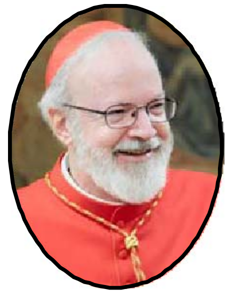
Archdiocese of Boston

ANNUAL REPORT

Fiscal Year Ending June 30, 2007

TABLE OF CONTENTS



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

My Dear Friends in Christ,

For 200 years, the Archdiocese of Boston has been serving the pastoral needs of the local Catholic population and the wider community through its parishes, schools, hospitals, social justice agencies and many other programs. As we begin our next century of service, we have been blessed with the inspirational outreach, pastoral care and concern of Pope Benedict XVI during his recent visit to the United States.

This annual report shows that the financial condition of the Archdiocese is improving and that we face a number of challenges. We are committed to improving the services provided to our parishes, schools and agencies and to responsible planning. These efforts will include responding to the changing needs of our parishes as presented in the Pastoral Planning Report published last year.

An important part of our planning is the *2010 Initiative for Catholic Education,* which is strengthening and improving our schools and the communities they serve. In Brockton, at Trinity Catholic Academy, and in Dorchester/Mattapan, at the Pope John Paul II Academy, many families have new opportunities for their childrens' education. In Gloucester and Cape Ann, there is great enthusiasm for the new St. Ann school that will open next year. These new beginnings are in great part the work of very generous benefactors who are committed to building a better future for young people.

During the past year we have completed the sale of the majority of the remaining available property on the Brighton campus to Boston College. Our central operations have now moved to the new Archdiocesan Pastoral Center in Braintree, where we will be able to more efficiently respond to the needs of our parishes and agencies.

St. John's Seminary was not part of the property sale and will remain at its current location in Brighton. I am pleased that the seminary has seen higher enrollments in recent years as we experience more vocations for the Archdiocese. It is also encouraging that neighboring and regional dioceses increasingly send their candidates to St. John's in recognition of the quality of the formation program offered there.

The Archdiocese also made significant gains in strengthening Caritas Christi and its member hospitals. Among the most important developments was the naming of Dr. Ralph de la Torre as the system's new President and Chief Executive Officer. Dr. de la Torre, renowned for his achievements in cardiac surgery and healthcare administration, is already announcing plans to strengthen Caritas' commitment to excellence in healthcare.

The many social service and social justice ministries administered by the Archdiocese are challenged by the growing needs of the poor, including the working poor who despite their best efforts cannot make ends meet. One of the distinctively Catholic aspects of our mission is that we will not depart from our commitment to serve the needy. While working diligently to respond to immediate needs, the leadership and staff of Catholic Charities, St. Mary's Women and Childrens' Center and the Planning Office for Urban Affairs continuously engage in strategic planning in order to ensure long-term presence.

As we continue the Archdiocese's journey of healing and rebuilding, we offer a message of hope to all. To those who are actively engaged in parish life and Christian service, please know how much we value and appreciate your presence. For those who have been absent from the life of the Church, allow me to personally share that you are welcomed and needed. St. Patrick, patron of the Archdiocese, dedicated his life to the service of others with the conviction that he could help them experience the love of God. Let us work together in the name of the Lord with the confidence that we can make a difference by bringing the light of Christ to the world in which we live.

Devotedly yours in Christ,

+ Seán, OFMCap

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

Mission, Vision, and Operating Principles of the Pastoral Center of the Archdiocese of Boston

Mission

To continue the saving ministry of Jesus Christ, the Pastoral Center serves and guides the Catholic parishes, schools, hospitals and agencies within the 144 cities and towns of the Archdiocese of Boston.

Vision

In carrying out our mission, we seek to be compassionate professionals who are valued for our faith, service, and integrity.

Operating Principles

We seek to give glory and honor to God and rebuild trust in Christ's Church, following the guidance of the Holy Father and Archbishop of Boston.

We challenge each other to make the most of the gifts God has given us and strive to recognize and reward excellent performance.

We treat each other and those whom we serve fairly, with dignity and with honor, holding ourselves accountable for our commitment to service.

We are dedicated to a culture of collaboration, innovation, and inspiration.

In our service at the Pastoral Center, we continually ask ourselves:

Am I giving glory and honor to God?

Am I serving Christ and His Church?

Am I honoring and respecting those I serve and those with whom I serve?

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

To the Catholic Community of the Archdiocese of Boston,

I am pleased to report that the financial state of our Church continues to improve. While there are many challenges ahead, we are encouraged by increases in your giving, both in offertory and the Catholic Appeal. We have made progress in reducing the operating shortfalls in central operations and continued to analyze the longer-term financial challenges we face. We do so with the growing assistance from so many who contribute their time, expertise and resources to the church.

The primary focus of this report is the fiscal year ended June 30, 2007, for which the audited financial statements of The Roman Catholic Archbishop of Boston, A Corporation Sole, are included. We have just reached the end of fiscal year 2008 and the audit of that financial information will begin later this fall. I have included in this report some updates on the challenges we faced and progress made during 2008.

Starting with fiscal year 2005, the Archdiocese of Boston has provided a public report of its operations and financial condition as part of our commitment to financial transparency. The report for fiscal year 2007 once again strives to provide the details of our financial position and changes in net assets. The audited financial statements of The Roman Catholic Archbishop of Boston, A Corporation Sole and its related Archdiocesan organizations are available in total on our website, www.rcab.org.

Parishes are and continue to be our main focus. They represent the primary connection for you, our faithful in worship, religious education and the celebration of the sacraments. At this point in time, however, the demands on our pastors and priests have never been greater. It is incumbent on us that we offer support and service wherever and whenever possible so as to lighten the burden of these fine leaders.

Collectively, parishes have seen a 5% increase in offertory from 2006 to 2007, while the number of active parishes decreased. This increase reflects an average offertory increase of 8% per parish. This is an encouraging sign. During that same time parishes have reduced their lines of credit to the Archdiocese central administration (Central Funds) by 10%. Generally, I am pleased to report the parishes have managed their finances well.

Frequently we are asked: “What common traits are found in parishes with effective financial management?” Interestingly, there is no one particular model that works best. One consistent theme, however, is a Pastor who has recruited a talented and diverse Finance Council that works cooperatively with the Pastor. Lay involvement continues to become more important as the number of our clergy members continues to decline.

At the Archdiocesan level we, too, have benefited from active lay involvement. Our Finance Council, led by Cardinal Seán and Vice Chairman John Kaneb, recently adopted a new Charter that makes clear the responsibilities of the Council under current Church law and also expands the areas where guidance is to be provided by the Finance Council. Several committees of the Council were established or redefined to assist in this effort as summarized below:

- The **Steering Committee** provides advice and counsel to the Archbishop and the Chancellor and assists with the development of the central operating budget. This committee also serves as a Nominating Committee for the Council.

- The **Audit Committee** receives the reports of the external auditor and presents these to the council. The committee monitors the Archdiocese’s system of internal controls and the financial reporting process.

Each year this committee evaluates the external auditor's work. It also makes recommendations to the Archbishop, the Chancellor and the Council about the appointment of the external auditors.

- The **Institutional Advancement Committee** oversees the fundraising and long-term development efforts of the Archdiocese and makes recommendations to improve the success and coordination of these programs.

- The **Investment Committee** oversees the investment management of all Archdiocesan funds, including the approval of investment policies and allocations.

- The **Real Estate Committee** advises on the acquisition, disposition, and leasing of properties. It recommends policies to the Council regarding the sale, management, and construction of real estate.

- The **Legal Affairs Committee** monitors and advises on all significant legal matters.

This Charter helps to clarify the role of the Council and its members. At the same time, it commits the Finance Council members to a high standard of performance as overseers of the business aspects of the Archdiocese of Boston.

A copy of the Finance Council Charter is published as part of this report and will be available on the Archdiocese of Boston website. My personal thanks are offered to former Finance Council member Joseph F. Finn, Jr., CPA, for initiating this process and working hard to bring this document to fruition, and to Paul Sandman, Esquire, for his efforts at drafting this instructive document.

An important part of our plan to achieve financial stability for the Archdiocese was the sale of the remainder of the Brighton campus (excluding St. John's Seminary) to Boston College. This transaction was only made possible due to the generosity of the late Thomas Flatley, who gave to the Archdiocese a modern professional building in Braintree to house our central operations. This sale to Boston College enabled the Archdiocese to pay off the mortgage on the Brighton campus and eliminate the related monthly debt service. We are forever grateful to Mr. Flatley for his generosity and the thoughtful guidance and financial advice that he provided for many years as a member of our Finance Council. He is deeply missed here by all of us who enjoyed his friendship and his shared spirit of faith.

Throughout this past year we have focused a great deal of effort on enhancing the effectiveness of the Curia, or Central Administration of the Archdiocese, which exists to serve and support the mission of the Archdiocese of Boston. We were guided throughout this process by the highly respected consulting firm of McKinsey and Company working with an Operational Review Committee made up of Pastors, employees and lay volunteers. Our goal was to develop a mission statement, vision statement and operating principles that would steer us in our effective pursuit of administrative services to the parishes, schools, ministries and hospitals of the Archdiocese. In addition, we looked to clarify and improve the decision-making process, organizational structure and performance management of our central operations. Through the tireless and pastoral leadership of the Vicar General and Moderator of the Curia, Father Richard Erikson, these goals were accomplished. Fr. Erikson, as the administrative voice of Cardinal Seán, has been a leader in our effort to implement these principles that are essential to continuing the culture of service at the Pastoral Center.

This process was challenging and difficult. It is my belief that the product of our work has been very helpful. While we are not trying to run the Church as a business, we must be good stewards of our precious resources. With that in mind, we must be certain that our efforts are well coordinated, that there is no unnecessary duplication, and that our resources are allocated so that we best achieve the mission of the Church in Boston.

As a result of this work, the Cabinet of the Archbishop was reorganized to include two new Secretariats namely Parish Life and Leadership, and Faith Formation and Evangelization. These Secretariats will focus on the very important priorities of the Archdiocese, including pastoral planning, clergy support and lay involvement in Parish Life and Leadership and religious education, marriage, youth ministry and outreach to Catholics through Faith Formation and Evangelization.

Through this process we confronted a number of staffing challenges. Important initiatives, such as Pastoral Planning, lacked effective resources. We had more administrative support staff than was typical in today's workplace. We also had a number of dedicated, long-term employees who were facing longer commutes to the new Pastoral Center. We made decisions to outsource certain functions to reduce operating costs. We also faced the challenge of reducing the operating deficit of the Archdiocesan central operations and staffing levels were considered as part of this process.

We developed two plans to help us achieve our goal of reducing approximately twenty (20) to thirty (30) positions within the central operations. First, an Early Retirement Program was developed to offer long-term employees an opportunity to retire sooner. The second plan, the Voluntary Separation Program, was offered at position levels that needed to be reduced in number. The results of both of these programs were positive. While it is always difficult to bear staffing reductions, we are committed to a balanced budget by 2010. There is no way to achieve that commitment without a reduction in personnel and related costs.

The move to new offices in Braintree holds great promise for the staff of the Pastoral Center. The relocation from six sites to one will make communications and coordination much more effective. The modern facilities, with improved equipment and extensive natural lighting, will make for an effective workplace. As we continue forward in our mission of the Church, it will be important for us to recruit and retain talented people to work for the Archdiocese and to serve our parishes. Our improved workplace will certainly help us achieve that goal.

As you will see in the accompanying Annual Report, fiscal year 2007 saw significant improvement in the financial condition of the Archdiocese. Several challenges have been addressed in fiscal year 2008. However there are many challenges ongoing. Some of these that we continue to deal with include:

1. Funding of our Clergy Retirement/Disability Plan – The largest liability and concern facing the Archdiocese is the Corporation Sole's $110 million unfunded actuarial obligation on this clergy plan. Historically these clergy obligations have been funded by Christmas and Easter special collections. Our review and efforts to fund this obligation continues, and we are working to begin a communications effort with our clergy to outline a series of changes that will focus on the following objectives:

    a. Establish ongoing trust and integrity in providing for the long-term care of our clergy;
    b. Review the current funding provided from the special collections and investigate new sources of funding;
    c. Establish appropriate allocations and control of long-term care costs;
    d. Ensure full use of government provided benefits.

