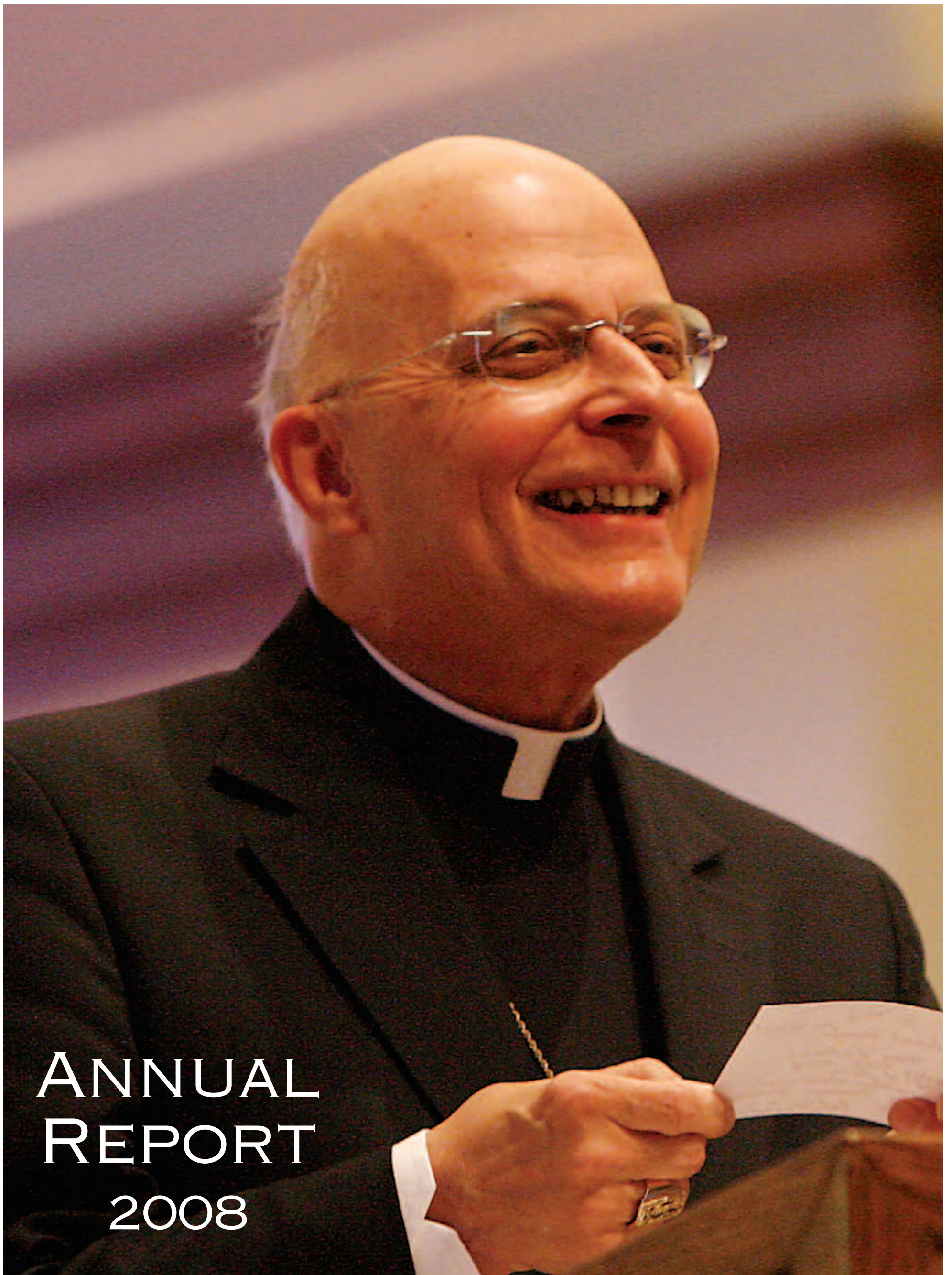


THE ARCHDIOCESE OF CHICAGO



ANNUAL
REPORT
2008

FEBRUARY 15, 2009

“Wish you were here ...”

