the use of property owned and operated by the Corporation Sole.



## THE ROMAN CATHOLIC ARCHBISHOP OF BOSTON, A CORPORATION SOLE

Notes to Financial Statements - Continued

June 30, 2008 and 2007

### NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

#### **Revenue from Services Provided**

The Corporation Sole provides various administrative, technology and clerical services to related Catholic organizations for which it charges fees. Such services include risk and benefits management, treasury and investment management, financial management, information technology and property management services. Fees and other revenue are also generated by pastoral and ministerial workshops and retreats, tribunal services and newspaper publications.

#### **Other Revenues**

Other revenue primarily represents income from various goods sold and services provided by the parishes and parish schools.

#### **Future Care Funds**

Under Massachusetts law, the Corporation Sole sets aside 30% of all proceeds from parish cemetery mausoleum sales into a future care fund included in permanently restricted net assets. With respect to parish cemetery plot sales, the Corporation Sole's recommended guideline is for each parish to deposit 10% of all proceeds into a future care fund included in unrestricted net assets. This guideline is voluntary and each parish establishes its own policy.

Future care funds include only such funds for cemeteries operated under the Corporation Sole and do not include the future care funds of cemeteries within the geographic territory of the Archdiocese of Boston that are owned and operated by The Catholic Cemetery Association of the Archdiocese of Boston, Inc., ("Cemetery Association"), a separate related organization.

#### **Split-Interest Agreements**

Contribution revenue derived from charitable gift annuities is determined by comparing the fair value of the assets associated with the instrument to the present value of the amounts expected to be paid to beneficiaries under the arrangement. This process requires the use of life expectancy and other assumptions in determining the amount to record. When the Corporation Sole has control over the assets associated with the gift annuity, such assets and the liability associated with obligations under the instrument are recorded on a gross basis. If third parties control the assets associated with the gift annuity, only the net amount expected to be received is recorded.

#### **Beneficiary in Wills and Estates**

The Corporation Sole is named as a beneficiary in numerous wills and estates. The Corporation Sole deems these to be intentions to give and not unconditional promises to give. When a probate court declares an individual will is valid and the fair value of the estate can be estimated, the Corporation Sole recognizes contribution revenue and a receivable for its interest in the estate.



## THE ROMAN CATHOLIC ARCHBISHOP OF BOSTON, A CORPORATION SOLE

Notes to Financial Statements - Continued

June 30, 2008 and 2007

### NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

#### Income Taxes

The Corporation Sole is included in the United States Conference of Catholic Bishops Group Ruling and is therefore exempt from income tax under Section 501(c)(3) of the Internal Revenue Code. Accordingly, no provision for income taxes is included in these financial statements.

#### Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. The more significant items presented herein affected by the use of estimates are the allowances for uncollectible loans and accounts receivable, the fair value of investments, depreciable lives of buildings and equipment, reserves for losses, the accrued pension and other post-retirement obligations, the functional allocation of expenses and the reserve for conditional asset retirement obligations. Actual results could vary from those estimates.

#### Reclassifications

Certain reclassifications have been made to the prior year financial statements to conform to current year presentations.

#### Recent Accounting Pronouncements

In September 2006, the Financial Accounting Standards Board ("FASB") issued Statement of Financial Accounting Standards ("SFAS") No. 157, *Fair Value Measurements*. SFAS No. 157 defines fair values, establishes a framework for measuring fair value, and expands the disclosure requirements about fair value measurements. In February 2008, the FASB issued Staff Position No. FAS 157-2 that defers the effective date of applying the provisions of SFAS No. 157 to the fair value measurement of nonfinancial assets and nonfinancial liabilities until fiscal years beginning after November 15, 2008. In October 2008, the FASB issued FASB Staff Position 157-3, *Determining Fair Value of a Financial Asset When the Market for That Asset Is Not Active* ("FSP 157-3"). This FSP clarifies the application of SFAS No. 157 in a market that is not active and is effective immediately. The Corporation Sole is required to adopt the provisions of SFAS No. 157 that pertain to financial assets and liabilities for the year ending June 30, 2009 and is currently evaluating the effect SFAS No. 157 will have on its financial position and changes in net assets.

In August 2008, the FASB issued Staff Position 117-1 (FSP 117-1), *Endowments of Not-for-Profit Organizations: Net Asset Classifications of Funds Subject to an Enacted Version of the Uniform Prudent Management of Institutional Funds Act, and Enhanced Disclosures for All Endowment Funds*. This FSP provides guidance on the net asset classification of donor-restricted endowment funds for organizations located in states that adopted as law Uniform Prudent Management Institutional Funds Act (the "UPMIFA Act") (Massachusetts has currently not adopted the Act) and requires extensive new disclosures about an organization's donor-restricted and board-designated endowment funds. Massachusetts law, enacted before FSP 117-1, already requires substantially the same net asset classification and, accordingly, the Corporation Sole does not anticipate a significant change to its financial position or changes in net assets if Massachusetts adopts the UPMIFA Act.



## THE ROMAN CATHOLIC ARCHBISHOP OF BOSTON, A CORPORATION SOLE

Notes to Financial Statements - Continued

June 30, 2008 and 2007

### ***NOTE C - LOANS RECEIVABLE***

Loans receivable consisted of the following at June 30 and are due from various Archdiocesan related organizations (primarily Archdiocesan Central High Schools, Inc.) (\$000's):

|                             | <u>2008</u>     | <u>2007</u>     |
|-----------------------------|-----------------|-----------------|
| Performing loans receivable | \$ 9,151        | \$ 5,953        |
| Nonperforming loans         | <u>68,695</u>   | <u>69,178</u>   |
|                             | 77,846          | 75,131          |
| Allowance for loan losses   | <u>(69,183)</u> | <u>(69,889)</u> |
| Net loans receivable        | \$ <u>8,663</u> | \$ <u>5,242</u> |

Changes in the allowance for loan losses were as follows for the years ended June 30 (\$000's):

|   | <u>2008</u> | <u>2007</u> |
|---|-------------|-------------|
| Write-off balance at beginning of year        | \$ 69,889   | \$ 69,724   |
| Write-off of uncollectible loans              | (483)       | (57)        |
| Additional provision (credit) for loan losses | (223)       | 222         |
| Balance at end of year                        | \$ 69,183   | \$ 69,889   |

### **Nonperforming Loans**

In prior years, the Corporation Sole issued non-interest bearing demand loans to the Archdiocesan Central High Schools, Inc. (ACHS), a related organization, to fund its operations. These loans are collateralized by the real estate of ACHS. Through June 30, 2004, ACHS' Board of Trustees governed eight Catholic high schools located within the geographic boundaries of the Archdiocese of Boston. On July 1, 2004, ACHS transferred the governance and the personal property relating to the operations of each of these schools to eight newly formed related legal entities, one for each school with each having its own board of trustees. ACHS continues to own the real estate being used by the high schools and has entered into leases that expired on June 30, 2008 at a nominal annual rental with each of the newly formed legal entities. The Corporation Sole is currently in the process of finalizing the renewal of these leases which will provide for nominal annual rents.

No payments have been made on these loans for several years and the Corporation Sole has not demanded repayment. As a result, these loans were fully reserved in prior years as their ultimate collection was judged to be remote.



## THE ROMAN CATHOLIC ARCHBISHOP OF BOSTON, A CORPORATION SOLE

Notes to Financial Statements - Continued

June 30, 2008 and 2007

### NOTE D - INVESTMENTS

Investments consisted of the following at June 30 (\$000's):

|  | <u>2008</u>      | <u>2007</u>      |
|--|------------------|------------------|
| Common Investment Fund                                     | \$ 77,396        | \$ 64,205        |
| Fixed Income Fund  | 2,936            | 3,601            |
| Short-term investments (primarily certificates of deposit) | 12,859           | 14,001           |
| Assets held under split-interest agreements (mutual funds) | <u>116</u>       | <u>139</u>       |
| Total investments  | <u>\$ 93,307</u> | <u>\$ 81,946</u> |

### NOTE E - LAND, BUILDINGS AND EQUIPMENT

Land, buildings and equipment consisted of the following at June 30 (\$000's):

|                                    | <u>2008</u>       | <u>2007</u>       |
|------------------------------------|-------------------|-------------------|
| Land and land improvements         | \$ 62,568         | \$ 53,121         |
| Buildings and improvements         | 1,051,948         | 1,005,793         |
| Furniture and equipment            | 67,466            | 78,266            |
| Construction in progress           | <u>-</u>          | <u>6,760</u>      |
|                                    | 1,181,982         | 1,143,940         |
| Less accumulated depreciation      | <u>(785,539)</u>  | <u>(802,982)</u>  |
| Land, buildings and equipment, net | <u>\$ 396,443</u> | <u>\$ 340,958</u> |

Land and buildings held for sale totaling \$1.6 and \$10.3 million at June 30, 2008 and 2007, respectively, are carried at cost, net of accumulated depreciation, which is less than estimated net realizable value.

In November 2007, the Corporation Sole purchased a 100% membership interest in a limited liability corporation whose sole assets were land and a 150,000 square foot building located in Braintree, Massachusetts. The \$25.8 million purchase price was established by an independent appraisal of the property which allocated \$10.1 million to the value of the land and \$15.7 million to the value of the building. Subsequently, the limited liability corporation was dissolved and the assets were transferred to the Corporation Sole. A temporarily restricted donor gift funded the entire purchase price. Through June 30, 2008 the Corporation Sole invested \$4.3 million in building improvements and \$3.4 million in furniture and equipment for the use of this building as the Pastoral Center for the Archdiocese.

In connection with the sale of the Archdiocese's administrative campus in July 2007 (see note L), the Corporation Sole disposed of furniture and equipment with a cost of \$16.5 million, recognizing a loss of \$16,000 for the remaining net book value of those assets.



**THE ROMAN CATHOLIC ARCHBISHOP OF BOSTON, A CORPORATION SOLE**

Notes to Financial Statements - Continued

June 30, 2008 and 2007

**NOTE E - LAND, BUILDINGS AND EQUIPMENT - Continued**

The Corporation Sole leases certain of its properties to unrelated third parties. At June 30, 2008, scheduled receipts under non-cancelable long-term rental agreements are as follows (\$000's):

| Year ending<br>June 30, |          |
|-------------------------|----------|
| 2009                    | \$ 8,872 |
| 2010                    | 7,003    |
| 2011                    | 5,079    |
| 2012                    | 4,369    |
| 2013                    | 3,295    |

**NOTE F - NOTES PAYABLE****Note Payable - Related Organization**

In April 2005, the Corporation Sole entered into a \$4.9 million note payable to St. John's Seminary, a related organization. The loan principal, together with interest accrued from the date of the note, is to be repaid on January 1, 2011. For the period from July 1, 2005 through January 1, 2011, interest compounds on the note at a rate equivalent to the annual average total return of the Common Investment Fund, which was (6.60)% and 14.00% for the years ended June 30, 2008 and 2007, respectively. Accrued interest on this loan amounted to \$754,713 and \$1,190,358 at June 30, 2008 and 2007, respectively, and is included in the balance of this loan as presented in the accompanying statements of financial position.

**Other Notes Payable**

Other notes payable consist of secured amounts due to third party lenders with the following terms at June 30 (\$000's):

| Type - Security                    | Interest<br>Rate | Maturity Date      | 2008            | 2007             |
|------------------------------------|------------------|--------------------|-----------------|------------------|
| Mortgage note - Central Operations | 5.54%            | November 1, 2022   | \$ -            | \$ 26,156        |
| Mortgage note - Parish             | 5.75%            | September 19, 2023 | 255             | 265              |
| Mortgage note - Parish             | 5.75%            | November 1, 2023   | 22              | 23               |
| Mortgage note - Parish             | 6.37%            | October 16, 2010   | 1,035           | 1,066            |
| Auto loan - Parish                 | 4.99%            | June 16, 2008      | -               | 6                |
| Total other notes payable          |                  |                    | \$ <u>1,312</u> | \$ <u>27,516</u> |

The mortgage note - Central Operations was repaid in August 2007 from the proceeds of the sale of most of the remaining property comprising the administrative campus in Brighton (see Note I). The remaining notes are collateralized by the respective parish properties for which the proceeds were used.





**THE ROMAN CATHOLIC ARCHBISHOP OF BOSTON, A CORPORATION SOLE**

Notes to Financial Statements - Continued

June 30, 2008 and 2007

**NOTE F - NOTES PAYABLE - Continued**

Scheduled principal payments on the mortgage notes as of June 30, 2008 are as follows (\$000's):

| Year Ending<br>June 30 |                 |
|------------------------|-----------------|
| 2009                   | \$ 45           |
| 2010                   | 48              |
| 2011                   | 979             |
| 2012                   | 14              |
| 2013                   | 15              |
| Thereafter             | <u>211</u>      |
|                        | <u>\$ 1,312</u> |

Interest expense and amounts paid on notes payable was \$0.3 million and \$1.6 million for the years ended June 30, 2008 and 2007, respectively.

