

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

**The Roman Catholic Archbishop of Boston,
A Corporation Sole**

June 30, 2009 and 2008

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Grant Thornton

Report of Independent Certified Public Accountants

His Eminence
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We have audited the accompanying statements of financial position of The Roman Catholic Archbishop of Boston, A Corporation Sole (the "Corporation Sole") as of June 30, 2009 and 2008, 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, 2009 and 2008, 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.

Grant Thornton LLP

Boston, Massachusetts

February 19, 2010

**THE ROMAN CATHOLIC ARCHBISHOP OF BOSTON,
A CORPORATION SOLE**
Statements of Financial Position
June 30, 2009 and 2008

ASSETS	<u>2009</u>	<u>2008</u>
Cash and cash equivalents:		
Parish operations	\$ 60,290,709	\$ 63,328,020
Revolving loan fund	39,272,525	77,153,632
Central operations	31,309,265	57,235,795
Insurance operations	6,564,722	6,350,076
Parish reconfiguration	6,315,084	8,261,748
Total cash and cash equivalents	<u>143,752,305</u>	<u>212,329,271</u>
Interest and dividends receivable	1,615,270	976,976
Prepaid expenses and other assets	6,951,020	6,865,898
Accounts receivable, net	2,814,524	2,306,581
Due from related organizations	3,726,580	1,867,086
Contributions receivable, net	7,345,607	7,162,705
Loans receivable, net (note C)	28,287,752	8,662,555
Land and buildings held for sale (note E)	1,276,809	1,625,745
Investments (note D)	94,199,507	94,593,284
Interest in net assets of a foundation	12,031,645	14,422,454
Land, buildings and equipment, net (note E)	<u>425,209,486</u>	<u>396,442,547</u>
 Total assets	 <u>\$ 727,210,505</u>	 <u>\$ 747,255,102</u>
 LIABILITIES AND NET ASSETS		
LIABILITIES:		
Accounts payable and accrued expenses	\$ 16,673,290	\$ 17,378,607
Agency obligations	1,128,326	1,380,434
Reserves for losses (note J)	10,385,271	13,690,682
Due to related organizations (note N)	8,544,356	52,077,601
Deferred revenue and support	17,485,931	17,960,325
Accrued pension and other post retirement costs (note M)	103,961,329	114,483,100
Other liabilities	3,486,994	3,413,487
Notes payable - related organization (note F)	41,412,281	5,634,713
Other notes payable (note F)	266,197	1,311,955
Total liabilities	<u>203,343,975</u>	<u>227,330,904</u>
 NET ASSETS:		
Unrestricted	461,760,812	462,045,367
Temporarily restricted (note G)	31,282,723	27,673,172
Permanently restricted (note G)	30,822,995	30,205,659
Total net assets	<u>523,866,530</u>	<u>519,924,198</u>
 Total liabilities and net assets	 <u>\$ 727,210,505</u>	 <u>\$ 747,255,102</u>

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, 2009

(With summarized comparative information for the year ended June 30, 2008)