All of us have probably written this message on a post card to our friends or loved ones. Only four words yet, if spoke or written sincerely, they express our love. Add a beautiful photo of a magnificent building or an exotic location and your post card recipients better understand your heart's desire to share your experience with them.

Most of our experience together as the Catholic Church in Cook and Lake counties lies close to our homes and our parishes. That is where I find myself with you, along with the time in many meetings and telephone calls.

When I was looking over the proof pages of the 2008 Annual Report, however, I was taken with the story of the year's pilgrimages and journeys. Key among them was the August Archdiocesan pilgrimage to Lourdes, marking the 150th anniversary of the apparitions of the Blessed Virgin Mary to St. Bernadette. One hundred and ninety Chicago-area Catholics, many of them in poor health, joined me in participating in this weeklong pilgrimage. Hundreds of others participated in the special “at home pilgrimage” here in the Archdiocese, under the direction of Bishop Thomas Paprocki.

Chicago youth journeyed to Sydney, Australia, with young people from all across the globe for World Youth Day with Pope Benedict XVI. Again, although not many of our young people could make the trip halfway around the world, more than 800 young men and women came on July 20 for the festivities conducted in English, Spanish and Polish at St. Hyacinth Parish. They celebrated an evening Mass to coincide in time with ours in Sydney, Australia. There were also many men and women from the Archdiocese of Chicago, under the direction of Bishop Joseph Perry, joining the tens of thousands of Catholics from around the world who made the pilgrimage to the International Eucharistic Congress in Quebec City in June.

Perhaps the most joyous and memorable journey I made with hundreds of

Chicago area Catholics was to Washington, D.C. and to New York City in April, when Pope Benedict XVI journeyed to this side of the Atlantic for his first visit to our country as Bishop of Rome. As President of the United States Conference of Catholic Bishops, I was honored to serve as one of the main hosts for the Holy Father on his pilgrimage to our country. Its theme, you might recall, was “Christ Our Hope.”

During the hundreds of local trips to parishes, schools, hospitals and other places throughout the Archdiocese, we had time to pray and work together. On many occasions, I thought of others who were not present physically but who were always with me in prayer.

Thank you for your continuing financial support and generosity to

the Archdiocese and the ministries of the Church. My gratitude is even greater this year, when so many have been impacted by the economic downturn. Never has the outreach of our Archdiocesan institutions and parishes been more crucial than during these tough economic times.

I am proud of your increased efforts to respond to increased demands. The Archdiocese's sense of stewardship and fiscal responsibility is deepened as we carefully monitor our finances and conserve our resources to be good stewards of your generosity.

In Christ, I don't just “wish you were here;” I know, in faith, that you are. You are daily in my prayers; please keep me in yours

Sincerely yours in Christ,



Francis Cardinal George, O.M.I.
Archbishop of Chicago

“Never has the outreach of our Archdiocesan institutions and parishes been more crucial than during these tough economic times.”

Devout Pilgrims at Home and Away



Pope Benedict XVI visits the U.S.

CNS photo/Jim Young, Reuters



Many Chicago Catholics journeyed with a spiritual purpose in 2008. They also celebrated “at home” pilgrimages, uniting those here with those traveling on two continents.

Over 200 youth traveled to Australia for World Youth Day. Hundreds more gathered here for an eight-hour celebration Chicago Style. And while Cardinal George led 200 pilgrims to France to mark the 150th anniversary of the apparitions at Lourdes, Catholics here took part in a week-long series of celebrations during the *At Home Pilgrimage*.

A contingent of Chicago pilgrims met up with Cardinal George at the 49th International Eucharistic Congress in Quebec City, Canada. Chicago Catholics also celebrated when Pope Benedict XVI made his first journey to the U.S. as Pope, where, accompanied by Cardinal George, he offered his message of hope during public events in Washington, D.C. and New York City.