**NOTE G - TEMPORARILY RESTRICTED AND PERMANENTLY RESTRICTED NET ASSETS**

Temporarily restricted net assets were available for the following purposes at June 30 (\$000's):

|   | 2008             | 2007             |
|---|------------------|------------------|
| Interest in net assets of a foundation - program restricted | \$ 3,527         | \$ 4,031         |
| Interest in net assets of a foundation - time restricted    | 914              | 580              |
| Buildings and equipment                                     | 1,735            | 1,817            |
| Special collections   | 2,641            | 262              |
| Pastoral  | 11,178           | 3,894            |
| Education   | 2,108            | 1,866            |
| Ministerial   | 603              | 1,663            |
| Social  | 1,347            | 565              |
| Cemetery future care  | 79               | 593              |
| Religious women's retirement                                | 940              | 923              |
| Other programs  | <u>2,601</u>     | <u>3,641</u>     |
| Total   | <u>\$ 27,673</u> | <u>\$ 19,835</u> |



## THE ROMAN CATHOLIC ARCHBISHOP OF BOSTON, A CORPORATION SOLE

Notes to Financial Statements - Continued

June 30, 2008 and 2007

### NOTE G - TEMPORARILY RESTRICTED AND PERMANENTLY RESTRICTED NET ASSETS - Continued

Net assets released from restrictions and reclassifications were expended for the following purposes for the years ended June 30 (\$000's):

|                                      | 2008      | 2007      |
|--------------------------------------|-----------|-----------|
| Land and buildings                   | \$ 25,757 | \$ 8      |
| Clergy retirement benefits           | 5,449     | 5,599     |
| Special collections                  | 2,539     | 938       |
| Pastoral                             | 557       | 532       |
| Education                            | 228       | 148       |
| Ministerial                          | 175       | 424       |
| Other programs and reclassifications | (1,178)   | 5,363     |
| Total                                | \$ 33,527 | \$ 13,012 |

Permanently restricted net assets were restricted as follows at June 30 (\$000's):

|  | 2008      | 2007      |
|--|-----------|-----------|
| Interest in net assets of a foundation | \$ 9,981  | \$ 8,181  |
| Pastoral                               | 11,744    | 6,992     |
| Education                              | 5,587     | 5,522     |
| Ministerial                            | 2,568     | 2,535     |
| Social                                 | 200       | 200       |
| Cemetery future care                   | 126       | 126       |
| Total                                  | \$ 30,206 | \$ 23,556 |

### NOTE H - BENEFIT PLANS

#### Lay Employee Pension Plan

The Corporation Sole participates with other related Archdiocesan organizations in a noncontributory, defined-benefit multi-employer pension plan covering substantially all lay employees, the Roman Catholic Archdiocese of Boston Pension Plan (the "Pension Plan"). The Corporation Sole's employees represent approximately 75% of all lay employees covered under the Pension Plan. The Pension Plan is not subject to the Employee Retirement Income Security Act of 1974 ("ERISA"). Pension expense allocated to the Corporation Sole is based on payroll cost and amounted to \$7.6 million and \$7.1 million for the years ended June 30, 2008 and 2007, respectively.



## THE ROMAN CATHOLIC ARCHBISHOP OF BOSTON, A CORPORATION SOLE

Notes to Financial Statements - Continued

June 30, 2008 and 2007

### NOTE H - BENEFIT PLANS - Continued

Accumulated plan benefits information for Corporation Sole, as provided by consulting actuaries, has not been distinguished from the benefits of the other organizations participating in the Pension Plan and, accordingly, such information is not presented herein. At June 30, 2008, the audited financial statements of the Pension Plan reflected approximately \$272.1 million in net assets available for benefits and \$301.5 million in accumulated plan benefits. At June 30, 2007, the audited financial statements of the Pension Plan reflected approximately \$293.0 million in net assets available for benefits and \$286.2 million in accumulated plan benefits.

#### Lay Employee Health and Dental Benefit Plan

The Corporation Sole participates with other Catholic organizations that operate within the Archdiocese of Boston in a health and dental plan covering substantially all lay employees, the Roman Catholic Archdiocese of Boston Health Benefit Plan (the "Health Plan"). The Corporation Sole's employees represent approximately 22% of all lay employees covered under the Health Plan. The Health Plan agreement provides that the participating employers make monthly contributions to the Plan of a specified amount for each class of employee. The Corporation Sole's contributions to the Health Plan, net of employee contributions, amounted to \$15.5 million and \$11.5 million for the years ended June 30, 2008 and 2007, respectively.

At June 30, 2008, the audited financial statements of the Health Plan reflected approximately \$6.5 million in health and dental benefit obligations and \$30.2 million in net assets available for benefits. At June 30, 2007, the audited financial statements of the Health Plan reflected approximately \$5.5 million in health and dental benefit obligations and \$34.0 million in net assets available for benefits.

#### Clergy Plans

##### Archdiocese of Boston Clergy Retirement/Disability Plan

The Corporation Sole sponsors a single-employer, noncontributory, defined benefit pension and disability plan covering clergy who are incardinated in the Archdiocese of Boston. Benefits are provided through the Archdiocese of Boston Clergy Retirement/Disability Plan (the "Clergy Retirement Plan"). The Clergy Retirement Plan is not subject to ERISA.

The Clergy Retirement Plan also offers other post-retirement benefits, including health, dental and subsistence benefits which are expected to be paid to or on behalf of currently retired clergy and active clergy after retirement. This obligation is unfunded.



# THE ROMAN CATHOLIC ARCHBISHOP OF BOSTON, A CORPORATION SOLE

Notes to Financial Statements - Continued

June 30, 2008 and 2007

## NOTE H - BENEFIT PLANS - Continued

The assets and obligations of the Clergy Retirement Plan and the Corporation Sole's other post-retirement obligations to clergy were as follows as of June 30:

### Benefit Obligations (\$000s)

|   | <b>Pension Benefits</b> |                   | <b>Other Benefits</b> |                  |
|---|-------------------------|-------------------|-----------------------|------------------|
|   | <b>2008</b>             | <b>2007</b>       | <b>2008</b>           | <b>2007</b>      |
| Change in benefit obligation:           |                         |                   |                       |                  |
| Benefit obligation at beginning of year | \$ 119,485              | \$ 121,293        | \$ 47,241             | \$ 44,472        |
| Service cost                            | 1,331                   | 1,328             | 794                   | 715              |
| Interest cost                           | 7,238                   | 7,675             | 3,016                 | 2,880            |
| Plan amendment                          | -                       | 4,016             | -                     | -                |
| Actuarial (gain)/loss                   | (340)                   | (5,602)           | (6,335)               | 962              |
| Benefits and other expenses paid        | (10,155)                | (9,225)           | (1,854)               | (1,788)          |
| Benefit obligation at end of year       | <u>\$ 117,559</u>       | <u>\$ 119,485</u> | <u>\$ 42,862</u>      | <u>\$ 47,241</u> |

The weighted average assumptions used to determine benefit obligations were as follows:

|   | <b>Pension Benefits</b> |             | <b>Other Benefits</b> |             |
|---|-------------------------|-------------|-----------------------|-------------|
|   | <b>2008</b>             | <b>2007</b> | <b>2008</b>           | <b>2007</b> |
| Discount rate   | 6.55%                   | 6.25%       | 6.75%                 | 6.40%       |
| Rate of compensation increase   | NA                      | NA          | NA                    | NA          |
| Health care cost trend rate assumed for next year                             | NA                      | NA          | 8.50%                 | 9.00%       |
| Rate to which the cost trend rate is assumed to decline (ultimate trend rate) | NA                      | NA          | 5.00%                 | 5.00%       |
| Year that the rate reaches the ultimate trend rate                            | NA                      | NA          | 2015                  | 2015        |

### Plan Assets (\$000s)

|  | <b>Pension Benefits</b> |                  | <b>Other Benefits</b> |             |
|--|-------------------------|------------------|-----------------------|-------------|
|  | <b>2008</b>             | <b>2007</b>      | <b>2008</b>           | <b>2007</b> |
| Change in Plan assets:                         |                         |                  |                       |             |
| Fair value of Plan assets at beginning of year | \$ 57,112               | \$ 55,509        | \$ -                  | \$ -        |
| Actual return on Plan assets                   | (2,764)                 | 5,100            | -                     | -           |
| Transfers from Clergy Benefit Trust            | 1,745                   | 5,728            | 1,854                 | 1,788       |
| Benefits and other expenses paid               | (10,155)                | (9,225)          | (1,854)               | (1,788)     |
| Fair value of Plan assets at end of year       | <u>\$ 45,938</u>        | <u>\$ 57,112</u> | <u>\$ -</u>           | <u>\$ -</u> |



# THE ROMAN CATHOLIC ARCHBISHOP OF BOSTON, A CORPORATION SOLE

Notes to Financial Statements - Continued

June 30, 2008 and 2007

## NOTE H - BENEFIT PLANS - Continued

The asset allocation for the Clergy Retirement Plan at the end of 2008 and 2007, and the target allocation for 2008, by asset category, are as follows:

|                   | Target<br>2008 | Actual<br>% of Plan Assets at Year End |      |
|-------------------|----------------|--|------|
|                   |                | 2008                                   | 2007 |
| Equity Securities | 43%            | 35%                                    | 40%  |
| Debt Securities   | 29%            | 25%                                    | 20%  |
| Other investments | 0%             | 10%                                    | 14%  |
| Real Estate*      | 23%            | 23%                                    | 19%  |
| Cash              | 5%             | 7%                                     | 7%   |
| Total             | 100%           | 100%                                   | 100% |

\* Real estate property is valued at book value and is leased to a related party.

The investment policy and strategy, as established by the Corporation Sole, is to provide for growth of capital with a moderate level of volatility by investing assets based on the target allocations stated above. The Clergy Retirement Plan will reallocate its investments periodically to meet the above target allocations. The Clergy Retirement Plan also reviews its investment policy periodically to determine if the policy or allocations should be changed.

## Reconciliation of Funded Status (\$000s)

|               | Pension Benefits |             | Other Benefits |             |
|---------------|------------------|-------------|----------------|-------------|
|               | 2008             | 2007        | 2008           | 2007        |
| Funded status | \$ (71,621)      | \$ (62,373) | \$ (42,862)    | \$ (47,241) |
| Accrued cost  | \$ (71,621)      | \$ (62,373) | \$ (42,862)    | \$ (47,241) |

Effective June 30, 2007, the Corporation Sole adopted the provisions of SFAS No. 158, *Employers' Accounting for Defined Benefit Pension and Other Postretirement Plans an amendment of FASB Statements No. 87, 88, 106 and 132 (R)* ("SFAS No. 158"). This statement requires an employer to recognize the over-funded or under-funded status of a defined benefit plan (other than a multi-employer plan) as an asset or liability in its statement of financial position and to recognize changes in that funded status in the year in which the changes occur through changes in unrestricted net assets. By requiring that employers account for the funded status of the defined benefit plan on the statement of financial position, such items as prior service cost and actuarial gains and losses that had previously received delayed recognition treatment are now fully accounted for in the financial statements.

In connection with the initial adoption of SFAS No. 158, the Corporation Sole recognized a reduction of \$24.3 million in its accrued pension liability representing the impact of eliminating deferred actuarial gains of \$22.5 million and a prior service cost credit of \$1.8 million.



# THE ROMAN CATHOLIC ARCHBISHOP OF BOSTON, A CORPORATION SOLE

Notes to Financial Statements - Continued

June 30, 2008 and 2007

## NOTE H - BENEFIT PLANS - Continued

### Components of Net Periodic Pension Cost (\$000s)

|  | <b>Pension Benefits</b> |             | <b>Other Benefits</b> |             |
|--|-------------------------|-------------|-----------------------|-------------|
|  | <b>2008</b>             | <b>2007</b> | <b>2008</b>           | <b>2007</b> |
| Service cost for benefits earned during the period | \$ 1,331                | \$ 1,328    | \$ 794                | \$ 715      |
| Interest cost on projected benefit obligation      | 7,238                   | 7,675       | 3,016                 | 2,880       |
| Expected return on Plan assets                     | (3,443)                 | (3,496)     | -                     | -           |
| Net amortization and deferral                      | (491)                   | (279)       | (429)                 | (429)       |
| Net periodic pension cost                          | \$ 4,635                | \$ 5,228    | \$ 3,381              | \$ 3,166    |

### Accumulated Amounts Charged/Credited to Unrestricted Net Assets (\$000s)

|                               | <b>Pension Benefits</b> |             | <b>Other Postretirement Benefits</b> |             |
|-------------------------------|-------------------------|-------------|--------------------------------------|-------------|
|                               | <b>2008</b>             | <b>2007</b> | <b>2008</b>                          | <b>2007</b> |
| Net Actuarial loss/(gain)     | \$ (16,489)             | \$ (23,122) | \$ (5,732)                           | \$ 603      |
| Prior service cost/(credit)   | 3,741                   | 4,016       | (5,360)                              | (5,789)     |
| Transition obligation/(asset) | -                       | -           | -                                    | -           |
| Total                         | \$ (12,748)             | \$ (19,106) | \$ (11,092)                          | \$ (5,186)  |

The change of \$452,000 in the accumulated amount charged to unrestricted net assets in 2008 is classified as a component of non-operating income (loss) in the accompanying statement of activities.