2. Maintaining consistent results of our annual Catholic Appeal – The Catholic Appeal has traditionally been run on a calendar year basis, beginning in May and ending in the fall, crossing fiscal years. For fiscal 2008, the Appeal calendar began in March and ended in most of our parishes this past June 30th. We will continue to watch the impact on cash flow, if any, as a result of the change of the Appeal period.

3. Commitment to a balanced budget for Central Funds – In 2007 our central operating budget had a deficit of $2 million. This has increased to approximately $4 million in 2008 due to changes in the allocation of common costs paid by related entities. Going forward we are planning to balance this budget by 2010, with a projection of a $2 million deficit in fiscal 2009.

In a positive development, our lay pension fund is fully funded as of June 30, 2007. This pension fund has been on a funding plan with the objective of reaching a 100% funded status by 2014. Late in fiscal year 2006, the Cardinal, in keeping with his commitment to meeting the obligations of the Archdiocese, authorized an $11.7 million payment to the Plan representing contributions due and payable from closed parishes. This contribution, coupled with positive investment performance during fiscal 2007, resulted in the Plan reaching a funding level of 102% by the close of the fiscal year. While attaining our objective six years ahead of plan is very positive and encouraging news, it should be noted that any adverse investment performance during fiscal 2008 could reduce the gains of 2007 and potentially bring the funding status below 100%.

While there are many challenges ahead, there is great optimism as well. The move to our new Pastoral Center in Braintree offers us an opportunity to continue to build our culture of service to parishes, schools, and other ministries. Our recent reorganization supports that by focusing our resources on our parishes and schools.

I want to offer my personal thanks to all who assist Cardinal Seán and his leadership team. There are many laypersons, clergy, and religious that serve faithfully on several important committees/councils that offer significant support and assistance to our financial management team:

- Finance Council and its Committees - a group of lay leaders with business and financial acumen who advise the Cardinal on major real estate transactions and other financial decisions. The Council subcommittees include Audit, Real Estate, Investment, Legal, and Development.
- College of Consultors – a group consisting of Auxiliary Bishops and Pastors who review and approve real estate transactions.
- Archdiocesan Building Commission – A group of Pastors and clergy who advise the Chancellor regarding construction throughout the Archdiocese.

In my two years as Chancellor, I have been impressed by and grateful for the generous support offered by the many people of our Archdiocese. I am continually touched by the resilience and resolve shown by our employees, clergy, religious, and lay parishioners. All are important members of our Catholic Church in Boston, as we move forward in faith.

These are historic and exciting times for the Archdiocese. We are blessed with the leadership and humility of Cardinal Seán, and I am confident of our ability to advance the grace of Christ's saving ministry in Boston.

James P. McDonough
Chancellor

Annual Report for The Roman Catholic Archbishop of Boston, A Corporation Sole (Corporation Sole)

For fiscal year 2007, we note several key financial points:

- Total Corporation Sole net assets increased from $389.3 million to $456.7 million. There are several contributing factors to this increase including:

  ⇒ Combined Corporation Sole operating income of $13.9 million. This is comprised of $15.9 million of operating income from parish activities partially offset by a $2 million operating loss from central activities. Parish activities include the operations of our churches, chapels, their related schools and cemeteries, parish school tax funds, parish revolving loan funds, and cemetery future care funds. Central operations include the Central Funds, parish reconfiguration funds and the Archdiocese self-insurance funds;

  ⇒ Gains on the sale of property that totaled $20.1 million during the year;

  ⇒ $9 million of insurance recoveries, principally related to the rebuilding of the Scared Heart Church in Weymouth, destroyed by fire in June 2005;

  ⇒ $24 million non-cash benefit from the initial adoption of a new pension accounting standard.

- The overall unrestricted operating loss for the Central Operations portion of Corporation Sole, (Central Funds), has been reduced by $7 million from $9 million in 2006 to $2 million 2007. The major factors of this reduction were an increase in the Catholic Appeal, reductions of parish reconfiguration operating expenses and better cost controls of central operating expenses. The stated goal is to continue to improve central operations toward a balanced budget.

The focus of Corporation Sole's 2007 financial statement review starts with a look at the combined statement of activities, and then further explains the central operations portion of the Archdiocese (i.e. Central Funds). Finally, we will review the financial condition as we look at Corporation Sole's Statement of Financial Position.

Statement of Activities

The next page presents a three-year statement of activities summary from Corporation Sole's audited financials.

THE ROMAN CATHOLIC ARCHBISHOP OF BOSTON,
A CORPORATION SOLE

Statements of Activities

For the fiscal years ended June 30, 2005-2007

	2007 Total	2006 Total	2005 Total
REVENUES, GAINS AND OTHER SUPPORT:			
Parish Collections and Other Fundraising	**$ 152,814,558**	$ 146,238,634	$ 137,384,181
Tuition and Fees	**99,326,441**	109,703,106	104,891,035
Catholic Appeal	**13,592,988**	11,777,611	11,577,023
Contributions, Bequests and Grants	**16,877,109**	21,794,209	21,197,213
Investment Income	**13,331,684**	10,388,720	6,193,671
Rental and Revenue from services provided	**21,522,026**	22,113,988	21,531,590
Other Revenue	**29,493,447**	19,683,911	23,753,416
Total revenues, gains and other support	**346,958,253**	341,700,179	326,528,129
EXPENSES:			
Program:			
Pastoral	**161,736,986**	155,564,308	151,635,736
Education	**127,567,437**	137,715,863	130,960,935
Ministerial	**3,449,459**	4,198,110	4,555,260
Social	**2,133,763**	2,703,937	2,245,460
Central and Regional services	**6,309,121**	5,802,387	5,991,212
Community relations	**909,270**	911,461	947,528
Auxiliary services	**1,744,880**	1,728,496	1,448,154
Cemetery	**4,788,161**	4,520,162	4,544,368
Total Program Expenses	**308,639,077**	313,144,724	302,328,653
Management and general	**14,527,973**	13,335,515	12,272,025
Fundraising	**8,144,540**	8,856,292	7,265,426
Parish reconfiguration	**1,785,383**	2,917,245	2,693,860
Total Expenses	**333,096,973**	338,253,776	324,559,964
Operating income	**13,861,280**	3,446,403	1,968,165
NONOPERATING INCOME (LOSS):			
Net realized and unrealized gain on investments and assets held under split-interest agreements	**5,951,056**	3,159,118	1,118,113
Gain on sale of administrative building	**7,865,070**	389,957	-
Gain on sale of other land and buildings	**12,241,530**	63,145,514	31,247,635
Insurance and other recoveries	**9,030,650**	296,321	33,791,977
Settlement and related expenses	**(1,579,582)**	(3,129,428)	(32,167,974)
Resolution of contingency	**-**	-	(25,235,057)
Parish reconfiguration - transfers and support to related organizations	**-**	(17,478,273)	(584,333)
Change in additional minimum pension plan liability	**-**	9,697,000	(5,825,104)
Nonoperating income	**33,508,724**	56,080,209	2,345,257
CHANGE IN NET ASSETS BEFORE ADJUSTMENT TO INITIALLY APPLY SFAS NO. 158	**47,370,004**	59,526,612	4,313,422
Adjustment to initially apply SFAS No. 158	**24,292,000**	-	-
CHANGE IN NET ASSETS	**71,662,004**	59,526,612	4,313,422
Net assets at beginning of the year	**389,269,924**	329,743,312	325,429,890
Transfer to affiliate	**(4,253,710)**	-	-
Net assets at end of the year	**$ 456,678,217**	$ 389,269,924	$ 329,743,312

Revenues, Gains and Other Support Highlights:

While Corporation Sole continues to show growth in overall Revenue, the majority of the earnings are for the specific use of Parishes and/or Schools, as evidenced in the Parish Collections and Tuition /Fees categories.

Parish Collections and Other Fundraising:
The following table provides the details of the largest category – Parish Collections and Other Fundraising. While it is encouraging to see growth in all these revenue sources, not all parishes are growing equally.

Parish Collections and Other Fundraising *(in millions)*		**2007**		2006		2005
Collections	**$**	**113.9**	$	109.3	$	105.2
Collections restricted to assist clergy		**5.6**		5.6		4.9
Parish fundraiser events		**26.2**		24.5		21.2
Sacramental offerings		**5.4**		5.1		4.7
Shrines, candles and flowers		**1.7**		1.7		1.4
Total Parish Collections and Other Fundraising	**$**	**152.8**	$	146.2	$	137.4

Tuition and Fees:
Parish school tuition and fees revenue decreased by $10 million or 9.5% from 2006. This decrease is a result of further closure and consolidation of parish schools.

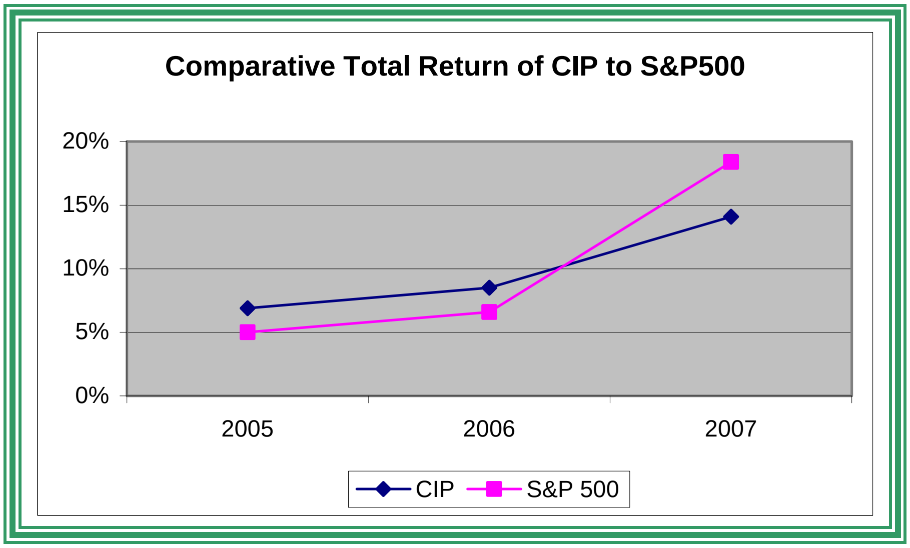
Catholic Appeal:
Catholic Appeal revenue, the principal source of funding for the Archdiocesan central operations, experienced a $1.8 million or 15.4% increase in 2007. This increase is very encouraging.

Contributions:
Contributions, Bequests and Grants revenue decreased by $4.9 million or 22.6% in 2007 compared to 2006.

The parish component of Contributions, Bequests and Grants decreased by $1 million in 2007, $13.5 million as compared to $14.5 million in 2006.

The remaining central operating component of Contributions, Bequests and Grants revenue decreased $3.9 million and is always an unpredictable resource year-to-year as it is largely comprised of one-time bequests.

Investment Income:
Investment Income revenue shown in the statement of activities increased $3 million or 28% in 2007. A good portion of that came from the performance of Corporation Sole's investment in the RCAB Collective Investment Partnership (CIP).



The remainder of the Investment Income revenue increase is the result of performance on Cash and Cash Equivalents that are held in local banks. The rates of return on our money market accounts have shown a steady increase. For fiscal year 2008, we do not anticipate similar rates of return as short-term market rates have steadily declined since December 2007 due to actions by the Federal Reserve.

Other Revenue:
Other Revenue in the statement of activities increased $9.8 million, a 49.8% increase compared to 2006 coming from a variety of different operating sources principally at the parish level.

Expense Highlights:

Pastoral:
Pastoral expenses primarily relating to parish activities increased $6.2 million or 4% in 2007 compared to 2006.

Education:
Education expenses decreased $10.1 million or 7.4% in 2007 compared to 2006. This was the result of additional parish school closures and consolidations.

Ministerial:
Ministerial expenses decreased by $749,000 or 17.8% resulting from cost control efforts and increased efficiencies.

Social Service:
Social Service expenses decreased $570,000 or 21% in 2007 compared to 2006 primarily from a change in process of rental subsidy to certain Archdiocese properties used by Catholic Charities. Direct support to social service programs did not materially change.

Parish Reconfiguration:
The costs of maintaining closed parish properties are reflected as parish reconfiguration expenses. The $1.1 million or 39% decrease in expenses in 2007 is a reflection in the reduction of the number of properties being maintained as the reconfiguration process nears an end.

Central Administration of the Archdiocese
In addition to reviewing the gross operating expenses of Corporation Sole, the Central Fund operating component is important as it represents the central administration of the Archdiocese.

