

A REPORT ON THE SERVICES OF THE ARCHDIOCESE OF NEW YORK

LETTER FROM THE ARCHBISHOP

Dear friends in the Lord,

In the 19 months that it has been my privilege to serve as your archbishop, I have traveled to every corner of our great archdiocese, visiting our parishes, schools, and charitable institutions and programs. In doing so, I have truly been amazed by the amount and intensity of good work that is being accomplished by the Catholic Church through our clergy, religious, and faithful in our 19 vicariates.

While we realize that nothing can be done without the inspiration and example of Our Lord, we also realize that our efforts to do His work can only be achieved by the generosity of our Catholic community. The following pages describe the various services provided by the archdiocese with the donations entrusted to it by the People of God. The financial statements included herein reflect contributions collected and distributed by Archdiocesan Services during the fiscal year ending August 31, 2009. We intend to publish such an accounting annually, and, each year, we hope to be even more detailed.

We live, as you well know, in difficult financial times. Like every household in the nation, the archdiocese has likewise been hurt by the recession. While our donors—thank the Lord—remain steadfast, actual revenues have declined somewhat as a reflection of the poor economy. At the same time, the need for our compassionate services rose. While we are making do with what we have to give, it is personally very painful whenever we have to turn away a brother or sister truly in need, or when we are only able to be of partial assistance.

The figures in this report are a testimony to the generosity of Catholic New Yorkers as well as to the prudent stewardship of the dedicated archdiocesan employees who work on their behalf. The story, however, goes beyond dollars and cents. The archdiocese has been able to bring the love of Jesus Christ to the lives of people in every community of our archdiocese by accomplishing many things on a rather limited budget, and for all that you have done and continue to do to assist us, you have my heartfelt gratitude.

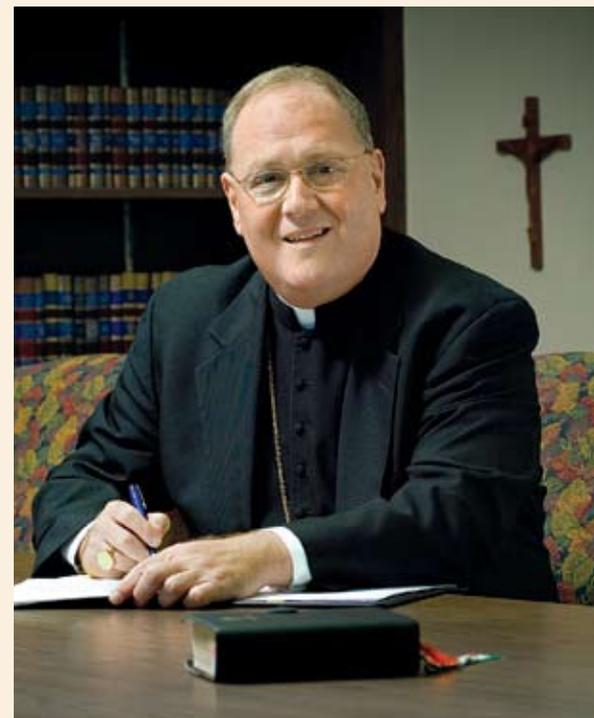
In a very special way, I also wish to express my heartfelt gratitude to my predecessor, Cardinal Edward Egan, who, along with the exemplary finance council he established, left a wonderfully administered archdiocese, one that has carefully and prayerfully addressed every pastoral, educational, and charitable need while, at the same time, making certain that no donation could have been used more effectively and efficiently.

With deep appreciation, prayerful best wishes, and a special place at my Masses and in my prayers, I am,

Faithfully in Christ,

† Most Reverend Timothy M. Dolan

Archbishop of New York



STEWARDSHIP APPEAL

Rises Above the Tough Economy



AS THE ECONOMY tumbled downward two years ago, Mr. Terence Curley, who directs the Stewardship Appeal, and his colleagues became concerned that contributions to the Archdiocese's annual fund-raising campaign might be adversely affected.

Considering the programs and services that the Stewardship Appeal helps to support each year, the prospect of a decrease in donations was a genuine concern. As the Archdiocese, through its parishes and charities, reached out to those who struggled with loss of employment or housing, needs were clearly on the rise.

The generosity of donors from parishes throughout the Archdiocese enabled the Stewardship Appeal to reach its goals of providing financial support to needy schools and parishes, academic and spiritual formation to Catholic schools and parish catechetical programs, works of charity through Catholic Charities and other apostolates, assistance to retired clergy and religious, preparation for future clergy through the seminary programs, and other specialized professional services.

Faced with a real economic challenge, pastors and parishioners, working together with the staff of the Stewardship Appeal, delivered a result that few would have predicted. From 2008 to 2009, the number of donors increased by more than 10,000, and this resulted in the Stewardship Appeal concluding with nearly \$17.2 million in pledges, of which \$16.6 million has been

received in actual gifts.