The weighted average assumptions used to determine benefit plan cost were as follows:

|   | <b>Pension Benefits</b> |             | <b>Other Benefits</b> |             |
|---|-------------------------|-------------|-----------------------|-------------|
|   | <b>2008</b>             | <b>2007</b> | <b>2008</b>           | <b>2007</b> |
| Discount rate   | 6.55%                   | 6.25%       | 6.75%                 | 6.50%       |
| Rate of compensation increase   | -                       | -           | -                     | -           |
| Expected return on plan assets  | 6.50%                   | 6.50%       | 6.50%                 | 6.50%       |
| Health care cost trend rate assumed for next year                             | N/A                     | N/A         | 8.5%                  | 8.0%        |
| Rate to which the cost trend rate is assumed to decline (ultimate trend rate) | N/A                     | N/A         | 5.0%                  | 5.0%        |
| Year that the rate reaches the ultimate trend rate                            | N/A                     | N/A         | 2015                  | 2012        |



# THE ROMAN CATHOLIC ARCHBISHOP OF BOSTON, A CORPORATION SOLE

Notes to Financial Statements - Continued

June 30, 2008 and 2007

## NOTE H - BENEFIT PLANS - Continued

Assumed health care cost trend rates have a significant effect on the amounts reported for the health care plans. A one percentage point change in assumed health care cost trend rates would have the following effects (\$000s):

|                                     | Other Benefits<br>One Percentage<br>Point Increase |        | Other Benefits<br>One Percentage<br>Point Decrease |          |
|-------------------------------------|--|--------|--|----------|
|                                     | 2008   | 2007   | 2008   | 2007     |
| Effect on service and interest cost | \$ 600   | \$ 603 | \$ (486)   | \$ (482) |
| Effect on benefit obligation        | 5,275  | 6,049  | (4,416)  | (5,042)  |

To determine the expected long-term rate of return, the Clergy Retirement Plan considered the historical returns of the major market indicators relating to the target asset allocation, as well as the current economic and financial market conditions.

### Expected Benefit Payments (\$000s)

| Years ending<br>June 30 | Pension<br>Benefits | Other<br>Benefits |
|-------------------------|---------------------|-------------------|
| 2009                    | \$ 10,521           | \$ 2,215          |
| 2010                    | 11,145              | 2,521             |
| 2011                    | 10,960              | 2,680             |
| 2012                    | 10,804              | 2,843             |
| 2013                    | 10,562              | 2,970             |
| 2014 - 2018             | 50,048              | 16,705            |

### Archdiocese of Boston Clergy Benefit Trust

The Corporation Sole sponsors a noncontributory benefit trust that was established for the purpose of generating and providing support for the benefit of clergy who are incardinated in the Archdiocese of Boston. Benefits provided through the Archdiocese of Boston Clergy Benefit Trust (the "Clergy Benefit Trust") include the funding of the Archdiocese of Boston Clergy Medical/Hospitalization Plan, the Archdiocese of Boston Clergy Retirement/Disability Plan and the Archdiocese of Boston Benefit Trust for Non-Incardinated Priests Duly Assigned for Services in the Archdiocese of Boston on an as needed basis. Additional benefits include support for the well-being of clergy incardinated in the Roman Catholic Archdiocese of Boston at the discretion of the Trustee. The Clergy Benefit Trust is not subject to ERISA.





## THE ROMAN CATHOLIC ARCHBISHOP OF BOSTON, A CORPORATION SOLE

Notes to Financial Statements - Continued

June 30, 2008 and 2007

### NOTE H - BENEFIT PLANS - Continued

During the years ended June 30, 2008 and 2007, \$5.4 million and \$5.6 million, respectively, of collections from parishes restricted to assist clergy were contributed into the Clergy Benefit Trust. During the years ended June 30, 2008 and 2007, approximately \$300,000 and \$763,000, respectively, were disbursed to support the Archdiocese of Boston Clergy Medical/Hospitalization Plan and \$1.4 million and \$2.6 million, respectively, were disbursed for supplementary clergy benefits. Also during the year ended June 30, 2008 and 2007, \$3.6 million and \$7.5 million, respectively, was transferred to the Archdiocese of Boston Clergy Retirement/Disability Plan. At June 30, 2008 and 2007, the audited financial statements of the Clergy Benefit Trust reflected \$2.8 million and \$4.3 million, respectively, of net assets available for benefits.

#### *Archdiocese of Boston Clergy Medical Plan*

The Corporation Sole sponsors a health and dental plan covering clergy who are incardinated in the Archdiocese of Boston. Benefits are provided through the Roman Catholic Archdiocese of Boston Clergy Medical/Hospitalization Plan (the "Clergy Health Plan"). The Clergy Health Plan provides that the Corporation Sole and related organizations that have covered clergy make monthly contributions to the Plan based on their number of clergy. The Clergy Health Plan is not subject to ERISA. The Corporation Sole contributed approximately \$3.6 million and \$3.1 million for the years ended June 30, 2008 and 2007, respectively. The audited financial statements of the Clergy Health Plan reflected a \$113,579 and \$322,376 deficiency in net assets available for benefits at June 30, 2008 and 2007, respectively.

#### *Archdiocese of Boston Non-Incardinated Priests Trust*

The Corporation Sole sponsors a health and benefit plan covering priests who are non-incardinated in the Roman Catholic Archdiocese of Boston and assigned for service in the Archdiocese of Boston. These benefits are provided through the Benefit Trust for Non-Incardinated Priests Duly Assigned for Services in the Archdiocese of Boston (the "Non-Incardinated Trust"). The Non-Incardinated Trust is not subject to ERISA. During the years ended June 30, 2008 and 2007, approximately \$50,331 and \$50,000, respectively, was transferred from the Clergy Benefit Trust into the Non-Incardinated Trust. The audited financial statements of the Non-Incardinated Trust reflected \$40,181 and \$61,648 in net assets available for benefits at June 30, 2008 and 2007, respectively.

#### *Early Retirement Program*

During the year ended June 30, 2008 the Corporation Sole offered an early retirement program to certain employees. The total cost of the one-time termination benefits was \$3.5 million and is being expensed over each individuals required future service period. For the year ended June 30, 2008, \$1.9 million is included in management and general expense in the statement of activities and in other liabilities in the statement of financial position at June 30, 2008 for this one-time termination benefit.



## **THE ROMAN CATHOLIC ARCHBISHOP OF BOSTON, A CORPORATION SOLE**

Notes to Financial Statements - Continued

June 30, 2008 and 2007

### **NOTE I - PARISH RECONFIGURATION**

In May 2004, the Corporation Sole entered into a reconfiguration plan that included the suppression of certain parishes. This plan was in response to significant changes occurring within the Archdiocese of Boston, including changing demographics, a decline in the number of clergy, and the impact of deferred maintenance on parish properties. Since the initial plan was established, sixty-four parishes have been closed and consolidated with adjoining parishes.

The Corporation Sole separately accounts for all financial activities of Archdiocesan parishes as a separate reporting unit in its financial statements. The Corporation Sole accounts for all closed parishes in Central Funds, another reporting unit of the Corporation Sole. At the time a parish is closed, the unrestricted net assets of the parish are transferred to Central Funds at their net book value.

The land and buildings associated with thirty-three suppressed parishes have been sold through June 30, 2008. Gains of approximately \$3.4 and \$3.6 million are being recognized during the years ended June 30, 2008 and 2007, respectively, for reconfiguration sales. These gains are included in the accompanying statements of activities as part of the gain on sale of other land and buildings.

The cost of maintaining the suppressed parish properties are included in the accompanying statements of activities as parish reconfiguration expenses.

Eight lawsuits arose out of the reconfiguration process, primarily asserting claims that the Corporation Sole held the property of these former parishes in trust. At present, all but one of these cases has been dismissed. A motion to dismiss the last suit remains pending.

### **NOTE J - RESERVES FOR LOSSES**

During the year ended June 30, 2005, the Corporation Sole established a \$25.0 million reserve for the estimated cost of future settlements of clergy misconduct claims. At June 30, 2008 and 2007, the Corporation Sole's reserve for these estimated future settlements was \$10.0 and \$16.5 million, respectively, which is included in the reserves for losses in the accompanying statements of financial position.

During the year ended June 30, 2008, the Corporation Sole entered into settlement agreements with 55 individuals who had brought sexual misconduct claims for approximately \$5.5 million.

During the year ended June 30, 2007, the Corporation Sole entered into a settlement agreement with 34 individuals who had brought sexual misconduct claims for \$2.1 million. The settlements were paid throughout the year and were partially funded with the remaining \$1.1 million of restricted monies that had been received in the 2005 settlement with insurance carriers.

The Corporation Sole is now substantially self-insured for the risk of loss on clergy misconduct claims. The ultimate cost to defend or settle these claims is subject to uncertainty and the estimated liability is subject to change. The nature and the magnitude of the potential effects of these claims could have a material impact on Corporation Sole's financial condition and cash flows.



## THE ROMAN CATHOLIC ARCHBISHOP OF BOSTON, A CORPORATION SOLE

Notes to Financial Statements - Continued

June 30, 2008 and 2007

### NOTE J - RESERVES FOR LOSSES - Continued

During each of the years ended June 30, 2008 and 2007, the Corporation Sole expensed \$2.8 million and \$2.0 million, respectively, for funding provided to a related organization for the purpose of providing counseling services to individuals affected by clergy misconduct and other educational and abuse prevention services.

### NOTE K - COMMITMENTS AND CONTINGENCIES

#### Construction

The Corporation Sole has commitments to fund construction and other contracted costs in the amount of approximately \$11.4 million and \$13.6 million at June 30, 2008 and 2007, respectively.

#### Other Legal Proceedings

The Corporation Sole is involved in various legal proceedings arising out of and incidental to its activities other than claims of sexual misconduct discussed in Note J and claims relating to suppressed parishes discussed in Note I. In management's opinion, the ultimate liability which may arise from these proceedings is not expected to have a material effect on the Corporation Sole's unrestricted net assets and changes in net assets.

### NOTE L - RELATED PARTY TRANSACTIONS

In July 2007, the Corporation Sole and St. John's Seminary entered into an agreement with Boston College to sell the Archdiocese of Boston's remaining administrative campus of 18.7 acres of land for \$65.0 million of which \$61 million was paid prior to June 30, 2008. In accordance with the agreement, the remaining \$4.0 million is to be paid upon satisfaction of two conditions, one of which was satisfied in July 2008 and the second of which the Corporation Sole expects to satisfy in the foreseeable future.

The sales price, which was received by the Corporation Sole, was allocated between the Corporation Sole and St. John's Seminary based upon the relative appraised value of the property owned by each entity. The amount allocated to St. John's Seminary was \$45.6 million, inclusive of accrued interest, and is included in due to related organizations in the statement of financial position at June 30, 2008. In December 2008, the Corporation Sole and St. John's Seminary entered into a subordinated 10 year non-interest bearing promissory note for \$36.4 million of the amount due to St. John's Seminary. The Corporation Sole paid an aggregate of \$9.2 million to St. John's Seminary in January and February 2009.

The Corporation Sole provides administrative, technology and clerical services to related Catholic organizations. Service fees of \$3.6 million and \$4.6 million were charged for these services during the years ended June 30, 2008 and 2007, respectively. The revenue from these service fees is included in revenue from services provided in the accompanying statements of activities.

The Corporation Sole utilizes The Catholic Foundation to provide all centralized fundraising services including the annual Catholic Appeal, Planned Giving and other fundraising activities. Amounts paid to The Catholic Foundation for these services amounted to \$3.0 million and \$1.4 million for the years ended June 30, 2008 and 2007, respectively.



## **THE ROMAN CATHOLIC ARCHBISHOP OF BOSTON, A CORPORATION SOLE**

Notes to Financial Statements - Continued

June 30, 2008 and 2007

### **NOTE L - RELATED PARTY TRANSACTIONS - Continued**

On July 1, 2006, the Corporation Sole transferred the governance and related operating assets and liabilities (excluding land and buildings) of the high school at St. Mary's Parish in Lynn to a newly formed related organization, St. Mary's High School, Inc. This transfer is reflected as a net asset transfer in the statement of activities for the year ended June 30, 2007.

On October 1, 2007 the Cemetery Association assumed responsibility for the operations of two cemeteries with the transfer of ownership from the Holy Family Parish in Gloucester, MA as part of the parish reconfiguration process. The net assets of these cemeteries on the date of transfer were \$200,586. In December 2007, the Corporation Sole transferred \$643,886 from parish reconfiguration funds to the Cemetery Association as funding for the future care of these cemeteries. These transfers are reflected as a net asset transfer in the statement of activities for the year ended June 30, 2008.

On August 13, 2007 as part of the parish reconfiguration process, \$2.5 million was transferred to Trinity Catholic Academy Brockton, Inc., a newly formed related organization that consolidated the operations of certain parish schools in Brockton. This transfer is reflected as a net asset transfer in the statement of activities for the year ended June 30, 2008.

The Catholic Schools Foundation, Inc., a related organization, provides support to Catholic schools located in the Archdiocese of Boston. During the years ended June 30, 2008 and 2007, this foundation awarded \$3.8 million and \$3.6 million in inner city scholarships to elementary schools that are operated by Corporation Sole's parishes.

### **NOTE M - SUBSEQUENT EVENTS (unaudited)**

Subsequent to June 30, 2008, the Corporation Sole sold three properties classified as held for sale at June 30, 2008 for approximately \$1.2 million recognizing a gain of approximately \$900,000 on such transactions.

