

Dear friends in Christ,

As we begin 2015, many of us are reflecting on the past year and making resolutions for the future. The same holds true for our diocese. Allow me to make this report to you, our loyal donors and parishioners, on the finances of the Diocese of Worcester exclusive of the parishes for the fiscal year which ended August 31, 2014. Together with our parishes, schools and agencies, the Diocese of Worcester serves directly through charitable ministries more than 110,000 Catholic households, along with anyone in need. As our annual Partners in Charity appeal promoted, we bring hope and light to Central Massachusetts.

Our financial reports demonstrate good stewardship of the donations we have received either directly or through our parishes. Agencies and ministries funded by Partners in Charity operated within their allocations. It raised \$5 million during this past fiscal year, having incurred less than 4% in fundraising costs. The total raised includes a contribution from a \$1.6 million bequest which will endow this appeal for the future, enabling us to support 28 ministries for the current fiscal year. I am grateful for the commitment to our mission by over 19,226 donors in our diocese, including 1,055 new donors and the 108 members of the St. Paul Society who donated a minimum of \$5,000 each.

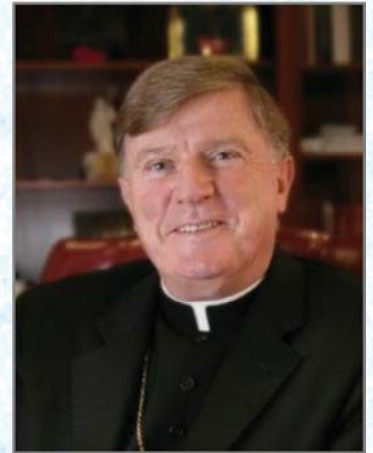
As in recent years, the various departments in our central administration continued to exercise tight fiscal controls in order to operate within their budgets. We realized gains from investments which are guided by our investment committee which includes lay professionals and managed by our investment advisory firm. The cathedraticum contributed by parishes was 5% less than the previous year, reflecting the recent challenges being faced by many parishes in their offertory collections.

The Diocesan Expansion Fund (DEF) saw a substantive increase of revenues over expenses of \$1,782,652 including unrealized gains on investments of \$839,486. I am grateful for the prudent oversight of our DEF Board. The DEF provides a safe and secure resource for parish and diocesan savings while providing for the borrowing needs of our parishes.

As noted over the past few years, the unfunded portion of Priests' Retirement is an issue of on-going concern, given that expenses exceeded revenues by \$993,535. I am grateful to the committee that came together last year to begin the task of raising awareness of this critical need in our diocese. We held the inaugural fundraiser, *Celebrate Priesthood*, in the fall of 2014. That effort will continue and will assist with additional revenue in the 2015 fiscal year.

Outstanding debt service is another area which challenges us, given that it cost Central Administration \$995,956 last year. I extend my appreciation to all the staff

and volunteers who participated in our presentations around the diocese on parish financial reporting and effective parish finance councils. Our Fiscal Affairs Office will provide dedicated assistance beginning in 2015 to help parishes with their goal of



balanced budgets, which will, in term, reduce the need by Central Administration to borrow funds to cover parish indebtedness.

The Central Catholic Schools operated at nearly break-even with expenses exceeding revenues by 1%, and reports from this year's open houses are encouraging. The marketing study of our Catholic schools developed in the previous fiscal year has already born fruit with the announcement of a new academy uniting two parochial schools in Webster and the inclusion of an advanced academy at St. Bernard Central Catholic High School in Fitchburg. We will continue to make improvements in marketing and school governance as a result of that study.

Given the ongoing challenges of print media, The Catholic Free Press saw revenues run short of expenses by \$124,451. St. John Cemetery System faces ongoing challenges with the management of many former parish cemeteries and the continuing choice of cremation over internment, causing expenses to exceed revenues by \$148,852. In 2015 we will engage a marketing consultant for cemeteries to help identify ways to combat this troubling trend.

At the heart of all these numbers is our mission: to evangelize. Following the direction of our Holy Father, Pope Francis, we must use everything at our disposal to be witnesses to our faith within and beyond our church walls, bringing Christ and his message to those we meet in the public square and on the periphery of society. To that end, over the coming year and beyond, we are developing a process to review collaboratively our diocesan services to strengthen mission-oriented spending.

With every prayerful best wish, I remain

Sincerely yours in Christ,

A handwritten signature in blue ink that reads "Robert J. McManus". The signature is written in a cursive, flowing style.