	Unrestricted	Temporarily Restricted	Permanently Restricted	2009 Total	2008 Total
REVENUES AND OTHER SUPPORT:					
Collections	\$ 109,155,507	\$ 1,646,062	\$ -	\$ 110,801,569	\$ 112,643,091
Collections - clergy benefits	-	6,764,253	-	6,764,253	5,448,837
Catholic Appeal	9,137,462	6,228,682	-	15,366,144	15,669,488
Contributions and bequests	18,357,440	7,970,839	-	26,328,279	31,661,355
Parish fundraiser events	23,295,340	-	-	23,295,340	25,898,715
Tuition and fees	106,538,178	-	-	106,538,178	103,924,689
Investment income	8,678,475	1,198,296	-	9,876,771	11,381,404
Rental income	12,120,650	-	-	12,120,650	11,532,636
Cemetery operations	4,013,433	-	-	4,013,433	3,667,873
Revenue from services provided (note N)	6,065,811	-	-	6,065,811	6,080,922
Insurance revenues	1,596,482	-	-	1,596,482	1,426,044
Sacramental offerings	5,770,275	-	-	5,770,275	5,658,617
Other revenues	24,165,023	131,563	(282,179)	24,014,407	22,233,471
Revenue from and change in interest in net assets of a foundation	-	(1,360,761)	(1,057,634)	(2,418,395)	1,790,334
Net assets released from restrictions and reclassifications (note G)	15,450,444	(15,689,968)	239,524	-	-
Total revenues and other support	344,344,520	6,888,966	(1,100,289)	350,133,197	359,017,476
EXPENSES:					
Program:					
Parish life & leadership	182,405,653	-	-	182,405,653	171,529,844
Catholic education	133,352,056	-	-	133,352,056	130,402,688
Faith formation & evangelization	7,174,412	-	-	7,174,412	6,636,443
Health & social services	3,427,139	-	-	3,427,139	2,620,069
Central and regional services	5,783,734	-	-	5,783,734	4,938,374
Media & public relations	2,141,025	-	-	2,141,025	1,919,868
Cemetery operations	4,918,025	-	-	4,918,025	5,015,696
Total program expenses	339,202,044	-	-	339,202,044	323,062,982
Management and general	25,189,419	-	-	25,189,419	18,785,142
Fundraising	8,545,102	-	-	8,545,102	10,566,200
Parish reconfiguration (note I)	1,496,277	-	-	1,496,277	1,401,916
Total expenses	374,432,842	-	-	374,432,842	353,816,240
Operating (loss) income	(30,088,322)	6,888,966	(1,100,289)	(24,299,645)	5,201,236
NONOPERATING INCOME (LOSS):					
Contributions	-	-	1,682,696	1,682,696	29,515,777
Net realized and unrealized loss on investments	(9,623,369)	(3,300,644)	-	(12,924,013)	(6,583,625)
Gain on sale of administrative campus property	50,631	-	-	50,631	11,737,932
Gain on sale of other land and buildings	3,933,027	-	-	3,933,027	27,579,422
Insurance and other recoveries (note J)	1,508,507	-	-	1,508,507	2,835,628
Settlement and related expenses (note J)	(2,800,000)	-	-	(2,800,000)	(3,243,917)
Pension-related credits (charges) other than periodic pension costs	28,198,000	-	-	28,198,000	(452,000)
Nonoperating income (loss)	21,266,796	(3,300,644)	1,682,696	19,648,848	61,389,217
CHANGE IN NET ASSETS	(8,821,526)	3,588,322	582,407	(4,650,797)	66,590,453
Net assets at beginning of year	462,045,367	27,673,172	30,205,659	519,924,198	456,678,217
Net asset transfers from (to) related organizations (note N)	8,536,971	21,229	34,929	8,593,129	(3,344,472)
Net assets at end of year	\$ 461,760,812	\$ 31,282,723	\$ 30,822,995	\$ 523,866,530	\$ 519,924,198

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, 2008

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
REVENUES AND OTHER SUPPORT:				
Collections	\$ 110,941,019	\$ 1,702,072	\$ -	\$ 112,643,091
Collections - clergy benefits	-	5,448,837	-	5,448,837
Catholic Appeal	15,669,488	-	-	15,669,488
Contributions and bequests	23,828,419	7,832,936	-	31,661,355
Parish fundraiser events	22,544,928	3,353,787	-	25,898,715
Tuition and fees	103,924,689	-	-	103,924,689
Investment income	10,282,888	1,098,516	-	11,381,404
Rental income	11,532,636	-	-	11,532,636
Cemetery operations	3,667,873	-	-	3,667,873
Revenue from services provided (note N)	6,080,922	-	-	6,080,922
Insurance revenues	1,426,044	-	-	1,426,044
Sacramental offerings	5,658,617	-	-	5,658,617
Other revenues	22,233,471	-	-	22,233,471
Revenue from and change in interest in net assets of a foundation	(580,386)	762,977	1,607,743	1,790,334
Net assets released from restrictions and reclassifications (note G)	7,777,350	(9,053,285)	1,275,935	-
Total revenues and other support	344,987,958	11,145,840	2,883,678	359,017,476
EXPENSES:				
Program:				
Parish life & leadership	171,529,844	-	-	171,529,844
Catholic education	130,402,688	-	-	130,402,688
Faith formation & evangelization	6,636,443	-	-	6,636,443
Health & social services	2,620,069	-	-	2,620,069
Central and regional services	4,938,374	-	-	4,938,374
Media & public relations	1,919,868	-	-	1,919,868
Cemetery operations	5,015,696	-	-	5,015,696
Total program expenses	323,062,982	-	-	323,062,982
Management and general	18,785,142	-	-	18,785,142
Fundraising	10,566,200	-	-	10,566,200
Parish reconfiguration (note I)	1,401,916	-	-	1,401,916
Total expenses	353,816,240	-	-	353,816,240
Operating (loss) income	(8,828,282)	11,145,840	2,883,678	5,201,236
NONOPERATING INCOME (LOSS):				
Contributions	-	25,750,000	3,765,777	29,515,777
Net assets released from restrictions	25,750,000	(25,750,000)	-	-
Net realized and unrealized loss on investments	(3,276,097)	(3,307,528)	-	(6,583,625)
Gain on sale of administrative campus property	11,737,932	-	-	11,737,932
Gain on sale of other land and buildings (note I)	27,579,422	-	-	27,579,422
Insurance and other recoveries (note J)	2,835,628	-	-	2,835,628
Settlement and related expenses (note J)	(3,243,917)	-	-	(3,243,917)
Pension-related credits (charges) other than periodic pension costs	(452,000)	-	-	(452,000)
Nonoperating income (loss)	60,930,968	(3,307,528)	3,765,777	61,389,217
CHANGE IN NET ASSETS				
Net assets at beginning of year	413,287,153	19,834,860	23,556,204	456,678,217
Net asset transfers to related organizations (note N)	(3,344,472)	-	-	(3,344,472)
Net assets at end of year	\$ 462,045,367	\$ 27,673,172	\$ 30,205,659	\$ 519,924,198

