

Dear Friends in the Lord,



THE REASON I SO MUCH LOVE visiting the parishes, schools, and organizations of our beloved Archdiocese of New York is because each one is a unique expression of our shared faith. I always return home energized by the enthusiasm, dedication, and kindness of our people and their priests, deacons, and religious women and men. And, I remain optimistic that, despite economic challenges, we will continue to thrive in our pastoral, educational, evangelical, and charitable missions.

This is the fourth time we have provided a detailed picture of the operating budget of the central offices of the archdiocese through this financial statement supplement to *Catholic New York*. It's part of our commitment to financial transparency, but it is also my personal effort to help you see that we are making tremendous efforts to bring people together, reawaken our faith, strengthen the mystical Body of Christ, and stabilize our excellent parishes and schools—doing it all within our financial means.

Please read this report closely. You will see that *the archdiocese is not rich!* We do not have a pot of gold buried under Saint Patrick's Cathedral! Just like you, we have to budget carefully so we can do the things we are committed to doing, meet ongoing obligations, and respond to new needs.

Our talented staff is doing inspired work and an independent reviewer gave us high marks for our financial operations, but we cannot continue to operate at a deficit. *Making All Things New* and *Pathways to Excellence*, the strategic planning processes for our parishes and schools, have drawn people from all corners of our ten-county archdiocese to look very closely at how we can best fulfill our gospel mandate in a changing world with limited resources. We will meet the goal of a balanced operating budget within the next few years, likely on completion of the initiatives recommended by the aforementioned strategic plans.

In these pages, there are examples of how we have translated the generosity of parishioners and benefactors into faith-affirming ministries and life-giving support for people throughout the archdiocese. I am confident that our efforts to renew the Church and its ministries are guided by the same Lord who told a surprised Saint Francis of Assisi, “Rebuild My Church!”

Thank you for your dedication to the spiritual and temporal works of the archdiocese. You are an inspiration to me. With prayerful best wishes, I am

Faithfully in Christ,
† Cardinal Timothy Michael Dolan
Archbishop of New York

A REPORT ON THE SERVICES OF THE ARCHDIOCESE OF NEW YORK

PARISHES

Archdiocese at the Service of the Faithful

PARISH REVENUE	
Collections, donations, and contributions	61%
Religious education, RCIA registration, and fees	5%
Capital projects - temporary/ permanent restricted donations	6%
Extraordinary donations and bequests	5%
Fundraising	6%
Archdiocesan support	3%
Support from other parish entities	3%
Investment income	3%
Other revenues, proceeds from sales, and insurance reimbursement	8%
TOTAL REVENUE: \$296,184,611	100%

PARISH EXPENSES	
Clergy personnel costs	13%
Lay personnel costs	25%
Religious personnel costs	1%
Religious education program	7%
Office and clerical support services	11%
Utilities	7%
Repairs, maintenance, and plant costs	15%
Cathedraticum assessments	5%
House living expenses	2%
Fundraising expenditures	2%
Interest	1%
Program and development costs	1%
Support to elementary school	6%
Support to high schools and religious education	1%
Grants and charitable contributions	3%
TOTAL EXPENSES: \$255,074,303	100%

PARISHES ARE VIBRANT

communities of faith, central to the life of the Church in the Archdiocese of New York.

People gather for Holy Mass and sacramental celebrations at 370 parishes serving Catholics in ten counties. Each is a community for worship, spiritual development, education, fellowship, and charitable outreach that is modeled on the gospel message of Jesus Christ.



To ensure that parishes, clergy, and resources effectively meet the changing needs of the people of the archdiocese, Cardinal Dolan initiated *Making All Things New*. This parish-planning program, now in its third year, brings together pastors and parishioners to evaluate the sacramental, physical, and financial situations of each parish, and recommend how best to deploy staff and share ministries and formation programs. At its core, *Making All Things New* is a contemporary approach to renewing the Church and bringing people together.

The central offices of the archdiocese support local parish efforts with pastoral services, financial and human resources management, purchasing, building repairs and renovations, insurance and grants for education, clergy care, and spiritual formation.

The archdiocese helps parishes to assist one another in coping with economic hardship and emergency relief. Each year, the Inter-Parish Finance Board (IPF) offers financial assistance to struggling parishes to help meet their operational expenses. In 2012, 76 parishes in our 19 vicariates received \$9.6 million, a tangible expression of the archdiocese's commitment to keeping the Church vital even in the most financially-challenged neighborhoods.

Over and above funding, IPF and archdiocesan central office staff help pastors strengthen their administrative capacities and manage limited resources. Parishes use IPF to supplement parishioner support in the community and to enhance their sacramental and outreach ministries to the faithful.

A separate Parish Fundraising Office designs increased-giving campaigns to help parishes communicate their stewardship needs and goals to parishioners and create a sustained increase in offertory collections. This service will be provided free of cost to parishes.

In the wake of Hurricane Sandy, in October 2012, the archdiocese provided immediate relief by distributing more than \$1 million in emergency funds to parishioners in the hardest hit areas of Staten Island, Manhattan, and Rockland County.

