

To be the face of God's mercy to the world

Dear Friends in Christ,

As we celebrate the Extraordinary Jubilee Year of Mercy, it is fitting that we recognize that the spiritual and corporal works of mercy are at the heart of our mission as the Church, for they tangibly give witness to the love of God made known through Jesus Christ. I offer this financial report today as a way to share how we are operating in light of that mission.

First, let us recognize that there was an operational deficit of \$1,192,704 including unrealized losses of \$840,001 on all investments. Yet the unrealized losses on investments are primarily a reflection of the state of the market when our year ended on August 31. Having noted this, allow me to share this Annual Report on Financial Activities which more accurately demonstrates how operational spending reflected our mission. It should be noted that this report is exclusively of diocesan operations. Financial reports of parish operations are submitted separately and available online for your review at worcesterdioocese.org.

As in recent years, Central Administration departments and Partners in Charity agencies all operated within their ever-tightening budgets. Many departments share management costs between two or three areas and many cost-cutting measures have been in force for years to avoid unnecessary expenditures. I am grateful to all the parishioners and parish leadership who supported this year's appeal which raised 98% of its \$5 million goal.

Our commitment to Catholic education through Catholic schools and seminarian formation is very strong. Central Catholic Schools experienced a small operational deficit. It is promising to note that enrollment is beginning to grow in many of our schools. Seminarian education and formation is also a significant investment each year, and we were blessed by the largest ordination class in recent years as eight priests were ordained for our Diocese in June 2015.

The Catholic Free Press required a subsidy of \$145,522 which is attributed principally to uncollected receivables from parishes. We are currently developing a new strategic direction for communications in general, given how critical it is to meet our mission to evangelize in a society which is increasingly unchurched and media-focused.

St. John Cemetery System faced an operational loss of \$69,179. This resulted from continued capital improvements to address issues in some of the cemeteries previously managed by parishes. This deficit was significantly lower than the previous few years.

One of the largest operational challenges continued to be interest paid by Central Administration on its line of credit held by the Diocesan Expansion Fund (DEF), which is essentially a savings and loan for parishes and the diocese.

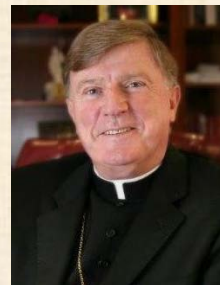
This line of credit was opened to help us with our cash flow, but the balance due has grown over the years as it becomes more difficult to receive payment from some parishes on invoices billed by the Diocese. These invoices include health insurance for parish employees, workers comp insurance, and property and liability insurance. These unpaid bills are a symptom of the increasing number of parishes which are reporting operational deficits on their annual reports. The Diocesan Finance Committee is exploring alternatives in order to remedy this unsustainable situation.

The other significant operational challenge is Priests' Retirement Care. Those costs exceeded revenues by \$1,230,247 even after an \$800,000 subsidy from Partners in Charity. I am grateful to the volunteers who coordinated our second annual Celebrate Priesthood gala which raised \$150,000 for this coming year and also raised awareness in our parishes of this great need. We have also formed an ad hoc advisory committee which is developing innovative ways

“The Church is commissioned to announce the mercy of God, the beating heart of the Gospel...”

to reduce costs while providing quality care for those retired priests who dedicated their lives to showing the face of God's mercy through their priestly ministry.

On behalf of the Diocese, I offer my thanks to the Diocesan Finance Committee, the Diocesan Investment Committee and the DEF Board of Governors for their sound stewardship of the fiscal affairs of the Diocese of Worcester. I also take this opportunity to thank publicly all the parishioners who are assisting their pastors as members of Parish Finance Councils so that all of us may be aware of how we are being stewards of the resources entrusted to us in order to carry on the work of the Church as commissioned by Jesus Christ.



Allow me to close with words from our Holy Father: “The Church is commissioned to announce the mercy of God, the beating heart of the Gospel...” As we focus this coming year on being ever more prudent stewards of the resources of the Diocese of Worcester, may we never lose sight of this humbling call to be the face of God's mercy to all we encounter and serve.