World Youth Day Chicago Style

Catholic New World/Karen Callaway



International Eucharistic Congress, Canada Photo courtesy of Michael Grzesik



Anniversary Pilgrimage to Lourdes, France

Photo/Michael May

Chancellor's Report

The financial results from this past year show extraordinary generosity from the Catholics in Cook and Lake counties. These numbers for FY '08 (ending June 30, 2008) do not reflect the steep decline in relevant economic indicators and investment results at the beginning of the 2nd Quarter of FY '09 that dramatically altered public perception. However, they show continued, strong support for the work and mission of our local church, despite job losses and tightening of the economy.

It is clear that we are all in transition to leaner times. These times require us as church to respond to the needs of those for whom we care in more creative and extensive ways; to find ways to provide extended support to our parishes and schools; and to believe that the Lord will provide the essentials for us if we trust Him.

When I am out in parishes and schools, the testimony I hear from Catholics underscores their appreciation for the deep care and pastoral concern that our priests and deacons have shown in their worship and sacramental life. I also thank the many religious women and men who minister so caringly, as well as those lay ministers and volunteers who make pastoral life in the church vibrant and meaningful; and finally, all of the lay employees whose daily work supports these ministries.

Finally, I am grateful everyday for the leadership and pastoral ministry of Cardinal George, who continues to give himself with complete selflessness to the apostolic care and governance of this Archdiocese



Jimmy Lago
Chancellor

Sincerely,

Jimmy M. Lago, Chancellor
Archdiocese of Chicago

Director of Financial Services' Report

It is truly a wonder how and where God leads us in our journeys through life. Personally, if asked just a mere year ago what work I would be doing today I could have answered with a number of possibilities, not one of which would have been as the Director of Finance for the Archdiocese of Chicago. As often happens, only in retrospect does it become apparent how the Lord has been guiding my path's twists and turns, choices and movements, in preparation for arriving at this next station, this significant new challenge, which I am honored to be undertaking. In this role as diocesan finance officer I can draw from and apply skills acquired and lessons learned along the way through my experiences in both the business world and parish ministry. With God's continued direction I hope to contribute innovation, resourcefulness, energy, and value to the administrative operations and overall mission of the Archdiocese's parishes, schools, agencies, ministries, and departments.

As is customary, accompanying this communication are the highlights from the Archdiocese of Chicago Annual Report, which summarize the financial results for the previous fiscal year ended June 30, 2008. Reflected therein is a year of stability: outcomes from solid stewardship of the financial position and activities of the Archdiocese.

Despite modest investment returns, relative to previous years, and operating cost increases, including escalated grants to parishes and schools plus self-insured property/casualty losses, the Archdiocesan Pastoral Center added \$21.3 million to its net assets, raising that measure to \$200.5 million. Taken as a group, Archdiocesan Parishes reported steady offertory collections and bequests of \$224.6 million, effectively equivalent to the previous year's results. Expanded Pastoral Center and noise abatement grant receipts along with greater building fund contributions supported this year's \$17.3 million increase to \$943.5 million in combined Parishes net assets. Another year of a strong response to the Annual Catholic Appeal nearing \$13.0 million also buoyed the Parishes and Archdiocese as a whole.

Additionally, the Archdiocese continues to minister to victims and resolve claims related to allegations of past instances of sexual misconduct by priests. During the 2008 fiscal year, the Archdiocese paid \$11.0 million in settlements of various claims. No current contributions to parishes, schools, or the Annual Catholic Appeal were used to fund misconduct settlements. Bank borrowings used to pay such settlements are repaid with proceeds from the sale of undeveloped land and recoveries from insurance companies.

For further details and other information copies of the complete audited financial statements for the Pastoral Center, Parishes, and Consolidated Archdiocese appear on the Archdiocesan website, www.archchicago.org.