"Parishes" is continued on the back page

Initiatives Bring Faith to Youth, Young Adults, and Adults

WITH THE ENTHUSIASTIC ENCOURAGEMENT of Cardinal Dolan, renewed attention is being given to the vital areas of Youth Ministry, Young Adult Outreach, and Adult Faith Formation.

Father Joseph Espaillat directs the new Youth Ministry Office, which serves high school-age students looking for a connection to the Church after Confirmation. He has said that youth ministry, formerly a part of the archdiocesan Catechetical Office, has become its own office in response to the often-heard question, “Once they are confirmed, what do we do now?”

“Youth Ministry is the plug right now to keep them connected to the Church. We support schools, parishes, and Church leaders in their mission to prepare youth and young adults to hear and respond to the call of Our Lord,” Father Espaillat explained, adding, “We try to create an awareness that youth and young people belong to the universal Church as well as to the Church on the local level.”

Activities of the office include training and forming youth ministers, networking, and support and consultation for youth and youth leaders. “We’re working with parishes that have youth-ministry initiatives and those that want to start them,” Father Espaillat said.

Father Brian McWeeney, who has directed the new Adult Faith Formation Office, said that he “saw the *Year of Faith* as a jumping off point to focus on Christian formation,” using traditional and contemporary vehicles. Masses to celebrate the *Year of Faith* were held in some of the oldest churches in Manhattan to remind people that “We are an immigrant Church and the faith we possess is a legacy of those who came and continue to come to our shores.”

“Cardinal Dolan wants every Catholic to be offered an adult faith formation program, and he wants to support parents and priests in their local efforts,” Father McWeeney added. His office maintains a blog on the archdiocesan website with a focus on the Second Vatican Council, provides bilingual information on sacraments and liturgical seasons to parish bulletins, and operates a *Year of Faith* website with inspirational columns and biographies of saints. “It’s important for people to be familiar with the history of our Church and how we came to believe what we believe,” Father McWeeney said.

Colin Nykaza is the director of an expanded Young Adult Outreach Office, whose aim is to reach out to people in their 20s and 30s, help them have a personal encounter with Christ, and connect them to like-minded individuals.

“We’re the link between Cardinal Dolan and young adults, as well as the link among young adult groups,” Colin explained. He supports and promotes existing programs and groups with a dedicated website, and uses a growing email list to invite young adults to a monthly Mass.

Youth Ministry, Young Adult Outreach, and Adult Faith Formation cooperate to provide a smooth transition for young people to grow in their relationship with the Lord.



“Once they are confirmed, what do we do now? Youth Ministry is the plug right now to keep them connected to the Church.”



SCHOOLS

Amid Innovations, Education Remains Christ-Centered

THIS IS AN EXCITING TIME for the Catholic schools in the Archdiocese of New York. The large-scale revitalization envisioned in the 2010 *Pathways to Excellence* strategic plan is near full implementation. Already, there are dramatic innovations in academic performance, early childhood education, and outreach to Spanish-speaking communities. Schools have been grouped into geographic regions to localize governance decisions, maximize community input, and provide cost-effective management infrastructure and services.

In the span of three years, five elementary schools in the archdiocese have been recognized as Blue Ribbon Schools of Excellence by the U.S. Department of Education. Students in Catholic schools scored well on standardized tests, ranking among the highest performers in New York City and much of New York State. These achievements reflect the educational initiatives described in *Pathways to Excellence*, including curriculum enhancement and ongoing teacher training.

For more than 200 years, Catholic education has opened the doors to a bright future for children in New York. Today, the archdiocese is reaching out to our growing Hispanic/Latino communities, including many new immigrants, to invite them to share the unique benefits of Catholic schools. The University of Notre Dame's Catholic School Advantage program is working with the archdiocese in this regard through a multi-year partnership that began in 2010.

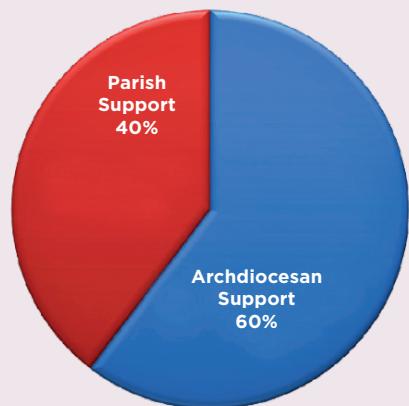
In September 2011, the archdiocese launched the Madrinas Program, a peer-to-peer recruitment effort to educate Hispanic/Latino families about the lifelong value of a Catholic education. There are now 28 elementary schools participating in the