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 FY2015

SUPPLEMENTAL DETAILS – prepared by the Office of Fiscal Affairs

Partners in Charity

Revenue Sources	
Donations	\$4,823,027
Less Uncollected Pledges	<u>3,846</u>
Available Funds for Use	4,819,181

Use of Funds:

African Ministry	\$42,525
Campus Ministry	69,115
Catholic Charities	350,000
Ctrl. Catholic Schools Assessment Subsidy	5,950
Central Catholic Schools Subsidy	350,000
Development	341,168
St. John Cemetery System	69,179
Office of Marriage & Family	48,173
Grant-In-Aid	350,000
Haitian Apostolate Ministry	65,451
Hispanic Ministry	98,366
McAuley Nazareth Home	30,000
Chancellor/Communications & TV Ministry	228,648
Office of Divine Worship	80,734
Office of Ongoing Priestly Formation	61,024
Minister to Priests	38,709
New Evangelization for Youth/Young Adults	79,100
Advance Studies for Clergy & Laity	14,225
Pastoral Planning	14,139
Permanent Diaconate Program	69,632
Pernet Family Health	30,000
Priests' Retirement Fund	800,000
Religious Education	287,912
Respect Life Office	56,611
Retired Priests Ministry	65,371
Seminarian Education	300,961
St. Paul's Cathedral	134,583
Superintendent of Schools	286,949
Vocations & House of Studies	282,602
Wells House	13,682
Administration	<u>132,807</u>
Total Use of Partners in Charity Funds:	4,797,616

Partners in Charity Revenue over Expenses \$21,565

St. John Cemetery System

Revenue Sources:	
Revenues from Cemetery Operations	\$1,312,632
Release of Restricted Funds	<u>78,963</u>
	1,391,595

Expenditures: 1,460,774

Expenses over Revenue	(69,179)
Partners in Charity Funding	<u>(69,179)*</u>
	-0-

* Amount included in Partners in Charity detail of use.

Central Administration

Revenue Sources	
Cathedraticum	\$2,234,454
Insurance Program	1,135,911
Realized Investment Income	4,010
Unrealized Investment Loss	(220,489)
Other Income	<u>69,003</u>
	3,222,889
Expenditures:	
Bishop's Office	\$197,099
Bishop's Residence	85,512
Building Commission	99,511
Computer Services	11,615
Donations and Memberships	178,119
Fiscal Affairs Office	398,421
Interest on Indebtedness	976,315 ^a
Legal Services	9,359
Office of Healing and Prevention	136,015
Priests' Financial Assistance	308,079
Miscellaneous Expenses	33,035
Therapeutic Assistance	47,200
Tribunal	152,372
Episcopal Liaison to Religious	2,051
Vicar General Office	122,330
Women's Commission	<u>2,750</u>
Total Departmental Expenses	2,759,783

Depreciation (125,933)

Ctrl. Admin. Revenue over Expenses \$337,173

^a Line of Credit balance as of Aug. 31 \$19,589,341

Uncollected Receivables due from parishes (see Bishop's Letter): \$7,027,574

Central Catholic Schools

Revenue Sources:	
Tuition	\$10,741,975
Fund Raising & Non-Educational	939,891
Bookstore Income	43,982
Parish Assessment	5,950
Rental Income	201,384
Other Income	<u>134,648</u>
	12,067,830

Expenditures:	
Educational Expenses	11,968,133
Fundraising & Non-Educational	<u>276,569</u>
	12,244,702

Central Catholic Schools Operations (176,872)

Other:
Partners in Charity Funding 350,000*

Designated Income 2,000

Depreciation (306,553)

Net Change in Assets (\$131,425)

Priests' Retirement

Revenue Sources:	
Partners in Charity Funding	\$800,000*
Parish Assessments	777,309
Investment Income	24,793
Bequests/Donations	<u>4,723</u>
	1,606,825

Expenditures:	
Support for Retired Priests	2,345,318
Nursing Home/Assisted Living	<u>414,062</u>
	2,759,380

Unrealized Loss on Investments (77,692)

Expenses over Revenue (\$1,230,247)

Diocesan Expansion Fund

Revenue Sources:	
Interest on Loans	\$1,869,405
Investment Income	<u>521,095</u>
	2,390,500

Expenditures:	
Interest on Savings Accounts	1,259,881
Interest Waived on Loans	146,621
Bad Debt Expense	250,000
Administration	<u>190,560</u>
	1,847,062

Unrealized Loss on Investments (541,820)

Revenue over Expenses \$1,618

The Catholic Free Press

Revenue Sources:	
Parish Quota Subscriptions, Net	\$261,778
Direct Subscriptions	19,927
Advertising	225,833
Print Shop	16,752
Miscellaneous Sales	<u>336</u>
	524,626

Expenditures:	
Newspaper	656,472
Print Shop	<u>13,676</u>
	670,148

Expenses over Revenue (\$145,522)

Restricted & Designated Funds

Released:	
Forward in Faith	\$512,257
Endowment & Annuities	499,406
Donor Restricted & Designated Funds	<u>441,316</u>
	1,452,979

Expended:	
Forward in Faith	512,257
Endowment & Annuity Commitments	499,406
Donor Restricted Support to Ministries	<u>487,181</u>
	1,498,844

Change in Designated Funds: (\$45,865)

TOTAL OPERATIONAL DEFICIT (\$1,192,704)



DIOCESE OF WORCESTER

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