Mr. Curley credited the hard work of parish volunteer teams, under the direction of their pastors, for spurring such a generous response, even in these economic hard times. He also cited the leadership of Cardinal Edward Egan and, then, Archbishop Timothy Dolan, whose appointment to New York came just as the 2009 campaign was nearing its closing phase. Both eagerly embraced the responsibility of caring for those entrusted to their pastoral care by actively supporting the Stewardship Appeal's fund-raising efforts.

Mr. Curley noted that parishes exceeding their goals receive an extra benefit, a rebate of 60% of all that is collected over goal.

“The Stewardship Appeal is a tremendous opportunity for the people of the Archdiocese to financially support the work of the Church,” Mr. Curley said. “Without their generosity each year, many of our programs and ministries would lack the resources needed to accomplish their essential mission,” he added.

SPECIAL COLLECTIONS

As part of its commitment to the Church Universal, the Archdiocese solicits parish collections for national and international Catholic causes. The Archdiocese forwards the proceeds of these collections to the United States Conference of Catholic Bishops and other well-established Catholic agencies to advance the work of the Church. In 2009, the proceeds of special collections were provided to:

- *Catholic Communication Campaign*, in support of local and national media initiatives to spread the Good News
- *Catholic University of America*, in Washington, D.C., our national pontifical university
- *Peter's Pence*, for the Holy Father's charities
- *Catholic Relief Services*, an international humanitarian agency
- *The Black and Indian Mission*, for missionary efforts in underserved mission (arch)dioceses of the United States
- The Church in Latin America
- *Saint Joseph's Seminary*, in Yonkers (Dunwoodie)
- *Catholic Campaign for Human Development*, a domestic anti-poverty and social justice program
- Retired men and women religious
- *Society for the Propagation of the Faith*, to support evangelization

PARISHES

Help Each Other in Rough Times

“A LARGE SECTION of our school population cannot afford tuition that would allow our school to break even financially, but they want to have a Catholic education,” said Father Thomas F. Madden, Pastor of Saint Peter’s Church in Haverstraw. “Inter-Parish Finance grants make that possible. They are essential to keeping our school going.”

Cardinal Terence Cooke established the Inter-Parish Finance program so that the parishes of the Archdiocese had a means by which to support the more needy parishes in covering their operating expenses. During fiscal year 2009, the Archdiocese shared more than \$39 million with dozens of parishes and schools to help them in carrying out their critical mission.

The Inter-Parish Finance Board, a group of 25 pastors, meets regularly to review requests and help the Finance Office of the Archdiocese determine how to allocate resources.

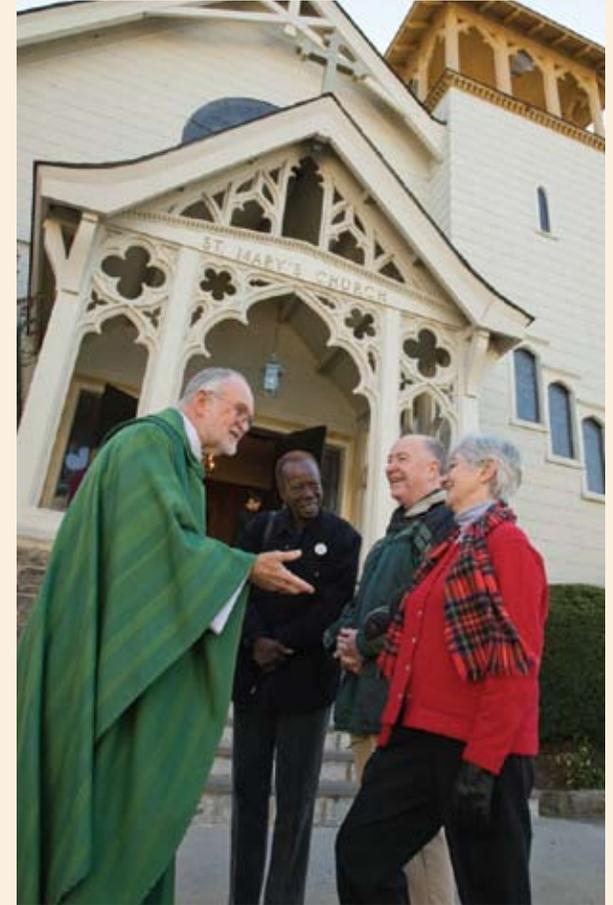
“Historically, most of the grants were made to schools, but recently we’ve seen an increase in requests, especially from some parishes that have never needed funds before,” said Ms. Theresa Cullen-Seidel, Director of Parish Operations in the Finance Office.

The Archdiocese provides an Associate Director of Finance for each vicariate to help parishes and schools develop realistic budgets, practice sound financial management, and adhere to Archdiocesan policies. Associate Directors review grant applications to ensure that parishes and schools request the amount they need.

“The Associate Directors are very helpful, especially in communicating and keeping us in the loop. They are supportive and encouraging and have good expertise,” said Father Madden.