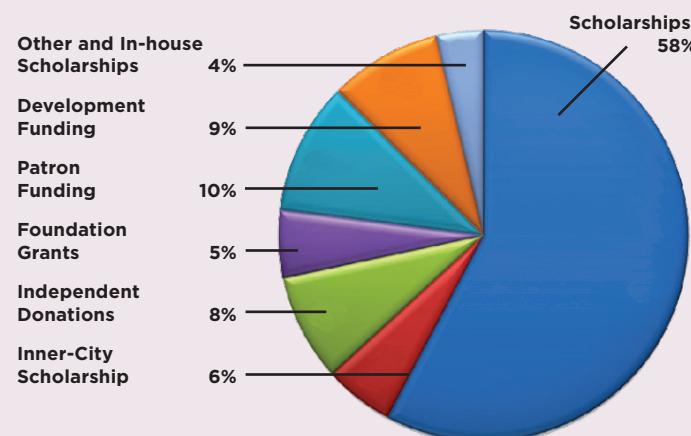
ELEMENTARY SCHOOL REVENUE

Tuition, fees, cafeteria, and other	66%
Archdiocesan support	8%
Parish support	5%
Scholarships, grants, patrons, and development	7%
Fundraising	4%
Governmental and NYS mandated services	5%
Investment income and restricted and extraordinary donations	3%
Rental income and domicile receipts	2%
TOTAL REVENUE: \$275,050,818	100%

ARCHDIOCESAN AND PARISH SUPPORT



BREAKDOWN OF SCHOLARSHIPS



Although most school revenue is generated from tuition and fees, this covers, on average, only 66% of the cost of operating an elementary school. Schools, therefore, rely on parishes, the archdiocese, scholarships, and grants to make up the shortfall. Scholarships, grants, patrons, and development efforts provide 7% of the income for elementary schools.

ELEMENTARY SCHOOL EXPENSES

Lay personnel costs	78%
Religious personnel costs	2%
Repairs, maintenance, and other plant costs	6%
Utilities	4%
Technology, classroom, and instructional materials	3%
Office and accounting services and miscellaneous service contracts	3%
Consumables, student activities, and outreach	3%
Fundraising costs	1%
TOTAL EXPENSES: \$271,444,744	100%

In the span of three years, five elementary schools in the archdiocese have been recognized as Blue Ribbon Schools of Excellence.

program, which trains volunteers to invite fellow parents to explore Catholic schools. To encourage Hispanic/Latino parents to enroll their children, the archdiocese is offering a one-year Madrinas Scholarship to new students recruited through the program. The financial assistance is worth \$1,000 to each student. During the 2012 school year, 432 Madrinas Scholarships were awarded.

A growing body of research demonstrates the importance of early childhood education as the foundation for lifelong learning and predictor of future academic success. The Archdiocese of New York is a leading private educator of Pre-Kinder-garten (Pre-K) children in the metropolitan area. More than 7,500 children are enrolled in 195 archdiocesan Pre-K programs, including many that offer free universal Pre-K. One of the newest is the Catherine Corry Early Childhood Academy, at Saint Francis of Assisi School in the Bronx. Cardinal Dolan celebrated the academy's opening with a Mass of dedication in October 2012.

The archdiocese has a long history of serving the youngest of students. In 1817, the Sisters of Charity opened the Nazareth Day Nursery in Manhattan. The school, still open, remains true to its original mission.

Today, 96 percent of early childhood teachers in the archdiocese are highly qualified lay educators. More than half hold or are pursuing master's degrees or even higher levels of education.

The process of strengthening Catholic schools for current and future students throughout the archdiocese involved a comprehensive and difficult examination of all schools over the past three years. The goal is to make certain that all families have access to an academically outstanding, financially sustainable, and vibrant Catholic education for their children.

With the invaluable guidance of reconfiguration committees and local Catholic school boards, 26 schools were closed in June 2011 and 23 in June 2013. In 2012, the archdiocese provided \$22 million in IPF support to struggling schools, many with low enrollment. This is in addition to millions of dollars raised and awarded as scholarships. The difficult decisions to close schools were made to strengthen the system.



In every region, student-placement counselors were hired to help affected families transition to nearby Catholic schools. For 2011 and 2013, more than 50% of these students and their families have already been welcomed into neighboring schools, bringing with them existing scholarship aid. The Office of the Superintendent of Schools has supported families, principals, pastors, teachers, and staff throughout the process.

Pathways to Excellence entails a ground-breaking new structure for the governance and finance of schools. It reflects Cardinal Dolan's mandate that all archdiocesan parishes are involved in Catholic education, whether or not they have a school building on their property. Nine education regions were formed, each with boards of clergy appointed by the cardinal and lay people nominated by local pastors. Three of the nine regions served as operational pilots in the 2012 school year. The remaining six regions will be fully implemented before the 2013 school year begins.

Board members undergo extensive training for their task of guiding the schools in their region and making decisions about their management and future. The boards and individual schools are supported by regional business offices responsible for the day-to-day finance, accounting, marketing, and human resources needs of the schools. Regions also have support from the Office of the Superintendent of Schools and share services when possible to reduce overlap and allow education resources to be used to their maximum effect.

Christ-centered, affordable education will continue to be the hallmark of Catholic schools within the archdiocese. With the help of local leadership on new regional boards and a continued focus on academic excellence, the archdiocese's steadfast commitment to Catholic elementary education is stronger than ever.

Crossing Diocesan Boundaries for Richer Formation

MANY THINGS WERE NEW for the 2012-2013 academic year at Saint Joseph's Seminary, Dunwoodie.