The following table is a three-year comparison of the central administration expenses of the Archdiocese:

Central Fund Operating Activities-Unrestricted (Note 1)						
(in millions)		**2007**		2006		2005
Revenue						
Catholic Appeal		**$ 13.6**		$ 10.8		$ 11.6
Collections, Contributions, Bequests and Grants		**0.8**		2.6		1.9
Investment and Rental Income		**3.0**		3.5		1.9
Revenue for Central Services Provided		**9.0**		8.5		8.2
Other Revenues		**0.1**		0.4		0.6
Restricted Net Assets Released		**6.6**		4.5		4.9
Total Revenue		**$ 33.1**		$ 30.3		$ 29.1
Expense						
Program Expenses		**$ 21.0**		$ 23.0		$ 22.2
Management and General						
Professional, Legal and Audit	**1.1**		1.1		1.4	
Human Resources	**0.4**		0.4		0.3	
General Services (Archives and Print/Mail)	**0.6**		0.6		0.7	
Chancellor's Office, Finance, MIS, Parish Services, Insurance and Benefits	**3.2**		3.8		3.2	
Building Operations / Maintenance	**0.7**		0.8		0.8	
Facilities / Real Estate Management	**1.7**		1.7		1.2	
General Corporate	**0.6**		0.4		0.5	
Interest and Depreciation	**2.5**		2.4		2.0	
Total		**$ 10.8**		$ 11.2		$ 10.1
Fundraising		**1.4**		1.7		2.2
Parish Reconfiguration Operations		**1.9**		3.4		3.4
Total Expenses		**$ 35.1**		$ 39.3		$ 37.9
Operating Loss		**$ (2.0)**		$ (9.0)		$ (8.8)

The Central Funds unrestricted operating loss was reduced by $7 million. This reduction was a combination of a $2.8 million revenue increase and a $4.2 million reduction of expenses. The revenue components include the increase in the annual Catholic Appeal revenue and additional restricted nets assets released. The leading contributors to the expense reductions were the decreases in reconfiguration operation expenses of $1.5 million and program expenses of $2 million. Program expenses were reduced as a result of a short-range budget balancing process instituted by management during fiscal 2006 to take effect in fiscal 2007.

Note1: Annual Reports issued for Fiscal Years 2006 and 2005 displayed Central Funds unrestricted, temporarily restricted and permanently restricted activities. The 2007 Schedule displays unrestricted activities only.

Non-Operating Income/Loss Highlights:

As seen in the table below, non-operating income declined $22.5 million or 40% in 2007 compared to 2006 primarily from a lower sales volume of closed parish property as the 2004 reconfiguration process nears an end. No proceeds from reconfiguration funds were disbursed in fiscal 2007 to support related organizations as compared to $17.5 million in 2006.

Corporation Sole Non-Operating Activities

	2007	2006	2005
Non-operating Income (Loss)			
Net realized and unrealized gain on investments	**$ 5,951,056**	$ 3,159,118	$ 1,118,113
Gain on sale of administrative campus property	**7,865,070**	389,957	-
Gain on sale of other land and buildings	**12,241,530**	63,145,514	31,247,635
Insurance and other recoveries	**9,030,650**	296,321	33,791,977
Settlement and related expenses	**(1,579,582)**	(3,129,428)	(32,167,974)
Resolution of contingency	-	-	(25,235,057)
Parish reconfiguration - transfers and support to related organizations	-	(17,478,273)	(584,333)
Change in additional minimum pension plan liability	-	9,697,000	(5,825,104)
Nonoperating income	**$ 33,508,724**	$ 56,080,209	$ 2,345,257

The table below shows the major components of the Gain on Sale of Property. There is a decline year over year from $63.5 million in 2006 to $20.1 million in 2007. In 2007, there is a decrease in the sale of reconfiguration assets as mentioned above. The gain on the sale of the administrative campus property increase of $7.5 million relates to the sale of the Tribunal Building on Lake Street in Brighton to Boston College. Lastly, property sales benefiting existing, active parishes declined in 2007 due to the decline in properties for sale.

Gain on Sale of Property (in thousands)

	2007	2006	2005
Administratvie Campus	$ **7,865**	$ 390	$ -
Central Administration	**(147)**	3,752	4,386
Parish Reconfiguration	**3,626**	40,300	11,835
Individual Active Parishes	**8,763**	19,094	15,027
Total	$ **20,107**	$ 63,536	$ 31,248

Statement of Financial Position

We now focus on the financial condition of the Archdiocese. A review of the Corporation Sole's Statement of Financial Position is presented in the following three-year summary:

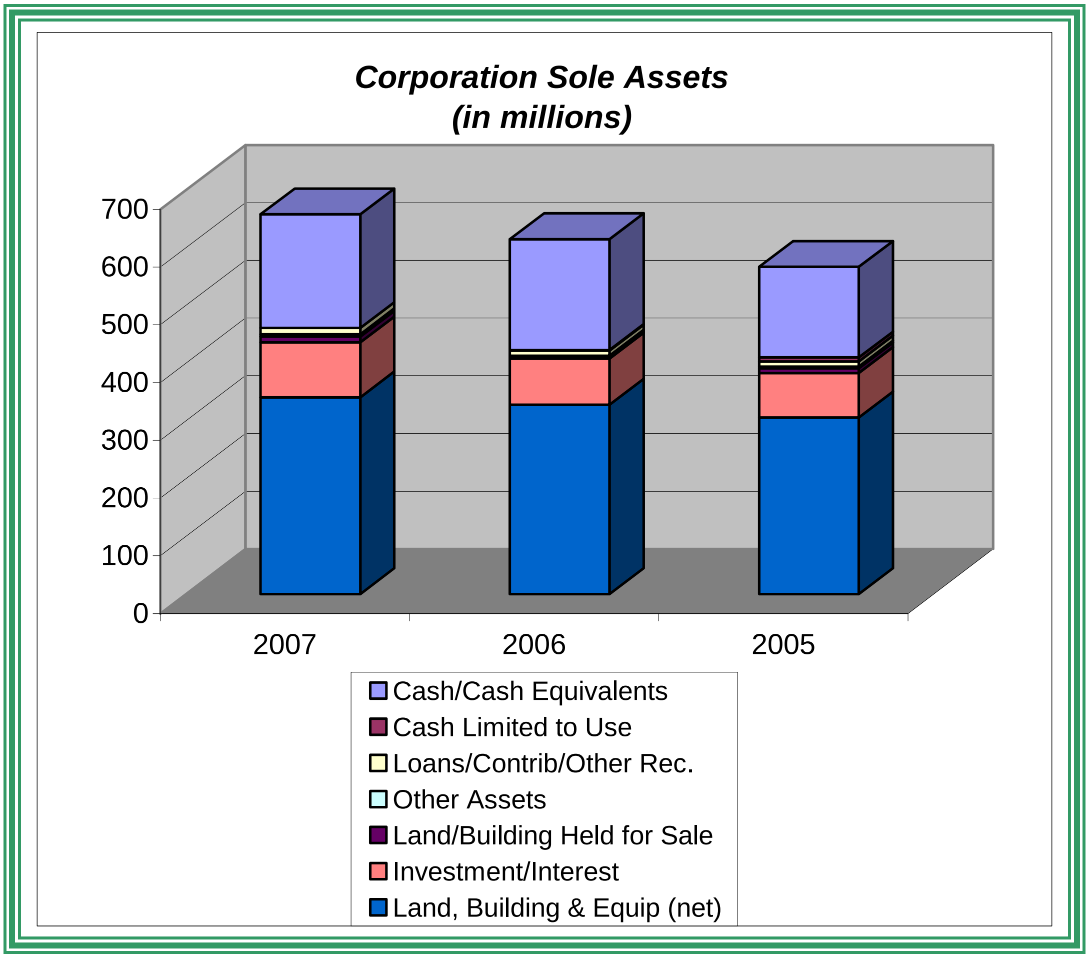
THE ROMAN CATHOLIC ARCHBISHOP OF BOSTON,
A CORPORATION SOLE
Statements of Financial Position
For the fiscal year ended 30th June 2005-2007 (excerpt from Audited Financial Statements)
(in Thousands)

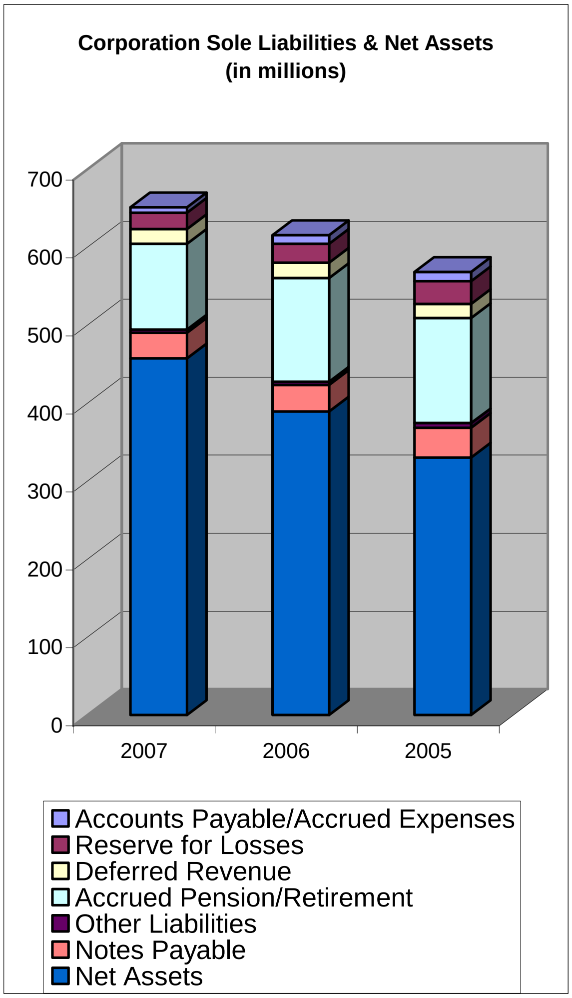
		2007 Total		2006 Total		2005 Total
ASSETS						
Cash and Cash Equivalents	**$**	**196,597**	$	192,293	$	157,226
Cash limited to use		**-**		1,069		7,000
Loans, Contributions & Other Receivables		**10,863**		8,623		9,302
Other Assets		**3,956**		2,322		3,378
Land and Buildings Held for Sale		**10,350**		3,029		7,814
Investments & Interest in Foundations		**94,738**		79,605		76,892
Land, Buildings and Equipment, net		**340,958**		327,759		305,945
Total assets	**$**	**657,462**	$	614,700	$	567,557
LIABILITIES AND NET ASSETS						
LIABILITIES:						
Accounts Payable & Accrued Expenses	**$**	**13,839**	$	11,200	$	11,990
Reserve for Losses		**20,797**		23,470		28,863
Deferred Revenue & Support		**18,819**		19,425		17,773
Accrued Pension & Other Retirement Costs		**109,614**		133,028		135,015
Other Liabilities		**4,128**		4,159		5,836
Notes Payable		**33,587**		34,148		38,337
Total liabilities		**200,784**		225,430		237,814
NET ASSETS:						
Unrestricted		**413,287**		344,675		289,136
Temporarily restricted		**19,835**		21,810		20,203
Permanently restricted		**23,556**		22,785		20,404
Total net assets		**456,678**		389,270		329,743
Total liabilities and net assets	**$**	**657,462**	$	614,700	$	567,557

Assets

In fiscal year 2007, total assets increased by approximately 7%. The two largest components of that increase were Land, Building and Equipment (net of depreciation) and Investments. The majority of these assets are held at the parish level, and are therefore specific as to use. At the end of fiscal year 2007, 98% of the Land, Building & Equipment, net of depreciation, are assets of individual parishes.

Another component of growth is in Investments. More than half of these assets (63%) are held by parishes, another 19% by the Endowment Fund and 7% by the Self Insurance Fund. As such, over 89% of investment assets are specific as to use.





Liabilities and Net Assets

The largest category of Liabilities is Accrued Pension and Retirement Costs. This is related only to the long-term care benefits for our Clergy. The lay employees are covered by a multi-employer pension plan and therefore the plan's funded status is not reflected in Corporation Sole's financial statements under Generally Accepted Accounting Principles (we do include our contributions as an expense). At June 30, 2007 the audited financial statements of this lay employee pension plan reflected $293 million in net assets available for benefits and $286 million in accumulated plan benefits.