Father Madden said the funding process is invigorating because it encourages cost-effectiveness and entails accountability. “We’re being entrusted with a wonderful asset, and we have to be careful how we apply it,” he said. “It’s like the Gospel parable of the talents. We’re responsible to use the grants to do the best we can. There’s nothing passive about it.”

“We’ve been assisted by other Catholics in the Archdiocese, and we strive to do what we can to help other parishes through our annual participation in the Stewardship Appeal,” added Father Madden, saying, “It’s not like we’re on the dole.”



In 2009, the Archdiocese shared more than \$39 million with parishes and schools in need to help them carry out their crucially important mission and apostolates.

DEPARTMENT OF EDUCATION

Looks Ahead



“THE CATHOLIC SCHOOLS of the Archdiocese of New York have helped millions of children from diverse backgrounds grow and develop into thoughtful, responsible, and productive members of both the Church and society,” said Dr. Timothy McNiff, Superintendent of Schools. “Our challenge today is to build on our rich history of success and strengthen our schools for the future,” he added.

The Archdiocese of New York funds a Department of Education that each year makes it possible for tens of thousands of children to understand and develop their Catholic faith in academically excellent schools and exemplary parish religious education programs. More than 83,000 students attend Catholic elementary and secondary schools throughout the Archdiocese. And, 7,500 volunteer catechists in 370 parishes share their faith with more than 100,000 students who attend public and private schools. In addition, the Archdiocese supports numerous youth ministries and adult faith formation programs, including the New York Catholic Bible School.

The Department of Education recently initiated *Pathways to Excellence*, a three-year strategic plan to strengthen the Catholic identity, leadership, curriculum, governance, and finance of the elementary schools within the Archdiocese. The plan supports faith formation programs to help adults in each school share the Catholic tradition and guide the moral development of students. It offers tools to identify, cultivate, and retain

exceptional principals and teachers as well as to promote a professional atmosphere that both rewards excellence and supports a cohesive group of educators. The plan also enriches and expands rigorous academic programs by focusing on curriculum and instruction.

While the plan acknowledges that the Archdiocese will continue to support schools in underserved and financially challenged areas, it also realizes that there needs to be a reduction in financial subsidies from parishes and the Archdiocese.

The Department of Education has also embarked on a multi-pronged communication and marketing strategy to increase enrollment in and raise awareness of Catholic schools in the Archdiocese. Two new websites, www.adnyeducation.org and www.BuildBoldFutures.org, are integral to this effort.

The Catechetical Office, within the Department of Education, offers training and guidance to help every parish fulfill its mission of providing the highest quality catechesis to adults, children, adolescents, families, and persons of all ages with special needs. Sister Joan Curtin, C.N.D., Director of the Catechetical Office, said, “Our primary work is training and forming leaders

of parish catechetical programs.” Training sessions for parish religious education directors and catechists are offered on-site, online, and by way of two congresses per year that draw more than 2,000 catechists. The office trains parish youth ministers and hosts two annual youth conferences for teens. It also teaches the *Catechesis of the Good Shepherd*, a program for pre-schoolers based on the Montessori learning method, and celebrates Pentecost with a Confirmation Mass at Saint Patrick’s Cathedral for children with disabilities.



Educational Services accounted for 9.2% of the Archdiocese’s operating expenses in 2009.

CATHOLIC CHARITIES

Providing Help, Creating Hope

SANDRA, 58, WORKED nearly all her adult life as a hospital secretary. She lived frugally in a studio apartment with no closets and a shower in the kitchen. And, she spent much of her spare time volunteering at soup kitchens to feed the poor.

But, her work ethic and thrift provided no protection during the current economic recession. Like many older workers, she could not find another job after her employer downsized. She depleted all her savings and faced eviction.

Fortunately, Sandra found her way to Catholic Charities, which receives support from the Stewardship Appeal. Her caseworker provided \$652 to cover her current rent, and helped Sandra contact her local Assemblyman and other charitable agencies to pull together the shortfall.

Meanwhile, Sandra availed herself of a free educational program that enabled her to master the computer skills she lacked, including PowerPoint and Excel. With these new skills, she finally landed a clerical job that pays an annual salary of \$22,750.

Sandra credits God with pulling her through this crisis, and using it as a way in which to

help her become a stronger person. “In order to have testimony,” she said, “you have to go through the test.”

Catholic Charities is a federation of 90 Catholic human service agencies serving more than 300,000 people of various faiths at 300 local program sites throughout the Archdiocese. The vast network of diverse organizations is united in its commitment to provide compassionate care with respect for the dignity of each individual. The groups collaborate with Catholic and non-Catholic partners to effectively use both private and public resources.

Catholic Charities protects and nurtures children and youth through adoption services, foster care, day care and after-school programs, summer camps, and parish sports teams. It feeds the hungry, shelters the homeless, and helps families find and retain affordable housing. Individuals and families turn to Catholic Charities for social services, financial assistance, counseling, job training and placement, and support during unplanned pregnancies. Catholic Charities helps physically and emotionally challenged children, teens, and adults with therapy, intervention, training, supportive residences, and substance abuse treatment. It also assists



immigrants and refugees seeking counseling and help with the temporal needs of life in their adopted country.