As this new road of service unfolds, I look forward to walking and working with the many priests, religious, staff, volunteers, parishioners, and donors as we collaborate to continue fulfilling Christ's mission here in the Archdiocese of Chicago.

Sincerely,

Kevin J. Marzalik
Director of Financial Services
Archdiocese of Chicago

Archbishop Quigley Center



Perhaps the biggest transition this year was the one that required the longest planning, but the shortest distance traveled. It involved moving approximately 400 employees and their offices to two new Archdiocesan Centers. For some it was a matter of a few blocks - for others a short trip across town. The Archbishop Quigley Center at Rush and Pearson Streets is housed in the Archdiocese's former minor seminary, and the Cardinal Meyer Center on South Lake Park Avenue, served as a hospital during the Civil War and later as an orphanage and school run by the Sisters of St. Joseph of Carondelet. The historical value and architectural elements of these buildings, including their chapels, were preserved even with substantial additions and renovations.

Cardinal Meyer Center



The Cardinal Meyer Center on South Lake Park Avenue, served as a hospital during the Civil War and later as an orphanage and school run by the Sisters of St. Joseph of Carondelet. The historical value and architectural elements of these buildings, including their chapels, were preserved even with substantial additions and renovations.

Providing a Spiritual Environment for Our Faith to Grow



Cardinal George blesses the site for construction of Christ the King Jesuit College Preparatory School, the first Catholic high school built on the West Side in 85 years. Catholic New World/Karen Callaway



The second of five liturgical *At Home Pilgrimage* events to unite Chicago-area Catholics with pilgrims in Lourdes, France, was a torchlight rosary procession led by Bishop Thomas Paprocki at Mother of Good Counsel Convent in Chicago. Cardinal George led a pilgrimage to Lourdes to mark the 150th anniversary of the apparitions there. Catholic New World/Karen Callaway



Most Rev. Timothy Lyne, retired auxiliary bishop of Chicago, greets guests prior to a dinner in celebration of his 65 years as an Archdiocesan priest which include 25 years as an auxiliary bishop. Cardinal George and Father Daniel Mayall, pastor of Holy Name Cathedral Parish, co-hosted the event. Chicago Mayor and Mrs. Richard M. Daley were honorary co-chairs. Catholic New World/Karen Callaway



St. Monica Academy, in partnership with the Chicago Botanic Garden, developed an environmental curriculum that is the first of its kind in a Catholic school nationwide. Student Environmental Education and Development Studies (SEEDS) has been the basis for numerous programs and projects at St. Monica involving environmental science and ecology. Catholic New World/Karen Callaway



The Youth 2000 Retreat at St. Benedict Parish was a three-day experience for youth and young adults. Participants focused on the Eucharist with time for self-reflection and learning more about their Catholic faith. Catholic New World/Brian J. Morowczynski



Members of a combined choir of lay ecclesial movements gathered at St. John Vianney Parish in Northlake for a talk on Pope Benedict XVI's U.S. visit presented by Cardinal George. Lay ecclesial movements exist worldwide to help members become more actively involved in the practice of their faith. Members of lay ecclesial movements live the call to discipleship through specific practices and ways of prayer that are particular to each movement or community. Catholic New World/Karen Callaway



In six presentations throughout the Archdiocese, renowned storyteller Susan O'Halloran explored the four types of racism outlined in Cardinal George's pastoral letter on racism in "Stories of Race, Stories of Place, Stories of Grace." Catholic New World/Karen Callaway



A World Youth Day Mass event at St. John of the Cross Parish in Western Springs, included auxiliary bishops Francis Kane and Joseph Perry as presiders and featured a liturgical dance, commissioning ceremony and concert. Catholic New World/Karen Callaway



Colorful flags are readied for a procession during the fourth annual "Encuentro Juvenil," an all-day encounter of Latin American young adults, at the Sanctuary of Our Lady of Guadalupe in Des Plaines. The theme for the day was, "Jovenas: The Time Has Come." Karen Callaway/Catholic New World