Overall, the Liabilities of Corporation Sole decreased by $24.6 million due primarily to the $23.4 million decrease in Accrued Pension and Retirement Costs. An adjustment to initially apply a new pension accounting standard accounted for most of that decrease.

Net Assets

As noted in prior reports, most of the net assets of Corporation Sole are designated for specific uses or are subject to donor restrictions, and therefore are limited as to their availability (i.e., funds of a particular parish) or in real estate of which the majority are parish properties. Any remaining unrestricted, undesignated amounts are insignificant when matched against existing debt, operating needs or deferred maintenance estimates.

(in millions)	**2007**		2006		2005	
Unrestricted Net Assets						
Parishes						
Parish investment in land, buildings and equipment	$ 333.9		$ 312.4		$ 290.9	
Less Parish Mortgages	(1.4)		(1.4)		(2.8)	
Future care of cemeteries	11.6		10.5		9.9	
Parish unrestricted, undesignated	27.7		(11.1)		(41.0)	
		371.8		310.4		257.0
Central Operations						
Central Funds investment in land, buildings and equipment	12.2		11.9		10.4	
Less Mortgage	(26.2)		(27.4)		(30.6)	
Central Funds unrestricted, undesignated	16.4		9.9		11.7	
		2.4		(5.6)		(8.5)
Reconfiguration						
Designated for parish reconfiguration		21.7		21.0		22.8
Insurance						
Designated for self-insurance fund		14.0		15.3		14.6
Eliminations		3.4		3.6		3.2
Total unrestricted Net Assets		413.3		344.7		289.1
Temporarily Restricted Net Assets		19.8		21.8		20.2
Permanently Restricted Net Assets		23.6		22.8		20.4
		$ 456.7		**$ 389.3**		**$ 329.7**

The table above shows a significant overall improvement in Net Assets. This is due in large part to the gain on sale of properties. The major component of the positive change in Total Net Assets is the increase in parish undesignated net assets of $38.9 million and an increase of $21.5 million on net assets invested in land, building and equipment in fiscal year 2007. We also note that fiscal year 2007 had a significant gain from insurance recoveries associated with the fire at Sacred Heart Parish in Weymouth.

Audited Financial Statements

The Roman Catholic Archbishop of Boston, A Corporation Sole

June 30, 2007

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

The Roman Catholic Archbishop of Boston, A Corporation Sole

June 30, 2007 and 2006

THE ROMAN CATHOLIC ARCHBISHOP OF BOSTON, A CORPORATION SOLE
Table of Contents
June 30, 2007 and 2006

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 balance sheets of The Roman Catholic Archbishop of Boston, A Corporation Sole (the "Corporation Sole") as of June 30, 2007 and 2006, 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, 2007 and 2006, and the changes in its net assets and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

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

Grant Thornton LLP

Boston, Massachusetts
June 12, 2008

226 Causeway Street
Boston, MA 02114-2155
T 617.723.7900
F 617.723.3640
W www.grantthornton.com

Grant Thornton LLP
US member of Grant Thornton International

THE ROMAN CATHOLIC ARCHBISHOP OF BOSTON,
A CORPORATION SOLE
Statements of Financial Position
June 30, 2007 and 2006

	2007	2006
ASSETS		
Cash and cash equivalents:		
Parish operations	**$ 61,480,432**	$ 61,508,022
Revolving loan fund	**82,233,311**	81,336,727
Central operations	**34,031,780**	31,948,023
Insurance operations	**11,242,844**	11,955,608
Parish reconfiguration	**7,608,758**	5,544,240
Total cash and cash equivalents	**196,597,125**	192,292,620
Cash limited as to use (note J)	**-**	1,069,425
Interest and dividends receivable	**708,724**	588,410
Prepaid expenses and other assets	**3,956,004**	2,322,196
Accounts receivable, net	**2,149,951**	1,490,325
Contributions receivable, net	**2,762,295**	2,098,147
Loans receivable, net (note C)	**5,242,138**	4,445,786
Land and buildings held for sale (note E)	**10,349,839**	3,028,918
Investments and assets held under split-interest agreements (note D)	**81,946,309**	64,882,387
Interest in net assets of foundations (note G)	**12,791,523**	14,723,026
Land, buildings and equipment, net (note E)	**340,958,379**	327,758,601
Total assets	**$ 657,462,287**	$ 614,699,841
LIABILITIES AND NET ASSETS		
LIABILITIES:		
Accounts payable and accrued expenses	**$ 13,008,846**	$ 10,715,743
Agency obligations	**830,477**	484,312
Reserve for losses (note J)	**20,797,288**	23,470,395
Deferred revenue and support	**18,818,731**	19,424,626
Accrued pension and other retirement costs (note H)	**109,614,000**	133,028,000
Other liabilities	**4,128,220**	4,159,059
Note payable - related organization (note F)	**6,070,358**	5,331,894
Other notes payable (note F)	**27,516,150**	28,815,888
Total liabilities	**200,784,070**	225,429,917
NET ASSETS:		
Unrestricted	**413,287,153**	344,675,006
Temporarily restricted (note G)	**19,834,860**	21,810,399
Permanently restricted (note G)	**23,556,204**	22,784,519
Total net assets	**456,678,217**	389,269,924
Total liabilities and net assets	**$ 657,462,287**	$ 614,699,841

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

THE ROMAN CATHOLIC ARCHBISHOP OF BOSTON,
A CORPORATION SOLE
Statements of Activities
For the year ended June 30, 2007
(With summarized information for the year ended June 30, 2006)

	Unrestricted	Temporarily Restricted	Permanently Restricted	2007 Total	2006 Total
REVENUES, GAINS AND OTHER SUPPORT:					
Collections	$ 112,283,468	$ 1,745,729	$ -	$ 114,029,197	$ 109,322,261
Collections - clergy benefits	-	5,599,088	-	5,599,088	5,629,743
Catholic Appeal	13,592,988	-	-	13,592,988	11,777,611
Contributions, bequests and grants	13,931,154	2,404,715	541,240	16,877,109	21,794,209
Parish fundraiser events	26,156,677	-	-	26,156,677	24,485,004
Tuition and fees	99,326,441	-	-	99,326,441	109,703,106
Investment income	12,450,243	881,441	-	13,331,684	10,388,720
Rental income	10,971,551	-	-	10,971,551	11,086,670
Cemetery operations	3,914,421	-	-	3,914,421	4,000,896
Revenue from services provided (note L)	6,221,242	-	-	6,221,242	5,562,439
Insurance fund revenues	414,812	-	-	414,812	1,463,983
Sacramental offerings	5,353,487	-	-	5,353,487	5,144,241
Other revenues	29,964,653	17,416	3,936	29,986,005	20,705,688
Revenue from and interest in change in net assets of foundations	-	(42,958)	1,226,509	1,183,551	635,608
Net assets released through satisfaction of program restrictions (note G)	13,012,100	(13,012,100)	-	-	-
Total revenues, gains and other support	347,593,237	(2,406,669)	1,771,685	346,958,253	341,700,179
EXPENSES:					
Program:					
Pastoral	161,736,986	-	-	161,736,986	155,564,308
Education	127,567,437	-	-	127,567,437	137,715,863
Ministerial	3,449,459	-	-	3,449,459	4,198,111
Social	2,133,763	-	-	2,133,763	2,703,937
Central and Regional services	6,309,121	-	-	6,309,121	5,802,386
Community relations	909,270	-	-	909,270	911,461
Auxiliary services	1,744,880	-	-	1,744,880	1,728,496
Cemetery	4,788,161	-	-	4,788,161	4,520,162
Total program expenses	308,639,077	-	-	308,639,077	313,144,724
Management and general	14,527,973	-	-	14,527,973	13,335,515
Fundraising	8,144,540	-	-	8,144,540	8,856,292
Parish reconfiguration (note I)	1,785,383	-	-	1,785,383	2,917,245
Total expenses	333,096,973	-	-	333,096,973	338,253,776
Operating income (loss)	14,496,264	(2,406,669)	1,771,685	13,861,280	3,446,403
NON-OPERATING INCOME (LOSS):					
Net realized and unrealized gain on investments and assets held under split-interest agreements	4,283,168	1,667,888	-	5,951,056	3,159,118
Gain on sale of administrative campus property	7,865,070	-	-	7,865,070	389,957
Gain on sale of other land and buildings (note I)	12,241,530	-	-	12,241,530	63,145,514
Insurance and other recoveries (note J)	9,030,650	-	-	9,030,650	296,321
Settlement and related expenses (note J)	(1,579,582)	-	-	(1,579,582)	(3,129,428)
Parish reconfiguration - transfers and support to related organizations (note I)	-	-	-	-	(1,697,135)
Parish reconfiguration - past pension service (note I)				-	(12,700,000)
Parish reconfiguration - funding of previous parish forgiven obligations (note I)	-	-	-	-	(3,081,138)
Change in additional minimum pension plan liability (note H)	-	-	-	-	9,697,000
Non-operating income	31,840,836	1,667,888	-	33,508,724	56,080,209
CHANGE IN NET ASSETS BEFORE ADJUSTMENT TO INITIALLY APPLY SFAS NO. 158	46,337,100	(738,781)	1,771,685	47,370,004	59,526,612
Adjustment to initially apply SFAS No. 158	24,292,000	-	-	24,292,000	-
CHANGE IN NET ASSETS	70,629,100	(738,781)	1,771,685	71,662,004	59,526,612
Net assets at beginning of year	344,675,005	21,810,399	22,784,519	389,269,923	329,743,312
Transfer to affiliate (note L)	(2,016,952)	(1,236,758)	(1,000,000)	(4,253,710)	-
Net assets at end of year	$ 413,287,153	$ 19,834,860	$ 23,556,204	$ 456,678,217	$ 389,269,924

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

THE ROMAN CATHOLIC ARCHBISHOP OF BOSTON,
A CORPORATION SOLE
Statement of Activities
For the year ended June 30, 2006

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
REVENUES, GAINS AND OTHER SUPPORT:				
Collections	$ 107,759,208	$ 1,563,053	$ -	$ 109,322,261
Collections - clergy benefits	-	5,629,743	-	5,629,743
Catholic Appeal	10,867,611	910,000	-	11,777,611
Contributions, bequests and grants	16,294,250	3,266,782	2,233,177	21,794,209
Parish fundraiser events	24,485,004	-	-	24,485,004
Tuition and fees	109,703,106	-	-	109,703,106
Investment income	9,659,084	729,636	-	10,388,720
Rental income	11,086,670	-	-	11,086,670
Cemetery operations	4,000,896	-	-	4,000,896
Revenue from services provided	5,562,439	-	-	5,562,439
Insurance fund revenues	1,463,983	-	-	1,463,983
Sacramental offerings	5,144,241	-	-	5,144,241
Other revenues	20,644,258	53,541	7,889	20,705,688
Revenue from and interest in change in net assets of foundations	-	495,828	139,780	635,608
Net assets released through satisfaction of program restrictions (note G)	11,446,382	(11,446,382)	-	-
Total revenues, gains and other support	338,117,132	1,202,201	2,380,846	341,700,179
EXPENSES:				
Program:				
Pastoral	155,564,308	-	-	155,564,308
Education	137,715,863	-	-	137,715,863
Ministerial	4,198,111	-	-	4,198,111
Social	2,703,937	-	-	2,703,937
Central and Regional services	5,802,386	-	-	5,802,386
Community relations	911,461	-	-	911,461
Auxiliary services	1,728,496	-	-	1,728,496
Cemetery	4,520,162	-	-	4,520,162
Total program expenses	313,144,724	-	-	313,144,724
Management and general	13,335,515	-	-	13,335,515
Fundraising	8,856,292	-	-	8,856,292
Parish reconfiguration (note I)	2,917,245	-	-	2,917,245
Total expenses	338,253,776	-	-	338,253,776
Operating income (loss)	(136,644)	1,202,201	2,380,846	3,446,403
NON-OPERATING INCOME (LOSS):				
Net realized and unrealized gain on investments and assets held under split-interest agreements	2,753,884	405,234	-	3,159,118
Gain on sale of administrative campus property	389,957	-	-	389,957
Gain on sale of other land and buildings (note I)	63,145,514	-	-	63,145,514
Insurance and other recoveries (note J)	296,321	-	-	296,321
Settlement and related expenses (note J)	(3,129,428)	-	-	(3,129,428)
Parish reconfiguration - transfers and support to related organizations (note K)	(1,697,135)	-	-	(1,697,135)
Parish reconfiguration - past pension service (note J)	(12,700,000)	-	-	(12,700,000)
Parish reconfiguration - funding of previous parish forgiven obligations (note K)	(3,081,138)	-	-	(3,081,138)
Change in additional minimum pension plan liability (note H)	9,697,000	-	-	9,697,000
Non-operating income	55,674,975	405,234	-	56,080,209
CHANGE IN NET ASSETS	55,538,331	1,607,435	2,380,846	59,526,612
Net assets at beginning of year	289,136,675	20,202,964	20,403,673	329,743,312
Net assets at end of year	$ 344,675,006	$ 21,810,399	$ 22,784,519	$ 389,269,924