Support from the Stewardship Appeal helps Catholic Charities address the needs of the New Yorkers in its care.

Catholic Charities accounts for 22% of Archdiocesan expenses, supported by the Stewardship Appeal and other private and public sources.

SAINT JOSEPH'S SEMINARY

Preparing Young Men for the Priesthood

IT WAS THE FIRST regular morning of his senior year at New York University, September 11, 2001, and Mr. Brian Graebe of Freehold, New Jersey, was having a bagel and coffee as he heard a very low-flying plane overhead. Just a few seconds later “someone came in and said the World Trade Center had been hit,” he recalled. “I went out and saw the inferno. It was a larger-than-life experience,” he continued.

In the following days, Mr. Graebe personally felt the grief of the nation, and decided that, not only did he want to be a priest, but he wanted to be a priest in New York City. “The experience crystallized in my mind what was really important,” he explained. In 2006, Mr. Graebe entered Saint John Neumann College Seminary in Dunwoodie, Yonkers, to prepare for the priesthood. For many men, the journey to the priesthood begins at Neumann, which serves as a residence for students attending local colleges and provides them as well with the requisite philosophy and pre-theology courses needed for advancement to the major theologate (seminary).

“Looking back, I’m really grateful for that year,” says now-Deacon Graebe, who looks forward to being ordained a priest in May 2011. “It gave me a chance to discipline and deepen my prayer life; the space to gain that abiding peace, to know what God put me on earth to do,” he added.

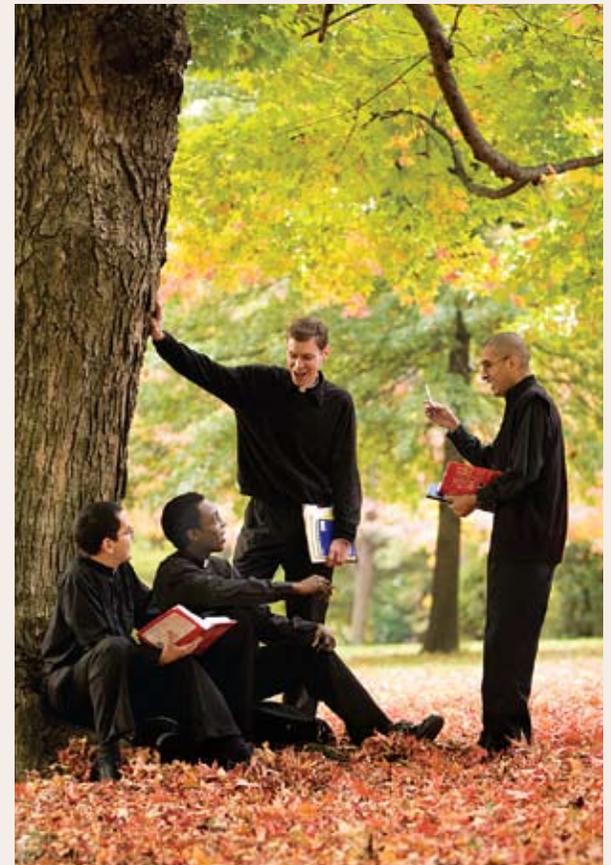
Saint Joseph’s Seminary, on the same

Dunwoodie campus, is the Archdiocese’s major theologate (seminary) for the formation and education of candidates to serve as priests for the Archdiocese of New York, other (arch)dioceses, and religious communities. Both Saint Joseph’s Seminary and Saint John Neumann College Seminary rely on the Archdiocese for their funding.

“At the very center of all our formation efforts is the Eucharist,” said Bishop Gerald T. Walsh, Rector of Saint Joseph’s Seminary. “Jesus, present in our chapel and in our hearts, is at the very core of priestly formation at Dunwoodie. Each day, I am privileged to witness our seminarians on their journey of faith as they discern the call of Our Lord. These men are a great gift to our Church. The faithful support that you show for them is truly appreciated by all members of our seminary community,” he added.

Deacon Graebe’s experience at Saint Joseph’s Seminary has been enriched by two major events. In April 2008, Pope Benedict XVI, during his journey to the United Nations and America, attended a youth rally at our esteemed seminary. And, in April 2009, Archbishop Timothy M. Dolan was installed as the 10th Archbishop of New York, visiting Dunwoodie soon thereafter.

“I hit the jackpot,” Deacon Graebe said of his amazingly good fortune. He added, “The Pope’s visit was an experience of a lifetime, and I had a central role in the Holy Father’s Mass at Saint Patrick’s Cathedral. I held



the Missal for him. There I was, standing in front of the Vicar of Christ.”