For one thing, many more seminarians were living and studying at Saint Joseph's as a result of the Saint Charles Borromeo Interdiocesan Partnership that now exists among the Archdiocese of New York, the Diocese of Brooklyn, and the Diocese of Rockville Centre.

A new rector, Msgr. Peter Vaccari, a priest of the Diocese of Brooklyn, is another example of the spirit of cooperation in the seminary system now serving all three dioceses.

Msgr. Vaccari explained that the pro-



gram of priestly formation emphasizes the need to integrate the pillars of formation—human, spiritual, intellectual, and pastoral—as seminarians seek to model their lives on the life of Christ, the Good Shepherd.

The fundamental lesson, the rector said, is “the call to holiness, the holiness of the priest through a constant conversion of mind and heart as he seeks to cooperate with the grace of God.”

The tri-diocesan cooperation extends also to other areas of preparation and formation, such as the Cathedral Seminary House of Formation in Douglaston, Queens, which forms college-age men considering priestly vocations, and the Sacred Heart Institute for Ongoing Formation of Clergy in Huntington, Long Island, which provides priests and deacons with programs of theological updates and practical pastoral skills.

Ground Broken for Cardinal Egan Pavilion for Retired Priests

FOR A DECADE, the John Cardinal O'Connor Clergy Residence overlooking the Hudson River in Riverdale has been a comfortable home for many retired priests of the archdiocese. Last November, Cardinal Dolan, in announcing the groundbreaking of a new building, renamed the site the Saint John Vianney Priests Residence.

The Vianney Residence will encompass the John Cardinal O'Connor Pavilion, essentially the present Cardinal O'Connor Residence, plus a new 40,000-square-foot Edward Cardinal Egan Pavilion that will provide suitable living quarters for 43 retired priests in need of varying levels of



care and attention.

This three-story facility will be connected to the O'Connor Pavilion via an

enclosed elevated walkway.

“I am truly delighted to learn that Cardinal Dolan will be building an additional residence for our retired priests. It will be a great blessing for the archdiocese. I am deeply honored that Cardinal Dolan will name it for me,” Cardinal Egan said at the groundbreaking.

Funding for the new construction will come from a variety of sources, including contributions from the archdiocese, private donations, an appeal by the New York Catholic Foundation, and the sale of the Our Lady of Consolation Residence, for retired priests, also in Riverdale.

CATHOLIC CHARITIES

Providing Help and Compassion to Neighbors in Need

LAST YEAR, more than 360,000 individuals turned to Catholic Charities of the Archdiocese of New York for help and hope. Their needs were met with skill and compassion by 90 agencies in New York City and the Lower Hudson Valley that comprise the Catholic Charities federation.

Catholic Charities protected and nurtured almost 53,000 children and youth in programs for day care, foster care, adoption, camping, sports, after-school activities, community centers, and preventative services.

Catholic Charities provides food and preserves housing, the most basic of temporal human needs. In 2012, more than 100,000 New Yorkers received emer-

gency meals and housing, temporary or transitional residences, permanent affordable housing, and help to prevent evictions. Catholic Charities agencies served an amazing 6,000,000 meals to hungry men, women, and children. Professional staff helped navigate complex bureaucracies to keep 6,500 families from becoming homeless.

Struggling families and those in crisis find a haven at Catholic Charities. They receive information, referral and co-ordinating services, counseling, financial assistance, maternity services, and job readiness training and placement.

Individuals with physical and mental challenges are offered supportive housing, counseling, residences, early intervention, and special education. Catholic Charities welcomes immigrants, reunites families, helps newcomers learn English and find jobs, and acts to prevent exploitation.

Catholic Charities' wide-ranging services are inspired by the gospel mandate and informed by religious faith, but provided to non-Catholic and Catholic alike in communities throughout the archdiocese. In these challenging times, Catholic Charities is stretching its limited resources by regionalizing programs to reflect the unique needs of different geographic areas. It draws on funding from government and private sources, and relies on its deep reach into communities, parishes, and neighborhoods to make certain that effective assistance reaches those in the greatest need.

For close to a century, Catholic Char-



ties has been a leader in emergency help and long-term hope for struggling New Yorkers. When Hurricane Sandy hit the east coast on October 29, 2012, Catholic Charities agencies quickly assessed needs, collected and distributed food and critical supplies, cleaned damaged homes, and helped the displaced survivors begin to heal and rebuild their lives. Catholic Charities is committed to long term disaster-case management for individuals and families still trying to recover from the devastation.

Throughout the year, generous New Yorkers donate time, talent, and resources to help Catholic Charities accomplish its inspiring work.

Catholic Charities agencies served an amazing 6,000,000 meals to hungry men, women, and children.
Professional staff helped navigate complex bureaucracies to keep 6,500 families from becoming homeless.



Condensed Balance Sheets and Statements of Activities

ORGANIZATION

Within the Archdiocese of New York, there are 370 parishes; 158 elementary schools; 22 parish and independent high schools; and 90 Catholic Charities related institutions, agencies, and programs, each of which is a separately incorporated entity with its own board of directors, financial statements, books and records, and distinct operations.