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, 2007 and 2006

	2007	2006
OPERATING ACTIVITIES:		
Change in net assets	$ 71,662,004	$ 59,526,612
Adjustments to reconcile change in net assets to net cash and cash equivalents provided by operating activities:		
Net realized and unrealized gain on investments and assets held in trust	(5,951,056)	(3,159,118)
Property related insurance recoveries	(7,519,237)	-
Depreciation	12,788,353	12,009,147
Adjustment to initially apply SFAS No. 158	(24,292,000)	-
Interest accrued on note payable - related organization	738,464	451,894
Gain on sale of administrative campus property	(7,865,070)	(389,957)
Gain on sale of other land and buildings	(12,241,530)	(63,146,000)
Provision (credit) for uncollectible accounts receivable, contributions and loans	242,178	(573,000)
Change in interest in net assets of foundations	(305,255)	1,071,247
Changes in operating assets and liabilities:		
Cash limited as to use	1,069,425	5,930,575
Interest and dividends receivable	(120,314)	(54,831)
Prepaid expenses and other assets	(1,633,808)	1,054,671
Accounts receivable, net	(637,573)	623,201
Contributions receivable, net	(664,148)	(277,391)
Accounts payable and accrued expenses	2,293,105	(30,487)
Agency obligations	346,165	(760,233)
Reserve for losses	(2,673,107)	(5,392,281)
Deferred revenue and support	719,083	1,651,000
Accrued pension cost, net	878,000	(1,987,000)
Other liabilities	(30,839)	(1,667,968)
Net cash and cash equivalents provided by operating activities	26,802,840	4,880,081
INVESTING ACTIVITIES:		
Proceeds from sale of land, buildings and equipment	22,511,811	71,660,000
Property related insurance recoveries	7,519,237	-
Purchase of land, buildings and equipment	(36,160,398)	(37,162,000)
Proceeds from sale of investments and maturity of annuities	2,943,064	1,434,839
Purchase of investments and assets held in split-interest agreements	(14,055,930)	(1,494,630)
(Advances) repayments on loans, net	(1,060,583)	389,000
Net cash and cash equivalents (used in) provided by investing activities	(18,302,799)	34,827,209
FINANCING ACTIVITIES:		
Payments on other notes payable	(1,299,739)	(4,641,466)
NET INCREASE IN CASH AND CASH EQUIVALENTS	7,200,302	35,065,824
Cash and cash equivalents at beginning of year	192,292,620	157,226,796
Transfer of cash and cash equivalents to affiliate	(2,895,797)	-
Cash and cash equivalents at end of year	$ 196,597,125	$ 192,292,620

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, the Central Funds, which have administrative responsibility for the activities of the Corporation Sole, endowment funds and insurance funds.

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

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

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

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

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

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

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

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

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

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

Cash Equivalents

Financial instruments with original maturities of three months, or less at purchase, are classified as cash equivalents. Included in cash equivalents are investments in money market mutual funds approximating $128.5 million and $122.8 million at June 30, 2007 and 2006, respectively.

The Corporation Sole deposits its cash in major financial institutions. These deposits are insured by the Federal Deposit Insurance Corporation ("FDIC") up to $100,000. At times, such cash is significantly 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 and are reduced by an allowance for doubtful collections. Loans receivable represent advances made to related organizations, principally Archdiocesan high schools and other Catholic organizations.

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

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

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

Allowances for Loan Losses

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

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

Investments and Assets Held under Split-Interest Agreements

Investments are carried at fair value. Accordingly, changes in fair values are reflected in the statements of activities as gains or losses on investments and assets held under split-interest agreements.

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

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

the Trustee, the Roman Catholic Archbishop of Boston. The Common Investment Fund and the Fixed Income Fund incur service fees from the Corporation Sole for administrative and clerical services performed on behalf of the two Funds.

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

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

Investments held under split-interest agreements consist of funds received under charitable gift annuities with the Corporation Sole having sole investment authority and were invested in balanced mutual funds (equity and fixed-income) at June 30, 2007 and 2006.

Interest in Net Assets of Foundations

The Corporation Sole is a designated beneficiary in certain pledges and assets held by The Catholic Foundation of the Archdiocese of Boston, Inc. ("The Catholic Foundation") and was the sole beneficiary of the net assets of St. Mary's High School Foundation, Inc. ("St. Mary's Foundation") through June 30, 2006 (see Note L).

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.

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

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

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Deferred Revenue and Support

Deferred revenue and support represents advance 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 and miscellaneous other liabilities not classified elsewhere herein.

Collections

Collections represent contributions collected 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 of funds through direct mailings and Archdiocesan parishes in support of various centrally managed programs of the Archdiocese.

Contributions, Bequests and Grants

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

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Rental Income

External parties and certain related organizations are charged rent for the use of property owned and operated by the Corporation Sole. Certain properties are rented under long-term agreements. Scheduled rental income under such agreements is as follows: 2008 - $7.8 million; 2009 - $4.9 million; 2010 - $3.7 million; 2011 - $2.3 million; 2012 - $2.0 million; and thereafter - $1.7 million.

Revenue from Services Provided

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

Other Revenues

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

Future Care Funds

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

Future care funds include funds for cemeteries operated under the Corporation Sole and do not include 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.

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Split-Interest Agreements

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

Income Taxes

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

Use of Estimates

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

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Conditional Asset Retirement Obligations

During the year ended June 2006, the Corporation Sole adopted Financial Accounting Standards Board (FASB) Interpretation No. 47 "Accounting for Conditional Asset Retirement Obligations" which provides interpretive guidance in accounting for 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 long useful lives of these assets, will be performed at some future date. The Corporation Sole was able to estimate its conditional asset retirement obligation for long-lived assets that are expected to undergo major renovations or have been identified for demolition. The Corporation Sole was not able to reasonably estimate the fair value of its asset retirement obligation for numerous other long-lived assets as the range of time over which it may settle the obligation is unknown or cannot be estimated.

The Corporation Sole has recorded an estimated $3 million liability for these activities that is included in other liabilities in the accompanying statements of financial position. As the estimated asset retirement obligation liability was not considered material to Corporation Sole's financial position and results of operations, the cumulative effect of the initial adoption of this new accounting principle has been included in the statement of activities under program expenses for the year ended June 30, 2006.

Reclassifications

Certain reclassifications have been made to the 2006 financial statements to conform to the 2007 presentation.

NOTE C - LOANS RECEIVABLE

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

	2007	2006
Performing loans receivable	**$ 5,953**	$ 4,934
Nonperforming loans	**69,178**	69,236
	75,131	74,170
Allowance for loan losses	**(69,889)**	(69,724)
Net loans receivable	**$ 5,242**	$ 4,446

NOTE C - LOANS RECEIVABLE - Continued

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

	2007	2006
Balance at beginning of year	**$69,724**	$69,550
Write off of uncollectible loans	**(57)**	(618)
Provision for loan losses	**222**	792
Balance at end of year	**$69,889**	$69,724

Nonperforming Loans

In prior years, the Corporation Sole made non-interest bearing demand loans to the Archdiocesan Central High Schools, Inc. (ACHS) to fund its operations. These loans are collateralized by all assets of ACHS, including real estate. 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 legal entities, one for each school with each having its own new board of trustees. ACHS continues to own the real estate being used for the high schools and has entered into four year leases scheduled to expire on June 30, 2008 at a nominal annual rental with each of the newly formed legal entities. These leases include bargain purchase options.

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

Based on the appraisals performed in connection with the transfer of ownership noted above, and the terms of the bargain purchase options, management believes that a portion of these loans could be repaid in future periods with the net proceeds from the sale of the real estate securing these loans. There is still, however, considerable uncertainty concerning both the amount and timing of the repayments. Accordingly, in the opinion of management, no adjustment to the reserve is warranted at this time.

NOTE D – INVESTMENTS AND ASSETS HELD UNDER SPLIT-INTEREST AGREEMENTS

Investments and assets held under split-interest agreements consisted of the following at June 30 ($000's):

	2007	2006
Common Investment Fund	**$64,205**	$51,945
Fixed Income Fund	**3,601**	3,606
Marketable equity securities	**-**	87
Short-term investments (primarily certificates of deposit)	**14,001**	9,109
Total investments	**81,807**	64,747
Assets held under split-interest agreements (mutual funds)	**139**	135
Total investments and assets held under split-interest agreements	**$81,946**	$64,882

NOTE E - LAND, BUILDINGS AND EQUIPMENT

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

	2007	2006
Land and land improvements	**$ 53,121**	$ 56,377
Buildings and improvements	**1,005,793**	995,514
Furniture and equipment	**78,713**	77,160
Construction in progress	**6,760**	851
	1,144,387	1,129,902
Less accumulated depreciation	**(802,982)**	(802,143)
Land, buildings and equipment, net	**$ 341,405**	$ 327,759

Land and buildings held for sale totaling $10.3 million and $3.0 million at June 30, 2007 and 2006, respectively, are carried at cost, net of accumulated depreciation, which is not in excess of estimated net realizable value.

NOTE F - NOTES PAYABLE

Note Payable - Related Organization

In April 2005, the Corporation Sole entered into a $4.9 million note payable to St. John's Seminary, a related organization. The loan principal, together with interest accrued from the date of the note, is to be repaid on January 1, 2011. For the period from July 1, 2005 through January 1, 2011, interest compounds on the note at a rate equivalent to the average total return of the Common Investment Fund, which was 13.86% and 8.45% for the years ended June 30, 2007 and 2006, respectively. Accrued interest on this loan amounted to $1,190,358 and $451,894 at June 30, 2007 and 2006, respectively, and is included in the balance of this loan as presented in the accompanying statements of financial position.

Other Notes Payable

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

Type - Security	Interest Rate	Maturity Date	2007	2006
Mortgage note - Central Funds	5.54%	November 1, 2022	**$26,156**	$27,409
Mortgage note - Parish	5.75%	September 19, 2023	**265**	275
Mortgage note - Parish	5.75%	November 1, 2023	**23**	24
Mortgage note - Parish	6.37%	October 16, 2010	**1,066**	1,096
Auto loan - Parish	4.99%	June 16, 2008	**6**	12
Total other notes payable			**$27,516**	$28,816

The mortgage note - Central Funds was repaid in August 2007 from the proceeds of the sale of most of the remaining property comprising the administrative campus in Brighton (see Note M). This note had been collateralized by the remaining Archdiocesan administrative campus and the Cathedral of the Holy Cross property. All other notes are collateralized by the respective parish properties for which the proceeds were used.

NOTE F - NOTES PAYABLE - Continued

Scheduled principal payments on the mortgage notes and auto loan as of June 30, 2007, taking into consideration the August 2007 payoff of the Central Funds mortgage note, are as follows ($000's):

Year Ending June 30	
2008	$26,205
2009	45
2010	48
2011	979
2012	14
Thereafter	225
Total	$27,516

Interest expense on notes payable was $1.6 million and $1.7 million for the years ended June 30, 2007 and 2006, 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):

	2007	2006
Interest in net assets of foundations - purpose restricted	**$ 4,031**	$ 6,188
Interest in net assets of foundations - time restricted	**580**	580
Pastoral	**3,894**	3,451
Education	**1,866**	1,535
Buildings and equipment	**1,817**	1,623
Religious women's retirement	**923**	1,402
Program specific	**6,724**	7,031
Total	**$19,835**	$21,810

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

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

	2007	2006
Clergy retirement benefits	**$ 5,599**	$ 5,630
Special collection purposes	**938**	990
Program specific	**6,475**	4,826
Total	**$13,012**	$11,446

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

	2007	2006
Interest in net assets of Foundations	**$ 8,181**	$ 7,954
Pastoral	**6,992**	6,723
Education	**5,522**	5,323
Ministerial	**2,535**	2,463
Other	**326**	322
Total	**$23,556**	$22,785

Total interest in net assets of Foundations designated for the Corporation Sole at June 30, were restricted as follows ($000's):

	2007	2006
Temporarily restricted	**$ 4,611**	$ 6,769
Permanently restricted	**8,181**	7,954
Total	**$12,792**	$14,723

NOTE H - BENEFIT PLANS

Lay Employee Pension Plan

The Corporation Sole participates with other related Archdiocesan organizations in a noncontributory, defined-benefit multi-employer pension plan covering substantially all lay employees. Benefits are provided through 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 $7.1 million for the years ended June 30, 2007 and 2006, respectively.

