Archdiocese of Boston
FINANCIAL REPORT

For the Year Ending June 30, 2009

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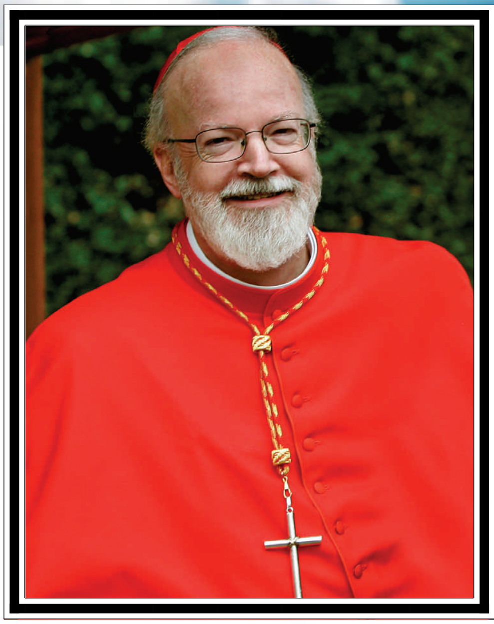

Seán P. Cardinal O'Malley, OFM, Cap.
Roman Catholic Archbishop of Boston

My Dear Friends in Christ,

In his letters to the early Christian community, St. Paul encourages the faithful to persevere through the challenges they face, confident in the knowledge that they are doing the work of the Lord. Those timeless words carry an important message for the Catholic community in the Archdiocese of Boston today. This annual report recognizes the reality of the Archdiocese's financial condition. The economic shortfalls in many of the communities served by our parishes have led an increasing number of people to turn to the Church for help, many never having expected to be in such a circumstance. We remain committed to carry on the mission given us by Jesus Christ, providing food, shelter, healthcare and compassionate concern to those in need

At many times during the past year, the local Catholic community has shown great generosity for others. Our parishes responded overwhelmingly on behalf of the people of Haiti, donating more than $2 million following the devastating earthquake there. Because of the support of our parishioners, the Annual Catholic Appeal once again achieved its goal, allowing us to continue important social service, ministry and education initiatives. I am very proud of the manner in which the people of the Church in Boston selflessly rise to the occasion when called upon .

Our Catholic Schools continue to improve as they provide families the hope for a better future. We have been greatly assisted with this work by the efforts of two important initiatives: the Catholic Schools Foundation, led by Peter Lynch, President, and the Campaign for Catholic Schools, chaired by Jack Connors. Both have responded with generosity to the needs of the Catholic Schools of the Archdiocese. The Office of Religious Education works diligently to guide the faith formation of thousands of students at our parishes and the Office for New Evangelization is reaching increasing numbers of youth and young adults who bring the vitality and energy that will carry the Church into the future. Many parishes have been revitalized through participation in the ARISE program and we look forward to building on that success. We have been blessed with many important achievements in the Archdiocese in recent years, but we must recognize that there is still much to be done.

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

This past Lent we initiated *"The Light Is On For You"*, a campaign inviting Catholics to renew their participation in the sacrament of Reconciliation. It was a great encouragement that people responded in significant numbers, including those who returned after having been away for many years. Jesus has promised us that His light will not be overcome by any darkness or difficulty; that we can depend on His abiding presence no matter what the circumstance. Strengthened by that assurance, let us go forward together in bringing that light into the world.

Devotedly yours in Christ,

+ Seán, OFMCap

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

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

The primary focus of this report is the fiscal year ended June 30, 2009, for which the audited financial statements of the Roman Catholic Archbishop of Boston, A Corporation Sole (RCAB), are included. The statements and those of RCAB's related organizations are also available on our website, www.bostoncatholic.org.

Since Fiscal Year 2005, the Archdiocese of Boston has provided a public record of its operations and financial condition as part of our commitment to financial transparency. In keeping with that commitment, this report seeks to provide, in as complete a manner as possible, our financial position and changes in our net assets.

Central Ministries:

During fiscal 2009 we made good progress toward a balanced budget. We have achieved our goal of a $2.3 million cash flow deficit and expect to achieve a balanced cash flow position for fiscal 2010.

Due to the generosity of Thomas Flatley and his family, we serve the Archdiocese from a modern facility in Braintree. The Pastoral Center has become a "Catholic Center" for the Archdiocese, welcoming more than 20,000 visitors and hosting over 450 meetings each year.

The Pastoral Center is defined by a culture of service. Our dedicated team of professionals stands ready to assist Pastors, Business Managers and other parish staff in the areas of Risk Management, Real Estate, Facilities Maintenance, Financial Planning and Reporting, Human Resources and Fundraising. Additionally, we offer a wide-range of support for Religious Education, Youth Ministry, Evangelization, Marriage and Family Life, Cultural Ministries and many other pastoral programs.

Parishes:

Overall parish offertory declined by 2% from fiscal 2008, reflecting the impact of the current recession. Revenue declined by 13%, or $27 million, primarily due to a decrease in property sales ($21 million) and fundraising ($2.5 million). Operating expenses increased by 3%. At year-end 2009 there were 293 parishes in the Archdiocese of Boston. Of these, 34% were operating at a deficit and 33% at break-even. These numbers are of significant concern as we face increasing costs, particularly health care expenses for both lay personnel and clergy.

Catholic Education:

Our parish schools continue to present significant challenges. Some schools, particularly in our urban centers, are considered "at risk" due to declining enrollment and tuitions rates that are typically $2500-$3500 less than the actual per student cost.

While scholarships and other sources of financial aid have been helpful, they are not sufficient to cover the operating deficits.

By the end of 2009 four parish schools had closed, two merged, and one became separately incorporated. Overall enrollment was down 5% for the 2009-2010 school year. This month two schools will close and five others will merge into two regional schools.

Recognizing the seriousness of this situation, Cardinal Seán appointed a task force to review the financial viability of the Archdiocese's 84 parish elementary schools. This group working with the Catholic Schools office is conducting an in-depth assessment of the financial condition of each school. This information will be a helpful tool for the Catholic Schools Office in their planning for the years ahead.

Parish Planning:

The financial pressure on parishes and schools, coupled with the declining number of priests available for full time assignment, has accelerated the need for planning in the Archdiocese. While finances are not the only factor, it is critical that parishes begin collaborating and sharing staff and costs whenever possible. Strong business managers are able to serve multiple parishes, and other pastoral personnel can be shared with positive outcomes for the benefit of all. Parishes must begin planning for increased expenses in that they will need to hire lay personnel for some of the services currently provided by clergy or religious, who will be fewer in number in coming years.

Improved Financial Relationship Committee:

The Improved Financial Relationship Committee (IFRC) began its work in 2008 focused on developing a new model of parish support for central ministries. The first phase of IFRC implementation was launched this spring at 33 pilot parishes that represent a cross-section of the Archdiocese. We are grateful that these parishes volunteered to assist us in working through the transitional issues of a new model of revenue enhancement. The goal of the model is to improve both the financial stability of the parishes and their support for central ministries.

Catholic Appeal:

The Catholic Appeal achieved its 2009 campaign goal of $15 million. Secretary of Institutional Advancement Scot Landry, his team, and the pastors who lead the Appeal effort in parishes are to be commended for achieving this result in the midst of last year's financial challenges. We are grateful to those who support the work of Cardinal Seán and Central Ministries with their generous contributions.

Investment Performance:

Our average investment performance for the fiscal year ending June 30, 2009 was a loss of 11.13%, disappointing but better than the outcomes for most of the markets during that period. For the period July 1, 2009 to March 31, 2010, our investments achieved a substantial recovery, posting an average total gain of 17%. With the assistance of the Investment Committee of the Archdiocesan Finance Council we monitor our investment portfolio aggressively, seeking the best possible returns without incurring unnecessary risks.

Pension Funds:

The impact of our investment performance is most significant in the pensions for our employees. Both lay and clergy pension funds have been negatively impacted by the market decline.

The lay pension fund, which was fully funded as of June 30, 2007, declined to a 75% funding level as of June 30, 2009 and has recovered to an approximately 82% funding as of March 31, 2010. The Board of Trustees is in the process of re-evaluating the current plan to achieve 100% funded status by 2014 and developing strategies to protect the employees and retirees.

The Clergy Pension Plan continues to be the Archdiocese's largest liability and a major financial concern. The Plan is currently unfunded by $104 million, including retirement payments, housing, and post-retirement medical obligations. Last year we announced plans to achieve a break-even annual operating budget for Clergy Funds for fiscal 2011. We are well on our way to reaching that goal and are achieving good success at increasing revenues and reducing expenses. During 2009 we prepared a report reviewing the history of Clergy Funds from inception. This report was helpful in explaining how the Pension Plan came to be in its current circumstance. An electronic copy is available at http://www.bostoncatholic.org/annualreport.aspx.

Conclusion:

The challenges ahead are substantial. The parishes of the Archdiocese have to increase revenues to fund staffing in order to provide adequate services for parishioners. Our schools must raise tuitions to cover operating expenses and also seek additional financial support to subsidize students from low income families. Central Ministries must achieve a balanced budget and also increase the financial support for Cardinal Seán's mission and vision. Nonetheless, I continue to be optimistic about the future. Our Archdiocese is blessed with the leadership and the resolve to continue the rebuilding of our Church in Boston. We are making significant progress in improving our operations and will build on that success as we adjust our operating model and ministries to the realities of the present time.

I want to offer my personal thanks to all who assist Cardinal Seán and his leadership team. Many laypersons, clergy and religious serve faithfully on the following committees and councils that provide support and assistance to our financial management team:

- Cardinal Seán's Cabinet
- The Finance Council and its Committees, lay leaders with business and financial acumen who advise the Cardinal on major financial decisions

- The Finance Council subcommittees, including Audit, Real Estate, Investment, Legal and Development
- The Improved Financial Relationship Committee

I am also grateful to the many pastors of our parishes who give their support, advice and prayers. I feel particularly blessed to be able to work alongside Cardinal Seán and Fr. Richard Erikson, our Vicar General.

In my four years as Chancellor, I have been continually impressed by and grateful for the generous support offered by the people of our Archdiocese. There is great strength and potential in the resilience and resolve shown by our employees, clergy, religious and lay parishioners. We are blessed to be members of the Catholic Church in Boston and we will go forward in faith.

James P. McDonough
Chancellor

The Roman Catholic Archbishop of Boston, A Corporation Sole Fiscal Year ended June 30, 2009

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

The following discussion and analysis should be read in conjunction with the 2009 financial statements, supplemental schedules and report of independent certified public accountants contained in Item 5 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 grouping includes the 293 parishes of the Archdiocese and the 84 schools and 42 cemeteries operated by these parishes. Included within the Central Operations grouping are the assets and activities of the 2004 parish reconfiguration process.

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 8 of this financial report.

EXECUTIVE SUMMARY

At June 30, 2009, Corporation Sole's total cash and cash equivalents were $143.8 million, 32% below balances at June 30, 2008. The majority of the decrease was in two operating areas, central operations and the revolving loan program. Central operations cash at June 30, 2008 included a balance of $34.2 million of proceeds from the Brighton campus sale. During fiscal year 2009, the majority of these proceeds were used to reduce amounts due to St. John's Seminary, fund the build out and relocation of central ministries to Braintree, provide an early retirement program for certain employees and fund sexual abuse settlements and their related costs. The revolving loan program issued $25.5 million of additional notes during fiscal year 2009, along with transferring $12.0 million of cash to longer term investments.

Corporation Sole's investments were impacted by the financial market decline and had a negative total return of 11% during fiscal year 2009, a performance that was better than most indexes. We are happy to note that through the first nine months of fiscal year 2010, we have recovered those losses with a positive total return of 17%.

Loans receivable increased $20 million, during fiscal year 2009, primarily due to new loans issued for elementary school construction and reorganizations in Brockton and Dorchester.

Amounts due to related organizations decreased $43.5 million during fiscal year 2009. The major component of this decrease was the conversion of amounts due to St. John's Seminary from the Brighton campus sale into a 10 year note payable.

Reserve for losses includes Corporation Sole's estimated cost of future settlements of clergy misconduct claims. During fiscal year 2009 the total amount expended by the Archdiocese to settle claims arising from sexual abuse was $3.6 million. This represents payments related to 27 settlements.

Accrued pension and other post retirement costs is the Corporation Sole's liability for The Clergy Retirement/Disability Plan. This Plan was amended during fiscal year 2009 to adjust the housing benefit to a sliding scale based on the different residence options of the retired clergy. The amendment accounted for the majority of the $10.5 million decrease in the accrued liability at June 30, 2009, as compared to 2008.

Total operating revenue and support decreased $8.9 million dollars during fiscal year 2009, as compared to 2008. The major components of the decrease were reduced contributions, bequests and fundraising activities along with decreases in investment earnings. During fiscal year 2009, operating expenses increased $20.6 million. This increase in operating expenses was driven by salary increases at our parishes and their related schools along with increases in Clergy retirement obligations. Fiscal year 2009 resulted in a $24.3 million loss from operations as compared to a $5.2 million gain in fiscal year 2008.

Non-operating income was $19.6 million for fiscal year 2009, a decrease of $41.7 million as compared to fiscal year 2008. Fiscal year 2008 included the contribution of the Pastoral Center building in Braintree and significant gains on the sale of land and buildings. There was limited land and building sale activity during fiscal year 2009. Fiscal year 2009 had a $12.9 million dollar loss on investments as compared to a $6.6 million dollar loss the previous year. The decreased non-operating contributions, gains on the sale of land and buildings and losses on investments were partially offset by a $28.2 million clergy retirement/disability non periodic pension cost credit. The majority of this credit was the actuarial gain on the fiscal year 2009 plan amendment.