RETIREMENT RESIDENCES

Caring for Our Senior Priests

MEN WHO HAVE SERVED the Church their whole lives deserve to live with peace of mind and in fellowship with their brother priests. The Archdiocese makes the care of its senior priests a priority, offering two retirement communities—the John Cardinal O’Connor Clergy Residence and Our Lady of Consolation Residence (a nursing facility), both located on Arlington Avenue in the Riverdale section of the Bronx.

“The purpose of both residences is to provide a safe, comfortable place for Archdiocesan priests to choose to live in retirement,” explained Deacon Donald Quigley, the Archdiocese’s coordinator for retired priests. “The residences give retired priests the opportunity to live, pray, and socialize with those they have shared so many experiences with in the seminary, during their training, and in the ministry in the Archdiocese,” he added.

Opened in 2003, the John Cardinal O’Connor Residence, a 76,000-square-foot retirement home with 34 private living quarters, was filled to capacity in 2008-2009. Each unit has a comfortable bedroom, living area, and bathroom. Designed for independent living, the beautifully appointed building offers a common dining room, a spacious lounge with a large-screen TV, an exercise room, and exterior terraces with views of the Hudson River.

Mass is offered three times daily, with priests

taking turns celebrating in two chapels. While some of the priests at the O’Connor Residence spend their days in spiritual contemplation, prayer, and reading, others continue to serve the Church in retirement by ministering and celebrating Mass at convents and local parishes as needed.

Down the street, Our Lady of Consolation Residence is a 14-unit nursing home for retired priests who require special care. Each of the private units has a sitting area, sleeping area, and bathroom.

“It is more like an assisted-living facility,” Deacon Quigley explained. “It can also accommodate men who are recovering from surgery,” he continued.

A staff of 10, including a registered nurse director, nursing assistants, and housekeepers provide round-the-clock attention to the priest-residents. A doctor and podiatrist are also available at both facilities.

The O’Connor and Consolation Residences are funded by the Archdiocese in fulfillment of its pledge to provide homes for its priests to live comfortable and spiritually fulfilling lives among friends in their retirement.



A special collection is taken up in our parishes once a year for the support of our retired men and women religious. The Archdiocese has, for more than a quarter-century, guaranteed our retired religious \$1 million in annual retirement support.

SERVICES OF THE ARCHDIOCESE OF NEW YORK

Condensed Balance Sheets and Statements of Activities

ORGANIZATION

Within the Archdiocese of New York, there are 370 parishes; 274 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 for the years ending August 31, 2008 and 2009 aggregate the financial statements of all 15 entities. The financial statements of 12 of these entities, comprising more than 98% of total assets and operating revenues, were audited by independent auditors, and they all received unqualified opinions. The remaining 3 entities were unaudited (due to their size and simplicity, audits were not considered cost effective); however, certain limited procedures, principally with respect to assets, were performed by the independent auditors. In preparing the condensed statements, the results of each Archdiocesan entity are added together. All inter-related transactions among these entities are then eliminated to create the condensed financial statements.

These statements are being published here for the first time, and it is the Archdiocese's

intention that future Archdiocesan Services financial statements and related commentaries will be published in *Catholic New York* annually in the spring.

Preliminary financial performance for 2010 is expected to be consistent with 2009 financial results, except in reference to investment performance which has improved due to market conditions. In 2010, expenses, including grants and subsidies to parishes and schools, will again exceed revenues.

The financial statements that follow have been presented to and approved by the Archdiocese's Finance Council. Its members are: John Castle; Gerald Clark; George K. Cooney; Stephen M. Lessing; Thomas J. Moran; Stephen V. Murphy; Thomas M. McGee; Robert H. Niehaus; John Phelan, Jr.; George Phillips, Esq.; Bernard Reidy; Julia V. Shea, Esq.; Barry F. Sullivan; Mary Ann Tighe; and Rev. Monsignor William Belford.

CONDENSED BALANCE SHEETS

Total assets of Archdiocesan Services as of August 31, 2009 reflect a decline of \$8 million, or 2%, from the 2008 level. Cash and investments fell by nearly \$30 million attributable principally to investment losses and an operating deficit. Fixed assets are reported net of accumulated depreciation of approximately \$65 million. The gross fixed assets of \$139 million consist of land and buildings, with a cost of \$123 million and furniture and equipment of \$16 million.

With respect to liabilities of Archdiocesan Services, the increase of nearly \$11 million, or 5%, is attributable principally to new loans advanced by affiliated entities to provide additional capital in support of the Parish Assistance Corporation.

Total net assets declined by \$19 million, or 8.5%, reflecting the excess of expenses over revenues in fiscal 2009. The decline in expendable net assets was even steeper, falling approximately 23%, to less than \$75 million.

CONDENSED STATEMENTS OF ACTIVITIES

Total revenues in fiscal 2009 of \$176 million declined approximately \$22.7 million from 2008, with virtually all revenue categories experiencing declines, principally as a result of a weak economy.