**Archdiocese of Chicago
Pastoral Center Statements of Financial Position**

Fiscal Years Ending June 30
(amounts in \$ thousands - unaudited)

ASSETS	2008	2007
Cash and Cash Equivalents	\$ 27,295	\$ 18,300
Investments	266,578	278,450
Loans to parishes & religious orders (net)	95,397	93,392
Development Fund - net receivables	2,303	3,659
Land, building, equipment (net)	81,515	69,234
Prepaid / Intangible Pension Assets	86,248	31,313
Other assets	32,652	32,893
Total Assets	\$ 591,988	\$ 527,241

LIABILITIES & NET ASSETS
LIABILITIES

	2008	2007
Savings deposits from parishes & others	\$ 192,700	\$ 191,201
Bank loans	30,150	28,275
Insurance claims	106,982	100,451
Unearned rental income	17,970	—
Accounts payable and Other liabilities	43,697	28,154
Total Liabilities	391,499	348,081

NET ASSETS

Unrestricted - undesignated	88,423	52,055
Unrestricted - designated	67,820	74,988
Temporarily restricted	29,557	37,671
Permanently restricted	14,689	14,446
Total Net Assets	200,489	179,160

Total Liabilities & Net Assets	\$ 591,988	\$ 527,241
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**Archdiocese of Chicago
Pastoral Center Statements of Activities**

Fiscal Years Ending June 30
(amounts in \$ thousands - unaudited)

REVENUES	2008	2007
Parish assessment	\$ 23,066	\$ 22,476
Cemetery assessment	6,250	5,500
Annual Catholic Appeal (net)	6,722	9,378
Contributions & bequests (excl. seminaries)	1,588	3,619
Interest and dividends on investments	7,051	16,796
Interest income - parish loans	7,300	7,264
Other	1,881	2,174
Total Revenues	53,858	67,207

EXPENSES

Operating grants	8,072	4,729
Capital grants	2,368	1,649
Provision for uncollectible loans & receivables	3,578	4,401
Subtotal Parish Grants	14,018	10,779
Pastoral Center Ministerial Services (net)	6,509	5,880
Pastoral Center Pastoral Services (net)	23,545	21,738
Subtotal Pastoral Center (net)	30,054	27,617

EXPENSES (continued)

Seminaries (net including fundraising)	3,211	5,360
Assessments to Catholic Church organizations	909	1,588
Annual Catholic Appeal direct distributions	640	640
Interest expense - parish savings deposits	6,396	15,753
Interest expense - bank borrowings	2,209	2,437
Depreciation	3,108	3,008
Other	4,513	2,628

Subtotal Other (net)	20,986	31,414
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Total Expenses	65,058	69,810
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Net Revenue/(Expense) of Other Activities

Insurance program (excl. uncollectibles)	(22,396)	(8,358)
Food service	716	3,571
Publications	274	272

Total Other Activities (net)	(21,406)	(4,515)
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Income/(Loss) from Operations	(32,606)	(7,118)
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Pension Adjustments	57,032	118,753
Net Investment Gains	2,659	19,620
Net Property Gains	—	20,721
Inter-entity Transfers	(3,000)	398
Parish Improvement Fund Grants	(1,029)	(384)
Development Fund	(1,727)	(2,278)
Impact of New Affiliate	—	1,404

**CHANGE IN PASTORAL
CENTER NET ASSETS**

	\$ 21,329	\$151,116
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**Archdiocese of Chicago
Net Pastoral Center Direct Spending**

Fiscal Years Ending June 30
(amounts in \$ thousands - unaudited)