Archdiocesan Services entities are religious corporations exempt from federal income taxes under section 501(c) (3) of the Internal Revenue Code (the Code). Archdiocesan Services represents a combination of 15 entities providing health and social services; pastoral and educational programs; and financial, administrative, and program support to parishes, schools, and other organizations of the archdiocese.

The accompanying condensed financial statements of Archdiocesan Services as of and for the years ended August 31, 2012 and 2011 aggregate the financial statements of all 15 entities. The financial statements of 10 of these entities, comprising 98% of total assets and nearly 100% of revenues, were audited by independent auditors, and each of the independent auditors' reports expressed an unqualified opinion. In combining the individual entity financial statements, transactions between and among these entities were eliminated to create the condensed financial statements.

The financial statements were presented to and approved by the archdiocesan Finance Council. Its members are: John Castle, John P. Cahill, Esq., Gerald Clark;

George K. Cooney, Samuel A. DiPiazza, Jr., William P. Harrington, Esq.; Alfred F. Kelly, Jr.; Stephen M. Lessing; Thomas M. McGee; Thomas J. Moran; Stephen V. Murphy; Robert H. Niehaus; William F. Plunkett, Jr., Esq.; Bernard E. Reidy; Julia V. Shea, Esq.; and Mary Ann Tighe.

CONDENSED BALANCE SHEETS

Total assets of Archdiocesan Services as of August 31, 2012 reflect an increase of \$52 million, or 12%, over the 2011 level primarily due to a \$33 million increase in receivables from parishes and other affiliates as a large portion of the proceeds of the sales of properties was received subsequent to August 31, 2012. Fixed assets of \$77 million are reported net of accumulated depreciation. The gross fixed assets of \$151 million consist of land and buildings, with a cost of \$136 million and furniture and equipment of \$15 million.

With respect to liabilities of Archdiocesan Services, the increase of approximately \$21 million, or 8%, is principally attributed to new loans advanced by affiliated entities to provide additional capital in support of the Parish Assistance Corporation (PAC), as well as an increase in accounts payable and other liabilities.

Total net assets increased by approximately \$31 million, or 17%, due almost entirely to Archdiocesan Services' interest

in proceeds from the sale of parish properties. The increase in expendable net assets was 36%, to approximately \$83 million.

CONDENSED STATEMENTS OF ACTIVITIES

Total revenues in fiscal 2012 of \$199 million increased by approximately \$6 million, or nearly 3%, over 2011, with increases in other revenues offsetting the decrease in contributions.

Total expenses in fiscal 2012 were slightly below the 2011 level, at approximately \$206 million. Grants and subsidies to parishes and schools decreased by over \$6 million, or 15%, principally reflecting the closing of 29 schools in 2011. This decrease was largely offset by increased health and social services and pastoral and administration expenses. Administration and fundraising expenses totaled approximately \$26 million, an increase of \$2 million over the prior year, and less than 13% of total expenses.

In 2012, net investment gains of nearly \$6 million were reflective of continuing positive equity market performance, following gains of almost \$8 million in 2011. The more than \$7 million positive change in other net gains and losses is principally attributed to a 2012 actuarial gain in the postretirement healthcare plan for priests.

The financial statements of 10 of these entities, comprising 98% of total assets and nearly 100% of revenues, were audited by independent auditors, and each of the independent auditors' reports expressed an unqualified opinion.

ARCHDIOCESAN SERVICES AS OF AND FOR THE YEARS ENDED AUGUST 31, 2012 AND 2011

CONDENSED BALANCE SHEETS

	2012	2011
Assets:		
Cash and investments	\$240,777,165	231,289,146
Loans and accounts receivable principally from parishes and other affiliates, net	156,102,072	122,727,342
Other assets	8,917,752	8,764,761
Beneficial interest in charitable trusts	20,957,732	20,195,004
Fixed assets	77,408,361	69,070,536
Total assets	504,163,082	452,046,789
Liabilities:		
Accounts payable and other liabilities	91,356,750	85,050,294
Allowances for property, casualty, and health insurance losses	47,278,350	46,084,305
Accrued post-retirement health benefits for priests	41,083,731	44,545,511
Loans payable to affiliated entities	108,557,523	91,690,268
Total liabilities	288,276,354	267,370,378
Net assets:		
Expendable (unrestricted and temporarily restricted)	83,558,714	61,460,325
Non-expendable (investment in fixed assets and permanently restricted)	132,328,014	123,216,086
Total net assets	215,866,728	184,676,411
Total liabilities and net assets	\$504,163,082	452,046,789

The Archdiocesan Services Condensed Balance Sheets and Statements of Activities include the following entities:

Archdiocese of New York, Archbishopsric of New York, Archdiocesan Service Corporation, Ecclesiastical Assistance Corporation, Ecclesiastical Properties Corporation, Institutional Commodities Services Corporation, Cardinal Spellman Foundation, Saint Rose Settlement, Saint Paul Guild, Parish Assistance Corporation, Department of Education, Catholic Indemnity Insurance Company, Saint Joseph's Seminary and College, The Catholic Charities of the Archdiocese of New York, and the Roman Catholic Fund for Children.

