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 financial 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 offering 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 borne 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,

Robert J. McManus
Most Reverend Robert J. McManus
Bishop of Worcester
### Partners in Charity

<table>
<thead>
<tr>
<th>Revenue Sources</th>
<th>Available Funds for Use</th>
</tr>
</thead>
<tbody>
<tr>
<td>Donations</td>
<td>$4,868,683</td>
</tr>
<tr>
<td>Less Uncollected Pledges</td>
<td>265,268</td>
</tr>
<tr>
<td></td>
<td>$4,603,415</td>
</tr>
</tbody>
</table>

#### Use of Funds:
- African Ministry
- Campus Ministry
- Catholic Charities
- Central Catholic Schools Subsidy
- Development
- St. John Cemetery System
- Office of Marriage & Family
-Grant-In-Aid
- Haitian Apostolate Ministry
- Hispanic Ministry
- McAuley Nazareth Home
- Ctrl. Catholic Schools Assessment Subsidy

**Total Use of Partners in Charity Funds:** $4,559,428

**Partners in Charity Revenue over Expenses:** 43,987

### 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: 150,446

**Total Revenue:** $11,840,983

#### Expenditures:
- Educational Expenses: $11,528,712
- Fundraising & Non-Educational: 395,988

**Total Expenditures:** $11,924,700

**Excess Expenditures:** (83,717)

**Partners in Charity Funding:** 83,717

**Net Change in Assets:** (297,747)

### Priests’ Retirement

**Revenue Sources:**
- Partners in Charity Funding: $550,000
- Parish Assessments: 806,510
- Investment Income: 38,242
- Bequests/Donations: 40,914

**Total Revenue:** $1,435,666

#### Expenditures:
- Support for Retired Priests: $2,253,679
- Nursing Home/Assisted Living: 399,741

**Total Expenditures:** $2,653,420

**Unrealized Gain on Investments:** 224,219

**Revenue over Expenses:** ($993,535)

### Diocesan Expansion Fund

#### Revenue Sources:
- Interest on Loans: $2,009,918
- Investment Income: 955,985

**Total Revenue:** $2,965,903

#### Expenditures:
- Interest Waived on Loans: 183,837
- Bad Debt Expense: 360,000

**Total Expenditures:** 543,837

**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

**Total Revenue:** 513,958

#### Expenditures:
- Newspaper: 623,790
- Print Shop: 14,619

**Total Expenditures:** 638,409

**Expenses over Revenue:** (124,451)

#### Restricted & Designated Funds

**Released:**
- Forward in Faith: $480,610
- Endowment & Annuities: 497,877
- Donor Restricted & Designated Funds: 291,705

**Total Released:** $1,270,192

**Experienced:**
- Forward in Faith: 480,610
- Endowment & Annuity Commitments: 497,877

**Total Experienced:** 978,487

**Change in Designated Funds:** $170,621