	2008	2007
Office of Catholic Schools	\$ 1,015	\$ 585
Evangelization & Catechesis	4,324	3,728
Ministry Formation	1,097	1,503
Human Services	73	64
Total Ministerial Services	6,509	5,880
Cardinal's Staff/Vicar General	2,036	3,185
Chancellor	3,869	3,528
Canonical Services	1,009	937
Information Technology	2,284	2,128
Communications	763	579
Development	1,224	1,110
Financial Services	6,616	5,130
Personnel Services	4,529	4,092
Professional Conduct	1,215	1,049
Total Pastoral Services	23,545	21,738
Net Pastoral Center Spending	\$ 30,054	\$ 27,617

Agencies Included

Catholic Schools, Sponsored Programs
OFC, ODW, Family Ministry, SPRED, Peace & Justice, Chaplains, Ethnic Ministry, Lay Councils, Respect Life, Young Adult, Ecumenical, Kolbe House
CDM, Ministry Formation, Liturgical Institute, Casa Jesus, Abramowicz House
Office of Deaf, Hospital & Health Affairs

Cardinal, Vicars, Vicariate Offices, Campus Ministry, Vocations
Chancellor, Legal, Archives, Advanced Studies, Research & Planning, Racial Justice
Tribunal & Judicial Vicar, Office of Conciliation
System Maintenance & Implementation
Public Relations, Radio & TV, Hispanic Comm.
Planned Giving, Parish Programs
Parish Ops, Audits, Facilities/Construction, Insurance, Real Estate, Treasury, Controller, Building Ops
Vicar for Priests, HR, Diaconate, Priest Placement, Office for Religious, Ministerial Evaluation, Vocation Office, Retreat House, Sabbaticals, Protection of Children & Youth
Fitness Review, Professional Responsibility, Assistance Ministry

Note: Net spending reflects spending less direct revenue or fees received by an agency.

**Archdiocese of Chicago
Parish Combined Statements of Financial Position**

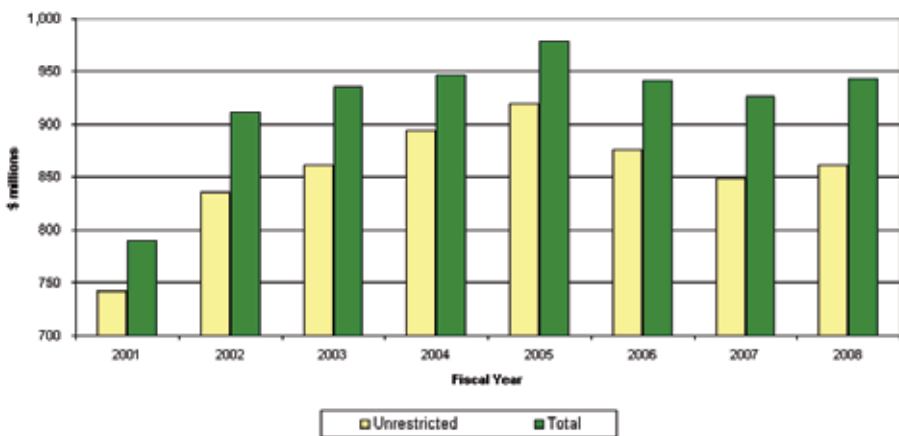
Fiscal Years Ending June 30
(amounts in \$ thousands - unaudited)

ASSETS	2008	2007
Deposits with local banks	\$ 77,831	\$ 83,249
Deposits with Archdiocesan Bank	189,081	187,170
Building Fund pledges	27,682	26,253
Land, building, equipment (net)	905,033	880,160
Other assets	333	355
Total Assets	\$ 1,199,960	\$ 1,177,187