CONDENSED STATEMENTS OF ACTIVITIES

	2012	2011
Revenues:		
Contributions, including contributed services	\$43,293,687	\$51,751,356
Government grants and contracts	36,444,515	34,574,305
Support service fees and assessments from parishes and affiliates	55,902,584	54,243,529
Investment income, including rent and royalties	36,925,357	36,197,433
Other revenues	26,004,997	16,256,756
Total revenues	198,571,140	193,023,379
Expenses:		
Grants and subsidies to parishes and schools	37,417,792	44,183,662
Health and social services	53,318,599	50,345,377
Pastoral	31,875,669	29,998,664
Education	10,517,590	10,742,428
Religious personnel development	6,138,347	5,675,019
Affiliate support services	40,243,423	41,090,109
Administration	17,291,053	14,989,285
Fundraising	9,115,943	9,369,459
Total expenses	205,918,416	206,394,003
Excess of expenses over revenues	(7,347,276)	(13,370,624)
Gains and Losses:		
Net realized and unrealized investment gains	5,885,003	7,749,275
Interest in proceeds from sale of parish properties	30,434,911	--
Other, net	2,237,679	(5,001,889)
Increase/(decrease) in net assets	31,210,317	(10,623,238)
Net assets at beginning of year	184,676,411	195,299,649
Net assets at end of year	\$215,886,728	184,676,411

SUMMARY

The accompanying combining financial statements of Archdiocesan Services as of and for the year ended August 31, 2012, have been delineated into the following components: Archdiocesan Central Offices, Parish Assistance Corporation, Department of Education, Saint Joseph's Seminary and College, Catholic Indemnity Insurance Company, and Catholic Charities of New York (including the Roman Catholic Fund for Children). The total columns in these combining statements reflect the elimination of intra-Archdiocesan Services transactions or balances approximating \$42 million with respect to assets and liabilities and \$16 million with respect to revenues and expenses.

ARCHDIOCESAN CENTRAL OFFICES

The following corporations are included in the financial statements of the Archdiocesan Central Offices: Archdiocese of New York, Archbishopric of New York, Ecclesiastical Assistance Corporation, Institutional Commodities Services Corporation, Archdiocesan Service Corporation, Ecclesiastical Properties Corporation, Cardinal Spellman Foundation, Saint Rose Settlement, and Saint Paul Guild. In addition, the Pension Department of Archdiocesan Central Offices makes distributions to more than 15,000 retirees and services approximately 11,500 active employees at 660 independent organizations that participate in the plan.

Central Offices has two broad program expense categories: (i) grants, subsidies and services to parishes, schools, and other affiliates and (ii) pastoral services which includes clergy care as well as spiritual and social outreach.

The steps taken to address the unsustainable level of grants and subsidies to parishes and schools were evident in 2012's financial results. Grants and subsidies were reduced by nearly \$7 million, but still exceeded \$37 million, requiring continued attention. This significant cost was again the key driver of a near \$18 million excess of expenses over revenues. Such continuing deficits had taken expendable net assets of Central Offices down to only \$8 million as of August 31, 2011, and would have eliminated these reserves in 2012, if Central Offices had not benefitted from a \$30 million gain—its share of proceeds from sale of parish properties.

PARISH ASSISTANCE CORPORATION (PAC)

PAC provides cash management and other financial support to parishes, charities, religious orders, and other Catholic entities throughout the Archdiocese. PAC provides support by, among other things, making loans to entities with projects in need of financing and receives loans from entities to provide a source of lending capital. In 2012, PAC made loans to support affiliate projects totaling \$16.3 million and, on August 31, 2012, had \$116 million of loans outstanding.

DEPARTMENT OF EDUCATION (DOE)

DOE's primary purpose is to provide educational, financial, managerial, and other forms of support and assistance to the schools and educational programs operated by or under the supervision of the Archdiocese. It includes the Superintendent of Schools' Office, Catechetical Office, University Apostolate, Religious Vocations, and Instructional Television. A principal responsibility of DOE is its oversight of federally-funded programs, including Child Nutrition and Drug Abuse Prevention. Additionally, DOE administers special education programs, including the John Cardinal O'Connor Learning Center.

DOE has relied on an annual grant from the Archdiocese of New York to support its operations. Excluding such support, which totaled \$5.8 million in 2012, government grants and contracts represent DOE's 65% of total revenues. Almost all of DOE's expendable net assets at August 31, 2012 are restricted by donors for scholarships.