In February 2006, the Finance Council of the Corporation Sole authorized additional funding for the Pension Plan using parish reconfiguration funds. During fiscal year 2006, $12.7 million in parish reconfiguration funds (see Note I) were used to fund prior years unfunded pension liability associated with lay employees at Archdiocesan parishes.

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

Lay Employee Health and Dental 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. Benefits are provided through the Roman Catholic Archdiocese of Boston Health Benefit Plan (the "Health Plan"). The Corporation Sole's employees represent approximately 25% of all lay employees covered under the Health Plan. The Health Plan agreement provides that the participating employers make monthly contributions to the Plan of a specified amount for each class of employee. The Corporation Sole's contributions to the Health Plan, net of employee contributions, amounted to $11.5 million and $11.4 million for the years ended June 30, 2007 and 2006, respectively.

In July 2000, The Roman Catholic Archbishop of Boston, in the spirit of the Jubilee Year, forgave certain parish obligations. One of these obligations was $2.6 million of outstanding assessments of the Health Plan. In the year ended June 30, 2006, $2.6 million of parish reconfiguration funds were contributed to the Health Plan to restore the previously forgiven obligations.

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

NOTE H - BENEFIT PLANS - Continued

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. Effective January 1, 2006, the Clergy Retirement Plan discontinued reimbursement to Senior Priests for the Medicare Part B monthly premiums.

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, 2007 and 2006.

Benefit Obligations ($000s)

	Pension Benefits		Other Benefits	
	2007	2006	**2007**	2006
Change in benefit obligation:				
Benefit obligation at beginning of year	**$121,293**	$146,714	**$44,472**	$45,716
Service cost	**1,328**	2,149	**715**	760
Interest cost	**7,675**	7,579	**2,880**	2,394
Plan amendment	**4,016**	-	**-**	(6,218)
Actuarial (gain)/loss	**(5,602)**	(26,028)	**962**	3,583
Benefits paid	**(9,225)**	(9,121)	**(1,788)**	(1,763)
Benefit obligation at end of year	**$119,485**	$121,293	**$47,241**	$44,472

NOTE H - BENEFIT PLANS - Continued

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

	Pension Benefits		Other Benefits	
	2007	2006	**2007**	2006
Discount rate	**6.25%**	6.50%	**6.40%**	6.50%
Rate of compensation increase	-	-	-	-
Health care cost trend rate is assumed for next year			**9.00%**	8.00%
Rate to which the cost trend rate is assumed to decline (ultimate trend rate)			**5.00%**	5.00%
Year that the rate reaches the ultimate trend rate			**2015**	2012

Plan Assets ($000s)

	Pension Benefits		Other Benefits	
	2007	2006	**2007**	2006
Change in Plan assets:				
Fair value of Plan assets at beginning of year	**$55,509**	$61,357	**$ -**	$ -
Actual return on Plan assets	**5,100**	3,552	**-**	-
Parish collections - restricted	**-**	(279)	**-**	337
Contributions and bequests	**5,728**	-	**1,788**	1,426
Benefits and other expenses paid	**(9,225)**	(9,121)	**(1,788)**	(1,763)
Fair value of Plan assets at end of year	**$57,112**	$55,509	**$ -**	$ -

NOTE H - BENEFIT PLANS - Continued

The asset allocation for the Clergy Retirement Plan at the end of 2006 and 2007, and the target allocation for 2007, by asset category, are as follows:

	Target	% of Plan Assets at Year End	
	2007	**2007**	2006
Equity Securities	**47%**	**40%**	42%
Debt Securities	**31%**	**20%**	22%
Investment	**-**	**14%**	13%
Real Estate*	**19%**	**19%**	20%
Cash	**3%**	**7%**	3%
Total	**100%**	**100%**	100%

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

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

Reconciliation of Funded Status ($000s)

	Pension Benefits		Other Benefits	
	2007	2006	**2007**	2006
Funded status	**$(62,373)**	$(65,784)	**$(47,241)**	$(44,472)
Unrecognized prior service cost	**-**	-	**-**	(6,218)
Unrecognized net loss (gain) from experience different from that assumed	**-**	(16,195)	**-**	(359)
Accrued cost	**$(62,373)**	$(81,979)	**$(47,241)**	$(51,049)

NOTE H - BENEFIT PLANS - Continued

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

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

Components of Net Periodic Pension Cost ($000s)

	Pension Benefits		**Other Benefits**	
	2007	2006	**2007**	2006
Service cost for benefits earned during the period	**$1,328**	$2,149	**$ 715**	$ 760
Interest cost on projected benefit obligation	**7,675**	7,579	**2,880**	2,394
Expected return on Plan assets	**(3,496)**	(3,688)	**-**	-
Net amortization and deferral	**(279)**	-	**(429)**	-
Net periodic pension cost	**$5,228**	$6,040	**$3,166**	$3,154

NOTE H - BENEFIT PLANS - Continued

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

	Pension Benefits		Other Benefits	
	2007	2006	**2007**	2006
Discount rate	**6.50%**	5.25%	**6.50%**	5.25%
Rate of compensation increase	**-**	-	**-**	-
Expected return on plan assets	**6.50%**	6.50%	**-**	-
Health care cost trend rate is assumed for next year			**8.0%**	8.50%
Rate to which the cost trend rate is assumed to decline (ultimate trend rate)			**5.0%**	5.00%
Year that the rate reaches the ultimate trend rate			**2012**	2012

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):

	One Percentage Point Increase		One Percentage Point Decrease	
	2007	2006	**2007**	2006
Effect on Other Benefits service and interest cost	**$ 603**	$ 409	**$ (482)**	$ (336)
Effect on Other Benefits benefit obligation	**6,049**	6,093	**(5,042)**	(5,026)

NOTE H - BENEFIT PLANS - Continued

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 Cash Flows ($000s)

Benefit Payments	**Pension Benefits**	**Other Benefits**
2008	$10,451	$ 2,268
2009	10,978	2,581
2010	10,745	2,738
2011	10,608	2,920
2012	10,468	3,101
2013-2017	49,447	17,591

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 each of the years ended June 30, 2007 and 2006, $5.5 million of collections from parishes restricted to assist clergy were contributed into the Clergy Benefit Trust. During the years ended June 30, 2007 and 2006, approximately $763,000 and $100,000, respectively, were disbursed to support the Archdiocese of Boston Clergy Medical/Hospitalization Plan and $2.6 million and $3.2 million, respectively, were disbursed for supplementary clergy benefits. Also during the year ended June 30, 2007, $7.5 million was transferred to the Archdiocese of Boston Clergy Retirement/Disability Plan. At June 30, 2007 and 2006, the audited financial statements of the Clergy Benefit Trust reflected $4.3 million and $9.0 million, respectively, of net assets available for benefits.

NOTE H - BENEFIT PLANS - Continued

Archdiocese of Boston Clergy Medical Plan

The Corporation Sole sponsors a health and dental plan covering clergy who are incardinated in the Archdiocese of Boston. Benefits are provided through the Roman Catholic Archdiocese of Boston Clergy Medical/Hospitalization Plan (the "Clergy Health Plan"). The Clergy Health Plan provides that the Corporation Sole and related organizations that have covered clergy make monthly contributions to the Plan based on their number of clergy. The Clergy Health Plan is not subject to ERISA. The Corporation Sole contributed approximately $3.1 million and $2.7 million for the years ended June 30, 2007 and 2006, respectively. At June 30, 2007, the audited financial statements of the Clergy Health Plan reflected a $322,376 deficiency in net assets available for benefits.

In July 2000, The Roman Catholic Archbishop of Boston, in the spirit of the Jubilee Year, forgave certain parish obligations. One of these obligations was $435,705 of outstanding assessments of the Clergy Health Plan. In fiscal year ended June 30, 2006, funds of parish reconfiguration totaling $435,705 were used to restore the previously forgiven obligations.

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, 2007 and 2006, approximately $50,000 and $100,000, respectively, of collections from parishes restricted to assist Clergy were contributed into the Non-Incardinated Trust. At June 30, 2007, the audited financial statements of the Non-Incardinated Trust reflected $61,648 in net assets available for benefits.

NOTE I - PARISH RECONFIGURATION

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

NOTE I - PARISH RECONFIGURATION - Continued

The Corporation Sole separately accounts for all financial activities of Archdiocesan parishes as a separate reporting unit in its financial statements. Beginning in 2005, with the implementation of the parish reconfiguration plan, the Corporation Sole transferred the accounting for all closed parishes to 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. During fiscal year 2006, there was a reinstatement of certain parishes that had been part of the fiscal year 2005 closed parish transfer.

The land and buildings associated with twenty-nine suppressed parishes have been sold through June 30, 2007 with gains of approximately \$3.6 million and \$40.3 million being recognized during the years ended June 30, 2007 and 2006, respectively. These gains are included in the accompanying statement of activities as part of the "gain on sale of other land and buildings".

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

In February 2006, the Finance Council of the Corporation Sole authorized the repayment of certain parish obligations, which had been forgiven in July 2000 by the Roman Catholic Archbishop of Boston. The source of this repayment was from parish reconfiguration funds. In fiscal year 2006, \$3.0 million of parish reconfiguration funds were used to restore previous parish forgiven obligations of the Clergy Health Plan and the Health Plan.

In addition, \$12.7 million was paid during fiscal year 2006 out of parish reconfiguration funds to the Pension Plan to fund prior year's unfunded pension obligations associated with lay employees at Archdiocesan parishes.

Claims asserting a trust interest in real and personal property associated with certain suppressed parishes have been filed by several individuals. These matters are currently in the discovery phase of the legal process.

NOTE J - RESERVE FOR LOSSES AND INSURANCE SETTLEMENTS

Reserve for Losses

In October 2003, the Corporation Sole entered into a settlement agreement with approximately 550 individuals who had brought sexual misconduct claims. The settlement cost of these claims was approximately $85 million and was paid in December 2003. The settled claims were for acts of sexual misconduct that took place in prior years and as such the Corporation Sole recorded this settlement obligation as of June 30, 2003. The costs of these claims were funded with insurance settlements and a portion of the proceeds from the sale of property included on the Corporation Sole's administrative campus in Brighton.

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, 2007 and 2006 the Corporation Sole's reserve for these estimated future settlements was $16.5 million and $18.6 million, respectively, which is included in the reserve for losses in the accompanying statements of financial position.

During the year ended June 30, 2006, the Corporation Sole entered into a settlement agreement with approximately 85 individuals who had brought sexual misconduct claims for approximately $6.4 million. This settlement was paid in May 2006 and funded primarily with restricted monies that had been received in the 2005 settlement with insurance carriers.

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

The Corporation Sole is 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, 2007 and 2006, the Corporation Sole expensed $2,000,000 for funding provided to a related organization for the purpose of providing counseling services to individuals affected by clergy misconduct and other educational and abuse prevention services.

NOTE K - COMMITMENTS AND CONTINGENCIES

Construction

The Corporation Sole has commitments to fund construction and other contracted costs in the amount of approximately $13.6 million and $11.0 million at June 30, 2007 and 2006, respectively.

Other Legal Proceedings

The Corporation Sole is also involved in various other legal proceedings arising out of and incidental to its activities other than claims of sexual misconduct discussed in Note J. 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 results of activities.

Option of Future Sale to Boston College

Included in the June 2004 sale of a portion of the administrative campus to Boston College, the Corporation Sole had a five-year put right to require Boston College to purchase an additional parcel on the administrative campus of approximately 5.15 acres. As discussed in Note M, this put right was exercised in July 2007 as part of a transaction in which Boston College acquired most of the remainder of the administrative campus property.