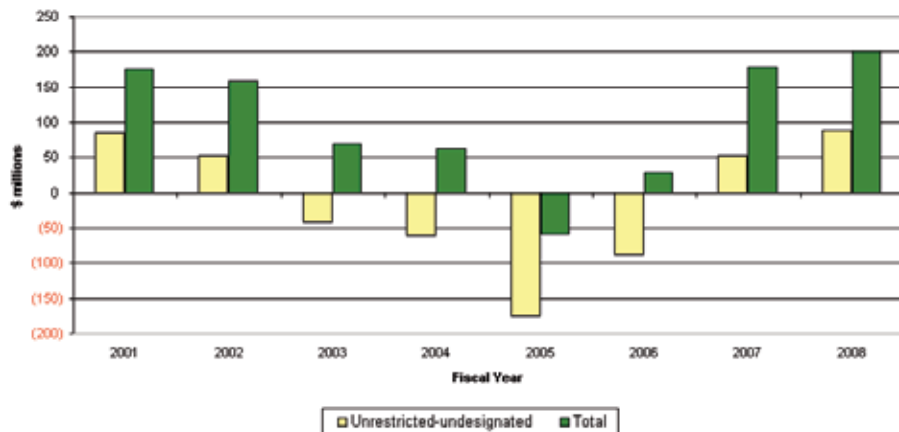
LIABILITIES & NET ASSETS

LIABILITIES	2008	2007
Loans from Archdiocesan Bank	\$ 92,957	\$ 90,363
Accrued post retirement costs	65,356	66,280
Accounts payable & Other liabilities	36,558	33,767
Asset retirement obligations	61,616	60,585
Total Liabilities	256,487	250,995
NET ASSETS		
Unrestricted	861,222	848,751
Temporarily restricted	82,251	77,441
Total Net Assets	943,473	926,192
Total Liabilities & Net Assets	\$ 1,199,960	\$ 1,177,187

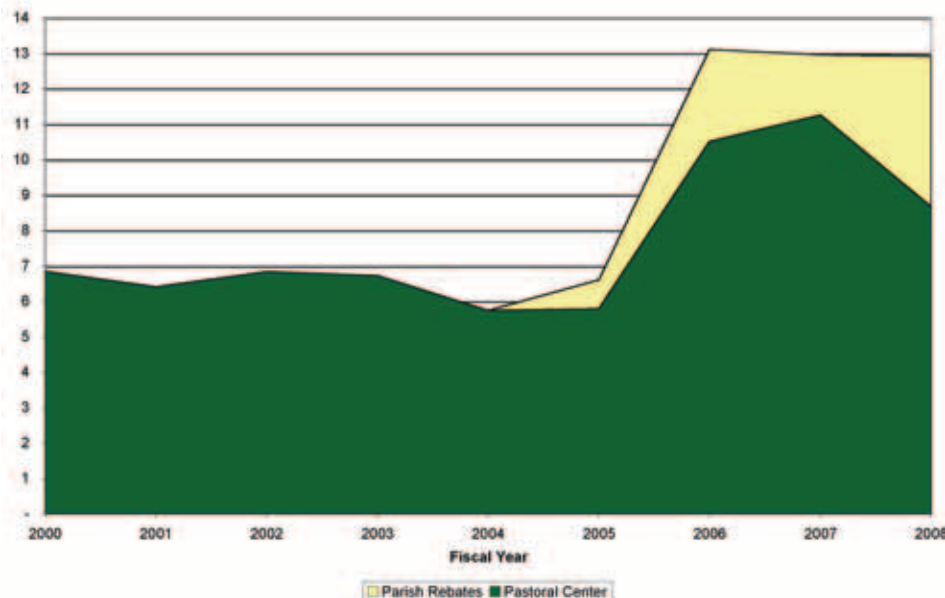
Combined Parish Net Assets



Pastoral Center Net Assets



Annual Catholic Appeal



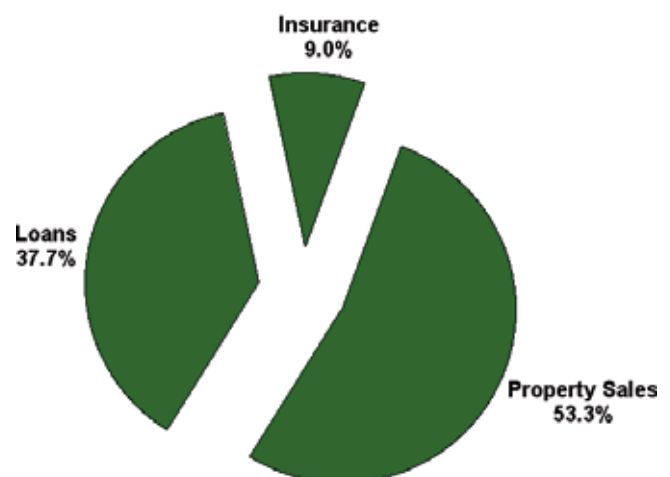
**Archdiocese of Chicago
Parish Combined Statements of Activities**