Fiscal year 2009's activity resulted in a $4.7 reduction of net assets as compared to a $66.6 increase in net assets for the fiscal year ended June 30, 2008.

The following pages include further analysis of the major impact to Corporation Sole's June 30, 2009 financial statements noted above along with details of the multiple operating divisions.

Condensed June 30, 2009 Combining Statement of Financial Position (000's)

	Parishes	Central Operations	Self Insurance	Endowments	Eliminations	Total
Assets						
Cash and equivalents	99,563	46,104	6,565	228	(8,708)	143,752
Loans receivable	27,901	387	-	-	-	28,288
Investments	69,157	7,976	4,826	12,241	-	94,200
Land, buildings & equipment	373,680	52,806				426,486
Other assets	11,986	22,208	552	112	(373)	34,485
Total Assets	582,287	129,481	11,943	12,581	(9,081)	727,211
Liabilities						
Operating payables and deferred revenue	30,898	4,523	721	-	(854)	35,288
Reserve for losses	-	6,339	4,046	-	-	10,385
Accrued Clergy pension and post retirement costs	94,960	9,001	-	-	-	103,961
Notes payable St. John's Seminary	-	41,412	-	-	-	41,412
Other liabilities	17,950	4,985	16	-	(10,653)	12,298
Total Liabilities	143,808	66,260	4,783	-	(11,507)	203,344
Net Assets						
Unrestricted	416,374	35,713	7,160	88	2,426	461,761
Donor restricted	22,105	27,508	-	12,493	-	62,106
Total Net Assets	438,479	63,221	7,160	12,581	2,426	523,867
Total Liabilities and Net Assets	582,287	129,481	11,943	12,581	(9,081)	727,211

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June 30, 2009 Unrestricted Net Assets Analysis (000's)

	Parishes	Central Operations	Parish Reconfiguration	Self Insurance	Eliminations	Total
Investment in land, buildings, equipment	373,414	47,990	4,816	-	-	426,220
Designated for parish reconfiguration	-	`-	13,615	-	-	13,615
Cemetery future care	8,850	-	-	-	-	8,850
Designated for self insurance programs	-	-	-	7,160	-	7,160
Available for (accumulated deficit from) operations	34,110	(30,620)	-	-	2,426	5,916
Total Unrestricted Net Assets	416,374	17,370	18,431	7,160	2,426	461,761

Condensed June 30, 2009 Combining Statement of Unrestricted Activities (000's)

	Parishes	Central Operations	Self Insurance	Endowments	Eliminations	Total
Operating Revenues						
Collections	114,842	9,621	-	-	(400)	124,063
Tuition	105,981	557	-	-	-	106,538
Other	58,634	18,926	5,182	635	(11,286)	72,091
Contributions & fundraising	41,422	231	-	-	-	41,653
Total operating revenues	320,879	29,335	5,182	635	(11,686)	344,345
Operating Expenses						
Program	318,112	25,863	-	547	(5,320)	339,202
Management and general	2,464	23,800	5,745	-	(6,819)	25,190
Fundraising	6,920	1,625	-	-	-	8,545
Reconfiguration	-	1,623	-	-	(127)	1,496
Total operating expenses	327,496	52,911	5,745	547	(12,266)	374,433
Operating Income/(Loss)	(6,617)	(23,576)	(563)	88	580	(30,088)
Non-Operating Income/(Loss)						
Realized & unrealized losses on investment	(7,660)	(972)	(991)	-	-	(9,623)
Gain on sale of land, bldg & equip	3,339	645	-	-	-	3,984
Pension related credits	28,198	-	-	-	-	28,198
Other	1,284	93	(1,604)	-	(1,066)	(1,293)
Total Non-Operating	25,161	(234)	(2,595)	-	(1,066)	21,266
Change in Net Assets	18,544	(23,810)	(3,158)	88	(486)	(8,822)

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June 30, 2009 Financial Position

Cash and Cash Equivalents:

The cash and cash equivalents classified as Parish operations represent the daily operating accounts of our parishes and the related schools and cemeteries operated by those parishes. Parish operating cash decreased by 5% to $60.3 million at June 30, 2009 as compared to $63.3 million at June 30, 2008. This decrease resulted from operating deficits at certain parishes.

The Revolving Loan Fund is a cooperative savings and loan program for our parishes and related organizations. Parishes and related organizations deposit savings into the Revolving Loan Fund and earn an interest rate that is a small amount above comparable market rates during the year. Parishes and related organizations in need of short-term lines of credit and/or longer term debt borrow from this fund. These borrowings are repaid with an interest rate that is established to be competitive with nonprofit prevailing borrowing rates. The Revolving Loan Fund's cash and cash equivalents decreased by 49% during the last fiscal year, from $77.2 million at June 30, 2008 to $39.2 million at June 30, 2009. This decrease is the result of $25.5 million of net loan advances made during the year and a $12 million allocation to longer-term investments.

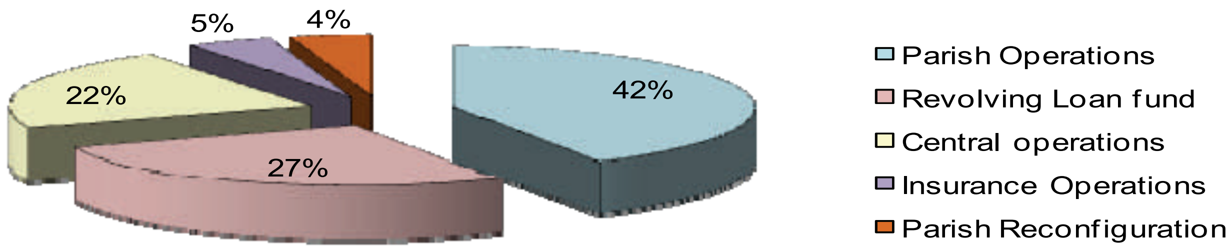
Central Operations cash and cash equivalents represent monies controlled centrally by the Archdiocese. The $57.2 million balance at June 30, 2008 included the majority of the net proceeds from the Brighton campus sale to Boston College. The decrease of 45% to $31.3 million at June 30, 2009 resulted from the completion of the build out of the Pastoral Center, payment of a portion of the campus sale funds to St. John's Seminary, abuse settlements and related expenses plus an early retirement program offered to certain employees prior to the relocation to the Pastoral Center.

During the year ended June 30, 2008, the Corporation Sole offered this early retirement program to certain Central Operations employees. The total cost of the one-time termination benefit was $3.5 million and was paid during fiscal year 2009.

Insurance operations cash and cash equivalents represent the operating accounts of the Archdiocese's self-insurance program. The self insurance program pools property and liability insurance for the Corporation Sole and catholic organizations that operate within and outside of the Archdiocese of Boston. The program maintains a level of self-insurance and has re-insurance policies for coverage above established risk levels.

Cash and Cash Equivalents

$143,752,000



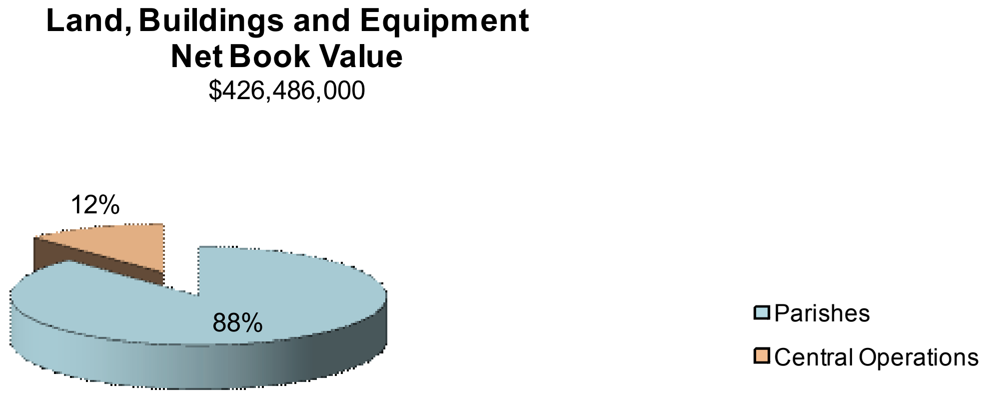
LOANS RECEIVABLE

The majority of loans receivable are short-term loans made by the Revolving Loan Fund to related organizations. The increase of $19.6 million at June 30, 2009 as compared to June 30, 2008 primarily relates to new loans made to The Campaign for Catholic Schools, Inc. for construction and the start-up costs of Pope John Paul II School in Dorchester and start up expenses for Trinity Catholic School in Brockton.

LAND, BUILDINGS AND EQUIPMENT

Land, buildings and equipment increased 7% to $425 million at June 30, 2009. The three major components of this increase are as follows: $29 million of additions made by the parishes, $3 million of Pastoral Center build out and software and the transfer of $8 million of property and plant from Archdiocese Central High Schools, Inc. (ACHS), a related organization to the Corporation Sole .

The following provides the background of the 2009 ACHS property and plant transfer. On July 1, 2004, ACHS transferred the governance and the personal property relating to the operations of each of its schools to eight newly formed legal entities. The majority of ACHS's remaining assets after the operating transfer was the high schools real estate, which is leased to the operating entities. On June 30, 2009 these remaining assets of ACHS were transferred to the Corporation Sole.

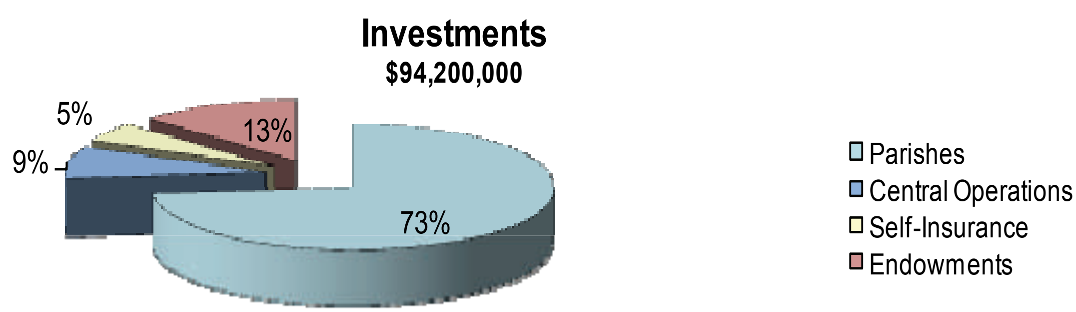


INVESTMENTS

The majority of our investments, $77.2 million, are holdings in the Common Investment Fund, Roman Catholic Archbishop of Boston (the "Common Investment Fund"). This is a related organization 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 RCAB Collective Investment Partnership, (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.

During fiscal year 2009 our investments incurred a loss of approximately 11%. This decline in investments was offset with additional funds being transferred into investments. The ending investments at June 30, 2009 was $94.2 million which compares with $94.6 million investments at June 30, 2008.



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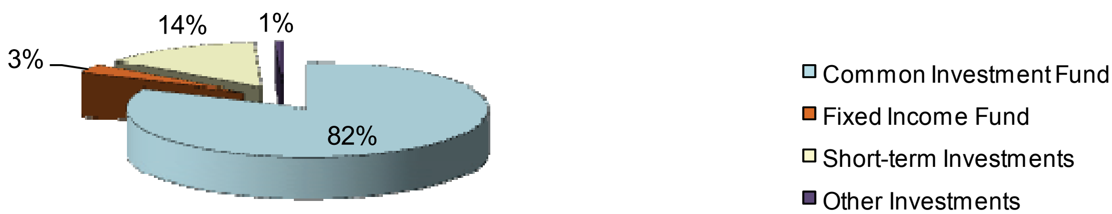
Components of Investments



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. At June 30, 2009 our beneficial interest in The Catholic Foundation was $12.0 million, the majority of which is endowments to support Central Missions. The decrease in the amount reported in 2009 compared to 2008 relates to the market value decline of The Catholic Foundation's underlying investments.

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, 2009 is comprised of two components, the $6.3 million balance of the reserve for settlements of clergy misconduct claims and $4.0 million for the self-insurance program losses incurred but not paid.

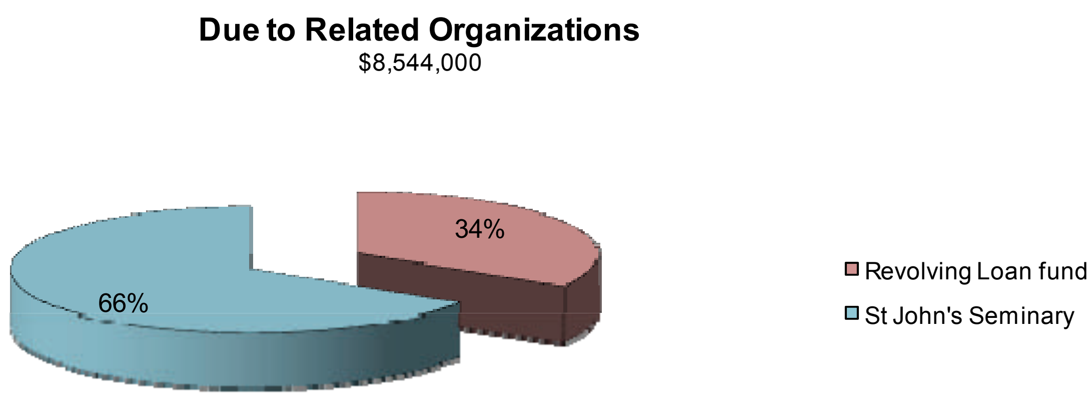
During the year ended June 30, 2009, the Corporation Sole entered into settlement agreements with 27 individuals who had brought sexual misconduct claims for approximately $3.6 million.