Due to volatility in the domestic and international fixed income and equity markets, the fair value of the Corporation Sole's investments has decreased by approximately 21% from July 1, 2008 to February 28, 2009. The value of investments presented in the statement of financial position as of June 30, 2008 do not reflect any market events after such date.



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## SUPPLEMENTAL INFORMATION

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## **Report of Independent Certified Public Accountants on Supplemental Information**

His Eminence

Cardinal Sean Patrick O'Malley, O.F.M. Cap.

The Roman Catholic Archbishop of Boston

Our audit was conducted for the purpose of forming an opinion on the basic financial statements taken as a whole of The Roman Catholic Archbishop of Boston, A Corporation Sole ("the Corporation Sole") as of and for the years ended June 30, 2008 and 2007. The supplemental information is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

*Grant Thornton LLP*

Boston, Massachusetts

March 17, 2009



# THE ROMAN CATHOLIC ARCHBISHOP OF BOSTON, A CORPORATION SOLE

Combining Statements of Financial Positions

June 30, 2008

(With summarized information as of June 30, 2007)

|  | Parishes       | Central<br>Operations | Self-Insurance | Endowments    | Eliminations    | 2008<br>Total  | 2007<br>Total  |
|--|----------------|-----------------------|----------------|---------------|-----------------|----------------|----------------|
| <b>ASSETS</b>  |                |                       |                |               |                 |                |                |
| Cash and cash equivalents:                               |                |                       |                |               |                 |                |                |
| Parish operations  | \$ 63,328,020  | \$ -                  | \$ -           | \$ -          | \$ -            | \$ 63,328,020  | \$ 61,480,432  |
| Revolving loan fund                                      | 77,153,632     | -                     | -              | -             | -               | 77,153,632     | 82,233,311     |
| Central operations                                       | -              | 56,967,782            | -              | 268,013       | -               | 57,235,795     | 34,031,780     |
| Insurance operations                                     | -              | -                     | 6,350,076      | -             | -               | 6,350,076      | 11,242,844     |
| Parish reconfiguration                                   | -              | 8,261,748             | -              | -             | -               | 8,261,748      | 7,608,758      |
| Deposits with the Corporation Sole-Revolving Loan Fund   | -              | 8,897,624             | -              | -             | (8,897,624)     | -              | -              |
| Total cash and cash equivalents                          | 140,481,652    | 74,127,154            | 6,350,076      | 268,013       | (8,897,624)     | 212,329,271    | 196,597,125    |
| Interest and dividends receivable                        | 690,069        | 100,974               | 39,480         | 146,453       | -               | 976,976        | 708,724        |
| Prepaid expenses and other assets                        | 889,423        | 5,874,582             | 1,387,964      | -             | -               | 8,151,969      | 3,956,004      |
| Accounts receivable, net                                 | 1,874,561      | 402,000               | 111,700        | -             | (81,680)        | 2,306,581      | 2,149,951      |
| Due from related organizations                           | -              | 1,867,086             | 1,816,274      | -             | (1,816,274)     | 1,867,086      | 891,540        |
| Contributions receivable, net                            | 6,291,373      | 871,332               | -              | -             | -               | 7,162,705      | 2,762,295      |
| Loans receivable, net (note C)                           | 7,364,841      | 1,297,714             | -              | -             | -               | 8,662,555      | 5,242,138      |
| Land and buildings held for sale (note E)                | -              | 1,625,745             | -              | -             | -               | 1,625,745      | 10,349,839     |
| Investments (note D)                                     | 65,430,437     | 8,942,640             | 4,530,520      | 14,403,616    | -               | 93,307,213     | 81,946,309     |
| Interest in net assets of a foundation (note G)          | 2,989,883      | 11,432,571            | -              | -             | -               | 14,422,454     | 12,791,523     |
| Land, buildings and equipment, net (note E)              | 355,485,374    | 40,957,173            | -              | -             | -               | 396,442,547    | 340,958,379    |
| Total assets   | \$ 581,497,613 | \$ 147,498,971        | \$ 14,236,014  | \$ 14,818,082 | \$ (10,795,578) | \$ 747,255,102 | \$ 658,353,827 |
| <b>LIABILITIES AND NET ASSETS</b>                        |                |                       |                |               |                 |                |                |
| <b>LIABILITIES:</b>                                      |                |                       |                |               |                 |                |                |
| Accounts payable and accrued expenses                    | 10,569,300     | 7,595,004             | 293,859        | -             | (1,079,556)     | 17,378,607     | 13,008,846     |
| Agency obligations                                       | 577,379        | 803,055               | -              | -             | -               | 1,380,434      | 830,477        |
| Reserves for losses (note J)                             | -              | 10,065,846            | 3,624,836      | -             | -               | 13,690,682     | 20,797,288     |
| Due to related organizations (note L)                    | 15,316,695     | 47,474,803            | -              | -             | (10,713,897)    | 52,077,601     | 1,797,684      |
| Deferred revenue and support                             | 17,960,325     | -                     | -              | -             | -               | 17,960,325     | 18,818,731     |
| Accrued pension and other post retirement costs (note H) | 114,483,100    | -                     | -              | -             | -               | 114,483,100    | 109,614,000    |
| Other liabilities  | 3,247,291      | 166,196               | -              | -             | -               | 3,413,487      | 3,222,076      |
| Note payable - related organization (note F)             | 1,913,478      | 5,634,713             | -              | -             | (1,913,478)     | 5,634,713      | 6,070,358      |
| Other notes payable (note F)                             | 1,311,955      | -                     | -              | -             | -               | 1,311,955      | 27,516,150     |
| Total liabilities  | 165,379,523    | 71,739,617            | 3,918,695      | -             | (13,706,931)    | 227,330,904    | 201,675,610    |
| <b>NET ASSETS:</b>                                       |                |                       |                |               |                 |                |                |
| Unrestricted   | 396,318,490    | 52,498,205            | 10,317,319     | -             | 2,911,353       | 462,045,367    | 413,287,153    |
| Temporarily restricted (note G)                          | 11,377,562     | 14,117,653            | -              | 2,177,957     | -               | 27,673,172     | 19,834,860     |
| Permanently restricted (note G)                          | 8,422,038      | 9,143,496             | -              | 12,640,125    | -               | 30,205,659     | 23,556,204     |
| Total net assets   | 416,118,090    | 75,759,354            | 10,317,319     | 14,818,082    | 2,911,353       | 519,924,198    | 456,678,217    |
| Total liabilities and net assets                         | \$ 581,497,613 | \$ 147,498,971        | \$ 14,236,014  | \$ 14,818,082 | \$ (10,795,578) | \$ 747,255,102 | \$ 658,353,827 |





# THE ROMAN CATHOLIC ARCHBISHOP OF BOSTON, A CORPORATION SOLE

Combining Statements of Activities - Unrestricted

For the year ended June 30, 2008

(With summarized information for the year ended June 30, 2007)

|   | Parishes       | Central<br>Operations | Self-Insurance | Endowments | Eliminations | 2008<br>Total  | 2007<br>Total  |
|---|----------------|-----------------------|----------------|------------|--------------|----------------|----------------|
| <b>REVENUES AND OTHER SUPPORT:</b>  |                |                       |                |            |              |                |                |
| Collections   | \$ 117,972,194 | \$ 475,408            | \$ -           | \$ -       | \$ (433,381) | \$ 118,014,221 | \$ 112,283,468 |
| Catholic Appeal   | -              | 15,669,488            | -              | -          | -            | 15,669,488     | 13,592,988     |
| Contributions, bequests and grants  | 14,660,561     | 2,563,341             | -              | -          | (468,685)    | 16,755,217     | 13,931,154     |
| Parish fundraiser events  | 22,544,928     | -                     | -              | -          | -            | 22,544,928     | 26,156,677     |
| Tuition and fees  | 103,924,689    | -                     | -              | -          | -            | 103,924,689    | 103,342,493    |
| Investment income   | 7,871,441      | 2,177,222             | 418,583        | -          | (184,358)    | 10,282,888     | 12,450,243     |
| Rental income   | 10,924,110     | 608,526               | -              | -          | -            | 11,532,636     | 10,971,551     |
| Cemetery operations   | 3,667,873      | -                     | -              | -          | -            | 3,667,873      | 3,914,421      |
| Revenue from services provided (note I)                                   | -              | 7,687,341             | -              | -          | (1,606,419)  | 6,080,922      | 7,236,702      |
| Insurance revenues  | -              | -                     | 4,560,394      | -          | (3,134,350)  | 1,426,044      | 414,812        |
| Sacramental offerings   | 5,658,617      | -                     | -              | -          | -            | 5,658,617      | 5,353,487      |
| Other revenues  | 24,746,593     | 140,250               | 26,594         | -          | (2,679,966)  | 22,233,471     | 25,948,601     |
| Revenue from and change in interest in net assets of a foundation         | -              | (580,386)             | -              | -          | -            | (580,386)      | -              |
| Net assets released from restrictions and reclassifications (note G)      | 3,804,403      | 3,347,025             | -              | 625,922    | -            | 7,777,350      | 13,012,100     |
| Total revenues and other support  | 315,775,409    | 32,088,215            | 5,005,571      | 625,922    | (8,507,159)  | 344,987,958    | 348,608,697    |
| <b>EXPENSES:</b>  |                |                       |                |            |              |                |                |
| Program:  |                |                       |                |            |              |                |                |
| Pastoral  | 172,799,533    | 6,995,223             | -              | 242,895    | (6,981,852)  | 173,055,799    | 161,736,986    |
| Education   | 129,602,674    | 2,711,361             | -              | 199,348    | (166,934)    | 132,346,449    | 127,567,437    |
| Ministerial   | 619,076        | 3,263,368             | -              | 116,303    | (110,213)    | 3,888,534      | 3,449,459      |
| Social  | 1,371,930      | 429,031               | -              | 67,219     | (1,640)      | 1,866,540      | 2,133,763      |
| Central and Regional services   | 722,256        | 3,546,122             | -              | -          | -            | 4,268,378      | 6,309,121      |
| Community relations   | 103,179        | 863,490               | -              | -          | -            | 966,669        | 909,270        |
| Auxiliary services  | 206,359        | 1,456,673             | -              | -          | -            | 1,663,032      | 1,744,880      |
| Cemetery  | 5,015,203      | -                     | -              | 157        | (157)        | 5,015,203      | 4,788,161      |
| Total program expenses  | 310,440,210    | 19,265,268            | -              | 625,922    | (7,260,796)  | 323,070,604    | 308,639,077    |
| Management and general  | 848,045        | 17,679,044            | 6,026,144      | -          | (5,751,414)  | 18,801,819     | 15,543,433     |
| Fundraising   | 7,566,200      | 3,000,000             | -              | -          | -            | 10,566,200     | 8,144,540      |
| Parish reconfiguration (note I)   | -              | 1,501,895             | -              | -          | (124,278)    | 1,377,617      | 1,785,383      |
| Total expenses  | 318,854,455    | 41,446,207            | 6,026,144      | 625,922    | (13,136,488) | 353,816,240    | 334,112,433    |
| Operating income  | (3,079,046)    | (9,357,992)           | (1,020,573)    | -          | 4,629,329    | (8,828,282)    | 14,496,264     |
| <b>NONOPERATING INCOME (LOSS):</b>  |                |                       |                |            |              |                |                |
| Contribution  | -              | -                     | -              | -          | -            | -              | -              |
| Net assets released from restrictions                                     | -              | 25,750,000            | -              | -          | -            | 25,750,000     | -              |
| Net realized and unrealized gain (loss) on investments                    | (856,820)      | (752,110)             | (1,667,167)    | -          | -            | (3,276,097)    | 4,283,168      |
| Gain on sale of administrative campus property                            | -              | 11,737,932            | -              | -          | -            | 11,737,932     | 7,865,070      |
| Gain on sale of other land and buildings (note I)                         | 22,679,523     | 4,899,899             | -              | -          | -            | 27,579,422     | 12,241,530     |
| Insurance and other recoveries (note I)                                   | 5,118,099      | 695,667               | 2,139,961      | -          | (5,118,099)  | 2,835,628      | 9,030,650      |
| Settlement and related expenses (note I)                                  | -              | (87,885)              | (3,156,032)    | -          | -            | (3,243,917)    | (1,579,582)    |
| Pension-related changes other than periodic pension costs                 | (452,000)      | -                     | -              | -          | -            | (452,000)      | -              |
| Nonoperating income (loss)  | 26,488,802     | 42,243,503            | (2,683,238)    | -          | (5,118,099)  | 60,930,968     | 31,840,836     |
| <b>CHANGE IN NET ASSETS BEFORE THE IMPACT OF ADOPTION OF SFAS NO. 158</b> |                |                       |                |            |              |                |                |
|   | 23,409,756     | 32,885,511            | (3,703,811)    | -          | (488,770)    | 52,102,686     | 46,337,100     |
| Impact of adoption of SFAS No. 158 (note H)                               | -              | -                     | -              | -          | -            | -              | 24,292,000     |
| <b>CHANGE IN NET ASSETS</b>   |                |                       |                |            |              |                |                |
|   | 23,409,756     | 32,885,511            | (3,703,811)    | -          | (488,770)    | 52,102,686     | 70,629,100     |
| Net assets at beginning of year   | 371,780,431    | 24,085,469            | 14,021,130     | -          | 3,400,123    | 413,287,153    | 344,675,005    |
| Net asset transfers to related organizations (note I)                     | 1,128,303      | (4,472,775)           | -              | -          | -            | (3,344,472)    | (2,016,952)    |
| Net assets at end of year   | \$ 396,318,490 | \$ 52,498,205         | \$ 10,317,319  | \$ -       | \$ 2,911,353 | \$ 462,045,367 | \$ 413,287,153 |