In anticipation of reduced revenues, expense budgets for fiscal 2009 were reduced accordingly. Total expenses in fiscal 2009 (exclusive of grants and subsidies to parishes and schools) were approximately \$23 million less than 2008, which included costs related to Pope Benedict XVI's visit to the Archdiocese.

Despite efforts to reduce expenses, the weakened economy created greater need at parishes and schools, requiring additional Archdiocesan support. For the fiscal year ended August 31, 2009, grants to parishes and schools increased by nearly \$5 million, reaching almost \$40 million.

With respect to gains and losses reported below the operating results, Archdiocesan Services benefited from a \$23 million gain on property sales. Without this unusual item, investment losses—realized and unrealized (due to unfavorable market conditions)—as well as charges related to the health benefit plan for retired priests and charitable trusts would have caused a more than \$41 million decrease in Archdiocesan Services net assets. Still, net assets fell by nearly \$19 million, or 8.5%.

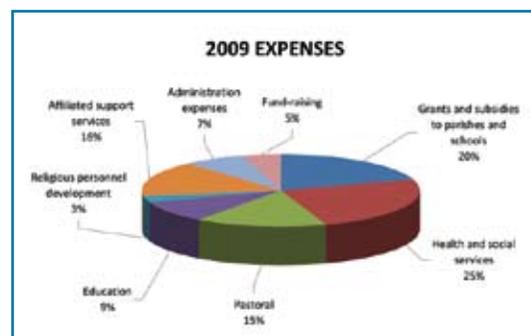
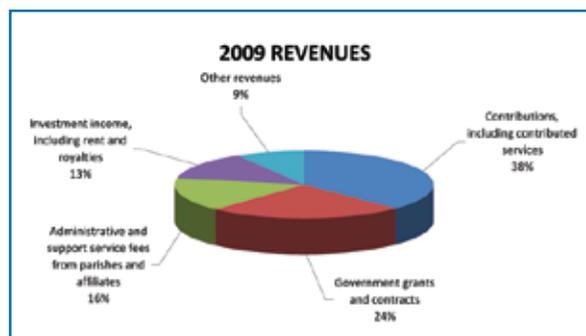
ARCHDIOCESAN SERVICES • AUGUST 31, 2009 AND 2008

CONDENSED BALANCE SHEETS

	2009	2008
Assets		
Cash and investments	\$212,894,483	242,273,241
Loans and accounts receivable, principally from parishes and other affiliates, net	106,128,157	88,987,138
Other assets	7,990,194	11,104,718
Beneficial interest in charitable trusts	20,402,916	23,203,594
Fixed assets	73,735,730	63,693,317
Total assets	421,151,480	429,262,008
Liabilities		
Accounts payable and other liabilities	69,943,006	84,877,718
Allowances for property, casualty, and health insurance losses	40,884,930	36,047,319
Accrued postretirement health benefits for priests	36,937,871	31,384,934
Loans payable to affiliated entities participating in the Archdiocese's Parish Assistance Program	70,125,277	54,854,879
Total liabilities	217,891,084	207,164,850
Net assets		
Expendable (unrestricted and temporarily restricted)	74,620,431	97,368,465
Non-expendable (investment in fixed assets and permanently restricted)	128,639,965	124,728,693
Total net assets	203,260,396	222,097,158
Total liabilities and net assets	421,151,480	429,262,008

CONDENSED STATEMENTS OF ACTIVITIES

	2009	2008
Revenues		
Contributions, including contributed services	\$65,863,875	70,550,832
Government grants and contracts	42,772,404	46,066,695
Administrative and support service fees from parishes and other affiliates	28,505,702	35,840,516
Investment income, including rents and royalties	23,313,197	29,416,277
Other revenues	15,268,084	16,540,409
Total revenues	175,723,262	198,414,729
Expenses		
Grants and subsidies to parishes and schools	39,332,999	34,457,330
Health and social services	49,194,475	48,422,001
Pastoral (2008 includes net cost of the papal visit to the Archdiocese)	30,170,166	43,801,897
Education	18,174,095	22,335,886
Religious personnel development	5,659,054	5,589,260
Affiliated support services	31,412,725	35,066,348
Administration expenses	13,469,637	16,069,546
Fund-raising	9,379,673	9,242,144
Total expenses	196,792,824	214,984,412
Excess of expenses over revenues	(21,069,562)	(16,569,683)
Gains and Losses		
Gain (loss) on sale of Archdiocesan property	22,977,729	(3,009)
Net investment losses (realized and unrealized)	(13,998,609)	(9,086,262)
Other charges and losses	(6,746,320)	(3,251)
Decrease in net assets	(18,836,762)	(25,662,205)
Net assets at beginning of year	222,097,158	247,759,363
Net assets at the end of the year	203,260,396	222,097,158



SUMMARY

The accompanying combining financial statements of Archdiocesan Services for the year ending August 31, 2009, have been delineated into 6 functional concentrations: Archdiocesan Central Offices, Parish Assistance Corporation, Department of Education, Catholic Indemnity Insurance Company, Saint Joseph's Seminary and College, and Catholic Charities of New York.