During each of the years ended June 30, 2009 and 2008, the Corporation Sole expensed $2.8 million 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

Amounts due to related organizations decreased 84% from $52.1 million at June 30, 2008 to $8.5 million at June 30, 2009. The majority of this decrease resulted from the conversion of $36.4 million to a subordinated 10-year non-interest bearing promissory note payable to St. John's Seminary in connection with the sale of the Brighton campus. The Corporation Sole also paid $3.5 million to St. John's Seminary through June 30, 2009.

In addition, at June 30, 2009 and 2008, $3.7 million and $6.4 million, respectively, represent amounts related organizations had deposited into the Revolving Loan Fund.



Deferred Revenue and Support

The majority of the $17.5 million 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 .

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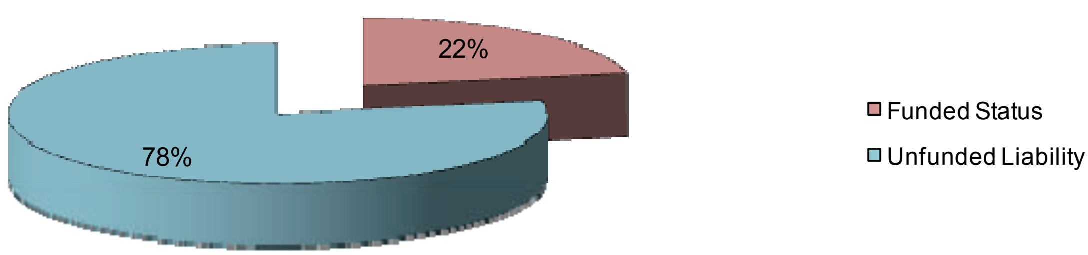
Accrued Pension and Other Post Retirement Costs

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.

At June 30, 2009 the accrued pension and other post retirement costs of $104.0 million represents the present value of clergy benefit obligations in excess of plan assets, a 22% funded status. This accrual decreased by $10.5 million or 9% as compared to the prior year principally due to a plan amendment that reduced the housing benefit. The housing benefit was moved to a sliding scale depending on where the retired priest is residing. 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
$103,961,000



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 2009, the accrued interest on the note decreased $631,000 from the amount accrued in the prior year.

In October 2008, the Corporation Sole entered into a 10-year promissory note with the Seminary for the $36.4 million owed to the Seminary from the August 2007 joint Brighton campus sale. This note is a non-interest bearing note which is subordinated to all other liabilities, obligations and indebtedness of the Corporation Sole. This promissory note becomes due and payable in one lump sum on August 23, 2017.

Fiscal Year Ended June 30, 2009 Results of Operating Activities

Collections

Collections represent the sum of weekly contributions received by our 293 parishes that support their day-to-day operations. During the fiscal year ended June 30, 2009 collections decreased by $1.8 million or 2% as compared to the prior year. This decrease follows a 2% decrease in mass attendance for the same period.

Collections – Clergy Benefits

This is the sum of parish collections for the support of our clergy retirement benefits. This is the major source of funding for the Clergy Retirement Plan other than infrequent direct contributions. These special collections amounted to $6.8 million for the fiscal year ended June 30, 2009, which is a $1.3 million increase over the prior year. This increase is the result of both an increase in the Christmas and Easter collections plus amounts collected from an additional third collection that was added during fiscal year 2009.

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 the Archdiocese what the weekly offertory is to our parishes. The Appeal campaign runs on a fiscal year that starts on March 1 as compared to Corporation Sole's fiscal year starting on July 1. The financial statements include the conclusion of the previous years' campaign and the first 4 months of the current year campaign. The appeal contributions received during the fiscal year ended June 30, 2009 were $15.4 million, a 2% decrease over the previous year. This decrease was concentrated in the leadership donor group. While the number of leadership donors remained consistent, the average amount of individual gifts declined in 2009 as compared to 2008.

Contributions, bequests and grants

The decrease in contributions, bequests and grants from $31.7 million at June 30, 2008 to $26.3 million at June 30, 2009 is primarily the result of the timing of receiving proceeds from wills and estates.

Revenue from Services Provided

Central Operations provide administrative, technology and clerical services to some of the 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, 2009 of $6.1 million is consistent when compared to the prior year.

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 year ended June 30, 2009 of $1.6 million reflect an increase of $170,000 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.

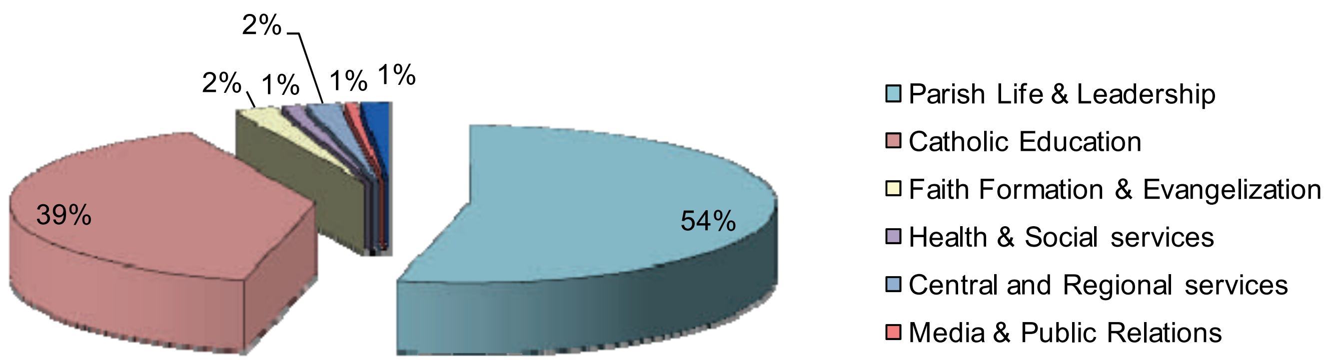
Other Revenue

Other revenue is a grouping of a variety of different operating sources principally at the parish level. The 6% increase for the year ended June 30, 2009 as compared to the prior year was mostly related to other operating activities at our parishes and the schools they operate.

Program Expenses

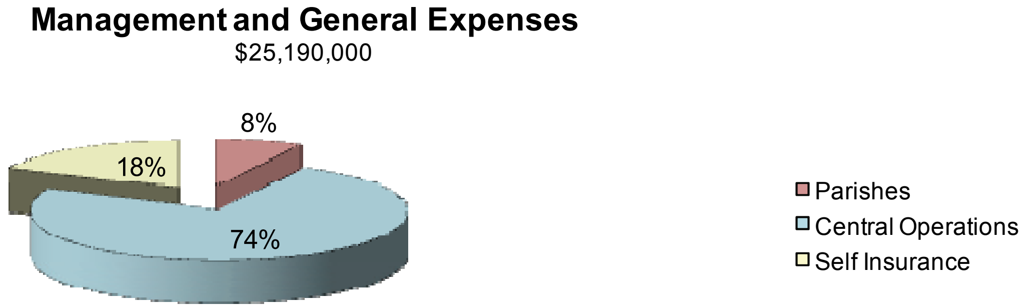
Spending on Archdiocesan programs increased $16.1 million or 5% for the year ended June 30, 2009 as compared to the prior year. The majority of the increases were related to parish and school salary increases and clergy pension operating costs.

Program Expenses
$339,202,000



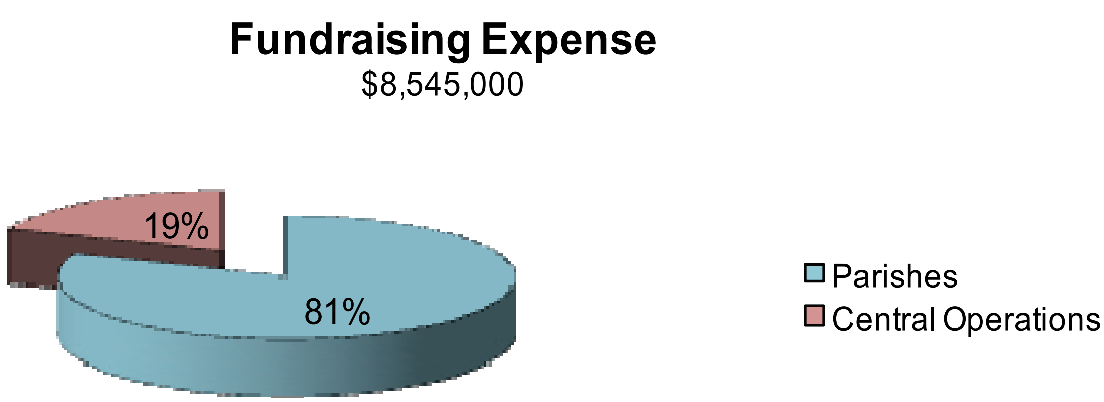
Management and General Expenses

Management and general expenses increased $6.4 million or 34% for the year ended June 30, 2009 as compared to the prior year. The major components of the increase were the $1.0 million dollar write-off of the ACHS loans, $1.0 million of additional legal expenses, $1.6 million of additional loan reserves and a full year of depreciation related to the Pastoral Center.



FUNDRAISING EXPENSES

The decrease of $2.0 million or 19% in fundraising expenses for the year ended June 30, 2009 as compared to the prior year was driven by a change in support to The Catholic Foundation for the administration of the Catholic Appeal and their coordination of fundraising efforts for the Archdiocese. In the fiscal year ended June 30, 2009 we moved to reimbursement of operating expenses compared to a fixed fee in previous years.



Results of Non-Operating Activities

Contributions

The decrease of contributions of $27.8 million in fiscal year 2009 as compared to the prior year was the result of the $25.8 million contribution received as a restricted contribution for the purchase of the land and building in Braintree during fiscal year 2008.

Net Realized and Unrealized Loss on Investments

Net realized and unrealized loss on investments increased $6.3 million to a loss of $12.9 million for the year ended June 30, 2009. This loss is mostly a result of the downturn in domestic and international debt and equity markets. For the year ended June 30, 2009 the Common Investment Fund had an average total loss of 11.13% as compared to the year ended June 30, 2008 where it had an average total loss of 6.60%. Subsequent to year end, for the period July 1, 2009 to March 31, 2010 the Common Investment Fund had an average total gain of 17%.

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 $50,600 gain recognized during the year ended June 30, 2009 was investment income earned on a $2.0 million delayed cash payment.

Gain on the Sale of Other Land and Buildings

The gain on the sale of other land and buildings recognized during the year ended June 30, 2009 was $3.9 million. This was a significant decrease from the previous year as the year ended June 30, 2008 included one parish sale of $13.8 million along with four other larger sales. There were no material sales during the year ended June 30, 2009.

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 and other recoveries. During the year ended June 30, 2009 we had $1.2 million of reinsurance recoveries and $300,000 of parish debt forgiveness by the related lay health and benefit trusts.

Settlement and related expenses

The majority of the $3.2 million of expenses incurred during the year ended June 30, 2008 and 100% of the expenses incurred during the year ended June 30, 2009 relates to the $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.

Pension-related credits (charges) other than periodic pension costs

The non-operating pension related credits of $28.1 million for the year ending June 30, 2009 includes the $21.0 million actuarial gain related to the fiscal year 2009 clergy pension and other post retirement amendment. This amendment adjusted the housing portion of the pension obligation to a sliding scale based on the different residence options of the retired clergy. This credit will be amortized into operations over future years.

Net Assets

(000's)	Parishes	Central Operations	Self Insurance	Endowments	Eliminations	Total
Unrestricted	416,374	35,713	7,160	88	2,426	461,761
Temporarily restricted	13,729	17,692	-	(138)	-	31,283
Permanently restricted	8,375	9,816		12,632	-	30,823
Total net assets	438,478	63,221	7,160	12,581	2,426	523,867

Net Asset Transfers to Related Organizations

At June 30, 2009 ACHS's $8.35 million of net book value of land and buildings, a $34,929 Catholic high school endowment and $21,229 of unspent appreciation on the endowment was merged into the Corporation Sole (note C). This merger is reflected as part of the net asset transfers from related organizations in the statement of activities for the year ended June 30, 2009.

Additionally, during the year ended June 30, 2009, $316,318 of cash was transferred from the Cardinals Rehab, Inc., a related organization, and $126,732 was transferred to Trinity Catholic Academy Brockton, Inc., a related organization that in 2007 consolidated the operations of certain parish schools in Brockton. These transfers are reflected as part of the net asset transfers from related organizations in the statement of activities for the year ended June 30, 2009.

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, 2009 and 2008

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

The Roman Catholic Archbishop of Boston, A Corporation Sole

June 30, 2009 and 2008

Contents

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Report of Independent Certified Public Accountants

His Eminence
Cardinal Sean Patrick O'Malley, O.F.M. Cap.
The Roman Catholic Archbishop of Boston

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, 2009 and 2008, 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, 2009 and 2008, 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.