**THE ROMAN CATHOLIC ARCHBISHOP OF BOSTON,  
A CORPORATION SOLE**

Combining Statements of Activities - Temporarily Restricted

For the year ended June 30, 2008

(With summarized information for the year ended June 30, 2007)

|  | Parishes      | Central<br>Operations | Self-Insurance | Endowments   | Eliminations | 2008<br>Total | 2007<br>Total |
|--|---------------|-----------------------|----------------|--------------|--------------|---------------|---------------|
| <b>REVENUES AND OTHER SUPPORT:</b>                                   |               |                       |                |              |              |               |               |
| Collections  | \$ -          | \$ 1,702,072          | \$ -           | \$ -         | \$ -         | \$ 1,702,072  | \$ 1,745,729  |
| Collections - clergy benefits  | 5,448,837     | -                     | -              | -            | -            | 5,448,837     | 5,599,088     |
| Catholic Appeal  | -             | -                     | -              | -            | -            | -             | -             |
| Contributions, bequests and grants                                   | 5,376,650     | 2,456,286             | -              | -            | -            | 7,832,936     | 2,404,715     |
| Parish fundraiser events   | 3,353,787     | -                     | -              | -            | -            | 3,353,787     | -             |
| Tuition and fees   | -             | -                     | -              | -            | -            | -             | -             |
| Investment income  | 182,391       | 262,726               | -              | 653,399      | -            | 1,098,516     | 881,441       |
| Rental income  | -             | -                     | -              | -            | -            | -             | -             |
| Cemetery operations  | -             | -                     | -              | -            | -            | -             | -             |
| Revenue from services provided (note I)                              | -             | -                     | -              | -            | -            | -             | -             |
| Insurance revenues   | -             | -                     | -              | -            | -            | -             | -             |
| Sacramental offerings  | -             | -                     | -              | -            | -            | -             | -             |
| Other revenues   | -             | -                     | -              | -            | -            | -             | 17,416        |
| Revenue from and change in interest in net assets of a foundation    | (673,325)     | 1,436,302             | -              | -            | -            | 762,977       | (42,958)      |
| Net assets released from restrictions and reclassifications (note G) | (5,080,338)   | (3,347,025)           | -              | (625,922)    | -            | (9,053,285)   | (13,012,100)  |
| Total revenues and other support                                     | 8,608,002     | 2,510,361             | -              | 27,477       | -            | 11,145,840    | (2,406,669)   |
| Operating income   | 8,608,002     | 2,510,361             | -              | 27,477       | -            | 11,145,840    | (2,406,669)   |
| <b>NONOPERATING INCOME (LOSS):</b>                                   |               |                       |                |              |              |               |               |
| Contribution   | -             | 25,750,000            | -              | -            | -            | 25,750,000    | -             |
| Net assets released from restrictions                                | -             | (25,750,000)          | -              | -            | -            | (25,750,000)  | -             |
| Net realized and unrealized gain (loss) on investments               | (1,412,087)   | (269,332)             | -              | (1,626,109)  | -            | (3,307,528)   | 1,667,888     |
| Gain on sale of administrative campus property                       | -             | -                     | -              | -            | -            | -             | -             |
| Gain on sale of other land and buildings                             | -             | -                     | -              | -            | -            | -             | -             |
| Insurance and other recoveries                                       | -             | -                     | -              | -            | -            | -             | -             |
| Settlement and related expenses                                      | -             | -                     | -              | -            | -            | -             | -             |
| Pension-related changes other than periodic pension costs            | -             | -                     | -              | -            | -            | -             | -             |
| Nonoperating income (loss)   | (1,412,087)   | (269,332)             | -              | (1,626,109)  | -            | (3,307,528)   | 1,667,888     |
| <b>CHANGE IN NET ASSETS</b>  | 7,195,915     | 2,241,029             | -              | (1,598,632)  | -            | 7,838,312     | (738,781)     |
| Net assets at beginning of year                                      | 4,181,647     | 11,876,624            | -              | 3,776,589    | -            | 19,834,860    | 21,810,399    |
| Net asset transfers to related organizations (note I)                | -             | -                     | -              | -            | -            | -             | (1,236,758)   |
| Net assets at end of year  | \$ 11,377,562 | \$ 14,117,653         | \$ -           | \$ 2,177,957 | \$ -         | \$ 27,673,172 | \$ 19,834,860 |



**THE ROMAN CATHOLIC ARCHBISHOP OF BOSTON,  
A CORPORATION SOLE**

Combining Statements of Activities - Permanently Restricted

For the year ended June 30, 2008

(With summarized information for the year ended June 30, 2007)

|  | Parishes     | Central<br>Operations | Self-Insurance | Endowments    | Eliminations | 2008<br>Total | 2007<br>Total |
|--|--------------|-----------------------|----------------|---------------|--------------|---------------|---------------|
| <b>REVENUES AND OTHER SUPPORT:</b>                                   |              |                       |                |               |              |               |               |
| Collections  | \$ -         | \$ -                  | \$ -           | \$ -          | \$ -         | \$ -          | \$ -          |
| Collections - clergy benefits  | -            | -                     | -              | -             | -            | -             | -             |
| Catholic Appeal  | -            | -                     | -              | -             | -            | -             | -             |
| Contributions, bequests and grants                                   | 1,646,756    | 1,752,317             | -              | 366,704       | -            | 3,765,777     | 541,240       |
| Parish fundraiser events   | -            | -                     | -              | -             | -            | -             | -             |
| Tuition and fees   | -            | -                     | -              | -             | -            | -             | -             |
| Investment income  | -            | -                     | -              | -             | -            | -             | -             |
| Rental income  | -            | -                     | -              | -             | -            | -             | -             |
| Cemetery operations  | -            | -                     | -              | -             | -            | -             | -             |
| Revenue from services provided (note L)                              | -            | -                     | -              | -             | -            | -             | -             |
| Insurance revenues   | -            | -                     | -              | -             | -            | -             | -             |
| Sacramental offerings  | -            | -                     | -              | -             | -            | -             | -             |
| Other revenues   | -            | -                     | -              | -             | -            | -             | 3,936         |
| Revenue from and change in interest in net assets of a foundation    | 967,867      | 639,876               | -              | -             | -            | 1,607,743     | 1,226,509     |
| Net assets released from restrictions and reclassifications (note G) | 1,275,935    | -                     | -              | -             | -            | 1,275,935     | -             |
| Total revenues and other support                                     | 3,890,558    | 2,392,193             | -              | 366,704       | -            | 6,649,455     | 1,771,685     |
| Operating income   | 3,890,558    | 2,392,193             | -              | 366,704       | -            | 6,649,455     | 1,771,685     |
| <b>NONOPERATING INCOME:</b>  |              |                       |                |               |              |               |               |
| Net realized and unrealized gain (loss) on investments               | -            | -                     | -              | -             | -            | -             | -             |
| Gain on sale of administrative campus property                       | -            | -                     | -              | -             | -            | -             | -             |
| Gain on sale of other land and buildings                             | -            | -                     | -              | -             | -            | -             | -             |
| Insurance and other recoveries                                       | -            | -                     | -              | -             | -            | -             | -             |
| Settlement and related expenses                                      | -            | -                     | -              | -             | -            | -             | -             |
| Pension-related changes other than periodic pension costs            | -            | -                     | -              | -             | -            | -             | -             |
| Nonoperating income (loss)   | -            | -                     | -              | -             | -            | -             | -             |
| <b>CHANGE IN NET ASSETS</b>  | 3,890,558    | 2,392,193             | -              | 366,704       | -            | 6,649,455     | 1,771,685     |
| Net assets at beginning of year                                      | 4,531,480    | 6,751,303             | -              | 12,273,421    | -            | 23,556,204    | 22,784,519    |
| Net asset transfers to related organizations (note L)                | -            | -                     | -              | -             | -            | -             | (1,000,000)   |
| Net assets at end of year  | \$ 8,422,038 | \$ 9,143,496          | \$ -           | \$ 12,640,125 | \$ -         | \$ 30,205,659 | \$ 23,556,204 |



## CORPORATION SOLE'S COMPENSATION AND VENDOR DISCLOSURE

| <b>COMPENSATION SCHEDULES</b>                       |  |                     |   |
|---|--|---------------------|---|
| <b>CURRENT CABINET COMPENSATION</b>                 |  |                     |   |
| <b>EMPLOYEE</b>                                     | <b>TITLE</b>   | <b>COMPENSATION</b> | <b>NOTES</b>  |
| His Eminence Seán P. Cardinal O'Malley, O.F.M. Cap. | Archbishop of Boston                                       | \$ 33,800           | Paid to Capuchin Priests and Brothers                 |
| Very Reverend Richard M. Erikson, Ph.D, VG          | Vicar General & Moderator of the Curia                     | \$ 32,300           |   |
| Most Reverend Emilio S. Allue, SDB                  | Auxiliary Bishop & Vicar for Hispanic Apostolate           | \$ 34,200           |   |
| Sister Marian Batho, CJS                            | Delegate for Religious                                     | \$ 49,608           | Paid to Sisters of St. Joseph                         |
| Janet P. Benestad                                   | Secretary for Faith Formation & Evangelization             | \$150,000           |   |
| Sister Clare Bertero, OSF                           | Special Assistant to the Archbishop                        | \$ 45,609           | Paid to The Franciscan Sisters                        |
| Most Reverend John P. Boles                         | Auxiliary Bishop Emeritus                                  | \$ 27,000           |   |
| Reverend John J. Connolly, Jr.                      | Special Assistant to the Archbishop                        | \$ 31,400           |   |
| Very Reverend Arthur M. Coyle, V. E.                | Episcopal Vicar for the Merrimack Region                   | \$ 34,000           |   |
| Terrence Donilon                                    | Secretary for Communications                               | \$166,304           |   |
| Most Reverend John A. Dooher                        | Regional Bishop - South Region                             | \$ 33,900           |   |
| Most Reverend Walter J. Edyvean                     | Regional Bishop - West Region                              | \$ 34,400           |   |
| Very Reverend Thomas S. Foley                       | Episcopal Vicar & Secretary for Parish Life and Leadership | \$ 32,200           |   |
| Reverend J. Bryan Hehir                             | Secretary for Health & Social Services                     | \$ 0                | Paid as a member of the faculty of Harvard University |
| Most Reverend Robert F. Hennessey                   | Regional Bishop - Central Region                           | \$ 33,000           |   |
| Most Reverend Francis X. Irwin                      | Regional Bishop - North Region                             | \$ 34,800           |   |
| Reverend Arthur L. Kennedy                          | Rector, St. John's Seminary                                | \$ 34,200           | Salary paid by St. John's Seminary                    |
| Reverend Robert T. Kickham                          | Chief Secretary to the Archbishop                          | \$ 31,100           |   |



## CORPORATION SOLE'S COMPENSATION AND VENDOR DISCLOSURE

| CURRENT CABINET COMPENSATION - CONTINUED             |   |               |  |
|--|---|---------------|--|
| EMPLOYEE   | TITLE   | COMPENSA-TION | NOTES                                      |
| Scot Landry  | Secretary for Institutional Development                       | \$250,000     |  |
| F. Beirne Lovely, Jr.                                | General Counsel   | \$300,000     |  |
| James P McDonough                                    | Secretary for Financial & Administrative Services, Chancellor | \$250,000     |  |
| Very Reverend Mark O'Connell                         | Judicial Vicar  | \$ 31,800     |  |
| Mary Grassa O'Neill                                  | Secretary for Education                                       | \$325,000     |  |
| Br. James M. Peterson, O.F.M. Cap.                   | Assistant to the Moderator of the Curia, Canonical Affairs    | \$ 45,609     | Paid to Capuchin Priests and Brothers      |
| Very Reverend Peter J. Uglietto                      | Rector, Blessed John XXIII National Seminary                  | \$ 33,100     | Salary paid by Blessed John XXIII Seminary |
|  |   |               |  |
| TOP FIVE EMPLOYEES COMPENSATION FOR FISCAL YEAR 2008 |   |               |  |
| EMPLOYEE   | TITLE   | COMPENSA-TION | NOTES                                      |
| J. McDonough   | Secretary for Financial & Administrative Services, Chancellor | \$ 250,000    | Cabinet Secretary                          |
| S. Landry  | Secretary for Institutional Development                       | \$ 250,000    | Cabinet Secretary                          |
| T. McGonagle   | Director of Finance   | \$ 178,825    |  |
| T. Donilon   | Secretary for Communications                                  | \$ 166,304    | Cabinet Secretary                          |
| J. Walsh   | Associate Superintendent of Catholic Schools                  | \$ 163,650    |  |



## CORPORATION SOLE'S COMPENSATION AND VENDOR DISCLOSURE

| <b>TEN HIGHEST PAID VENDORS FOR FISCAL YEAR 2008</b> |               |
|--|---------------|
| <b>VENDOR</b>  | <b>AMOUNT</b> |
| Suffolk Construction                                 | \$ 4,010,598  |
| Well Fargo Insurance Services (Note 1)               | \$ 3,820,544  |
| Folan Waterproofing & Construction                   | \$ 2,902,932  |
| TLT Construction Corp.                               | \$ 2,902,894  |
| R.A.D. Construction Corp.                            | \$ 2,159,693  |
| Marsh USA, Inc. (Note 1)                             | \$ 2,119,579  |
| Santini Construction Inc.                            | \$ 2,111,717  |
| Ropes & Gray LLP                                     | \$ 1,557,165  |
| Auburn Construction                                  | \$ 1,551,152  |
| Themeli Builders, Inc.                               | \$ 1,337,153  |

**Note 1**

Well Fargo Insurance Services and Marsh USA, Inc. are insurance brokers and risk management consultants. The above disbursements include insurance premiums disbursed to insurers.