NOTE L - RELATED PARTY TRANSACTIONS

The Corporation Sole provides administrative, technology and clerical services to related Catholic organizations. Service fees of $4.1 million and $5.0 million were charged for these services during the years ended June 30, 2007 and 2006, respectively. The revenue from these service fees is included in "revenue from services provided" in the accompanying statements of activities.

The Corporation Sole utilizes The Catholic Foundation, Inc. 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 $1.4 million and $1.7 million for the years ended June 30, 2007 and 2006, respectively.

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

NOTE M - SUBSEQUENT EVENTS

In July 2007, the Corporation Sole and St. John's Seminary entered into an agreement with Boston College to sell it approximately 18.7 acres of land, consisting of two separate parcels comprising most of the Archdiocese's remaining administrative campus. The $65 million selling price for the property was paid in August 2007. Of the sale proceeds, $26.1 million was used to repay the mortgage note on the property. A $4.0 million holdback was established for two conditions which the Corporation Sole expects to satisfy by July 2008.

In addition to the remaining administrative campus sale, the Corporation Sole sold, subsequent to June 30, 2007, fourteen parish properties for approximately $16.2 million recognizing a gain of approximately $9.4 million on such transactions.

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 purchase price was established by an independent appraisal of the property. Subsequently, the assets of the limited liability corporation were transferred to the Corporation Sole which intends to use this building as the pastoral center for the Archdiocese. Restricted donor gifts funded the entire purchase price.

SUPPLEMENTAL INFORMATION

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

The basic financial statements of The Roman Catholic Archbishop of Boston, A Corporation Sole, ("the Corporation Sole") as of and for the years ended June 30, 2007 and 2006 and our opinion thereon are presented in the preceding section of this report. The supplemental information presented hereinafter is presented for the purpose of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the audit 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
June 12, 2008

226 Causeway Street
Boston, MA 02114-2155
T 617.723.7900
F 617.723.3640
W www.grantthornton.com

Grant Thornton LLP
US member of Grant Thornton International

THE ROMAN CATHOLIC ARCHBISHOP OF BOSTON,
A CORPORATION SOLE
Combining Statements of Financial Position
June 30, 2007
(With summarized information for the year ended June 30, 2006)

	Parishes	Central Funds	Insurance Funds	Endowment Funds	Eliminations	2007 Total	2006 Total
ASSETS							
Cash and cash equivalents:							
Parish operations	$ 61,480,432	$ -	$ -	$ -	$ -	$ 61,480,432	$ 61,508,022
Revolving loan fund	82,233,311	-	-	-	-	82,233,311	81,336,727
Central operations	-	33,607,173	-	424,607	-	34,031,780	31,948,023
Insurance operations	-	-	11,242,844	-	-	11,242,844	11,955,608
Parish reconfiguration	-	7,608,758	-	-	-	7,608,758	5,544,240
Deposits with the Corporation Sole-Revolving Loan Fund	-	8,037,436	-	-	(8,037,436)	-	-
Total cash and cash equivalents	143,713,743	49,253,367	11,242,844	424,607	(8,037,436)	196,597,125	192,292,620
Cash limited as to use	-	-	-	-	-	-	1,069,425
Interest and dividends receivable	398,380	103,126	60,876	150,970	(4,628)	708,724	588,410
Prepaid expenses and other assets	1,668,390	119,191	2,168,423	-	-	3,956,004	2,322,196
Accounts receivable, net	1,563,618	341,929	1,315,194	-	(1,070,790)	2,149,951	1,490,325
Contributions receivable, net	651,702	2,110,593	-	-	-	2,762,295	2,098,147
Loans receivable, net	1,193,079	4,079,084	-	-	(30,025)	5,242,138	4,445,786
Land and buildings held for sale	-	10,349,839	-	-	-	10,349,839	3,028,918
Investments and assets held under split-interest agreements	51,265,822	9,830,912	5,375,142	15,474,433	-	81,946,309	64,882,387
Interest in net assets of foundations	2,276,911	10,514,612	-	-	-	12,791,523	14,723,026
Land, buildings and equipment, net	333,893,398	7,064,981	-	-	-	340,958,379	327,758,601
Total assets	$ 536,625,043	$ 93,767,634	$ 20,162,479	$ 16,050,010	$ (9,142,879)	$ 657,462,287	$ 614,699,841
LIABILITIES AND NET ASSETS							
LIABILITIES:							
Accounts payable and accrued expenses	$ 12,923,363	$ 2,055,798	$ 343,508	$ -	$ (2,313,823)	$ 13,008,846	$ 10,715,743
Agency obligations	247,054	583,423	-	-	-	830,477	484,312
Reserve for losses	-	16,546,210	4,251,078	-	-	20,797,288	23,470,395
Deferred revenue and support	18,800,601	18,130	-	-	-	18,818,731	19,424,626
Accrued pension and other retirement costs	109,614,000	-	-	-	-	109,614,000	133,028,000
Other liabilities	10,655,309	(375,298)	1,546,763	-	(7,698,554)	4,128,220	4,159,059
Note payable - related organization	2,530,625	6,070,358	-	-	(2,530,625)	6,070,358	5,331,894
Other notes payable	1,360,533	26,155,617	-	-	-	27,516,150	28,815,888
Total liabilities	156,131,485	51,054,238	6,141,349	-	(12,543,002)	200,784,070	225,429,917
NET ASSETS:							
Unrestricted	371,780,431	24,085,469	14,021,130	-	3,400,123	413,287,153	344,675,006
Temporarily restricted	4,181,647	11,876,624	-	3,776,589	-	19,834,860	21,810,399
Permanently restricted	4,531,480	6,751,303	-	12,273,421	-	23,556,204	22,784,519
Total net assets	380,493,558	42,713,396	14,021,130	16,050,010	3,400,123	456,678,217	389,269,924
Total liabilities and net assets	$ 536,625,043	$ 93,767,634	$ 20,162,479	$ 16,050,010	$ (9,142,879)	$ 657,462,287	$ 614,699,841

THE ROMAN CATHOLIC ARCHBISHOP OF BOSTON,
A CORPORATION SOLE

Combining Statements of Activities - Unrestricted
For the year ended June 30, 2007
(With summarized information for the year ended June 30, 2006)

	Parishes	Central Funds	Insurance Funds	Endowment Funds	Eliminations	2007 Total	2006 Total
REVENUES, GAINS AND OTHER SUPPORT:							
Collections	$ 112,206,966	$ 476,722	$ -	$ -	$ (400,220)	$ 112,283,468	$ 107,759,208
Catholic Appeal	-	13,592,988	-	-		13,592,988	10,867,611
Contributions, bequests and grants	13,727,379	375,731	-	-	(171,956)	13,931,154	16,294,250
Parish fundraiser events	26,156,677	-	-	-		26,156,677	24,485,004
Tuition and fees	99,326,441	-	-	-		99,326,441	109,703,106
Investment income	9,396,409	2,478,565	636,716	-	(61,447)	12,450,243	9,659,084
Rental income	10,461,386	510,165	-	-		10,971,551	11,086,670
Cemetery operations	3,914,421	-	-	-		3,914,421	4,000,896
Revenue from services provided	-	9,012,207	-	-	(2,790,965)	6,221,242	5,562,439
Insurance fund revenues	-	-	4,381,979	-	(3,967,167)	414,812	1,463,983
Sacramental offerings	5,353,487	-	-	-	-	5,353,487	5,144,241
Other revenues	32,101,204	92,537	102,533	-	(2,331,621)	29,964,653	20,644,257
Net assets released through satisfaction of program restrictions	5,927,748	6,578,357	-	505,995		13,012,100	11,446,382
Total revenues, gains and other support	318,572,118	33,117,272	5,121,228	505,995	(9,723,376)	347,593,237	338,117,131
EXPENSES:							
Program:							
Pastoral	160,342,699	6,895,903	-	232,586	(5,734,202)	161,736,986	155,564,308
Education	125,182,673	2,320,743	-	136,803	(72,782)	127,567,437	137,715,863
Ministerial	388,625	3,014,516	-	88,241	(41,923)	3,449,459	4,198,111
Social	1,648,614	439,246	-	48,161	(2,258)	2,133,763	2,703,937
Central and Regional services	453,396	5,855,521	-	204		6,309,121	5,802,386
Community relations	64,771	844,499	-	-		909,270	911,461
Auxiliary services	129,542	1,615,338	-	-		1,744,880	1,728,496
Cemetery	4,788,365	-	-	-	(204)	4,788,161	4,520,162
Total program expenses	292,998,685	20,985,766	-	505,995	(5,851,369)	308,639,077	313,144,724
Management and general	1,759,311	10,811,679	5,432,357	-	(3,475,374)	14,527,973	13,335,514
Fundraising	6,743,265	1,401,275	-	-		8,144,540	8,856,292
Parish reconfiguration	-	1,924,359	-	-	(138,976)	1,785,383	2,917,245
Total expenses	301,501,261	35,123,079	5,432,357	505,995	(9,465,719)	333,096,973	338,253,775
Operating income (loss)	17,070,857	(2,005,807)	(311,129)	-	(257,657)	14,496,264	(136,644)
NON-OPERATING INCOME (LOSS):							
Net realized and unrealized gain on investments and assets held under split-interest agreements	3,241,330	633,248	408,590	-	-	4,283,168	2,753,884
Gain on sale of administrative campus property	-	7,865,070	-	-		7,865,070	389,957
Gain on sale of other land and buildings	8,763,080	3,478,450	-	-	-	12,241,530	63,145,514
Insurance and other recoveries	8,794,650	236,000	-	-	-	9,030,650	296,321
Settlement and related expenses	-	(178,520)	(1,401,062)	-		(1,579,582)	(3,129,428)
Parish reconfiguration - transfers and support to related organizations	1,603,745	(1,603,745)	-	-	-	-	(1,697,135)
Parish reconfiguration - past pension service	-	-	-	-	-	-	(12,700,000)
Parish reconfiguration - funding of previous parish forgiven obligations	-	-	-	-	-	-	(3,081,138)
Change in additional minimum pension plan liability	-	-	-	-		-	9,697,000
Non-operating income	22,402,805	10,430,503	(992,472)	-	-	31,840,836	55,674,975
CHANGE IN NET ASSETS BEFORE ADJUSTMENT TO INITIALLY APPLY SFAS NO. 158	39,473,662	8,424,696	(1,303,601)	-	(257,657)	46,337,100	55,538,331
Adjustment to initially apply SFAS No. 158	24,292,000	-	-	-	-	24,292,000	-
CHANGE IN NET ASSETS	63,765,662	8,424,696	(1,303,601)	-	(257,657)	70,629,100	55,538,331
Net assets at beginning of year	310,307,245	15,385,249	15,324,731	-	3,657,780	344,675,005	289,136,675
Net asset transfer	(2,292,476)	275,524	-	-		(2,016,952)	-
Net assets at end of year	$ 371,780,431	$ 24,085,469	$ 14,021,130	$ -	$ 3,400,123	$ 413,287,153	$ 344,675,006

THE ROMAN CATHOLIC ARCHBISHOP OF BOSTON,
A CORPORATION SOLE
Combining Statements of Activities - Temporarily Restricted
For the year ended June 30, 2007
(With summarized information for the year ended June 30, 2006)