Grant Thornton LLP

Boston, Massachusetts
February 19, 2010

THE ROMAN CATHOLIC ARCHBISHOP OF BOSTON,
A CORPORATION SOLE
Statements of Financial Position
June 30, 2009 and 2008

ASSETS	**2009**	2008
Cash and cash equivalents:		
Parish operations	$ **60,290,709**	$ 63,328,020
Revolving loan fund	**39,272,525**	77,153,632
Central operations	**31,309,265**	57,235,795
Insurance operations	**6,564,722**	6,350,076
Parish reconfiguration	**6,315,084**	8,261,748
Total cash and cash equivalents	**143,752,305**	212,329,271
Interest and dividends receivable	**1,615,270**	976,976
Prepaid expenses and other assets	**6,951,020**	6,865,898
Accounts receivable, net	**2,814,524**	2,306,581
Due from related organizations	**3,726,580**	1,867,086
Contributions receivable, net	**7,345,607**	7,162,705
Loans receivable, net (note C)	**28,287,752**	8,662,555
Land and buildings held for sale (note E)	**1,276,809**	1,625,745
Investments (note D)	**94,199,507**	94,593,284
Interest in net assets of a foundation	**12,031,645**	14,422,454
Land, buildings and equipment, net (note E)	**425,209,486**	396,442,547
Total assets	$ **727,210,505**	$ 747,255,102

LIABILITIES AND NET ASSETS

LIABILITIES:		
Accounts payable and accrued expenses	$ **16,673,290**	$ 17,378,607
Agency obligations	**1,128,326**	1,380,434
Reserves for losses (note J)	**10,385,271**	13,690,682
Due to related organizations (note N)	**8,544,356**	52,077,601
Deferred revenue and support	**17,485,931**	17,960,325
Accrued pension and other post retirement costs (note M)	**103,961,329**	114,483,100
Other liabilities	**3,486,994**	3,413,487
Notes payable - related organization (note F)	**41,412,281**	5,634,713
Other notes payable (note F)	**266,197**	1,311,955
Total liabilities	**203,343,975**	227,330,904
NET ASSETS:		
Unrestricted	**461,760,812**	462,045,367
Temporarily restricted (note G)	**31,282,723**	27,673,172
Permanently restricted (note G)	**30,822,995**	30,205,659
Total net assets	**523,866,530**	519,924,198
Total liabilities and net assets	$ **727,210,505**	$ 747,255,102

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, 2009
(With summarized comparative information for the year ended June 30, 2008

	Unrestricted	Temporarily Restricted	Permanently Restricted	2009 Total	2008 Total
REVENUES AND OTHER SUPPORT:					
Collections	$ 109,155,507	$ 1,646,062	$ -	$ 110,801,569	$ 112,643,091
Collections - clergy benefits	-	6,764,253	-	6,764,253	5,448,837
Catholic Appeal	9,137,462	6,228,682	-	15,366,144	15,669,488
Contributions and bequests	18,357,440	7,970,839	-	26,328,279	31,661,355
Parish fundraiser events	23,295,340	-	-	23,295,340	25,898,715
Tuition and fees	106,538,178	-	-	106,538,178	103,924,689
Investment income	8,678,475	1,198,296	-	9,876,771	11,381,404
Rental income	12,120,650	-	-	12,120,650	11,532,636
Cemetery operations	4,013,433	-	-	4,013,433	3,667,873
Revenue from services provided (note N)	6,065,811	-	-	6,065,811	6,080,922
Insurance revenues	1,596,482	-	-	1,596,482	1,426,044
Sacramental offerings	5,770,275	-	-	5,770,275	5,658,617
Other revenues	24,165,023	131,563	(282,179)	24,014,407	22,233,471
Revenue from and change in interest in net assets of a foundation	-	(1,360,761)	(1,057,634)	(2,418,395)	1,790,334
Net assets released from restrictions and reclassifications (note G)	15,450,444	(15,689,968)	239,524	-	-
Total revenues and other support	344,344,520	6,888,966	(1,100,289)	350,133,197	359,017,476
EXPENSES:					
Program:					
Parish life & leadership	182,405,653	-	-	182,405,653	171,529,844
Catholic education	133,352,056	-	-	133,352,056	130,402,688
Faith formation & evangelization	7,174,412	-	-	7,174,412	6,636,443
Health & social services	3,427,139	-	-	3,427,139	2,620,069
Central and regional services	5,783,734	-	-	5,783,734	4,938,374
Media & public relations	2,141,025	-	-	2,141,025	1,919,868
Cemetery operations	4,918,025	-	-	4,918,025	5,015,696
Total program expenses	339,202,044	-	-	339,202,044	323,062,982
Management and general	25,189,419	-	-	25,189,419	18,785,142
Fundraising	8,545,102	-	-	8,545,102	10,566,200
Parish reconfiguration (note I)	1,496,277	-	-	1,496,277	1,401,916
Total expenses	374,432,842	-	-	374,432,842	353,816,240
Operating (loss) income	(30,088,322)	6,888,966	(1,100,289)	(24,299,645)	5,201,236
NONOPERATING INCOME (LOSS):					
Contributions	-	-	1,682,696	1,682,696	29,515,777
Net realized and unrealized loss on investments	(9,623,369)	(3,300,644)	-	(12,924,013)	(6,583,625)
Gain on sale of administrative campus property	50,631	-	-	50,631	11,737,932
Gain on sale of other land and buildings	3,933,027	-	-	3,933,027	27,579,422
Insurance and other recoveries (note J)	1,508,507	-	-	1,508,507	2,835,628
Settlement and related expenses (note J)	(2,800,000)	-	-	(2,800,000)	(3,243,917)
Pension-related credits (charges) other than periodic pension costs	28,198,000	-	-	28,198,000	(452,000)
Nonoperating income (loss)	21,266,796	(3,300,644)	1,682,696	19,648,848	61,389,217
CHANGE IN NET ASSETS	(8,821,526)	3,588,322	582,407	(4,650,797)	66,590,453
Net assets at beginning of year	462,045,367	27,673,172	30,205,659	519,924,198	456,678,217
Net asset transfers from (to) related organizations (note N)	8,536,971	21,229	34,929	8,593,129	(3,344,472)
Net assets at end of year	$ 461,760,812	$ 31,282,723	$ 30,822,995	$ 523,866,530	$ 519,924,198

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

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
REVENUES AND OTHER SUPPORT:				
Collections	$ 110,941,019	$ 1,702,072	$ -	$ 112,643,091
Collections - clergy benefits	-	5,448,837	-	5,448,837
Catholic Appeal	15,669,488	-	-	15,669,488
Contributions and bequests	23,828,419	7,832,936	-	31,661,355
Parish fundraiser events	22,544,928	3,353,787	-	25,898,715
Tuition and fees	103,924,689	-	-	103,924,689
Investment income	10,282,888	1,098,516	-	11,381,404
Rental income	11,532,636	-	-	11,532,636
Cemetery operations	3,667,873	-	-	3,667,873
Revenue from services provided (note N)	6,080,922	-	-	6,080,922
Insurance revenues	1,426,044	-	-	1,426,044
Sacramental offerings	5,658,617	-	-	5,658,617
Other revenues	22,233,471	-	-	22,233,471
Revenue from and change in interest in net assets of a foundation	(580,386)	762,977	1,607,743	1,790,334
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	2,883,678	359,017,476
EXPENSES:				
Program:				
Parish life & leadership	171,529,844	-	-	171,529,844
Catholic education	130,402,688	-	-	130,402,688
Faith formation & evangelization	6,636,443	-	-	6,636,443
Health & social services	2,620,069	-	-	2,620,069
Central and regional services	4,938,374	-	-	4,938,374
Media & public relations	1,919,868	-	-	1,919,868
Cemetery operations	5,015,696	-	-	5,015,696
Total program expenses	323,062,982	-	-	323,062,982
Management and general	18,785,142	-	-	18,785,142
Fundraising	10,566,200	-	-	10,566,200
Parish reconfiguration (note I)	1,401,916	-	-	1,401,916
Total expenses	353,816,240	-	-	353,816,240
Operating (loss) income	(8,828,282)	11,145,840	2,883,678	5,201,236
NONOPERATING INCOME (LOSS):				
Contributions	-	25,750,000	3,765,777	29,515,777
Net assets released from restrictions	25,750,000	(25,750,000)	-	-
Net realized and unrealized loss on investments	(3,276,097)	(3,307,528)	-	(6,583,625)
Gain on sale of administrative campus property	11,737,932	-	-	11,737,932
Gain on sale of other land and buildings (note I)	27,579,422	-	-	27,579,422
Insurance and other recoveries (note J)	2,835,628	-	-	2,835,628
Settlement and related expenses (note J)	(3,243,917)	-	-	(3,243,917)
Pension-related credits (charges) other than periodic pension costs	(452,000)	-	-	(452,000)
Nonoperating income (loss)	60,930,968	(3,307,528)	3,765,777	61,389,217
CHANGE IN NET ASSETS	52,102,686	7,838,312	6,649,455	66,590,453
Net assets at beginning of year	413,287,153	19,834,860	23,556,204	456,678,217
Net asset transfers to related organizations (note N)	(3,344,472)	-	-	(3,344,472)
Net assets at end of year	$ 462,045,367	$ 27,673,172	$ 30,205,659	$ 519,924,198

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, 2009 and 2008

	2009	2008
OPERATING ACTIVITIES:		
Change in net assets	$ (4,650,797)	$ 66,590,453
Adjustments to reconcile the change in net assets to net cash and cash equivalents provided by (used in) operating activities:		
Net realized and unrealized loss (gain) on investments	12,924,013	6,583,625
Property related insurance recoveries	(704,986)	(1,027,215)
Depreciation	14,444,981	13,595,508
Interest accrued on note payable - related organization	(630,832)	(435,645)
Gain on sale of administrative campus property	(50,631)	(11,737,932)
Gain on sale of other land and buildings	(3,933,027)	(27,579,422)
Provision for uncollectible accounts, contributions and loans receivable	1,851,649	18,627
Contributions restricted for long term purposes	(1,682,696)	(29,515,777)
Change in interest in net assets of a foundation	2,390,808	(1,630,931)
Changes in operating assets and liabilities:		
Cash limited as to use		-
Interest and dividends receivable	(638,294)	(268,252)
Prepaid expenses and other assets	(85,141)	(4,195,965)
Accounts receivable, net	(60,436)	(380,460)
Due from related organizations	(1,859,494)	(975,546)
Contributions receivable	(179,336)	(4,901,853)
Accounts payable and accrued expenses	(3,821,421)	1,253,658
Agency obligations	(252,108)	549,958
Reserves for losses	(3,305,411)	(7,106,605)
Due to related organizations	(3,626,278)	4,838,500
Deferred revenue and support	(474,394)	(858,406)
Accrued pension and other postretirement costs	(10,521,772)	4,869,100
Other liabilities	73,507	191,409
Net cash and cash equivalents provided by (used in) operating activities	**(4,792,096)**	7,876,829
INVESTING ACTIVITIES:		
Proceeds from sale of land, buildings and equipment	4,055,547	49,126,129
Property related insurance recoveries	704,986	1,027,215
Purchase of land, buildings and equipment	(31,471,385)	(67,248,840)
Proceeds from sale of investments and maturity of annuities	3,612,681	9,207,766
Purchase of investments	(16,142,897)	(27,152,296)
Net advances on loans	(21,927,918)	(2,713,770)
Net cash and cash equivalents used in investing activities	**(61,168,986)**	(37,753,796)
FINANCING ACTIVITIES:		
Advances from related organization	(3,498,566)	45,441,417
Repayments of other notes payable	(1,045,758)	(26,204,195)
Contributions restricted for long term purposes	1,682,696	29,515,777
Net cash and cash equivalents provided by (used in) financing activities	**(2,861,628)**	48,752,999
NET INCREASE IN CASH AND CASH EQUIVALENTS	**(68,822,710)**	18,876,032
Cash and cash equivalents at beginning of year	**212,329,271**	196,597,125
Cash transfers from (to) related organizations (note N)	**245,744**	(3,143,886)
Cash and cash equivalents at end of year	**$ 143,752,305**	$ 212,329,271

	2009	2008
Supplemental disclosure of cash flow information:		
Conversion of amount due to a related party into a note payable (note F)	$ 36,408,400	$ -
Fixed assets acquired related to merger of ACHS (note C)	$ 8,347,385	$ -
Contribution of land	$ 200,000	$ -

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

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), the endowment and self-insurance program.

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. 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 or by a third party foundation or trustee for the benefit of 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.

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 the purchase date are classified as cash equivalents. Included in cash equivalents are money market funds and certificates of deposit of $82.7 million and $140.9 million at June 30, 2009 and 2008, 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. Unlimited deposit insurance coverage is available through June 30, 2010 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 accounts. Loans receivable represent advances made to related 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 Accounts and Loan Losses

The allowances for accounts and loan losses are 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 debtors, underlying collateral and current economic conditions that may affect the debtor's ability to pay. Loans and accounts are written-off in whole or in part when, in management's opinion, collectibility is considered remote. Subsequent recoveries, if any, are recorded as a reduction to the provision.

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

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 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 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 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 domestic and foreign securities listed on securities exchanges is valued at the last sale price. For those securities whose prices are not available through independent pricing services, bid price quotations are obtained by the investment custodian from principal market makers in those securities or at fair value as determined in good faith by investment managers. Securities whose prices are not available through independent pricing services are recorded at fair value based on the net asset value per share as reported by the sponsoring entity.