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 the Archdiocesan Central Offices makes distributions to more than 14,000 retirees and services approximately 11,000 active employees at more than 700 independent organizations that participate in the plan.

The Archdiocese of New York is a religious corporation exempt from federal income taxes under section 501 (c) (3) of the Internal Revenue Code (the Code). The other Archdiocesan Central Offices entities are primarily New York not-for-profit corporations, each of which are also exempt from federal income tax under section 501 (c) (3) of the Code.

The Archdiocesan Central Offices receive funding by way of the annual Stewardship Appeal and parish cathedraticum which, together with real estate lease payments and donor-restricted funds, amounted to approximately \$95.6 million for 2009.

The Archdiocesan Central Offices has three major expense categories: grants and subsidies

to parishes and schools; pastoral; and affiliated support services, administrative services, and development costs.

In 2009, grants and subsidies for parishes and schools amounted to \$39.3 million and grants to combining entities—Catholic Charities, Department of Education and Saint Joseph's Seminary—amounted to \$7.7 million.

Pastoral costs, which includes clergy care and social and pastoral outreach, amounted to \$28.7 million for 2009.

Affiliated support services of \$16.1 million and administrative service expenses of \$14.3 million include finance, technology, internal audit, real estate, legal, human resources, safe environment, parish operations, building commission, maintenance services, centrally negotiated insurance (property, casualty, and medical), and pension programs. Development expenses amounted to \$6.3 million. On a combined basis, the Archdiocesan Central Services has total assets of \$203.6 million and total net assets of \$99.8 million, of which \$73 million is non-expendable and \$26.8 million is expendable. Based upon the level of expenses in fiscal 2009, expendable net assets of \$26.8 million as of August 31, 2009 represent approximately 2.9 months of expenses.

ARCHDIOCESAN SERVICES COMBINING BALANCE SHEETS • AUGUST 31, 2009

	TOTAL	Archdiocese Central Offices	Parish Assistance Corp.	Department of Education	Catholic Indemnity Insurance Company	St. Joseph's Seminary	Catholic Charities
Assets							
Cash and investments	\$212,894,483	77,230,506	26,811,661	19,751,968	41,035,413	18,184,106	29,930,829
Loans and accounts receivable principally from parishes and other affiliates, net	106,128,157	50,024,917	63,910,399	3,163,727	--	3,424,496	28,484,119
Other assets	7,990,194	3,775,528	911,936	267,735	1,079,250	1,390,999	564,746
Beneficial interest in charitable trusts	20,402,916	16,634,855	--	--	--	--	3,768,061
Fixed assets	73,735,730	55,935,045	12,882	1,077,749	--	4,941,990	11,768,064
Total assets	421,151,480	203,600,851	91,646,878	24,261,179	42,114,663	27,941,591	74,515,819
Liabilities							
Accounts payable and other liabilities	69,943,006	39,708,806	1,380,648	6,585,412	8,219,520	1,388,100	12,660,520
Allowances for property, casualty, and health insurance losses	40,884,930	17,099,453	--	--	23,785,477	--	--
Accrued postretirement health benefits for priests	36,937,871	36,937,871	--	--	--	--	--
Loans payable to affiliated entities participating in the Archdiocese's Parish Assistance Program	70,125,277	10,007,177	87,622,446	4,200,000	8,000,000	2,193,862	1,323,462
Total liabilities	217,891,084	103,753,307	89,003,094	10,785,412	40,004,997	3,581,962	13,983,982
Net assets							
Expendable (unrestricted and temporarily restricted)	74,620,431	26,850,958	2,630,902	7,666,963	2,109,666	(2,182,630)	37,202,403
Non-expendable (investment in fixed assets and permanently restricted)	128,639,965	72,996,586	12,882	5,808,804	--	26,542,259	23,329,434
Total net assets	203,260,396	99,847,544	2,643,784	13,475,767	2,109,666	24,359,629	60,531,837
Total liabilities and net assets	\$421,151,480	203,600,851	91,646,878	24,261,179	42,114,663	27,941,591	74,515,819

PARISH ASSISTANCE CORPORATION

Parish Assistance Corp (PAC) is a New York not-for-profit corporation formed to provide 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.

PAC has total assets of \$91.6 million and total net assets of \$2.6 million. The Archdiocesan Central Offices has been engaged by PAC to administer its operations. In 2009, PAC made loans to support affiliate projects totaling \$21.9 million.

DEPARTMENT OF EDUCATION

The Department of Education of the Archdiocese of New York (DOE) was established in 1970, and operates under a permanent charter granted by the New York State Board of Regents in 1974. 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.

DOE includes the Superintendent of Schools' Office, Catechetical Office, University Apostolate, and Instructional Television. A principal responsibility of the DOE is its oversight of several federally funded programs, including Child Nutrition and Drug Abuse Prevention. Additionally, DOE administers special education programs, including the Joan Ann Kennedy Memorial Preschool on Staten Island funded by New York State.