## **FISCAL YEAR 2008 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 fiscal year 2008.

### **SEXUAL ABUSE SETTLEMENTS AND RELATED COSTS**

Sexual Abuse Settlements. During fiscal year 2008, the total amount expended by the Archdiocese to settle claims arising from sexual abuse was \$5,475,368. This represented a total of 55 settlements.

Costs for Pastoral Response and Abuse Prevention and Training. In fiscal year 2008, the Archdiocese expended \$2,794,306 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 weekly 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 2008, the program funded therapy for 308 individuals, at a cost of \$1,353,311.

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 \$1,736,357 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 (\$5,475,368) as well as the total of other costs incurred by the Archdiocese related to the sexual abuse claims (\$4,530,663), the Archdiocese expended a total of \$10,060,031 during the fiscal year 2008.

## **SOURCES OF FUNDS**

The Archdiocese has funded the settlements and other costs related to the sexual abuse claims in fiscal 2008 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 2008, the Archdiocese received \$1,603,822 of recoveries from two insurance companies that was fully used to fund settlements.

Self-Insurance A self-insurance fund, established by the Archdiocese to respond to abuse settlements, funded \$484,454 in settlements and related expenses. Additionally, \$1,876,400 of funding was provided 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 2008, the Archdiocese used \$6,041,355 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**

While this report expresses the reality of the financial costs associated with clergy sexual abuse in the Archdiocese of Boston, no amount of money can assuage the pain of betrayed trust experienced by so many. Encouraged by the words of Pope Benedict XVI during his visit in April 2008, we continue to be committed to assisting survivors and their families in their process of recovery.



## **COMPENDIUM OF AUDITED FINANCIAL STATEMENTS OF CORPORATION SOLE RELATED ORGANIZATIONS**

*For a complete description of the related organizations and their audited financial statements, please visit our [website](http://www.bostoncatholic.org) at <http://www.bostoncatholic.org> and click on the Offices & Services tab and click on Finance, listed alphabetically. Thank you.*

### **LISTING OF RELATED ORGANIZATIONS**

#### **CEMETERIES**

Catholic Cemetery Association of the Archdiocese of Boston, Inc. (The)

#### **COMMUNITY RELATIONS**

Boston Catholic Television Center, Inc.  
Massachusetts Catholic Conference, Inc.

#### **EDUCATION**

Archbishop Williams High School, Inc.  
Archdiocesan Central High Schools, Inc.  
Bishop Fenwick High School, Inc.  
Cardinal Spellman High School, Inc.  
Cathedral High School, Inc.  
Lowell Catholic High School, Inc.  
Marion High School, Inc.  
Matignon High School, Inc.  
Mother Caroline Academy for Girls  
North Cambridge Catholic Corporate Work Study Program, Inc.  
North Cambridge Catholic High School, Inc.  
Pope John Paul II Catholic Academy, Inc.  
Pope John XXIII High School  
St. Columbkille School, Inc.  
St. Mary's High School  
St. Sebastian's School, Inc.  
St. Sebastian's School Fund, Inc.  
Trinity Catholic Academy, Inc.



## **LISTING OF RELATED ORGANIZATIONS**

### **DEVELOPMENT**

Catholic Foundation of the Archdiocese of Boston, Inc. (The)  
Catholic School Foundation, Inc.  
Church of St. Charles Borromeo Educational Foundation  
Development of Marian Education  
Marian High School Support Fund, Inc. (The)  
Fund for Catholic Schools, Inc. (The)  
St. Mary's High School Foundation, Inc.

### **HEALTHCARE**

Caritas Christi  
Franciscan Hospital for Children, Inc.  
St. Mary's Women and Children's Center, Inc.

### **HEALTH, RETIREMENT & INVESTMENT TRUSTS**

Archdiocese of Boston Clergy Benefit Trust  
Archdiocese of Boston Clergy Retirement / Disability Trust  
Archdiocese of Boston Clergy Medical / Hospitalization Trust  
Benefit Trust for non-Incardinated Priests Duly Assigned for Service in the Archdiocese of Boston  
Caritas Christi Retirement Plan and Trust  
Common Investment Fund, Roman Catholic Archbishop of Boston  
Fixed Income Investment Fund, RCAB  
Massachusetts Catholic Self-Insurance Group, Inc.  
RCAB Collective Investment Partnership  
Roman Catholic Archdiocese of Boston Health Benefit Trust  
Roman Catholic Archdiocese of Boston Life Insurance and Accidental Death, Dismemberment & Long-Term Disability Insurance Trust  
Pension Plan & Trust of the Roman Catholic Archdiocese of Boston  
Roman Catholic Archdiocese of Boston Transition Assistance Program Trust



## **LISTING OF RELATED ORGANIZATIONS**

### **MINISTERIAL**

Blessed John XXIII National Seminary, Inc.  
St. John's Seminary  
Regina Cleri, Inc.  
Missionary Society of St. James the Apostle (The)

### **OTHER**

Catholic Action League of Massachusetts, Inc. (The)  
Columbia Road Community Development Corporation, Inc.  
Cushing Hall, Inc.  
Massachusetts Catholic Woman's Guild  
Propagation of the Faith of Boston, Inc. (The)  
West Broadway Community Development Corporation, Inc.

### **SOCIAL SERVICE**

Catholic Charitable Bureau of the Archdiocese of Boston, Inc.  
Catholic Social Services, Inc.  
Life Resources, Inc.  
Office of Outreach, Assistance, Education and Prevention of the Archdiocese of Boston, Inc. (The)  
Planning Office for Urban Affairs, Inc.  
St. Ann's Home, Inc.  
St. Francis Charities, Inc.



## COMPENDIUM OF FINANCIAL REPORTS OF CORPORATION SOLE PARISHES

*For financial reports of the parishes of the Archdiocese of Boston, please visit our [website](http://www.bostoncatholic.org) at <http://www.bostoncatholic.org> and click on the Offices & Services tab and click on Finance, listed alphabetically. Thank you.*

### PARISHES OF THE ARCHDIOCESE OF BOSTON

| <u>CITY/TOWN</u> | <u>PARISH</u>                        |
|------------------|--------------------------------------|
| Abington         | Saint Bridget Parish                 |
| Allston          | Saint Anthony Parish                 |
| Amesbury         | Holy Family Parish                   |
| Andover          | Saint Augustine Parish               |
| Andover          | Saint Robert Bellarmine Parish       |
| Arlington        | Saint Agnes Parish                   |
| Arlington        | Saint Camillus Parish                |
| Ashland          | Saint Cecilia Parish                 |
| Auburndale       | Corpus Christi - St. Bernard         |
| Avon             | Saint Michael Parish                 |
| Ayer             | Saint Mary Parish                    |
| Bedford          | Saint Michael Parish                 |
| Bellingham       | Saint Brendan Parish                 |
| Bellingham       | Saint Blaise Parish                  |
| Belmont          | Saint Joseph Parish                  |
| Belmont          | Saint Luke Parish                    |
| Beverly          | Saint Mary Star of the Sea Parish    |
| Beverly Farms    | Saint Margaret Parish                |
| Billerica        | Saint Mary Parish                    |
| Billerica        | Saint Theresa of Lisieux Parish      |
| Boston           | Cathedral of the Holy Cross Parish   |
| Boston           | Saint Cecilia Parish                 |
| Boston           | Saint James the Greater Parish       |
| Boston           | Saint Leonard of Port Maurice Parish |
| Boston           | Our Lady of Victories Parish         |
| Boston           | Saint Joseph Parish                  |
| Bradford         | Sacred Hearts Parish                 |
| Braintree        | Saint Clare Parish                   |
| Braintree        | Saint Francis of Assisi Parish       |
| Braintree        | Saint Thomas More Parish             |



## PARISHES OF THE ARCHDIOCESE OF BOSTON

| <u>CITY/TOWN</u> | <u>PARISH</u>                         |
|------------------|---------------------------------------|
| Bridgewater      | Saint Thomas Aquinas Parish           |
| Brighton         | Saint Columbkille Parish              |
| Brockton         | Our Lady of Lourdes Parish            |
| Brockton         | Saint Patrick Parish                  |
| Brockton         | Saint Edith Stein Parish              |
| Brockton         | Christ the King Parish                |
| Brookline        | Saint Mary of the Assumption Parish   |
| Burlington       | Saint Margaret Parish                 |
| Burlington       | Saint Malachy Parish                  |
| Cambridge        | Saint Anthony Parish                  |
| Cambridge        | Saint Francis of Assisi Parish        |
| Cambridge        | Saint John the Evangelist Parish      |
| Cambridge        | Saint Mary of Annunciation Parish     |
| Cambridge        | Saint Paul Parish                     |
| Cambridge        | Saint Peter Parish                    |
| Cambridge        | Sacred Heart of Jesus Parish          |
| Canton           | Saint Gerard Majella Parish           |
| Canton           | Saint John the Evangelist Parish      |
| Carlisle         | Saint Irene Parish                    |
| Carver           | Our Lady of Lourdes Parish            |
| Charlestown      | Saint Francis de Sales Parish         |
| Charlestown      | St Mary - St Catherine                |
| Chelmsford       | Saint Mary Parish                     |
| Chelsea          | Our Lady of Grace Parish              |
| Chelsea          | Saint Rose of Lima Parish             |
| Chelsea          | Saint Stanislaus Parish               |
| Cochituate       | Saint Zepherin Parish                 |
| Cohasset         | Saint Anthony Parish                  |
| Concord          | Holy Family Parish                    |
| Danvers          | Saint Mary of the Annunciation Parish |
| Danvers          | Saint Richard of Chichester Parish    |
| Dedham           | Saint Mary Parish                     |
| Dedham           | Saint Susanna Parish                  |
| Dorchester       | Saint Ambrose Parish                  |
| Dorchester       | Saint Ann Parish                      |
| Dorchester       | Saint Brendan Parish                  |
| Dorchester       | Saint Christopher Parish              |
| Dorchester       | Saint Gregory Parish                  |
| Dorchester       | Saint Mark Parish                     |
| Dorchester       | Saint Matthew Parish                  |
| Dorchester       | Holy Family Parish                    |



## PARISHES OF THE ARCHDIOCESE OF BOSTON

| <u>CITY/TOWN</u> | <u>PARISH</u>                            |
|------------------|--|
| Dorchester       | Saint Peter Parish                       |
| Dorchester       | Blessed Mother Teresa of Calcutta Parish |
| Dover            | Most Precious Blood Parish               |
| Dracut           | Saint Francis of Assisi Parish           |
| Dracut           | Saint Marguerite D'Youville Parish       |
| Duxbury          | Holy Family Parish                       |
| E Bridgewater    | Saint John Parish                        |
| East Boston      | Saint Joseph - St Lazarus Parish         |
| East Boston      | Most Holy Redeemer Parish                |
| East Boston      | Our Lady of the Assumption Parish        |
| East Boston      | Sacred Heart Parish                      |
| East Walpole     | Saint Mary Parish                        |
| East Weymouth    | Saint Albert the Great Parish            |
| East Weymouth    | Immaculate Conception Parish             |
| Essex            | Saint John the Baptist Parish            |
| Everett          | Saint Anthony of Padua Parish            |
| Everett          | Immaculate Conception Parish             |
| Foxboro          | Saint Mary Parish                        |
| Framingham       | Saint Bridget Parish                     |
| Framingham       | Saint Stephen Parish                     |
| Framingham       | Saint Tarcisius Parish                   |
| Franklin         | Saint Mary Parish                        |
| Georgetown       | St. Mary Parish                          |
| Gloucester       | Our Lady of Good Voyage Parish           |
| Gloucester       | Holy Family Parish                       |
| Green Harbor     | Our Lady of the Assumption Parish        |
| Groton           | Sacred Heart - Saint James Parish        |
| Hanover          | Saint Mary Sacred Heart Parish           |
| Hanson           | Saint Joseph the Worker Parish           |
| Haverhill        | Saint James Parish                       |
| Haverhill        | Saint John the Baptist Parish            |
| Haverhill        | All Saints Parish                        |
| Hingham          | Saint Paul Parish                        |
| Hingham          | Resurrection Parish                      |
| Holbrook         | Saint Joseph Parish                      |
| Holliston        | Saint Mary Parish                        |
| Hopkinton        | Saint John the Evangelist Parish         |
| Hudson           | Saint Michael Parish                     |
| Hull             | Saint Mary of the Assumption Parish      |
| Hyde Park        | Saint Adalbert Parish                    |
| Hyde Park        | Most Precious Blood Parish               |