Interest in Net Assets of a Foundation

The Corporation Sole is a designated beneficiary in certain endowments and charitable gift annuities held by The Catholic Foundation of the Archdiocese of Boston, Inc. ("The Catholic Foundation"), a related organization (see Note N). This beneficial interest in The Catholic Foundation is reflected on the statements of financial position as an interest in net assets of a foundation. The Corporation Sole receives quarterly distributions on these endowments to support central ministries programs in addition to distributions from charitable gift annuities when the annuity obligation is satisfied. Changes to this beneficial interest for distributions, new contributions and investment activity are reflected on the statements of activities.

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.

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.

Clergy Misconduct Claims
The Corporation Sole estimates a reserve for settlement of reported misconduct claims and direct related litigation costs based on 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.

The reserves for losses are 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. The Corporation Sole retains actuaries to perform an independent analysis of loss trends. 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.

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.

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 through June 30, 2019. The Corporation Sole is not able to reasonably estimate its asset retirement obligation for periods after June 30, 2019 due to the uncertainty related to long-term renovation and demolition plans.

Included in other liabilities in the accompanying statements of financial position is $2.6 million and $3.1 million at June 30, 2009 and 2008, respectively, 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.

The activities of The Catholic Appeal are reflected separately from the revenue from and change in interest in net assets of a foundation on the statements of activities and from the interest in net asset of a foundation on the statements of financial position.

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. 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.

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.

Cemetery Operations

Under Massachusetts law, the Corporation Sole sets aside 30% of all proceeds from parish cemetery mausoleum sales into a future care fund included in unrestricted 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 related organization.

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.

Income Taxes

The Corporation Sole is included in the annual United States Conference of Catholic Bishops Internal Revenue Service 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.

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

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 July 2006, FASB issued FASB Interpretation No. 48, "Accounting for Uncertainty in Income Taxes", an interpretation of SFAS No. 109, "Accounting for Income Taxes" ("FIN 48"). FIN 48 requires organizations to recognize the financial statement benefit of a tax position only after determining that the relevant tax authority would more likely than not sustain the position following an audit. For tax positions meeting the more-likely-than-not threshold, the amount recognized in the financial statements is the benefit that has a greater than 50 percent likelihood of being realized upon ultimate settlement with the relevant tax authority. On December 30, 2008, Financial Accounting Standards Board (FASB) issued FASB Staff Position (FSP) FIN 48-3, "Effective Date of FASB Interpretation No. 48 for Certain Nonpublic Enterprises," which permits an additional one year deferral of the effective date of FASB Interpretation 48 for most nonpublic entities. The Corporation Sole has elected to defer the adoption of FIN 48 until the year ending June 30, 2010. The Corporation Sole evaluates its uncertain tax positions using provisions of the Financial Accounting Standards Board (FASB) Statement 5, "Accounting for Contingencies". A loss contingency is recognized when it is probable that a liability has been incurred as of the date of the financial statements and the amount of the loss can be reasonably estimated. As of June 30, 2009, the Corporation Sole has no contingencies for losses due to uncertain tax positions.

In September 2009, the FASB issued FASB Accounting Standards Update ("ASU") 2009-12, "Investments in Certain Entities that Calculate Net Asset Value per Share (or its Equivalent)" to amend the guidance for measuring the fair value of investments in certain entities that do not have a quoted market price, but calculate net asset value per share or its equivalent. Such investments, sometimes referred to as alternative investments, include certain hedge funds, private equity funds, real estate funds, venture capital funds and offshore funds. As a practical expedient, the amendments in ASU 2009-12 permit, but do not require, a reporting entity to measure the fair value of an investment in an investee within the scope of the ASU based on the investee's net asset value per share or its equivalent. The guidance in ASU 2009-012 applies to all reporting entities that hold an investment that is required or permitted to be measured or disclosed at fair value, provided that (1) it is not probable it will sell the investment at an amount different from net asset value per share or its equivalent, and (2) at the measurement date, the investment's fair value is not readily determinable and the investee meets the criteria of an investment company as specified in FASB Accounting Standards Codification ("ASC") 946, "Financial Services—Investment Companies, 10-15-2", or similar measurement principles.

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

The Corporation Sole has early-adopted ASU 2009-12 with respect to its alternative investments meeting the criteria and, accordingly, has utilized the practical expedient (refer to note L). As permitted by ASU 2009-12, the Corporation Sole will defer adoption of the ASU's new disclosure requirements until the year ending June 30, 2010. The adoption did not have a material effect on the financial statements.

In February 2008, the FASB deferred the effective date of applying the provisions of Statement of Financial Accounting Standards No. 157, "Fair Value Measurements and Disclosures", to nonfinancial assets and nonfinancial liabilities until fiscal years beginning after November 15, 2008. The Corporation Sole is required to adopt these provisions for fiscal 2010. Management is currently evaluating the effect these provisions will have on the financial position and results of operations.

In April 2009, the FASB issued Statement of Financial Accounting Standards No. 164, "Not-for-Profit Entities: Mergers and Acquisitions" (FAS 164), which provides guidance on the accounting for combinations of not-for-profit entities with one or more not-for-profit entities, businesses or nonprofit activities. FAS 164 incorporates previously existing guidance related to accounting for goodwill and other intangible assets after the acquisition date by amending FAS 142, "Goodwill and Other Intangible Assets" to make it fully applicable to not-for-profit entities. FAS 164 shall be applied prospectively to mergers for which the merger date is on or after the beginning of an initial reporting period beginning on or after December 15, 2009 and acquisitions for which an acquisition date is on or after the beginning of the first annual reporting period beginning on or after December 15, 2009. As Corporation Sole enters into mergers or acquisitions with other organizations, the guidance of this new pronouncement will be adopted.

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. and The Fund for Catholic Schools, Inc.) ($000's):

	2009	2008
Performing loans	**$ 29,901**	$ 9,151
Nonperforming loans	**2,885**	68,695
	32,786	77,846
Allowance for loan losses	**(4,498)**	(69,183)
Net loans receivable	**$ 28,288**	$ 8,663

NOTE C - LOANS RECEIVABLE - Continued

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

	2009	2008
Balance at beginning of year	$ **69,183**	$ 69,889
Write-off of uncollectible loans	**(65,987)**	(483)
Additional provision (credit) for loan losses	**1,302**	(223)
Balance at end of year	$ **4,498**	$ 69,183

Nonperforming Loans

In prior years, the Corporation Sole issued $67.0 million of non-interest bearing demand loans to the Archdiocesan Central High Schools, Inc. (ACHS), a related organization, to fund its operations. These loans were 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 continued to own the real estate being used by the high schools and had entered into long term leases at a nominal annual rental with each of the newly formed legal entities.

No payments had been made on these loans and the Corporation Sole had not demanded repayment and as a result $66.0 million of these loans was reserved in prior years as their ultimate collection was judged to be remote.

On June 30, 2009 ACHS was merged into the Corporation Sole. Prior to the merger, ACHS and the Corporation Sole wrote off the nonperforming loans which resulted in $1.0 million expense, which is included in management and general expense in the statement of activities for the year ended June 30, 2009. After the write off of the nonperforming loans the remaining assets of ACHS, which included $8.35 million of net book value of land and buildings, a $34,929 catholic high school endowment and $21,229 of unspent appreciation on the endowment were merged into the Corporation Sole. This merger is reflected as a net asset transfer from related organizations in the statement of activities for the year ended June 30, 2009 (note N).

The Fund for Catholic Schools, Inc.

During December 2007 the Archbishop of Boston, working in coordination with a group of donors, established The Fund for Catholic Schools, Inc., to raise contributions for improvements to Catholic elementary schools in Brockton, Dorchester and Gloucester. During the year ended June 30, 2009, the Corporation Sole issued $26 million of loans, of which $1.5 million was repaid prior to June 30, 2009, to The Fund for Catholic Schools for construction and reorganization costs in Brockton and Dorchester. There are six loans which have an interest rate of 5.5%. Three of these loans mature between 2009 and 2014, with payments scheduled evenly over the repayment period. Three of the loans, in the amount of $4.1 million, are payable on demand. At June 30, 2009, The Fund for Catholic Schools has pledges that are expected to be collected over the next 6 years that will be used to repay the majority of the loans to the Corporation Sole.

NOTE D - INVESTMENTS

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

	2009	2008
Common Investment Fund	$ 77,217	$ 77,396
Fixed Income Fund	2,941	2,936
Short-term investments	13,427	12,859
Other investments	615	1,402
Total investments	$ 94,200	$ 94,593

NOTE E - LAND, BUILDINGS AND EQUIPMENT

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

	2009	2008
Land and land improvements	$ 65,742	$ 62,568
Buildings and improvements	1,112,272	1,049,754
Furniture and equipment	69,385	67,466
Construction in progress	2,206	2,194
	1,249,605	1,181,982
Less accumulated depreciation	(824,396)	(785,539)
Land, buildings and equipment, net	$ 425,209	$ 396,443

Land and buildings held for sale totaling $1.3 and $1.6 million at June 30, 2009 and 2008, 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 based on 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, 2009, the Corporation Sole invested $5.2 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.

NOTE E - LAND, BUILDINGS AND EQUIPMENT - Continued

The Corporation Sole leases certain of its properties primarily to unrelated third parties. At June 30, 2009, scheduled receipts for the next five years under non-cancelable long-term rental agreements are as follows ($000's):

Year ending June 30,		
2010	$	8,144
2011		5,132
2012		3,894
2013		2,960
2014		1,918

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 (the "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 (11.13)% and (6.60)% for the years ended June 30, 2009 and 2008, respectively. Accrued interest on this loan amounted to $123,881 and $754,713 at June 30, 2009 and 2008, respectively, and is included in the balance of this loan as presented in the accompanying statements of financial position.

In October 2008, the Corporation Sole entered into a 10-year promissory note with the Seminary for the $36.4 million owed to the Seminary from the August 2007 joint sale of property (see note N). This note is non-interest bearing and subordinated to all other liabilities, obligations and indebtedness of the Corporation Sole. This promissory note becomes due and payable in one lump sum payment on August 23, 2017.

In accordance with the requirements of Statement of Financial Accounting Standards (SFAS) No. 107, Disclosures About the Fair Value of Financial Instruments, the estimated fair value of the $36.4 million Seminary promissory note as of June 30, 2009 is $21 million. This fair value is based on estimates using market interest rates available for similar debt with equivalent maturities and risk factors.

NOTE F - NOTES PAYABLE - Continued

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 Rate	Maturity Date	2009	2008
Mortgage note - Parish	5.75%	September 19, 2023	$ **244**	$ 255
Mortgage note - Parish	5.75%	November 1, 2023	**22**	22
Mortgage note - Parish	6.37%	October 16, 2010	**-**	1,035
Total other notes payable			$ **266**	$ 1,312

Scheduled principal payments on other notes payable as of June 30, 2009 are as follows ($000's):

Year Ending June 30	
2010	$ 10
2011	13
2012	14
2013	15
2014	15
Thereafter	199
	$ 266

Interest expense on other notes payable was $56,000 and $300,000 for the years ended June 30, 2009 and 2008, 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):

	2009	2008
Buildings and equipment	$ 1,586	$ 1,735
Special collections	349	217
Parish life and leadership	14,363	15,428
Catholic education	2,355	2,964
Faith formation and evangelization	33	603
Health and social services	182	276
Central administration	12,415	6,450
Total	$ 31,283	$ 27,673

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

	2009	2008
Buildings and equipment	$ 55	$ 25,757
Special collections	1,466	2,539
Parish life and leadership	8,094	3,421
Catholic education	1,207	1,178
Faith formation and evangelization	2,474	175
Health and social services	192	67
Media and public relations	158	-
Central administration	2,044	390
Total	$ 15,690	$ 33,527

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

	2009	2008
Parish life and leadership	$ 9,181	$ 8,720
Catholic education	3,890	4,371
Faith formation and evangelization	10,411	10,411
Health and social services	59	59
Central administration	7,282	6,645
Total	$ 30,823	$ 30,206

NOTE H – ENDOWMENTS

The Corporation Sole's endowment consists of 133 individual funds established for the support of various programs and central administration. As required by accounting principles generally accepted in the United States of America, net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions.

Interpretation of Relevant Law

The Corporation Sole has historically viewed the Massachusetts Uniform Management of Institutional Funds Act (UMIFA) as requiring the Corporation Sole to preserve the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, the Corporation Sole classifies as permanently restricted net assets (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. This is regarded as the "historic dollar value" of the endowment fund. The remaining portion of the donor-restricted endowment fund that is not classified in permanently restricted net assets and is regarded as "net appreciation" is classified as temporarily restricted net assets until those amounts are appropriated for expenditure by the Corporation Sole.

Effective June 30, 2009, the Commonwealth of Massachusetts had enacted the provisions of the Uniform Prudent Management of Institutional Funds Act of 2006 (UPMIFA), which allows for increased flexibility with respect to application of the spending policy, among other modifications to existing law. The Corporation Sole has not amended its spending policy to incorporate these new provisions.

Funds with Deficiencies

From time-to-time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the "historic dollar value". Deficiencies of this nature are reported by a charge to unrestricted net assets and corresponding increase to temporarily restricted net assets. There were five funds with deficiencies of $29,838 as of June 30, 2009, and none as of June 30, 2008.