DOE has total assets of \$24.3 million and total net assets of \$13.5 million, of which \$5.8 million is non-expendable and \$7.7 million is expendable. Based upon the level of expenses in fiscal 2009, expendable net assets of \$7.7 million as of August 31, 2009 represent approximately 2.6 months of expenses.

CATHOLIC INDEMNITY INSURANCE COMPANY

Catholic Indemnity Insurance Company (CIIC) is a section 501(c)(3) corporation under the laws of the State of Vermont in 2006. 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.

CIIC has total assets of \$42.1 million and total expendable net assets of \$2.1 million.

CIIC's revenues consist principally of premiums written and billed to affiliate entities of approximately \$14.1 million.

(Summary continues on next page)

ARCHDIOCESAN SERVICES COMBINING STATEMENTS OF ACTIVITIES • YEAR ENDED AUGUST 31, 2009

	TOTAL	Archdiocese Central Offices	Parish Assistance Corp.	Department of Education	Catholic Indemnity Insurance Company	St. Joseph's Seminary	Catholic Charities
Revenues							
Contributions, including contributed services	\$65,863,875	44,301,359	--	1,697,293	--	2,305,989	12,554,798
Government grants and contracts	42,772,404	--	--	20,651,843	--	--	22,117,227
Grants from combining entities		--	--	5,434,694	--	1,250,000	1,000,000
Administrative and support service fees from parishes and other affiliates	28,505,702	31,394,639	--	186,078	14,108,832	--	--
Investment income, including rent and royalties	23,313,197	19,891,084	3,014,697	559,361	223,167	656,590	(107,266)
Other revenues	15,268,084	--	--	6,058,924	--	630,642	6,563,983
Total revenues	175,723,262	95,587,082	3,014,697	34,588,193	14,331,999	4,843,221	42,128,742
Expenses							
Grants and subsidies to parishes and schools	39,332,999	39,332,999	--	--	--	--	--
Grants to combining entities		7,684,694	--	--	--	--	--
Health and social services	49,194,475	--	--	14,374,664	--	--	35,940,683
Pastoral	30,170,166	28,689,895	--	1,480,271	--	--	--
Education	18,174,095	--	--	18,174,095	--	--	--
Religious personnel development	5,659,054	--	--	--	--	5,659,054	--
Affiliated support services	31,412,725	16,054,630	2,719,269	--	12,201,490	--	--
Administration	13,469,637	14,303,745	287,376	1,612,745	779,351	1,349,260	5,838,592
Fund-raising	9,379,673	6,333,161	437,336	--	--	203,285	2,405,891
Total expenses	196,792,824	112,399,124	3,443,981	35,641,775	12,980,841	7,211,599	44,185,166
Excess of expenses over revenues	(21,069,562)	(16,812,042)	(429,284)	(1,053,582)	1,351,158	(2,368,378)	(2,056,424)
Gains and Losses							
Gain on sale of Archdiocesan property	22,977,729	22,976,692	--	1,037	--	--	--
Net investment losses (realized and unrealized)	(13,998,609)	(4,328,637)	(3,244,903)	(1,930,662)	--	(2,060,880)	(2,096,709)
Other charges and losses	(6,746,320)	(6,380,082)	--	(13,291)	--	--	(352,947)
Decrease in net assets	(18,836,762)	(4,544,069)	(3,674,187)	(2,996,498)	1,351,158	(4,429,258)	(4,506,080)
Net assets at beginning of year	222,097,158	104,391,613	6,317,971	16,472,265	758,508	28,788,887	65,037,917
Net assets at the end of the year	\$203,260,396	99,847,544	2,643,784	13,475,767	2,109,666	24,359,629	60,531,837

SUMMARY (Continued)

SAINT JOSEPH'S SEMINARY AND COLLEGE

Saint Joseph's Seminary and College (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 instructions to seminarians in programs leading to Bachelor of Sacred Theology, Master of Divinity, Master of Arts in Theology, and Master of Arts in Religious Studies degrees.

Saint Joseph's Seminary is organized in the State of New York as a not-for-profit corporation and is exempt from federal income taxes under section 501(c)(3) of the Code.

Saint Joseph's Seminary has total assets of \$27.9 million and total net assets of \$24.4 million, of which \$26.6 million is non-expendable and \$2.2 million is expendable. It is operating at a deficit and relies on Archdiocesan support.

CATHOLIC CHARITIES

The Catholic Charities of the Archdiocese of New York (Catholic Charities) is a not-for-profit corporation incorporated in 1917 under the laws of the State of New York, and is exempt from federal income taxes under section 501(c)(3) of the Code. 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' support and revenue is generated predominantly from contributions and other public support.

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.

Catholic Charities has total assets of \$74.5 million and total net assets of \$60.5 million, of which \$23.3 million is non-expendable and \$37.2 million is expendable. Based upon the level of expenses in fiscal 2009, expendable net assets of \$37.2 million as of August 31, 2009 represent approximately 10.1 months of expenses.