ARCHDIOCESAN SERVICES COMBINING BALANCE SHEETS AS OF AUGUST 31, 2012

	TOTAL	Archdiocesan Central Offices	Parish Assistance Corp.	Department of Education	Saint Joseph's Seminary	Catholic Indemnity Insurance Company	Catholic Charities
Assets:							
Cash and investments	\$240,777,165	66,120,022	52,849,464	11,294,786	20,993,487	49,775,821	39,793,585
Loans and accounts receivable principally from parishes and other affiliates, net	156,102,072	85,737,029	85,708,744	9,236,433	4,134,839	239,579	13,529,618
Other assets	8,917,752	5,350,167	1,525,802	102,996	126,758	1,115,136	696,893
Beneficial interest in charitable trusts	20,957,732	17,031,332	--	--	99,163	--	3,827,237
Fixed assets	77,408,361	59,922,054	6,937	689,850	4,519,544	--	12,269,976
Total assets	504,163,082	234,160,604	140,090,947	21,324,065	29,873,791	51,130,536	70,117,309
Liabilities:							
Accounts payable and other liabilities	91,356,750	70,213,885	1,287,214	4,945,081	3,493,588	10,755,794	11,209,223
Allowances for property, casualty, and health insurance losses	47,278,350	15,499,744	--	--	--	31,778,606	--
Accrued post-retirement health benefits for priests	41,083,731	41,083,731	--	--	--	--	--
Loans payable to affiliated entities	108,557,523	8,129,752	132,363,906	--	--	--	--
Total liabilities	288,276,354	134,927,112	133,651,120	4,945,081	3,493,588	42,534,400	11,209,223
Net assets:							
Expendable (unrestricted and temporarily restricted)	83,558,714	21,988,542	6,432,890	10,467,171	1,047,235	8,596,136	35,076,740
Non-expendable (investment in fixed assets and permanently restricted)	132,328,014	77,244,950	6,937	5,911,813	25,332,968	--	23,831,346
Total net assets	215,886,728	99,233,492	6,439,827	16,378,984	26,380,203	8,596,136	58,908,086
Total liabilities and net assets	\$504,163,082	234,160,604	140,090,947	21,324,065	29,873,791	51,130,536	70,117,309

**SAINT JOSEPH'S SEMINARY AND COLLEGE
(SAINT JOSEPH'S SEMINARY)**

Saint Joseph's Seminary was founded in 1896 and is located in Yonkers, New York. The mission of Saint Joseph's Seminary is the spiritual and academic formation of candidates for the priesthood. Saint Joseph's Seminary is accredited by the Middle States Association of Colleges and Secondary Schools and the Association of Theological Schools in the United States and Canada. It offers instruction to seminarians in programs leading to Master of Divinity Degree and the Degree of Bachelor of Sacred Theology, Master of Arts in Theology, and Master of Arts in Religious Studies degrees.

With annual expenses approaching \$8 million, Saint Joseph's Seminary relies on support from the Archdiocese of New York. In 2012, such assistance funded about half of the Seminary's operations. Expendable net assets represent less than 2 months of Seminary expenses and annual spending from the Seminary's \$20 million endowment supports less than 15% of operating costs.

CATHOLIC INDEMNITY INSURANCE COMPANY (CIIC)

CIIC provides insurance coverage, including workman's compensation, casualty and property, general liability, directors and officers, and student accident to independent components of the archdiocese, including parishes, schools, cemeteries, and other institutions.

At August 31, 2012, CIIC held approximately \$50 million of cash and investments which exceeded its loss reserves and other liabilities by approximately \$7 million. CIIC's revenues consist principally of premiums billed to parishes and other affiliated entities.

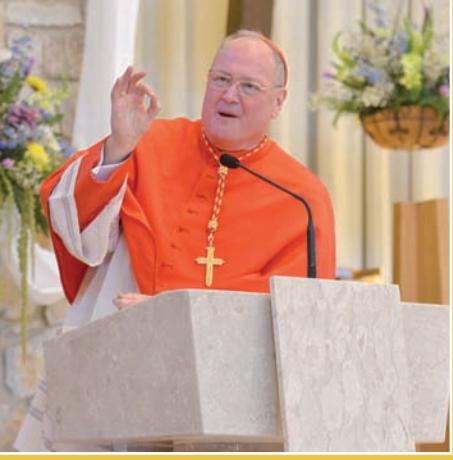
**CATHOLIC CHARITIES OF THE ARCHDIOCESE OF NEW YORK
(CATHOLIC CHARITIES)**

Catholic Charities is a not-for-profit corporation incorporated in 1917 under the laws of the State of New York. Catholic Charities coordinates and oversees the charitable activities of the Archdiocese of New York. It provides services in accord with all applicable federal, state, and local laws, assisting those in need regardless of religion. Catholic Charities' revenue is comprised principally of government grants and contracts and contributions. In 2012, its mission focused expenses exceeded \$40 million, more than 80% of total expenses.

Catholic Charities provides a wide range of human services in order to assist those in need under various auspices throughout the Archdiocese. Religious communities sponsor some, and others have grown from parish communities of faith. Still, others were founded by charismatic clergy, religious, and lay leaders. Together, they form The Catholic Charities of the Archdiocese of New York, a federation of administered, sponsored, and affiliated agencies touching almost every human need.