Endowment Investment Policy

The Corporation Sole has adopted an investment philosophy, which combined with the spending rate, attempts to provide a predictable stream of returns thereby making funds available to programs that are supported by its endowment, while at the same time seeking to maintain the purchasing power of the endowment assets. Endowment assets include those assets of donor-restricted funds that the Corporation Sole must hold in perpetuity or for donor-specified periods. Under the Corporation Sole's Investment Policy and spending rate, both of which are approved by the Roman Catholic Archbishop of Boston, the endowment assets are invested in a manner that is intended to produce an inflation-adjusted return in excess of the spending rate over a long period of time. Actual returns in any given year may vary.

NOTE H – ENDOWMENTS - Continued

Strategies Employed for Achieving Objectives

To satisfy its long-term rate-of-return objectives, the Corporation Sole relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). The majority of endowment investments are invested in the Common Investment Fund, which in-turn invests in the Collective Investment Partnership. The Investment Committee of the Archbishop's Finance Council is responsible for selecting the investment managers of the Collective Investment Partnership. The Investment Committee's investment rationale is to include an array of different strategies and investment managers for the Investment Partnership's portfolio to reduce overall volatility while providing investment returns above industry benchmarks.

Spending Policy

It is the policy of the Archbishop of Boston to appropriate for distribution on a quarterly basis 1% of the net assets of the endowment as of the previous quarter-end. In establishing this policy, the Corporation Sole considered the long-term expected return on its endowments. Accordingly, over the long term, the Corporation Sole expects the current spending policy to allow its endowments to grow at a nominal rate. This is consistent with the Corporation Sole's objective to maintain the purchasing power of the endowment assets held in perpetuity as well as to provide additional real growth through new gifts and investment return.

Endowment net asset composition by type of fund as of June 30, 2009 and 2008 ($000's):

June 30, 2009	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Donor restricted endowments:				
Endowments subject to UMIFA	$ (30) *	$ 1,662	$ 19,630	$ 21,262
Beneficial interest in the Catholic Foundation	-	1,126	8,757	9,883
Beneficial interest in perpetual trusts	-	-	2,436	2,436
	$ (30)	$ 2,788	$ 30,823	$ 33,581

June 30, 2008	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Donor restricted endowments:				
Endowments subject to UMIFA	$ -	$ 4,949	$ 18,665	$ 23,614
Beneficial interest in the Catholic Foundation	-	2,191	9,789	11,980
Beneficial interest in perpetual trusts	-	-	1,752	1,752
	$ -	$ 7,140	$ 30,206	$ 37,346

* The deficit in unrestricted net assets represents the amounts by which the fair values of certain donor-restricted were below the amounts required to be retained permanently.

NOTE H – ENDOWMENTS - Continued

Changes in endowment net assets for the fiscal years ended June 30, 2009 and 2008 are as follows ($000's):

June 30, 2009	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Endowment net assets, beginning of year	$ -	$ 7,140	$ 30,206	$ 37,346
Contributions, bequests and grants	-	-	1,683	1,683
Change in interest in net assets of a foundation	-	(1,065)	(1,058)	(2,123)
Change in beneficial interest in perpetual trusts	-	-	(282)	(282)
Investment return:				
Investment income	-	745	-	745
Net depreciation	(30)	(3,219)	-	(3,249)
Total investment return	(30)	(2,474)	-	(2,504)
Appropriation of endowment assets for operations (draw)	-	(994)	-	(994)
Other changes:				
Net assets reclassification	-	160	239	399
Net asset transfer from related organization	-	21	35	56
Endowment net assets, end of year	$ (30)	$ 2,788	$ 30,823	$ 33,581

NOTE H – ENDOWMENTS - Continued

June 30, 2008	Temporarily Restricted	Permanently Restricted	Total
Endowment net assets, beginning of year	$ 11,462	$ 23,556	$ 35,018
Contributions, bequests and grants	-	3,766	3,766
Change in interest in net assets of a foundation	(1,213)	1,608	395
Investment return:			
Investment income	895	-	895
Net depreciation	(3,504)	-	(3,504)
Total investment return	(2,609)	-	(2,609)
Appropriation of endowment assets for operations (draw)	(500)	-	(500)
Other changes:			
Net assets reclassification	-	1,276	1,276
Endowment net assets, end of year	$ 7,140	$ 30,206	$ 37,346

NOTE I - PARISH RECONFIGURATION

In May 2004, the Corporation Sole entered into a reconfiguration plan that included the suppression of certain parishes within the Archdiocese of Boston. 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, 2009. Gains of approximately $0.4 and $3.4 million are being recognized during the years ended June 30, 2009 and 2008, 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 costs of maintaining the suppressed parish properties are included in the accompanying statements of activities as parish reconfiguration expenses.

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, 2009 and 2008, the Corporation Sole's reserve for these estimated future settlements was $6.3 and $10.0 million, respectively, which is included in the reserves for losses in the accompanying statements of financial position.

During the years ended June 30, 2009 and 2008, the Corporation Sole entered into settlement agreements with 27 and 55 individuals who had brought sexual misconduct claims for approximately $3.6 million and $5.5 million, respectively.

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.

During each of the years ended June 30, 2009 and 2008, the Corporation Sole incurred $2.8 million of expenses, for funding provided to the Office of Pastoral Support and Child Protection, Inc., a related organization, for the purpose of providing counseling services to individuals affected by clergy misconduct and other educational and abuse prevention services.

The Corporation Sole and related organizations are 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. At June 30, 2009 and 2008, the Corporation Sole's reserve for these self-insurance losses was $4.0 million and $3.7 million, respectively, which is included in the reserves for losses in the accompanying statements of financial position.

NOTE K - COMMITMENTS AND CONTINGENCIES

Construction

The Corporation Sole has commitments to fund construction and other contracted costs in the amount of approximately $10.5 million and $11.4 million at June 30, 2009 and 2008, 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 – FAIR VALUE MEASUREMENTS

The Corporation Sole adopted Financial Accounting Standards Board ("FASB") Statement of Financial Accounting Standards No. 157, "*Fair Value Measurements*" (SFAS 157) effective July 1, 2008. SFAS 157 establishes a fair value hierarchy that prioritizes the inputs and assumptions used to measure fair value, giving the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1 measurements) and the lowest priority to unobservable inputs (level 3 measurements). The three levels of the fair value hierarchy under SFAS 157 are described below:

Level 1 – Valuations based on quoted prices available in active markets for identical assets and liabilities.

Level 2 – Valuations based on quoted prices in markets that are not active or for which all significant inputs are observable either directly or indirectly for the asset or liability.

Level 3 – Valuations based on inputs that are unobservable and significant to the overall fair value measurement for the asset or liability.

A qualifying asset or liability's level within the framework is based upon the lowest level of any input that is significant to the fair value measurement. The methods used for valuing the assets and liabilities are not necessarily an indication of the risks associated with those assets.

Investments

The Corporation Sole estimates the fair value of its unit holdings in the Common Investment Fund and Fixed Income Fund based on the Corporation Sole's share of the underlying investment portfolio that consists of actively traded equities, bonds and money market funds, as well as private investment entities. The Corporation Sole can redeem its investment in the Common Investment Fund and the Fixed Income Fund at the net asset value per share at June 30, 2009. These investments are classified as being valued based on level 2 inputs under the fair value hierarchy following the FASB Accounting Standards Update 2009-12 which the Corporation Sole early adopted.

The Corporation Sole's short-term investments consist of certificates of deposit and mutual funds that have quoted prices in active markets. These investments are reported at fair value on a recurring basis based on level 1 inputs under the fair value hierarchy.

The Corporation Sole's other investments include mutual funds held under split-interest agreements and an investment in a private insurance organization. The mutual funds have quoted prices in active markets and are considered fair value on a recurring basis based on level 1 inputs under the fair value hierarchy. The fair value of the private investment is based on the Corporate Sole's interest in the organization on a recurring basis, reported as a level 3 investment.

NOTE L – FAIR VALUE MEASUREMENTS - Continued

Beneficial Interest in Perpetual Trusts

The Corporation Sole is the beneficiary of two perpetual trusts maintained by third party trustees. These beneficial interests are included in prepaid expense and other assets in the statement of financial position at June 30, 2009 and 2008. These assets are classified as level 3 because Corporation Sole's share in the trusts does not have an active market. The Corporation Sole records the fair value of the trusts on a recurring basis based on the Corporation Sole's share of the underlying investment portfolio that consists of actively traded equities, bonds and money market funds. The trusts are managed by financial institutions and investment managers who provide statements on a regular basis presenting the market value of the portfolio on a detailed level.

The Corporation Sole's financial assets that are accounted for at fair value on a recurring basis as of June 30, 2009, by level within the fair value hierarchy are presented in the table below ($000's). Financial assets and liabilities measured at fair value on a non-recurring basis are excluded from the table.

	Quoted prices in active markets for identical assets (Level 1)	Significant other observable inputs (Level 2)	Significant unobservable inputs (Level 3)	Balance as of June 30, 2009
Investments	$ 13,512	$ 80,158	$ 530	$ 94,200
Beneficial interest in perpetual trusts	-	-	3,646	3,646
Total	**$ 13,512**	**$ 80,158**	**$ 4,176**	**$ 97,846**

The following table discloses a reconciliation of assets measured at fair value on a recurring basis using significant unobservable inputs during the year ended June 30, 2009 ($000's):

	Beneficial interest in perpetual trusts	National Catholic Risk Retention Group Investment	Total
Balance at July 1, 2008	$ 1,752	$ 1,286	$ 3,038
Contributions	2,176	-	2,176
Distributions	(85)	-	(85)
Unrealized depreciation	(197)	(756)	(953)
Balance at June 30, 2009	$ 3,646	$ 530	$ 4,176

NOTE M - 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 $7.2 million and $7.6 million for the years ended June 30, 2009 and 2008, respectively.

Accumulated plan benefits information for Corporation Sole, as provided by 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, 2009, the financial statements of the Pension Plan reflected approximately $239.6 million in net assets available for benefits and $321.1 million in accumulated plan benefit obligations. At June 30, 2008, the financial statements of the Pension Plan reflected approximately $272.1 million in net assets available for benefits and $301.5 million in accumulated plan benefit obligations.

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 Health 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 $17.2 million and $15.5 million for the years ended June 30, 2009 and 2008, respectively.

At June 30, 2009, the financial statements of the Health Plan reflected approximately $7.9 million in health and dental benefit obligations and $27.2 million in net assets available for benefits. At June 30, 2008, the 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.

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.

NOTE M - BENEFIT PLANS - Continued

The Clergy Retirement Plan introduced policy changes to address the aging priest population and increasing medical costs. This amendment is effective in July 2009 to adjust the housing portion of the pension obligation to a sliding scale based on the different residence options of the retired clergy. The amendment resulted in a $21 million actuarial gain in the accrued pension obligation which is included in the non-operating pension-related credits (charges) other than periodic pension costs in the statement of activities for the year ended June 30, 2009.

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)

	Pension Benefits		Other Benefits	
	2009	2008	2009	2008
Change in benefit obligation:				
Benefit obligation at beginning of year	$ 117,559	$ 119,485	$ 42,862	$ 47,241
Service cost	1,322	1,331	714	794
Interest cost	7,448	7,238	2,868	3,016
Plan amendment	(21,093)	-	-	-
Actuarial (gain)/loss	(5,742)	(340)	644	(6,335)
Benefits and other expenses paid**	(9,921)	(10,155)	(2,787)	(1,854)
Benefit obligation at end of year	$ 89,573	$ 117,559	$ 44,301	$ 42,862

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

	Pension Benefits		Other Benefits	
	2009	2008	**2009**	2008
Discount rate	**6.20%**	6.55%	**6.45%**	6.75%
Rate of compensation increase	**NA**	NA	NA	NA
Health care cost trend rate assumed for next year	**NA**	NA	**8.00%**	8.50%
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

NOTE M - BENEFIT PLANS - Continued

Plan Assets ($000s)

	Pension Benefits 2009	Pension Benefits 2008	Other Benefits 2009	Other Benefits 2008
Change in Plan assets:				
Fair value of Plan assets at beginning of year	$ 45,938	$ 57,112	$ -	$ -
Actual return on Plan assets	(5,701)	(2,764)	-	-
Transfers from Clergy Benefit Trust	(1,356)	1,745	1,834	1,854
Benefits and other expenses paid**	(8,968)	(10,155)	(1,834)	(1,854)
Fair value of Plan assets at end of year	$ 29,913	$ 45,938	$ -	$ -

** $1.9 million of benefits and other expenses paid to participants was not paid from Plan assets. The Corporation Sole paid this portion of clergy pension and other benefits from the proceeds of the 2007 administrative campus sale (Note N).

The asset allocation for the Clergy Retirement Plan at the end of 2008 and 2009, and the target allocation for 2009, by asset category, are as follows:

	Target 2009	Actual % of Plan Assets at Year End 2009	Actual % of Plan Assets at Year End 2008
Equity securities	0%	0.4%	35%
Debt securities	0%	0.5%	25%
Other investments	0%	0.0%	10%
Real Estate*	35.5%	35.5%	23%
Cash	64.5%	63.6%	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 maintain capital with no 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. Investments in equity and debt securities represents investments in the Collective Investment Partnership, a related organization of the Corporation Sole.