## PARISHES OF THE ARCHDIOCESE OF BOSTON

| <u>CITY/TOWN</u>      | <u>PARISH</u>                       |
|-----------------------|-------------------------------------|
| Ipswich               | Our Lady of Hope Parish             |
| Jamaica Plain         | Our Lady of Lourdes Parish          |
| Jamaica Plain         | Saint Thomas Aquinas Parish         |
| Kingston              | Saint Joseph Parish                 |
| Lakeville             | Saints Martha and Mary Parish       |
| Lawrence              | Saint Patrick Parish                |
| Lawrence              | Saint Mary of the Assumption Parish |
| Lawrence              | Corpus Christi Parish               |
| Lexington             | Saint Brigid Parish                 |
| Lexington             | Sacred Heart Parish                 |
| Littleton             | Saint Anne Parish                   |
| Lowell                | Saint Anthony Parish                |
| Lowell                | Holy Trinity Parish                 |
| Lowell                | Immaculate Conception Parish        |
| Lowell                | Saint Margaret Parish               |
| Lowell                | Holy Family Parish                  |
| Lowell                | Saint Michael Parish                |
| Lowell                | Saint Patrick Parish                |
| Lowell                | Saint Rita Parish                   |
| Lynn                  | Holy Family Parish                  |
| Lynn                  | Saint Joseph Parish                 |
| Lynn                  | Saint Mary Parish                   |
| Lynn                  | Saint Pius V Parish                 |
| Lynnfield             | Saint Maria Goretti Parish          |
| Lynnfield             | Our Lady of the Assumption Parish   |
| Malden                | Immaculate Conception Parish        |
| Malden                | Saint Joseph Parish                 |
| Malden                | Sacred Hearts Parish                |
| Manchester-by-the-Sea | Sacred Heart Parish                 |
| Manomet               | Saint Bonaventure Parish            |
| Marblehead            | Our Lady Star of the Sea Parish     |
| Marlboro              | Immaculate Conception Parish        |
| Marlboro              | Saint Matthias Parish               |
| Marshfield            | Saint Ann By the Sea Parish         |
| Marshfield            | Saint Christine Parish              |
| Mattapan              | Saint Angela Merici Parish          |
| Maynard               | Saint Bridget Parish                |
| Medfield              | Saint Edward the Confessor Parish   |
| Medford               | Saint Francis of Assisi Parish      |
| Medford               | Saint Joseph Parish                 |
| Medford               | Saint Raphael Parish                |



## PARISHES OF THE ARCHDIOCESE OF BOSTON

| <u>CITY/TOWN</u>   | <u>PARISH</u>                         |
|--------------------|---------------------------------------|
| Medford            | Saint Clement Parish                  |
| Medway             | Saint Joseph Parish                   |
| Melrose            | Incarnation Parish                    |
| Melrose            | Saint Mary of the Annunciation Parish |
| Merrimac           | Holy Redeemer Parish                  |
| Methuen            | Our Lady of Good Counsel Parish       |
| Methuen            | Saint Lucy Parish                     |
| Methuen            | Saint Monica Parish                   |
| Middleboro         | Sacred Heart Parish                   |
| Middleton          | Saint Agnes Parish                    |
| Millis             | Saint Thomas the Apostle Parish       |
| Milton             | Saint Agatha Parish                   |
| Milton             | Saint Elizabeth Parish                |
| Milton             | Saint Mary of the Hills Parish        |
| Milton             | Saint Pius Tenth Parish               |
| Monponsett         | Our Lady of the Lake Parish           |
| Nahant             | Saint Thomas Aquinas Parish           |
| Natick             | Saint Linus Parish                    |
| Natick             | Saint Patrick Parish                  |
| Needham            | Saint Bartholomew Parish              |
| Needham            | Saint Joseph Parish                   |
| Newburyport        | Immaculate Conception Parish          |
| Newton             | Saint Ignatius Loyola Parish          |
| Newton             | Our Lady Help of Christians Parish    |
| Newton             | Sacred Heart Parish                   |
| Newton Upper Falls | Mary Immaculate of Lourdes Parish     |
| No Pembroke        | Saint Thecla Parish                   |
| Norfolk            | Saint Jude Parish                     |
| North Andover      | Saint Michael Parish                  |
| North Beverly      | Saint John the Evangelist Parish      |
| North Billerica    | Saint Andrew Parish                   |
| North Chelmsford   | Saint John the Evangelist Parish      |
| North Reading      | Saint Theresa Parish                  |
| North Weymouth     | Saint Jerome Parish                   |
| Norwell            | Saint Helen Parish                    |
| Norwood            | Saint Catherine of Siena Parish       |
| Norwood            | Saint Timothy Parish                  |
| Peabody            | Saint Adelaide Parish                 |
| Peabody            | Saint Ann Parish                      |
| Peabody            | Saint John the Baptist Parish         |
| Peabody            | Saint Thomas the Apostle Parish       |



## PARISHES OF THE ARCHDIOCESE OF BOSTON

| <u>CITY/TOWN</u> | <u>PARISH</u>                       |
|------------------|-------------------------------------|
| Peabody          | Our Lady of Fatima Parish           |
| Pepperell        | Saint Joseph Parish                 |
| Plainville       | Saint Martha Parish                 |
| Plymouth         | Saint Mary Parish                   |
| Plymouth         | Saint Peter Parish                  |
| Plymouth         | Blessed Kateri Tekakwitha Parish    |
| Point Shirley    | Holy Rosary Parish                  |
| Quincy           | Saint John the Baptist Parish       |
| Quincy           | Saint Joseph Parish                 |
| Quincy           | Sacred Heart Parish                 |
| Quincy           | Holy Trinity Parish                 |
| Randolph         | Saint Bernadette Parish             |
| Randolph         | Saint Mary Parish                   |
| Reading          | Saint Agnes Parish                  |
| Reading          | Saint Athanasius Parish             |
| Readville        | Saint Anne Parish                   |
| Revere           | Immaculate Conception Parish        |
| Revere           | Saint Mary of the Assumption Parish |
| Revere           | Saint Anthony of Padua Parish       |
| Rockland         | Holy Family Parish                  |
| Roslindale       | Sacred Heart Parish                 |
| Roxbury          | Saint Mary of the Angels Parish     |
| Roxbury          | Our Lady of Perpetual Help Parish   |
| Roxbury          | Saint Patrick Parish                |
| Roxbury          | St. Katharine Drexel Parish         |
| Salem            | Saint Anne Parish                   |
| Salem            | Immaculate Conception Parish        |
| Salem            | Saint James Parish                  |
| Salem            | Saint John the Baptist Parish       |
| Salisbury        | Star of the Sea Parish              |
| Saugus           | Blessed Sacrament Parish            |
| Saugus           | Saint Margaret Parish               |
| Saxonville       | Saint George Parish                 |
| Scituate         | Saint Mary of the Nativity Parish   |
| Sharon           | Our Lady of Sorrows Parish          |
| Sherborn         | Saint Theresa Parish                |
| Shirley          | Saint Anthony Parish                |
| Somerville       | Saint Ann Parish                    |
| Somerville       | Saint Anthony Parish                |
| Somerville       | Saint Benedict Parish               |
| Somerville       | Saint Catherine of Genoa Parish     |



## PARISHES OF THE ARCHDIOCESE OF BOSTON

| <u>CITY/TOWN</u> | <u>PARISH</u>                          |
|------------------|--|
| Somerville       | Patronage of Saint Joseph Parish       |
| South Boston     | Saint Brigid Parish                    |
| South Boston     | Gate of Heaven Parish                  |
| South Boston     | Saint Monica-St Augustine Parish       |
| South Boston     | Our Lady of Czestochowa Parish         |
| South Boston     | Saint Peter Parish                     |
| South Boston     | Saint Vincent De Paul Parish           |
| South Hamilton   | Saint Paul Parish                      |
| South Weymouth   | Saint Francis Xavier Parish            |
| Stoneham         | Saint Patrick Parish                   |
| Stoughton        | Immaculate Conception Parish           |
| Stoughton        | Saint James Parish                     |
| Stow             | Saint Isidore Parish                   |
| Sudbury          | Saint Anselm Parish                    |
| Sudbury          | Our Lady of Fatima Parish              |
| Swampscott       | Saint John the Evangelist Parish       |
| Tewksbury        | Saint William Parish                   |
| Topsfield        | Saint Rose of Lima Parish              |
| Townsend         | Saint John the Evangelist Parish       |
| Tyngsboro        | Saint Mary Magdalen Parish             |
| Wakefield        | Saint Florence Parish                  |
| Wakefield        | Saint Joseph Parish                    |
| Wakefield        | Most Blessed Sacrament Parish          |
| Walpole          | Blessed Sacrament Parish               |
| Waltham          | Saint Charles Borromeo Parish          |
| Waltham          | Saint Jude Parish                      |
| Waltham          | Saint Mary Parish                      |
| Waltham          | Our Lady Comforter of Afflicted Parish |
| Waltham          | Sacred Heart Parish                    |
| Watertown        | Saint Patrick Parish                   |
| Watertown        | Sacred Heart Parish                    |
| Wayland          | Saint Ann Parish                       |
| Wellesley        | Saint Paul Parish                      |
| Wellesley Hills  | Saint John the Evangelist Parish       |
| West Acton       | Saint Elizabeth of Hungary Parish      |
| West Bridgewater | Saint Ann Parish                       |
| West Lynn        | Sacred Heart Parish                    |
| West Quincy      | Saint Mary Parish                      |
| West Roxbury     | Holy Name Parish                       |
| West Roxbury     | Saint John Chrysostom Parish           |
| West Roxbury     | Saint Theresa of Avila Parish          |



## PARISHES OF THE ARCHDIOCESE OF BOSTON

| <u>CITY/TOWN</u> | <u>PARISH</u>                        |
|------------------|--------------------------------------|
| Westford         | Saint Catherine of Alexandria Parish |
| Weston           | Saint Julia Parish                   |
| Westwood         | Saint Denis Parish                   |
| Westwood         | Saint Margaret Mary Parish           |
| Weymouth         | Sacred Heart Parish                  |
| Whitman          | Holy Ghost Parish                    |
| Wilmington       | Saint Dorothy Parish                 |
| Wilmington       | Saint Thomas of Villanova Parish     |
| Winchester       | Saint Eulalia Parish                 |
| Winchester       | Saint Mary Parish                    |
| Winthrop         | Saint John the Evangelist Parish     |
| Woburn           | Saint Anthony of Padua Parish        |
| Woburn           | Saint Barbara Parish                 |
| Woburn           | Saint Charles Borromeo Parish        |
| Woburn           | Saint Joseph Parish                  |
| Wollaston        | Saint Ann Parish                     |
| Wrentham         | Saint Mary Parish                    |



## FINANCE COUNCIL AND COMMITTEE MEMBERS

*We are blessed by numerous lay individuals who give of their time and talent who serve on the Finance Council and its related Committees. These professionals selflessly give of their expertise in finance, law, real estate, investments, and many other areas to assist Cardinal Seán in his mission to stabilize the Archdiocese of Boston and to ensure best practices. Included here is a full listing of these individuals and the committees on which they serve.*

### Finance Council Members

His Eminence Seán P. Cardinal O'Malley, OFM, Cap., Chair  
Very Rev. Richard M. Erikson, Ph.D., VG  
Mr. John Kaneb, Vice Chair  
Mr. John J. Connors, Jr.  
Mr. William F. McCall, Jr.  
Mr. John H. McCarthy, CPA  
Robert J. Morrissey, Esquire  
Paul W. Sandman, Esquire  
Sister Joan Duffy, C.S.J.  
Mr. James P. McDonough  
Mr. Peter S. Lynch  
Mr. Sean P. McGrath  
Ms. Mary Ryan  
Mr. John A. McNeice  
Mr. James Mooney, Jr.  
Mr. Giles Mosher, Jr.

### Audit Committee Members

Mr. John H. McCarthy, CPA, Chair  
Msgr. William P. Fay  
Mr. Paul Hanley, CPA  
Ms. Mary Ryan  
Mr. George Massaro, CPA

### Institutional Advancement Committee

Mr. John J. Connors, Jr., Chair  
Mr. James F. Mooney, Jr.



### **Investment Committee**

Robert J. Morrissey, Esquire, Chair  
Deacon Charles Clough, Jr.  
Mr. Gerald Curtis  
Mr. Peter S. Lynch  
Mr. James J. Mahoney, Jr.  
Mr. Thomas M. O'Neil  
Mr. Thomas C. Stakem, Jr.

### **Legal Committee**

Paul W. Sandman, Esquire, Chair  
Francis C. Morrissey, Esquire  
Brother James M. Peterson, OFM., Cap.

### **Real Estate Committee**

Mr. William F. McCall, Jr., Chair  
Ms. Marci Griffith-Loeber  
Frances X. Hogan, Esquire  
Mr. Sean P. McGrath

### **Steering Committee**

Mr. John Kaneb, Chair  
Mr. John J. Connors, Jr.  
Mr. William F. McCall, Jr.  
Mr. John H. McCarthy, CPA  
Robert J. Morrissey, Esquire





**SECOND AMENDED  
CHARTER  
OF THE ARCHDIOCESE OF BOSTON  
FINANCE COUNCIL**

**FEBRUARY 12, 2009**

**Article I. *Name***

The name of this body shall be the Archdiocese of Boston Finance Council, also referred to as the Archdiocesan Finance Council.