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

**THE ROMAN CATHOLIC ARCHBISHOP OF BOSTON,
A CORPORATION SOLE**

Statements of Cash Flow

For the years ended June 30, 2009 and 2008

	<u>2009</u>	<u>2008</u>
OPERATING ACTIVITIES:		
Change in net assets	\$ (4,650,797)	\$ 66,590,453
Adjustments to reconcile the change in net assets to net cash and cash equivalents provided by (used in) operating activities:		
Net realized and unrealized loss (gain) on investments	12,924,013	6,583,625
Property related insurance recoveries	(704,986)	(1,027,215)
Depreciation	14,444,981	13,595,508
Interest accrued on note payable - related organization	(630,832)	(435,645)
Gain on sale of administrative campus property	(50,631)	(11,737,932)
Gain on sale of other land and buildings	(3,933,027)	(27,579,422)
Provision for uncollectible accounts, contributions and loans receivable	1,851,649	18,627
Contributions restricted for long term purposes	(1,682,696)	(29,515,777)
Change in interest in net assets of a foundation	2,390,808	(1,630,931)
Changes in operating assets and liabilities:		
Cash limited as to use	-	-
Interest and dividends receivable	(638,294)	(268,252)
Prepaid expenses and other assets	(85,141)	(4,195,965)
Accounts receivable, net	(60,436)	(380,460)
Due from related organizations	(1,859,494)	(975,546)
Contributions receivable	(179,336)	(4,901,853)
Accounts payable and accrued expenses	(3,821,421)	1,253,658
Agency obligations	(252,108)	549,958
Reserves for losses	(3,305,411)	(7,106,605)
Due to related organizations	(3,626,278)	4,838,500
Deferred revenue and support	(474,394)	(858,406)
Accrued pension and other postretirement costs	(10,521,772)	4,869,100
Other liabilities	73,507	191,409
Net cash and cash equivalents provided by (used in) operating activities	<u>(4,792,096)</u>	<u>7,876,829</u>
INVESTING ACTIVITIES:		
Proceeds from sale of land, buildings and equipment	4,055,547	49,126,129
Property related insurance recoveries	704,986	1,027,215
Purchase of land, buildings and equipment	(31,471,385)	(67,248,840)
Proceeds from sale of investments and maturity of annuities	3,612,681	9,207,766
Purchase of investments	(16,142,897)	(27,152,296)
Net advances on loans	(21,927,918)	(2,713,770)
Net cash and cash equivalents used in investing activities	<u>(61,168,986)</u>	<u>(37,753,796)</u>
FINANCING ACTIVITIES:		
Advances from related organization	(3,498,566)	45,441,417
Repayments of other notes payable	(1,045,758)	(26,204,195)
Contributions restricted for long term purposes	1,682,696	29,515,777
Net cash and cash equivalents provided by (used in) financing activities	<u>(2,861,628)</u>	<u>48,752,999</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	(68,822,710)	18,876,032
Cash and cash equivalents at beginning of year	212,329,271	196,597,125
Cash transfers from (to) related organizations (note N)	<u>245,744</u>	<u>(3,143,886)</u>
Cash and cash equivalents at end of year	<u>\$ 143,752,305</u>	<u>\$ 212,329,271</u>
Supplemental disclosure of cash flow information:		
Conversion of amount due to a related party into a note payable (note F)	\$ 36,408,400	\$ -
Fixed assets acquired related to merger of ACHS (note C)	\$ 8,347,385	\$ -
Contribution of land	\$ 200,000	\$ -

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

THE ROMAN CATHOLIC ARCHBISHOP OF BOSTON, A CORPORATION SOLE

Notes to Financial Statements

June 30, 2009 and 2008

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 of Boston, the central operations (the corporate administrative activities and programs of the Corporation Sole), the endowment and self-insurance program.

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. 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.

Permanently restricted net assets - Net assets subject to donor-imposed stipulations that they be maintained permanently by the Corporation Sole or by a third party foundation or trustee for the benefit of 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.

