



## April 19, 2006 - Archdiocese of Boston Launches Financial Transparency Initiative

*Financial disclosures also include Cardinal Sean O'Malley's vision for rebuilding the Archdiocese (see full report online)*

**(BRIGHTON, MA) April 19, 2006**...As part of Cardinal Sean P. O'Malley's commitment to financial transparency, the Archdiocese of Boston today released its Financial Transparency Report covering the fiscal years 2004 and 2005. The report includes a thorough explanation of the organization of the Archdiocese, the audited financial statements of the Roman Catholic Archbishop of Boston, a Corporation Sole (the "Corporation Sole") that encompasses the activities of the parishes and its central operations, provides a discussion and analysis of the financial statements, as well as a full accounting of payments related to sexual abuse settlements and related expenses and the sources of these funds. In addition to the financial disclosures, the Archdiocese shared an overview of the strategic planning effort that is underway to help restore financial stability and to create a more responsive organization to meet the long-term needs of the people it serves. The full report is available on its website [[www.rcab.org](http://www.rcab.org)] together with the audited financial statements of the over 40 organizations identified in the Archdiocese's organization chart as "Related Organizations".

"Our commitment to financial transparency and accountability is an important step in the process of healing the Church of Boston and rebuilding the trust of the people of this Archdiocese" said Cardinal Sean "In releasing this financial information, we hope to achieve a shared understanding of both the challenges and the opportunities we share as a faith community. Together, we can work together to solve our problems and strengthen the Archdiocese's ability to continue the good works it performs each and every day of the year."

### Financial Transparency

To assist in defining and organizing the materials for this financial transparency process, the Cardinal enlisted the help of the Archdiocesan Finance Council and formed a committee comprised of outside financial experts from the business and academic communities as well as clergy and chaired by Jack McCarthy. Jack is a CPA recently retired from PricewaterhouseCoopers, where he led the U.S. Nonprofit Practice, and is now a Principal at Harvard University's Hauser Center for Nonprofit Organizations. The committee oversaw the process of preparing a complete and thorough presentation of the Corporation Sole financial statements as well as the accounting for payments related to sexual abuse settlements and related expenses and the sources of these funds. The accounting firm of Grant Thornton LLP performed the audits of the Corporation Sole financial statements.

"The scope of reporting and insights into operations shared today are greater than that shared at any point in the history of this Archdiocese," said Jack McCarthy. "This very comprehensive financial report goes well beyond merely providing audited financial statements and, as anticipated, shows significant financial challenges facing the Archdiocese."

The Cardinal also has committed to producing future annual reports detailing the financial condition of the Corporation Sole. The information on the RCAB website for the Corporation Sole as well as for the Related Organizations will be continuously updated as new audited reports become available. Further, the Archdiocese will provide, on an annual basis, supplemental financial reports regarding any future settlements for claims of sexual abuse and the sources of funds for those settlements.

"The commitment to transparency will continue in this Archdiocese, it will now be part of our standard practice," continued Cardinal Sean. "Our efforts to restore trust will accommodate nothing less. We will rightfully be judged by our actions, not simply our words. I hope that through this process, the public will find substantive evidence of the Archdiocese fulfilling the promise of transparency, in word and deed, and in living our faith. We are committed to upholding that promise in the name of Jesus Christ."



## The Way Forward

As part of the information released today, the Archdiocese also shared its intentions to restore financial stability and revise its organizational structure. "While the financial information we have to share is substantial, and much of it sobering, I also want to share an overview of our plan to rebuild the Archdiocese," said Cardinal Sean. "A primary goal in all of our planning is to move our programs and services closer to the parishes and the individuals we serve. During the time of Jesus' public ministry He sought to be as close as possible to the people He was teaching and helping. In His name we seek to do the same. Allow me to assure you that I invite and welcome each person in our Catholic family of faith to find a way to share yourself with others in this journey of faith."

Chair of the Organization and Management Review Committee, James F. O'Connor said, "The results of the operations and financial review by this committee provide significant insights for the future of the Archdiocese of Boston. 'The Way Forward' provides a plan for restoration of fiscal stability and better organizational structure in order to serve the mission of the Church in Boston and the needs of Catholics in parishes throughout the Archdiocese." O'Connor serves as Managing Director and CEO of The Chartwell Company, a merchant and investment banking firm located in Boston.

Within the last year, the Cardinal has established a number of strategic planning committees where diocesan lay, religious and clergy expert's work together with Central Administration staff to analyze the Archdiocese's financial problems and propose plans of action to rebuild the strength of the Archdiocese. These committees have been addressing the areas of Central and Parish operations, Fundraising and Development and Catholic Schools. The Cardinal asked these committees to conduct their studies within the context of his evolving vision for how the Archdiocese can best serve the mission that Christ has entrusted to the members of His Church including the following priorities:

- Promoting healing and strengthening bonds of unity throughout the Archdiocese;
- Supporting education and faith formation at all levels including Catholic schools, vocations to priesthood and lay ministry; and
- Supporting works of mercy, social justice and evangelization including the important ministries of Catholic Charities and Caritas Christi Health System.

While the Development and Catholic Schools Committees have not yet completed their work, the Operations and Financial Review Committee have identified a plan to achieve break-even operations and, equally important, to bring the pastoral support and programs and administrative services of the Central Archdiocesan Operations closer to the parishes and the individuals they serve. Specific recommendations include:

- Reorganizing the Cabinet. Reduce the number of cabinet secretaries and combine certain functions under one cabinet position.
- Create a more responsive organization through clarification and regionalization of authority. Expand the Auxiliary Bishops and Vicars roles to improve the linkage between pastors, priests and parishioners and the central services operations.
- Develop a balanced budget over the next 18 months. Strive for a breakeven budget before debt service for fiscal 2007 and achieve a breakeven budget including debt financing for fiscal 2008.
- Initiate a strategic plan for the Archdiocese including a five-year pastoral and capital plan. Involve the pastors, priests and parishioners in the process.

Actions taken to date include the Cardinal's appointment of Fr. Richard Erikson as Vicar General and Moderator of the Curia and the launch of a search to find a new Chancellor to replace retiring Chancellor David Smith. The Archdiocese



also is in the process of selecting candidates for the open positions of Secretary for Institutional Advancement and Secretary for Educational Services.

The financial disclosures and full report can be viewed online at <http://www.rcab.org/Finance/>. The report also will be published in a special edition of The Pilot, the official newspaper of the Archdiocese. Copies of The Pilot will be available at each parish in the Archdiocese the weekend of April 28, 2006

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