Most Reverend Robert J. McManus
Bishop of Worcester

Annual Report on Financial Activities FY2014

SUPPLEMENTAL DETAILS – prepared by the Office of Fiscal Affairs

Partners in Charity

Revenue Sources	
Donations	\$4,868,683
Less Uncollected Pledges	<u>265,268</u>
Available Funds for Use	\$4,603,415

Use of Funds:

African Ministry	\$43,977
Campus Ministry	72,269
Catholic Charities	350,000
Central Catholic Schools Subsidy	83,717
Development	362,366
St. John Cemetery System	148,852
Office of Marriage & Family	38,972
Grant-In-Aid	350,000
Haitian Apostolate Ministry	70,085
Hispanic Ministry	109,509
McAuley Nazareth Home	33,000
Ctrl. Catholic Schools Assessment Subsidy	18,725
Communications	215,310
Office of Divine Worship	72,157
Office of Ongoing Priestly Formation	43,233
Minister to Priests	49,673
New Evangelization for Youth/Young Adults	97,616
Advance Studies for Clergy & Laity	34,443
Pastoral Planning	13,973
Permanent Diaconate Program	85,600
Pernet Family Health	30,000
Priests' Retirement Fund	550,000
Religious Education	307,267
Respect Life Office	50,391
Retired Priests' Ministry	64,361
Seminarian Education	423,867
Special Projects	100,000
St. Paul Cathedral	129,141
Superintendent of Schools	242,289
Vocations & House of Studies	233,978
Wells House	8,197
Administration	<u>126,460</u>
Total Use of Partners in Charity Funds:	\$4,559,428

Partners in Charity Revenue over Expenses: 43,987

Central Administration

Revenue Sources:	
Cathedralicum	\$2,189,877
Insurance Program	892,649
Realized Investment Income	55,011
Unrealized Investment Gain	771,871
Other Income	<u>34,052</u>
	\$3,943,460

Expenditures:

Bishop's Office	\$ 188,737
Bishop's Residence	84,018
Building Commission	88,138
Computer Services	10,267

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(Central Admin. Use of Funds continued)

Donations and Memberships	226,526
Fiscal Affairs Office	379,379
Interest on Indebtedness	995,956
Legal Services	11,155
Office of Healing and Prevention	129,517
Priests' Financial Assistance	344,790
Reserve for Bad Debt	275,000
Miscellaneous Expenses	42,143
Therapeutic Assistance	48,605
Tribunal	154,424
Vicar for Religious	34,779
Vicar General Office	106,721
Women's Commission	<u>2,750</u>
Total Departmental Expenses	\$3,122,905

Depreciation (126,026)

Revenue over Expenses \$694,530

Central Catholic Schools

Revenue Sources:	
Tuition	\$10,359,316
Fund Raising & Non-Educational	947,506
Bookstore Income	73,094
Parish Assessment	58,075
Rental Income	252,546
Other Income	<u>150,446</u>
	\$11,840,983

Expenditures:

Educational Expenses	\$11,528,712
Fundraising & Non-Educational	<u>395,988</u>
	\$11,924,700

Central Catholic Schools Operations (83,717)

Other:

Partners in Charity Funding	83,717*
Designated Income	22,000
Depreciation	(319,747)

Net Change in Assets (\$297,747)

St. John Cemetery System

Revenue Sources:	
Revenues from Cemetery Operations	\$1,136,711
Release of Restricted Funds	<u>77,706</u>
	\$1,214,417

Expenditures: \$1,363,269

Excess Expenditures (148,852)

Partners in Charity Funding 148,852*

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DIOCESE OF WORCESTER

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To learn more visit worcesterdiocese.org for a complete report.

Priests' Retirement

Revenue Sources:	
Partners in Charity Funding	\$550,000*
Parish Assessments	806,510
Investment Income	38,242
Bequests/Donations	<u>40,914</u>
	\$1,435,666

Expenditures:

Support for Retired Priests	\$2,253,679
Nursing Home/Assisted Living	<u>399,741</u>
	\$2,653,420

Unrealized Gain on Investments 224,219

Expenses over Revenue (\$993,535)

Diocesan Expansion Fund

Revenue Sources:	
Interest on Loans	\$2,009,918
Investment Income	<u>955,985</u>
	\$2,965,903

Expenditures:

Interest on Savings Accounts	\$1,268,193
Interest Waived on Loans	183,837
Bad Debt Expense	360,000
Administration	<u>210,707</u>
	\$2,022,737

Unrealized Gain on Investments 839,486

Revenue over Expenses \$1,782,652

The Catholic Free Press

Revenue Sources:	
Parish Quota Subscriptions, Net	\$245,029
Direct Subscriptions	21,365
Advertising	234,313
Print Shop	12,059
Miscellaneous Sales	<u>1,192</u>
	\$513,958

Expenditures:

Newspaper	\$623,790
Print Shop	<u>14,619</u>
	\$638,409

Expenses over Revenue (\$124,451)

Restricted & Designated Funds

Released:	
Forward in Faith	\$480,610
Endowment & Annuities	497,877
Donor Restricted & Designated Funds	<u>291,705</u>
	\$1,270,192

Expended:

Forward in Faith	480,610
Endowment & Annuity Commitments	497,877
Donor Restricted Support to Ministries	<u>121,084</u>
	\$1,099,571

Change in Designated Funds: \$170,621

* Amount included in Partners in Charity detail of use.