**Article II. *Purpose***

The Archdiocese of Boston Finance Council is one of the three major councils of the Archdiocese, along with the Pastoral Council and the Presbyteral Council. It is a required canonical body, established by the Archbishop for the purpose of advising and assisting him in financial matters in accord with the norms of canon law. The Finance Council is responsible for (i) advising the Archbishop on the development and implementation of strategies designed to assure the financial soundness of the Archdiocese, (ii) overseeing (but not managing) Archdiocesan financial operations and condition, and (iii) assisting the Archbishop in achieving openness and transparency in Archdiocesan financial reporting. Consistent with these responsibilities, the Finance Council will make specific recommendations to the Archbishop on policies, procedures and actions, and will monitor the implementation of recommendations that have been accepted by the Archbishop. The Archbishop will fully inform the Finance Council on matters on which it is to vote, to oversee or to provide consultation under this Charter. The Archbishop will also seek the approval of the Finance Council on matters on which its vote is required by this Charter, and will seek the counsel or oversight of the Finance Council on those matters on which they are to be provided under this Charter.

**Article III. *Responsibilities***

The specific responsibilities of the Finance Council include:

- A. To oversee Archdiocesan long-term financial planning and the financial aspects of strategic planning;
- B. To approve, by June 30 of each year, the annual Archdiocesan budget of the income and expenditures which are foreseen for the entire governance of the Archdiocese in the next succeeding fiscal year;
- C. To oversee the financial performance relative to the budget on a regular basis;



- D. To recommend to the Archbishop the appointment of the external auditor, to review and accept the annual audited financial report, to ensure public access to the report, and to monitor recommendations made by the auditors;
- E. To oversee and provide consultation on the appointment, performance or removal of the Chancellor, who shall be the finance officer of the Archdiocese;
- F. To oversee and provide consultation on employee compensation and benefits policies, including retirement programs;
- G. To oversee and provide consultation on property and construction management;
- H. To oversee and provide consultation on institutional advancement activities;
- I. To oversee and provide consultation on any new diocesan tax or assessment;
- J. To oversee and provide consultation on more important acts of administration as defined by canon law and Archdiocesan policy, including: (1) alienations of Archdiocesan property or transactions that can worsen the patrimonial condition of the Archdiocese, including debts and other obligations or payments by a third party on behalf of the Archdiocese, over \$750,000 and up to \$1,095,000\*; (2) the lease of ecclesiastical goods owned by the Archdiocese when the market value of the goods exceeds \$400,000; (3) actual or threatened legal proceedings involving financial exposure in excess of \$50,000; (4) payments made as a result of actual or threatened legal proceedings, including settlements or payments by a third party on behalf of the Archdiocese, exceeding \$50,000; and (5) allegations of financial impropriety or moral turpitude against an employee, priest or religious of the Archdiocese;
- K. To oversee and provide consultation on a regular basis with respect to finance policies and procedures, including those relating to asset preservation, gift acceptance, investment of endowed and other funds, compliance with endowment obligations and restrictions on gifts, cash management, asset sales and debt financing, and to monitor compliance with such policies;
- L. To receive periodic reports on the status of issues arising from the Conflict of Interest Policy;
- M. To oversee and provide consultation on a mechanism for the confidential reporting by employees and other parties of questionable or unethical practices;
- N. To provide open access to the Chancellor to seek advice and input;
- O. To vote on: (1) acts of extraordinary administration as defined by canon law, the United States Conference of Catholic Bishops and Archdiocesan policy, (2) alienations of Archdiocesan property or transactions that can worsen the patrimonial condition of the Archdiocese, including debts and other obligations or payments by a third party on behalf of the Archdiocese, over \$1,095,000\*; (3) alienations by public juridic persons subject to the Archbishop over \$27,373\* or 5% of the ordinary annual income of the Archdiocese for the prior year, whichever is greater; and (4) leasing of ecclesiastical goods owned by the Archdiocese when the market value of the leased property exceeds \$1,000,000 or the term of the lease is three years or longer;
- P. To oversee and provide consultation on procedures for establishing fiscal accountability and responsibility on the part of parishes and other Archdiocesan entities;
- Q. To oversee and provide consultation on procedures for maintaining effective and secure information technology and the confidentiality of sensitive information;
- R. To oversee and provide consultation on risk management and insurance coverage issues related to the Archdiocese;



- S. To oversee and provide consultation on legal exposures facing the Archdiocese; and
- T. To oversee and provide consultation on compliance by the Archdiocese with civil laws and regulations.

\* These amounts have been linked to the Consumer Price Index by the United States Conference of Catholic Bishops, and will be adjusted annually.

#### **Article IV. Membership**

The Archdiocesan Finance Council shall consist of not less than nine nor more than fifteen Members. The Archbishop, the Vicar General and the Chancellor are *ex officio* Members. The membership will include at least one Member from each region of the Archdiocese. The Archbishop will appoint all Members from persons recommended by the Steering Committee acting as a Nominating Committee. Members should be Catholics in good standing, and experts in business, financial or accounting matters, and/or civil law. To be selected for membership on the Finance Council or one of its committees, a candidate must be proposed by a Member of the Finance Council or a pastor of the Archdiocese. Proposals for membership should be submitted to the Chancellor, who will forward all such proposals to the Steering Committee for review. The Steering Committee will evaluate candidates' credentials and consider how each individual's background and expertise may complement the current membership. The Steering Committee will also seek to achieve diversity and geographic balance. Members of the Finance Council are expected to attend most meetings, be prepared to participate actively and knowledgeably in the deliberations of the Finance Council and be willing volunteers for special projects that may be undertaken by the Finance Council.

#### **Article V. Term of Office**

- A. The provisions of the Article V do not apply to the *ex officio* Members of the Finance Council.
- B. The term of office of each Member shall be five years, with approximately one-fifth of the Members' terms expiring each year. In the case of any Member who shall have reached the age of 75 on or prior to June 30, 2008, such Member's term of office shall automatically expire on said date. Thereafter, the term of office of a Member will automatically expire on his or her seventy-fifth birthday. No Member shall serve more than two consecutive five-year terms; provided, however, that the foregoing clause shall not affect the status of any Member in office at the date of approval of this Charter, the term of office of any such Member to expire at the conclusion of its five-year duration or, if earlier, by reason of such Member's reaching the age of 75. In the discretion of the Archbishop, based on the recommendation of the Steering Committee, a Member turning 75 or completing two consecutive five-year terms of office may be invited to become a Life Member of the Finance Council. A Life Member retains all the rights of a Member, including committee membership, except that that he or she will no longer be a voting Member, and will not be counted toward a quorum or toward the total membership of the Finance Council.
- C. The term of office of each member of a committee of the Finance Council shall be two years. Committee members terms may be renewed for one or more successive two-year periods.



- D. The term of office of the Vice Chair of the Finance Council shall be three years. A member may serve more than one term as Vice Chair, but multiple terms may not be consecutive.

#### **Article VI. Vacancies**

Vacancies by reason of resignation, death, disability, termination of term of office or otherwise, shall be filled by appointment by the Archbishop in the same manner as new Members are appointed. Upon appointment, each new Member shall begin a new five-year term of office.

#### **Article VII. Officers and Duties**

The officers shall consist of a Chair, a Vice-Chair and a Secretary. The Archbishop will serve as the Chair, and will appoint the Vice-Chair from among the Members of the Finance Council after consultation with the Steering Committee. The Chancellor will serve as Secretary. The Chair and the Vice-Chair will schedule and conduct all meetings, coordinate the preparation of the agenda in consultation with the Chancellor, and otherwise arrange for the effective functioning of the Finance Council. The Vice-Chair will appoint the members of the committees of the Finance Council and name the chairs of the committees, after consultation with the Steering Committee. The Vice-Chair will act in the place of the Chair when the Chair is absent and will assist the Chair in the performance of assigned duties. The Vice-Chair will serve as the Chair of the Steering Committee. The Secretary will record the minutes of meetings of the Finance Council.

#### **Article VIII. Meetings**

Meetings will be held at the call of the Archbishop. There must be at least four meetings annually. Additional meetings can be called by the Archbishop when canonical consultation or approval is required outside of the regular meeting schedule. A meeting can be called, with the approval of the Archbishop, at the request of at least four Members. No meeting can be conducted without the presence of the Archbishop or one acting with his episcopal mandate. Members will receive at least five business days' notice of meetings, except in an emergency as declared by the Chair. Telephone participation is permitted. Minutes of Finance Council meetings will be circulated to the Members and are subject to their approval.

#### **Article IX. Quorum and Voting**

A majority of the full voting membership shall be necessary to constitute a quorum for the transaction of business at all meetings. Except as provided in Article XII, below, the act of a majority of the Members present at any meeting at which there is a quorum shall be the act of the Finance Council. Any action by the Finance Council required by canon law shall be witnessed and notarized by an ecclesiastical notary.

#### **Article X. Committees**

Each committee of the Finance Council will be chaired by a Member of the Finance Council. *Ad hoc* committees can be established by vote of the Finance Council with the approval of the Archbishop. The standing committees of the Finance Council shall be:



#### A. *The Steering Committee*

The Steering Committee shall offer the Archbishop and the Chancellor general advice on matters pertaining to the administration of the Archdiocese. In an emergency, the Steering Committee may act on behalf of the Finance Council, provided that all actions so taken must be reported to the Finance Council as soon as is practicable. The Steering Committee will make recommendations to the Archbishop for appointments to the Finance Council, and will consult with the Chair and the Vice-Chair on appointments to committees and committee chairmanships. The Steering Committee will review the procedures for developing the annual financial operating budget and the parameters used in its development. No later than April 1 of each year, the Steering Committee will receive from the Chancellor a recommended budget for the next fiscal year of the Archdiocese, and, no later than May 1, the Steering Committee will recommend a budget to the full Finance Council. The membership of the Steering Committee will consist of the Vice-Chair, who will chair the Steering Committee, as well as the chairs of the other standing committees.

#### B. *The Audit Committee*

The Audit Committee shall receive the report of the external auditor on the annual financial statements, together with the auditor's management letter, and, after review, present them to the Finance Council. The Audit Committee shall make an annual report on the performance of the external auditor and make appropriate recommendations to the Finance Council, the Chancellor and the Archbishop. The Audit Committee will also monitor and oversee the system of internal controls and the financial reporting process. The membership of the Audit Committee will include at least one Member of the Finance Council, and shall have members with proven audit and control credentials and experience.

#### C. *The Institutional Advancement Committee*

The Institutional Advancement Committee shall oversee the institutional advancement efforts of the Archdiocese, and make recommendations to improve the success and coordination of programs throughout the Archdiocese. The Institutional Advancement Committee shall include at least one Member of the Finance Council and shall have members with proven institutional advancement credentials and/or general business experience.

#### D. *The Investment Committee*

The Investment Committee shall oversee the investment management of all the various funds, of whatever nature and for whatever purpose maintained, of the Archdiocese. It shall approve investment policies and determine the appropriate allocation of investments. The Investment Committee shall select the investment managers to manage the funds and assets, periodically review the performance of each manager and recommend to the Finance Council any changes in investment policies. The Investment Committee shall recommend guidelines for the acceptance of gifts by the Archdiocese and the disbursement of funds from endowed and restricted gifts. The Investment Committee shall consist of at least one Member of the Finance Council and shall have members with proven investment credentials and/or general business experience.





**E. *The Real Estate Committee***

The Real Estate Committee shall assist and advise on the acquisition, disposition and leasing of all real property that requires the consent of the Finance Council. It shall recommend policies regarding the management, maintenance and disposition of properties owned by the Archdiocese. The Real Estate Committee shall develop and recommend guidelines for management of construction projects undertaken by the Archdiocese. It will recommend guidelines and resources to be used by parishes for the management, maintenance and disposition of facilities. The Real Estate Committee shall also advise on other real estate matters as requested. The Real Estate Committee shall consist of at least one Member of the Finance Council, and shall have members with proven real estate credentials and/or general business experience.

**F. *The Legal Affairs Committee***

The Legal Affairs Committee shall advise the Finance Council on Archdiocesan legal matters, including pending or threatened legal proceedings, the employment of in-house counsel and the retention of outside counsel. The Legal Committee shall include at least one Member of the Finance Council and shall have members who are practicing attorneys or members having experience with business legal issues.

**Article XI. *Conflict of Interest Policy***

The Finance Council shall adopt and keep in force at all times a Conflict of Interest Policy. Members of the Finance Council will annually complete a disclosure of conflicts of interest and submit it to the Archbishop.

**Article XII. *Amendments***

Amendments to this Charter shall be proposed in advance in writing and may be enacted by a two-thirds vote of the Members present at any meeting of the Finance Council at which there is a quorum. Amendments become effective only upon approval by the Archbishop.

**APPROVED:**

February 12, 2009

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Seán Cardinal O'Malley, O.F.M., Cap.  
Archbishop of Boston

**ATTEST:**

February 12, 2009

\_\_\_\_\_  
James P. McDonough  
Chancellor