Fiscal Years Ending June 30
(amounts in \$ thousands - unaudited)

PARISH OPERATIONS	2008	2007
Revenues	\$ 341,518	\$ 340,220
Expenses	324,064	316,356
Net surplus/(deficit)	17,454	23,864
EDUCATIONAL ACTIVITIES		
Revenues	274,447	271,649
Expenses	327,532	312,614
Net surplus/(deficit)	(53,085)	(40,965)
Combined Operating Surplus/(Deficit) before Pastoral Center Support	(35,631)	(17,101)
Pastoral Center Grants	14,973	10,989
Parish Operating Surplus/(Deficit)	(20,658)	(6,112)
OTHER ACTIVITIES & ADJUSTMENTS		
Building Fund Collections	22,741	14,586
Grants from Noise Abatement Projects	8,317	485
Other - including land sales & donations	2,826	2,611
Accretion of asset retirement obligations	(1,031)	(1,095)
Other post retirement related costs	5,086	(25,433)
CHANGE IN PARISH NET ASSETS	\$ 17,281	\$ (14,958)
Depreciation Expense included above	\$ 35,482	\$ 33,899

Financing Misconduct Claims FY 2001 - FY 2008

Total Settlements, Legal, & Other Costs = \$80.2 million





Introducing the Cardinal's Network

Join Cardinal George's new communications initiative and begin receiving his short reflections in early April.

Visit www.archchicago.org
and click on
Cardinal's Network



Photo/Colleen Dolan

Connecting, Informing and Inspiring Chicago's Catholics

Exciting and dramatic changes to digital and electronic communications are happening almost daily in the Archdiocese of Chicago.

The most recent initiative is the Cardinal's Network that is being introduced on the Archdiocesan web site, www.archchicago.org. Beginning in April, Cardinal George will share his thoughts, reflections and prayers with all those who subscribe by completing a very short online form.

One of the most exciting and visible additions to the Archdiocese's communications is YouTube,

www.youtube.com/archtradio. The Cardinal's video welcome of the Pope to the U.S. has been downloaded by thousands of digital viewers. Additionally, video excerpts from Archdiocesan produced TV programs, The Church, The Cardinal and You and Sanctuary; the Cardinal's question-and-answer session during Parish Leadership Day; and a video tour of seven Archdiocesan Blue Ribbon Catholic schools are also downloadable on YouTube.

Additionally, the long-time partnership with the Catholic New World to include the Cardinal's column and public schedule has been greatly expanded to include photo galleries and breaking news on the paper's enhanced web site, www.catholicnewworld.com.



Photo/Brian Brach



Photo/Jim Disch

Archdiocese of Chicago 2008 Annual Report

The Annual Report of the Archdiocese of Chicago is produced in cooperation with the Department of Finance and the Department of Communications and Public Relations and is designed and published by New World Publications. A complete financial report is available for inspection through the office of the Director of Financial Services for the Catholic Archdiocese of Chicago, 835 North Rush Street, Chicago, IL, 60611, and at the Archdiocesan web site, www.archchicago.org.



ARCHDIOCESE OF CHICAGO

Archbishop Quigley Center
835 N. Rush St.
Chicago, Illinois 60611
312-534-8200

Cardinal Meyer Center
3525 S. Lake Park Ave.
Chicago, Illinois 60613
312-534-8200

www.archchicago.org