October 21, 2005 - Financial Transparency Letter From Archbishop O’Malley

Dear Friends in Christ,

Last year, I shared with you an overview of the Archdiocese’s financial challenges and made a commitment to financial transparency. This commitment was motivated out of respect for people of the Archdiocese as donors and members of our Church and to demonstrate to the general public that the Archdiocese is fulfilling its fiduciary responsibilities. Today, I wish to report to you how the Archdiocese is responding to its financial issues and what steps we are taking to carry out our commitment to financial transparency.

Development of a Fiscal Recovery Plan

In my November 2004 letter, I stated that the financial condition of the Archdiocese was worse than many may have thought. A combination of factors including a decrease in donations, pension plans tied to adverse stock market performance and the impact of the sexual abuse crisis on the Church have contributed to the severe shortfalls. Since that time several committees have been established or strengthened to address these financial difficulties and assist us in planning for the future. The recommendations of these committees will be used by the Finance Council as they create a roadmap for me to use with the goal of achieving a balanced budget by fiscal 2008. I expect to receive this plan in the first half of 2006. We must also identify ways to improve and expand our fundraising. Without a significant increase in fundraising we will have to make ever more difficult choices regarding the funding of many programs and services.

Through the assistance of many people who share their talents and resources and the financial support of the Annual Catholic Appeal we are addressing the Archdiocese’s immediate financial challenges. We continue to streamline operations, market unused properties, and work to strengthen the lay and clergy pension funds.

Commitment to Financial Reporting

During the first quarter of 2006 we will release consolidated audited reports for fiscal years 2004 and 2005 with full disclosure and explanation of the Archdiocese’s organizational structure, including Corporation Sole. The consolidated reports will include aggregate reporting of parishes and their financial condition for FY 2005. As called for in the new parish manual, beginning in November 2006 each parish will publish an unaudited but complete accounting of its financial condition, including assets and liabilities as of the preceding June 30. These reports will be available at the individual parishes and on the Archdiocesan web site, www.rcab.org. Due to the significant expense that would be involved, parishes will not have external audits each year but rather will be audited every three years. In addition, in early 2006 the Archdiocese will release a full accounting of payments related to sexual abuse settlements and the sources of these funds. Going forward, the Archdiocese will publish similar comprehensive reports on an annual basis.

Supporting the Mission

While we work to improve the Archdiocese’s financial circumstances, we continue to carry out the mission of the Church. Some of the good works of the Church in Boston include the following:

• Catholic Charities provides services to almost 200,000 children, families and elders;

• Caritas Christi Health Care System provides outstanding medical care to more than one million patients each year;

• The Archdiocesan Planning Office for Urban Affairs has created more than 2200 units of affordable housing for more than 10,000 people;

• As we welcome the newly arrived, Mass is celebrated in twenty different languages at parishes serving ethnic groups; and
• We educate over 51,000 students, from families of many faiths, in our Catholic schools. We are currently embarking on a strategic planning initiative with the goal of making the Archdiocese’s Catholic schools among the best in the nation.

In closing I wish to express my personal gratitude to all who have continued to support, in spirit and in deed, the Archdiocese’s works of mercy and evangelization. With your commitment we are able to go forward to fulfill the mission that Christ has entrusted to His Church.

Archbishop Sean O’Malley

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