NOTE M - BENEFIT PLANS - Continued

Reconciliation of Funded Status ($000s)

	Pension Benefits		Other Benefits	
	2009	2008	2009	2008
Funded status	$ (59,660)	$ (71,621)	$ (44,301)	$ (42,862)
Accrued cost	$ (59,660)	$ (71,621)	$ (44,301)	$ (42,862)

Components of Net Periodic Pension Cost ($000s)

	Pension Benefits		Other Benefits	
	2009	2008	2009	2008
Service cost for benefits earned during the period	$ 1,322	$ 1,331	$ 714	$ 794
Interest cost on projected benefit obligation	7,448	7,238	2,868	3,016
Expected return on Plan assets	(2,622)	(3,443)	-	-
Net amortization and deferral	(58)	(491)	(519)	(429)
Net periodic pension cost	$ 6,090	$ 4,635	$ 3,063	$ 3,381

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

	Pension Benefits		Other Postretirement Benefits	
	2009	2008	2009	2008
Net actuarial gain	$ (21,056)	$ (16,489)	$ (8,424)	$ (5,732)
Prior service cost/(credit)	(17,627)	3,741	(4,931)	(5,360)
Total	$ (38,683)	$ (12,748)	$ (13,355)	$ (11,092)

The change of $28.2 million in the accumulated amount credited to unrestricted net assets for the year ended June 30, 2009 is classified as a component of non-operating income (loss) in the accompanying statement of activities. During the year ended June 30, 2010, $1.2 million of the accumulated amounts credited to non-operating income will be amortized into operating expenses.

NOTE M - BENEFIT PLANS - Continued

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

	Pension Benefits		Other Benefits	
	2009	2008	2009	2008
Discount rate	6.20%	6.55%	6.45%	6.75%
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	8.0%	8.5%
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	2015

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 One Percentage Point Increase		Other Benefits One Percentage Point Decrease	
	2009	2008	2009	2008
Effect on service and interest cost	$ 541	$ 600	$ (441)	$ (486)
Effect on benefit obligation	5,326	5,275	(4,432)	(4,416)

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 June 30	Pension Benefits
2010	$ 8,573
2011	8,485
2012	8,003
2013	7,503
2014	7,253
2015 - 2019	33,869

NOTE M - BENEFIT PLANS - Continued

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.

During the years ended June 30, 2009 and 2008, $6.8 million and $5.4 million, respectively, of collections from parishes restricted to assist clergy were contributed into the Clergy Benefit Trust. During the years ended June 30, 2009 and 2008, approximately $100,000 and $300,000, respectively, were disbursed to support the Archdiocese of Boston Clergy Medical/Hospitalization Plan and $1.6 million and $2.9 million, respectively, were disbursed for supplementary clergy benefits. Also during the year ended June 30, 2008, $3.6 million was transferred to the Archdiocese of Boston Clergy Retirement/Disability Plans. At June 30, 2009 and 2008, the financial statements of the Clergy Benefit Trust reflected $6.7 million and $2.8 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 $4.3 million and $3.6 million for the years ended June 30, 2009 and 2008, respectively. The financial statements of the Clergy Health Plan reflected a $630,911 and $113,579 deficiency in net assets available for benefits at June 30, 2009 and 2008, 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, 2009 and 2008, $225,000 and $50,331, respectively, was transferred from the Clergy Benefit Trust into the Non-Incardinated Trust. The financial statements of the Non-Incardinated Trust reflected $89,455 and $23,245 in net assets available for benefits at June 30, 2009 and 2008, respectively.

NOTE M - BENEFIT PLANS - Continued

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 years ended June 30, 2009 and 2008, $1.6 and $1.9 million, respectively, is included in management and general expense in the statement of activities and $1.9 million is included in other liabilities in the statement of financial position at June 30, 2008 for this one-time termination benefit

NOTE N - RELATED PARTY TRANSACTIONS

Administrative Campus Sale

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 October 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 $3.5 million to St. John's Seminary through June 30, 2009 and paid $5.7 million in October 2009 to settle the amount due to the Seminary which was not converted into the note payable.

Service Fees

The Corporation Sole provides administrative, technology and clerical services to related Catholic organizations. Service fees of $3.9 million and $3.6 million were charged for these services during the years ended June 30, 2009 and 2008, respectively. The revenue from these service fees is included in revenue from services provided in the accompanying statements of activities.

Catholic Foundation

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 $1.6 million and $3.0 million for the years ended June 30, 2009 and 2008, respectively.

NOTE N - RELATED PARTY TRANSACTIONS - Continued

Net Assets Transfer From (To) Related Organizations

At June 30, 2009 ACHS's $8.35 million of land and buildings at net book value, a $34,929 catholic high school endowment and $21,229 of unspent appreciation on the endowment was merged into the Corporation Sole (note C). This merger is reflected as part of the net asset transfers from related organizations in the statement of activities for the year ended June 30, 2009.

Additionally during the year ended June 30, 2009, $316,318 of cash was transferred from the Cardinals Rehab, Inc., a related organization, and $126,732 was transferred to Trinity Catholic Academy Brockton, Inc., a related organization that in 2007 consolidated the operations of certain parish schools in Brockton. These transfers are reflected as part of the net asset transfers from related organizations in the statement of activities for the year ended June 30, 2009.

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. This transfer is reflected as a net asset transfer in the statement of activities for the year ended June 30, 2008.

Catholic Schools Foundation

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, 2009 and 2008, this foundation awarded $3.3 million and $3.8 million in inner city scholarships to elementary schools that are operated by Corporation Sole's parishes.

NOTE O - SUBSEQUENT EVENTS

Subsequent to June 30, 2009, the Corporation Sole sold four properties classified as held for sale at June 30, 2009 for approximately $5.1 million recognizing a gain of approximately $4.3 million on such transactions.

The Corporation Sole adopted FAS No. 165, "Subsequent Events" (FAS 165) as of June 30, 2009. FAS 165 establishes general standards of accounting for and disclosure of events that occur after the balance sheet date but before financial statements are issued or are available to be issued. In connection with the preparation of these financial statements, the Corporation Sole has evaluated events and transactions through February 19, 2010, which is the date the financial statements were available for issuance.

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, 2009 and 2008. 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
February 19, 2010

THE ROMAN CATHOLIC ARCHBISHOP OF BOSTON,
A CORPORATION SOLE

Combining Statements of Financial Positions

June 30, 2009

(With summarized information as of June 30, 2008

	Parishes	Central Operations	Self-Insurance	Endowments	Eliminations	2009 Total	2008 Total
ASSETS							
Cash and cash equivalents:							
Parish operations	$ 60,290,709	$ -	$ -	$ -	$ -	$ 60,290,709	$ 63,328,020
Revolving loan fund	39,272,525	-	-	-	-	39,272,525	77,153,632
Central operations	-	31,081,465	-	227,800	-	31,309,265	57,235,795
Insurance operations	-	-	6,564,722	-	-	6,564,722	6,350,076
Parish reconfiguration	-	6,315,084	-	-	-	6,315,084	8,261,748
Deposits with the Corporation Sole-Revolving Loan Fund	-	8,707,668	-	-	(8,707,668)	-	-
Total cash and cash equivalents	99,563,234	46,104,217	6,564,722	227,800	(8,707,668)	143,752,305	212,329,271
Interest and dividends receivable	1,398,314	91,732	12,759	112,465	-	1,615,270	976,976
Prepaid expenses and other assets	577,645	6,306,983	66,392	-	-	6,951,020	6,865,898
Accounts receivable, net	2,407,133	307,267	473,438	-	(373,314)	2,814,524	2,306,581
Due from related organizations	-	3,726,580	-	-		3,726,580	1,867,086
Contributions receivable, net	6,161,590	1,184,017	-	-	-	7,345,607	7,162,705
Loans receivable, net (note C)	27,901,295	386,457	-	-	-	28,287,752	8,662,555
Land and buildings held for sale (note E)	-	1,276,809	-	-	-	1,276,809	1,625,745
Investments (note D)	69,156,603	7,976,043	4,825,956	12,240,905	-	94,199,507	94,593,284
Interest in net assets of a foundation	1,441,050	10,590,595	-	-	-	12,031,645	14,422,454
Land, buildings and equipment, net (note E)	373,679,711	51,529,775	-	-	-	425,209,486	396,442,547
Total assets	$ 582,286,575	$ 129,480,475	$ 11,943,267	$ 12,581,170	$ (9,080,982)	$ 727,210,505	747,255,102
LIABILITIES AND NET ASSETS							
LIABILITIES:							
Accounts payable and accrued expenses	$ 13,059,816	$ 3,745,962	$ 721,200	$ -	$ (853,688)	$ 16,673,290	$ 17,378,607
Agency obligations	351,913	776,413	-	-	-	1,128,326	1,380,434
Reserves for losses (note J)	-	6,338,925	4,046,346	-	-	10,385,271	13,690,682
Due to related organizations (note N)	12,599,177	4,850,340	15,315	-	(8,920,476)	8,544,356	52,077,601
Deferred revenue and support	17,485,931	-	-	-	-	17,485,931	17,960,325
Accrued pension and other post retirement costs (note M)	94,960,272	9,001,057	-	-	-	103,961,329	114,483,100
Other liabilities	3,352,090	134,904	-	-	-	3,486,994	3,413,487
Note payable - related organization (note F)	1,732,389	41,412,281	-	-	(1,732,389)	41,412,281	5,634,713
Other notes payable (note F)	266,197	-	-	-	-	266,197	1,311,955
Total liabilities	143,807,785	66,259,882	4,782,861	-	(11,506,553)	203,343,975	227,330,904
NET ASSETS:							
Unrestricted	416,373,872	35,713,064	7,160,406	87,899	2,425,571	461,760,812	462,045,367
Temporarily restricted (note G)	13,729,451	17,691,861	-	(138,589)	-	31,282,723	27,673,172
Permanently restricted (note G)	8,375,467	9,815,668	-	12,631,860	-	30,822,995	30,205,659
Total net assets	438,478,790	63,220,593	7,160,406	12,581,170	2,425,571	523,866,530	519,924,198
Total liabilities and net assets	$ 582,286,575	$ 129,480,475	$ 11,943,267	$ 12,581,170	$ (9,080,982)	$ 727,210,505	$ 747,255,102

THE ROMAN CATHOLIC ARCHBISHOP OF BOSTON, A CORPORATION SOLE

Combining Statements of Activities - Unrestricted
For the year ended June 30, 2009
(With summarized information for the year ended June 30, 2008

	Parishes	Central Operations	Self-Insurance	Endowments	Eliminations	2009 Total	2008 Total
REVENUES AND OTHER SUPPORT:							
Collections	$ 109,072,199	$ 483,231	$ -	$ -	$ (399,923)	$ 109,155,507	$ 110,941,019
Catholic Appeal	-	9,137,462	-	-	-	9,137,462	15,669,488
Contributions and bequests	18,126,030	231,410	-	-	-	18,357,440	23,828,419
Parish fundraiser events	23,295,340	-	-	-	-	23,295,340	22,544,928
Tuition and fees	105,981,335	556,843	-	-	-	106,538,178	103,924,689
Investment income	6,388,547	2,348,434	137,580	-	(196,086)	8,678,475	10,282,888
Rental income	11,565,872	554,778	-	-	-	12,120,650	11,532,636
Cemetery operations	4,013,433	-	-	-	-	4,013,433	3,667,873
Revenue from services provided (note N)	-	8,041,785	-	-	(1,975,974)	6,065,811	6,080,922
Insurance revenues	-	-	4,956,358	-	(3,359,876)	1,596,482	1,426,044
Sacramental offerings	5,770,275	-	-	-	-	5,770,275	5,658,617
Other revenues	28,547,331	840,875	87,759	-	(5,310,942)	24,165,023	22,233,471
Revenue from and change in interest in net assets of a foundation	-	-	-	-	-	-	(580,386)
Net assets released from restrictions and reclassifications (note G)	8,118,358	7,139,924	-	634,694	(442,532)	15,450,444	7,777,350
Total revenues and other support	320,878,720	29,334,742	5,181,697	634,694	(11,685,333)	344,344,520	344,987,958
EXPENSES:							
Program:							
Parish life & leadership	178,208,333	8,500,064	-	229,082	(4,531,826)	182,405,653	171,529,844
Catholic education	130,197,385	3,181,838	-	181,260	(208,427)	133,352,056	130,402,688
Faith formation & evangelization	926,368	6,206,431	-	108,842	(67,229)	7,174,412	6,636,443
Health & social services	2,318,239	1,081,289	-	27,611	-	3,427,139	2,620,069
Central and regional services	1,389,548	4,906,906	-	-	(512,720)	5,783,734	4,938,374
Media & public relations	154,394	1,986,631	-	-	-	2,141,025	1,919,868
Cemetery operations	4,918,025	-	-	-	-	4,918,025	5,015,696
Total program expenses	318,112,292	25,863,159	-	546,795	(5,320,202)	339,202,044	323,062,982
Management and general	2,463,646	23,799,740	5,744,872	-	(6,818,839)	25,189,419	18,785,142
Fundraising	6,920,102	1,625,000	-	-	-	8,545,102	10,566,200
Parish reconfiguration (note I)	-	1,623,089	-	-	(126,812)	1,496,277	1,401,915
Total expenses	327,496,040	52,910,988	5,744,872	546,795	(12,265,853)	374,432,842	353,816,239
Operating income	(6,617,320)	(23,576,246)	(563,175)	87,899	580,520	(30,088,322)	(8,828,281)
NONOPERATING INCOME (LOSS):							
Net assets released from restrictions						-	25,750,000
Net realized and unrealized loss on investments	(7,660,213)	(972,520)	(990,636)	-	-	(9,623,369)	(3,276,097)
Gain on sale of administrative campus property	-	50,631	-	-	-	50,631	11,737,932
Gain on sale of other land and buildings	3,338,532	594,495	-	-	-	3,933,027	27,579,422
Insurance and other recoveries (note J)	1,284,691	93,218	1,196,900	-	(1,066,302)	1,508,507	2,835,628
Settlement and related expenses (note J)	-	-	(2,800,000)	-	-	(2,800,000)	(3,243,917)
Pension-related credits (charges) other than periodic pension costs	28,198,000	-		-	-	28,198,000	(452,000)
Nonoperating income (loss)	25,161,010	(234,176)	(2,593,736)	-	(1,066,302)	21,266,796	60,930,968
CHANGE IN NET ASSETS	18,543,690	(23,810,422)	(3,156,911)	87,899	(485,782)	(8,821,526)	52,102,686
Net assets at beginning of year	396,318,493	52,498,204	10,317,317	-	2,911,353	462,045,367	413,287,153
Net asset transfers from (to) related organizations (note N)	1,511,689	7,025,282	-	-	-	8,536,971	(3,344,472)
Net assets at end of year	$ 416,373,872	$ 35,713,064	$ 7,160,406	$ 87,899	$ 2,425,571	$ 461,760,812	$ 462,045,367