	Parishes	Central Funds	Insurance Funds	Endowment Funds	Eliminations	2007 Total	2006 Total
REVENUES, GAINS AND OTHER SUPPORT:							
Collections	$ -	$ 1,745,729	$ -	$ -		$ 1,745,729	$ 1,563,053
Collections - clergy benefits	5,599,088	-	-	-		5,599,088	5,629,743
Catholic Appeal	-	-	-	-		-	910,000
Contributions, bequests and grants	-	2,404,715	-	-		2,404,715	3,266,782
Parish fundraiser events	-	-	-	-		-	-
Tuition and fees	-	-	-	-		-	-
Investment income	-	294,153	-	587,288		881,441	729,636
Rental income	-	-	-	-		-	-
Cemetery operations	-	-	-	-		-	-
Revenue from services provided (note L)	-	-	-	-		-	-
Insurance fund revenues	-	-	-	-		-	-
Sacramental offerings	-	-	-	-		-	-
Other revenues	-	17,416	-	-		17,416	53,541
Revenue from and interest in change in net assets of foundations	(944,608)	901,650	-	-		(42,958)	495,828
Net assets released through satisfaction of program restrictions (note G)	(5,927,748)	(6,578,357)	-	(505,995)		(13,012,100)	(11,446,382)
Total revenues, gains and other support	(1,273,268)	(1,214,694)	-	81,293	-	(2,406,669)	1,202,201
Operating income (loss)	(1,273,268)	(1,214,694)	-	81,293	-	(2,406,669)	1,202,201
NON-OPERATING INCOME (LOSS):							
Net realized and unrealized gain on investments and assets held under split-interest agreements	206,534	210,166	-	1,251,188		1,667,888	405,234
Gain on sale of administrative campus property	-	-	-	-		-	-
Gain on sale of other land and buildings	-	-	-	-		-	-
Insurance and other recoveries	-	-	-	-		-	-
Settlement and related expenses	-	-	-	-		-	-
Parish reconfiguration - transfers and support to related organizations	-	-	-	-		-	-
Parish reconfiguration - past pension service	-	-	-	-		-	-
Parish reconfiguration - funding of previous parish forgiven obligations	-	-	-	-		-	-
Change in additional minimum pension plan liability	-	-	-	-		-	-
Non-operating income	206,534	210,166	-	1,251,188	-	1,667,888	405,234
CHANGE IN NET ASSETS	(1,066,734)	(1,004,528)	-	1,332,481	-	(738,781)	1,607,435
Net assets at beginning of year	6,485,139	12,881,152	-	2,444,108		21,810,399	20,202,964
Net asset transfer	(1,236,758)	-	-	-	-	(1,236,758)	-
Net assets at end of year	$ 4,181,647	$ 11,876,624	$ -	$ 3,776,589	$ -	$ 19,834,860	$ 21,810,399

Combining Statements of Activities - Permanently Restricted
For the year ended June 30, 2007
(With summarized information for the year ended June 30, 2006)

	Parishes	Central Funds	Insurance Funds	Endowment Funds	Eliminations	2007 Total	2006 Total
REVENUES, GAINS AND OTHER SUPPORT:							
Collections	$ -	$ -	$ -	$ -		$ -	$ -
Collections - clergy benefits	-	-	-	-		-	-
Catholic Appeal	-	-	-	-		-	-
Contributions, bequests and grants	(206,534)	-	-	747,774		541,240	2,233,177
Parish fundraiser events	-	-	-	-		-	-
Tuition and fees	-	-	-	-		-	-
Investment income	-	-	-	-		-	-
Rental income	-	-	-	-		-	-
Cemetery operations	-	-	-	-		-	-
Revenue from services provided (note L)	-	-	-	-		-	-
Insurance fund revenues	-	-	-	-		-	-
Sacramental offerings	-	-	-	-		-	-
Other revenues	3,936	-	-	-		3,936	7,889
Revenue from and interest in change in net assets of foundations	306,610	919,899	-	-		1,226,509	139,780
Net assets released through satisfaction of program restrictions (note G)	-	-	-	-		-	-
Total revenues, gains and other support	104,012	919,899	-	747,774	-	1,771,685	2,380,846
Operating income	104,012	919,899	-	747,774	-	1,771,685	2,380,846
NON-OPERATING INCOME:							
Net realized and unrealized gain on investments and assets held under split-interest agreements	-	-	-	-		-	-
Gain on sale of administrative campus property	-	-	-	-		-	-
Gain on sale of other land and buildings	-	-	-	-		-	-
Insurance and other recoveries	-	-	-	-		-	-
Settlement and related expenses	-	-	-	-		-	-
Parish reconfiguration - transfers and support to related organizations	-	-	-	-		-	-
Parish reconfiguration - past pension service	-	-	-	-		-	-
Parish reconfiguration - funding of previous parish forgiven obligations	-	-	-	-		-	-
Change in additional minimum pension plan liability	-	-	-	-		-	-
Non-operating income	-	-	-	-	-	-	-
CHANGE IN NET ASSETS	104,012	919,899	-	747,774	-	1,771,685	2,380,846
Net assets at beginning of year	5,427,468	5,831,404	-	11,525,647		22,784,519	20,403,673
Net asset transfer	(1,000,000)	-	-	-	-	(1,000,000)	-
Net assets at end of year	$ 4,531,480	$ 6,751,303	$ -	$ 12,273,421	$ -	$ 23,556,204	$ 22,784,519

FISCAL YEAR 2007 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 update the report on an annual basis. In April 2007, the Archdiocese published its second abuse settlements and funding report covering fiscal year 2006 and this report covers fiscal year 2007.

Sexual Abuse Settlements and Related Costs

Sexual Abuse Settlements. During fiscal year 2007 the total amount expended by the Archdiocese to settle claims arising from sexual abuse was $2,072,500. This represented a total of 34 settlements.

Costs for Pastoral Response and Abuse Prevention and Training. In fiscal year 2007, the Archdiocese expended $3,010,989 to cover the expenses associated with administering abuse prevention efforts and funding outreach to promote healing and reconciliation with survivors and others harmed by sexual abuse. That figure includes the expenses incurred by three principal offices of the Archdiocese: the Office of Volunteer Resources (which conducts annual CORI checks of clergy, employees and volunteers), the Office of Child Advocacy, Implementation, and Oversight (which oversees abuse prevention training), and the Office of Pastoral Support and Outreach (which administers the program of the Archdiocese to fund therapy and related services to survivors of abuse). Under the program administered by the Office of Pastoral Support and Outreach, the Archdiocese funds weekly therapy and related medications. This support is available whether or not the survivor has brought a claim against the Archdiocese, and continues to be available after a claim has been settled. In fiscal year 2007, the program funded therapy for 307 individuals, at a cost of $1,281,463.

Other Costs Related to Sexual Abuse Claims. In addition to the moneys paid in settlements and the costs of its pastoral response and abuse prevention programs, the Archdiocese incurred an additional $1,625,583 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 ($2,072,500) as well as the total of other costs incurred by the Archdiocese related to the sexual abuse claims ($4,636,572), the Archdiocese expended a total of $6,709,072 during the fiscal year 2007.

Sources of Funds

The Archdiocese has funded the settlements and other costs related to the sexual abuse claims in fiscal 2007 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, as in the past, 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 the report issued in April 2006, there was considerable detail provided with regard to the claims made by the Archdiocese against its insurers related to the cost of sexual abuse settlements. The report discussed a settlement reached in early 2005 between the Archdiocese and Lumbermen's Mutual Insurance Company (the carrier which provided coverage for the Archdiocese from the mid-1950s until early 1983). As part of that settlement, the Archdiocese received $7 million, which was allocated toward settling or defending then pending, or future claims. Of that fund, $1,045,347 was used to fund the settlements reached in the fiscal year ended June 30, 2007. That fund also was used to pay $24,078 in related costs for legal fees.

Self-Insurance A self-insurance fund, established by the Archdiocese to respond to abuse settlements, funded $2,201,693 in settlements and related expenses. Additionally, funding was provided for the $3,010,989 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 The report issued in April 2006 provided a very detailed report on the real estate property sales that had been used to assist in the funding of sexual abuse settlements and related costs, including the sale to Boston College in 2004 of a portion of the Brighton campus. As discussed in that report, the Archdiocese also had designated fifteen other properties for sale, not related to parish reconfiguration or the sale to Boston College, in order to assist in the funding of abuse settlements. During the past fiscal year, the Archdiocese used $426,965 from the proceeds of 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 report details the financial costs for the fiscal year 2007 related to the sexual abuse crisis. It is one limited lens through which the gravity of the sexual abuse crisis can be viewed. The historic visit of Pope Benedict XVI to the United States in April 2008 and his repeated words of compassion and apology to the survivors of clergy sexual abuse call us again to our on-going work of pastoral outreach and restoration of trust. Pope Benedict during his visit challenged us all, “I encourage each of you to do what you can to foster healing and reconciliation, and to assist those who have been hurt.” The Archdiocese of Boston and all its parishes, clergy, religious, and laity, as a family of faith, remain committed in hope and love to the abuse survivors and their families who were so terribly betrayed and harmed. May each day draw us closer to one another through Christ.

ARCHDIOCESE FINANCE COUNCIL CHARTER

CHARTER
OF THE ARCHDIOCESE OF BOSTON
FINANCE COUNCIL

JUNE 5, 2008

Article I. *Name*

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

Article II. *Purpose*

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

Article III. *Responsibilities*

The specific responsibilities of the Finance Council include:

A. To oversee Archdiocesan long-term financial planning and the financial aspects of strategic planning;
B. To approve, by June 30 of each year, the annual Archdiocesan budget of the income and expenditures which are foreseen for the entire governance of the Archdiocese in the next succeeding fiscal year;
C. To oversee the financial performance relative to the budget on a regular basis;
D. To recommend to the Archbishop the appointment of the external auditor, to review and accept the annual audited financial report, to ensure public access to the report, and to monitor recommendations made by the auditors;
E. To oversee and provide consultation on the appointment, performance or removal of the Chancellor, who shall be the finance officer of the Archdiocese;

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

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

Article IV. *Membership*

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

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

A. The provisions of the Article V do not apply to the *ex officio* Members of the Finance Council.

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

C. The term of office of each member of a committee of the Finance Council shall be two years. Committee members terms may be renewed for one or more successive two-year periods.

Article VI. ***Vacancies***

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

Article VII. Officers and Duties

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

Article VIII. Meetings

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

Article IX. *Quorum and Voting*

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

Article X. *Committees*

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

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

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

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

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

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

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

Article XI. Conflict of Interest Policy

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

Article XII. *Amendments*

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

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.rcab.org and scroll over the Archdiocese tab and click on Finance. Thank You.

Corporation Sole's Compensation and Vendor Disclosure

COMPENSATION SCHEDULES FOR FISCAL YEAR 2007

CABINET COMPENSATION			
EMPLOYEE	**TITLE**	**COMPENSATION**	**NOTES**
Seán P. Cardinal O'Malley, OFM Cap.		$ 23,771	Paid to the Capuchin Priests and Brothers
Very Rev. Richard Erikson, Ph.D, VG	Vicar General	$ 23,171	
Rev. Arthur Coyle	Secretary for Pastoral & Ministerial Services	$ 23,771	
Sr. Clare Bertero, OSF	Secretary for Catholic Education Services	$ 26,486	Paid to the Franciscan Sisters of Allegany, NY
Sr. Marian Batho, CSJ	Secretary for Regional Services	$ 26,486	Paid to the Sisters of St. Joseph
Rev. J. Bryan Hehir	Secretary for Social Services	$ 0	Not paid by the Archdiocese. He is paid as a member of the faculty at the Kennedy School of Government at Harvard University
J. B. Chessare, MD, MPH	Secretary for Health Care Services	$ 0	Not paid by the Archdiocese, paid by Caritas Christi
J. McDonough	Secretary for Financial & Administrative Services – Chancellor	$ 250,000	
S. Landry	Secretary for Institutional Development	$ 250,000	
T. Donilon	Secretary for Communications	$ 160,680	

TOP FIVE EMPLOYEES COMPENSATION FOR FISCAL YEAR 2007			
EMPLOYEE	**TITLE**	**COMPENSATION**	**NOTES**
J. McDonough	Secretary for Financial & Administrative Services – Chancellor	$ 250,000	Cabinet Secretary
S. Landry	Secretary for Institutional Development	$ 250,000	Cabinet Secretary
T. Donilon	Secretary for Communications	$ 160,680	Cabinet Secretary
J. Walsh	Director of Parish & School Services	$ 144,626	
A. Rizzuto	Director of Child Advocacy	$ 134,721	

Corporation Sole's Compensation and Vendor Disclosure (Continued)

TEN HIGHEST PAID VENDORS

VENDOR	*AMOUNT*
TLT Construction Corp.	$ 5,680,100
Acordia Northeast Boston (Note 1)	$ 3,900,731
Marsh USA, Inc. (Note 1)	$ 2,302,368
Folan Waterproofing & Construction	$ 2,184,638
Patrick J. Kennedy & Sons, Inc.	$ 1,645,872
Ridgemont, Inc.	$ 1,469,024
Ropes & Gray LLP	$ 1,425,082
The Rogers Law Firm	$ 693,083
Grant Thornton LLP	$ 397,561
The Raskey/Baerlein Group	$ 266,415

Note 1
Acordia Northeast Boston and Marsh USA, Inc. are insurance brokers and risk management consultants. The above disbursements include insurance premiums disbursed to insurers.