ARCHDIOCESAN SERVICES COMBINING STATEMENTS OF ACTIVITIES FOR YEAR ENDED AUGUST 31, 2012

	TOTAL	Archdiocesan Central Offices	Parish Assistance Corp.	Department of Education	Saint Joseph's Seminary	Catholic Indemnity Insurance Company	Catholic Charities
Revenues:							
Contributions, including contributed services	\$43,293,687	23,495,437	--	2,092,960	2,077,913	--	15,627,377
Government grants and contracts	36,444,515	--	--	14,019,268	--	--	22,425,247
Grants from combining entities	--	1,424,337	--	5,838,000	3,975,123	--	1,750,000
Support service fees and assessments from parishes and affiliates	55,902,584	38,015,189	--	--	--	15,176,816	--
Investment income, including rent and royalties	36,925,357	26,522,297	5,564,915	401,777	440,296	2,690,568	3,116,069
Other revenues	26,004,997	10,885,892	--	5,087,698	583,338	31,709	9,416,360
Total revenues	198,571,140	100,343,152	5,564,915	27,439,703	7,076,670	17,899,093	52,335,053
Expenses:							
Grants and subsidies to parishes and schools	37,417,792	37,417,792	--	--	--	--	--
Grants to combining entities	--	11,563,123	--	1,424,337	--	--	--
Health and social services	53,318,599	--	--	13,174,437	--	--	40,144,162
Pastoral	31,875,669	31,064,626	--	811,043	--	--	--
Education	10,517,590	--	--	10,517,590	--	--	--
Religious personnel development	6,138,347	--	--	--	6,138,347	--	--
Affiliate support services	40,243,423	20,272,283	5,193,106	--	--	14,778,034	--
Administration	17,291,053	11,639,216	--	862,514	1,531,342	--	6,524,178
Fundraising	9,115,943	5,820,918	--	--	222,794	--	3,072,231
Total expenses	205,918,416	117,777,958	5,193,106	26,789,921	7,892,483	14,778,034	49,740,571
Excess of revenues over expenses	(7,347,276)	(17,434,806)	371,809	649,782	(815,813)	3,121,059	2,594,482
Gains and Losses:							
Net realized and unrealized investment gains	5,885,003	1,758,565	1,094,598	1,074,303	993,057	--	964,480
Interest in proceeds from sale of parish properties	30,434,911	30,434,911	--	--	--	--	--
Other, net	2,237,679	7,410,920	--	(23,611)	--	(1,000,000)	16,581
Increase in net assets	31,210,317	22,169,590	1,466,407	1,700,474	177,244	2,121,059	3,575,543
Net assets at beginning of year	184,676,411	77,063,902	4,973,420	14,678,510	26,202,959	6,475,077	55,332,543
Net assets at end of year	\$215,886,728	99,233,492	6,439,827	16,378,984	26,380,203	8,596,136	58,908,086



ARCHDIOCESE BY THE NUMBERS

There are 2.6 million Catholics in the Archdiocese of New York

SACRAMENTS PERFORMED IN 2012:

BAPTISMS



CONFIRMATIONS



ANOINTINGS OF THE SICK



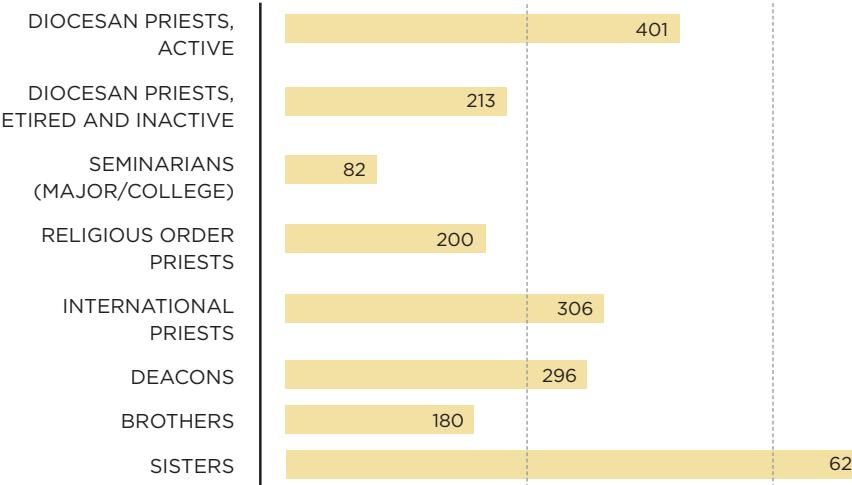
MARRIAGES

4,150

FUNERALS

12,568

CLERGY AND RELIGIOUS SERVING THE ARCHDIOCESE



Source: Chancery, Archdiocese of New York

"Parishes" (Cont.)

Throughout the archdiocese, careful advance planning and timely, coordinated responses by central office staff prevented personal injuries and kept parish property damage and loss to a minimum. Representatives from the finance and building offices, insurance division, and chancery implemented lessons learned from Hurricane Irene and other earlier weather emergencies. They sent pre-storm guidance to parishes

and schools, formed response teams, and arranged to have staff and vendors on call. This meticulous preparation and effective communication throughout the early days of the cleanup kept the emergency from becoming a disaster.

Throughout the year, pastors rely on the archdiocesan central offices to help meet the spiritual and temporal needs of their culturally and economically diverse parishes.