THE ROMAN CATHOLIC ARCHBISHOP OF BOSTON, A CORPORATION SOLE

Combining Statements of Activities - Temporarily Restricted
For the year ended June 30, 2009
(With summarized information for the year ended June 30, 2008

	Parishes	Central Operations	Self-Insurance	Endowments	Eliminations	2009 Total	2008 Total
REVENUES AND OTHER SUPPORT:							
Collections	$	$ 1,646,062	$ -	$ -	$ -	$ 1,646,062	$ 1,702,072
Collections - clergy benefits	6,764,253	-	-	-	-	6,764,253	5,448,837
Catholic Appeal		6,228,682	-	-	-	6,228,682	-
Contributions and bequests	4,621,208	3,792,163	-	-	(442,532)	7,970,839	7,832,936
Parish fundraiser events	-	-	-	-	-	-	3,353,787
Tuition and fees	-	-	-	-	-	-	-
Investment income	533,529	146,912	-	517,855	-	1,198,296	1,098,516
Rental income	-	-	-	-	-	-	-
Cemetery operations	-	-	-	-	-	-	-
Revenue from services provided (note N)	-	-	-	-	-	-	-
Insurance revenues	-	-	-	-	-	-	-
Sacramental offerings	-	-	-	-	-	-	-
Other revenues	124,924	6,639	-	-	-	131,563	-
Revenue from and change in interest in net assets of a foundation	(563,738)	(797,023)	-	-	-	(1,360,761)	762,977
Net assets released from restrictions and reclassifications (note G)	(8,357,882)	(7,139,924)	-	(634,694)	442,532	(15,689,968)	(9,053,285)
Total revenues and other support	3,122,294	3,883,511	-	(116,839)	-	6,888,966	11,145,840
Operating income	3,122,294	3,883,511	-	(116,839)	-	6,888,966	11,145,840
NONOPERATING INCOME (LOSS):							
Contributions	-	-	-	-	-	-	25,750,000
Net assets released from restrictions	-	-	-	-	-	-	(25,750,000)
Net realized and unrealized loss on investments	(770,403)	(330,534)	-	(2,199,707)	-	(3,300,644)	(3,307,528)
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 credits (charges) other than periodic pension	-	-	-	-	-	-	-
Nonoperating income (loss)	(770,403)	(330,534)	-	(2,199,707)	-	(3,300,644)	(3,307,528)
CHANGE IN NET ASSETS	2,351,891	3,552,977	-	(2,316,546)	-	3,588,322	7,838,312
Net assets at beginning of year	11,377,560	14,117,655	-	2,177,957	-	27,673,172	19,834,860
Net asset transfers from related organizations (note N)	-	21,229	-	-	-	21,229	-
Net assets at end of year	$ 13,729,451	$ 17,691,861	$ -	$ (138,589)	$ -	$ 31,282,723	$ 27,673,172

THE ROMAN CATHOLIC ARCHBISHOP OF BOSTON,
A CORPORATION SOLE

Combining Statements of Activities - Permanently Restricted
For the year ended June 30, 2009
(With summarized information for the year ended June 30, 2008

	Parishes	Central Operations	Self-Insurance	Endowments	Eliminations	2009 Total	2008 Total
REVENUES AND OTHER SUPPORT:							
Collections	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Collections - clergy benefits	-	-	-	-	-	-	-
Catholic Appeal	-	-	-	-	-	-	-
Contributions and bequests	-	-	-	-	-	-	-
Parish fundraiser events	-	-	-	-	-	-	-
Tuition and fees	-	-	-	-	-	-	-
Investment income	-	-	-	-	-	-	-
Rental income	-	-	-	-	-	-	-
Cemetery operations	-	-	-	-	-	-	-
Revenue from services provided (note N)	-	-	-	-	-	-	-
Insurance revenues	-	-	-	-	-	-	-
Sacramental offerings	-	-	-	-	-	-	-
Other revenues	-	(282,179)	-	-	-	(282,179)	-
Revenue from and change in interest in net assets of a foundation	(985,093)	(72,541)	-	-	-	(1,057,634)	1,607,743
Net assets released from restrictions and reclassifications (note G)	239,524	-	-	-	-	239,524	1,275,935
Total revenues and other support	(745,569)	(354,720)	-	-	-	(1,100,289)	2,883,678
Operating income	(745,569)	(354,720)	-	-	-	(1,100,289)	2,883,678
NONOPERATING INCOME:							
Contributions	698,998	991,963		(8,265)		1,682,696	3,765,777
Net realized and unrealized 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 credits (charges) other than periodic pension costs	-	-	-	-	-	-	-
Nonoperating income (loss)	698,998	991,963	-	(8,265)	-	1,682,696	3,765,777
CHANGE IN NET ASSETS	(46,571)	637,243	-	(8,265)	-	582,407	6,649,455
Net assets at beginning of year	8,422,038	9,143,496	-	12,640,125	-	30,205,659	23,556,204
Net asset transfers from related organizations (note N)	-	34,929	-	-	-	34,929	-
Net assets at end of year	$ 8,375,467	$ 9,815,668	$ -	$ 12,631,860	$ -	$ 30,822,995	$ 30,205,659

Corporation Sole's Compensation and Vendor Disclosure

COMPENSATION SCHEDULES			
CURRENT CABINET COMPENSATION			
EMPLOYEE	TITLE	COMPENSATION	NOTES
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	$ 32,400	
Most Reverend Emillio S. Allue, SDB	Auxiliary Bishop & Vicar for Hispanic Apostolate	$ 34,300	
Sister Marian Batho, CJS	Secretary for Regional Services	$ 31,362	Paid to Sisters of St. Joseph
Janet P. Benestad	Secretary for Faith Formation & Evangelization	$150,000	
Very Reverend Arthur M. Coyle, V. E.	Episcopal Vicar for the Merrimack Region	$ 33,200	
Terrence Donilon	Secretary for Communications	$166,304	See note A
Most Reverend John A. Dooher	Secretary for Pastoral & Ministerial Services	$ 34,000	
Most Reverend Walter J. Edyvean	Regional Bishop - West Region	$ 34,500	
Very Reverend Thomas S. Foley	Episcopal Vicar & Secretary for Parish Life and Leadership	$ 32,300	
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	$ 33,100	
Most Reverend Francis X. Irwin	Regional Bishop - North Region	$ 34,800	
Reverend Arthur L. Kennedy	Rector, St. John's Seminary	$ 34,300	Salary paid by St. John's Seminary
Reverend Robert T. Kickham	Chief Secretary to the Archbishop	$ 31,200	
Scot Landry	Secretary for Institutional Development	$250,000	See note A
F. Beirne Lovely, Jr.	General Counsel	$300,000	See note A

Note A

To assist achieving a balanced budget, on 7/1/09 employees earning salaries of $200,000 or greater were reduced by 10%, those earning $100,000 to $199,999 were reduced by 5% until conditions permit restoration to their agreed upon salary.

Corporation Sole's Compensation and Vendor Disclosure

CURRENT CABINET COMPENSATION - CONTINUED			
Employee	**Title**	**Compensation**	**Notes**
James P McDonough	Secretary for Financial & Administrative Services, Chancellor	$250,000	See note A
Very Reverend Mark O'Connell	Judicial Vicar	$ 31,900	
Mary Grassa O'Neill	Secretary for Education	$325,000	See note A
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 2009			
Employee	**Title**	**Compensation**	**Notes**
M. O'Neil	Secretary for Education	$ 325,000	See note A
B. Lovely, Jr	General Counsel	$ 300,000	See note A
J. McDonough	Secretary for Financial & Administrative Services, Chancellor	$ 250,000	See note A
S. Landry	Secretary for Institutional Development	$ 250,000	See note A
J. Walsh	Associate Superintendent of Catholic Schools	$ 185,270	See note A

<u>Note A</u>

To assist achieving a balanced budget, on 7/1/09 employees earning salaries of $200,000 or greater were reduced by 10%, those earning $100,000 to $199,999 were reduced by 5% until conditions permit restoration to their agreed upon salary.

Corporation Sole's Compensation and Vendor Disclosure

TEN HIGHEST PAID VENDORS FOR FISCAL YEAR 2009	
ENDOR	AMOUNT
Willis of Massachusetts Inc. (Note 1)	$ 3,291,730
W.B. Mason Company Inc.	$ 2,241,001
Marsh USA, Inc. (Note 1)	$ 2,146,086
BWK Construction Company, Inc.	$ 2,057,115
Folan Waterproofing & Construction	$ 2,033,977
Auburn Construction	$ 1,744,571
Lawson Software Americas	$ 1,548,072
Santini Construction Inc.	$ 1,435,436
Ropes & Gray LLP	$ 1,373,224
Wojcicki McPartland	$ 1,298,803

Note 1

Willis of Massachusetts Inc. and Marsh USA, Inc. are insurance brokers and risk management consultants. The above disbursements include insurance premiums disbursed to insurers.

FISCAL YEAR 2009 FUNDING FOR ABUSE SETTLEMENTS AND RELATED COSTS

OVERVIEW

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

SEXUAL ABUSE SETTLEMENTS AND RELATED COSTS

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

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

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

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

Sources of Funds

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

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

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

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

Future Reports

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

Closing Words

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

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 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.
Bishop Fenwick High School, Inc.
Cardinal Spellman High School, Inc.
Cathedral High School, Inc.
Lowell Catholic High School, Inc.
Marian High School, Inc.
Matignon High School, Inc.
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. Ann's School of Cape Ann, MA Inc.
St. Columbkille's
St. Mary's High School
St. Sebastian's School, Inc.
Trinity Catholic Academy

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.
St. Sebastian's School Fund, 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 Charities Columbia Road Community Development Corporation
Catholic Charities West Broadway Community Development Corporation, Inc
Irish Pastoral Center of the Archdiocese of Boston, Inc.
Society for Propagation of the Faith of Boston, Inc. (The)
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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

Compendium of Financial Reports of Corporation Sole Parishes

For financial reports of the parishes of the Archdiocese of Boston, please visit our website 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

City/Town	Parish
Abington	Saint Bridget Parish
Acton	Saint Elizabeth of Hungary 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
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	Saint John the Evangelist 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

PARISHES OF THE ARCHDIOCESE OF BOSTON

CITY/TOWN	PARISH
Braintree	Saint Thomas More Parish
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 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

CITY/TOWN	PARISH
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 the Evangelist 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 George
Framingham	Saint Stephen Parish
Framingham	Saint Tarcisius Parish
Franklin	Saint Mary Parish
Georgetown	Saint 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

Parishes of the Archdiocese of Boston

City/Town	Parish
Hyde Park	Most Precious Blood Parish
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

Parishes of the Archdiocese of Boston

City/Town	Parish
Medford	Saint Raphael Parish
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
Neponset	Saint Anne Parish
Newburyport	Immaculate Conception Parish
Newton	Corpus Christi-Saint Bernard 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
Norfolk	Saint Jude Parish
North Andover	Saint Michael Parish
North Billerica	Saint Andrew Parish
North Chelmsford	Saint John the Evangelist Parish
North Reading	Saint Theresa of Lisieux 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

Parishes of the Archdiocese of Boston

City/Town	Parish
Peabody	Saint Thomas the Apostle Parish
Peabody	Our Lady of Fatima Parish
No Pembroke	Saint Thecla 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
Scituate	Saint Mary of the Nativity Parish
Sharon	Our Lady of Sorrows Parish
Sherborn	Saint Theresa of Lieieux Parish
Shirley	Saint Anthony Parish
Somerville	Saint Ann Parish
Somerville	Saint Anthony Parish
Somerville	Saint Benedict Parish

Parishes of the Archdiocese of Boston

City/Town	Parish
Somerville	Saint Catherine of Genoa Parish
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 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

Parishes of the Archdiocese of Boston

City/Town	Parish
West Roxbury	Saint Theresa of Avila Parish
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