

FINANCIAL REPORT OF THE DIOCESE OF SPRINGFIELD

August 1, 2011

On the following pages are financial data related to the central administration of the Diocese of Springfield for Fiscal Year 2009 (July 1, 2008-June 30, 2009) and Fiscal Year 2010 (July 1, 2009 to June 30, 2010).

As with other charitable institutions, the decline of the investment markets in late 2008 through 2009 had a severe and detrimental impact on the reserve savings and investments held by the diocese. This economic downturn came at a time when the diocese had already made financial commitments, including a digital upgrade of its television facilities and the construction expenses for St. Michael's Academy. Even with the restoration of the investment markets, funds lost in declining investment values and through withdrawals to cover these special projects, along with operational deficits, leave the diocese in a limited position to enjoy any full positive impact from increased market performance.

At the same time the markets declined, the two other primary income sources, that which derives from parish collections, both cathedralic and Catholic education support, and the Annual Catholic Appeal, continued to have stagnant and in some cases declining revenues. Under the heading of "Support Received from: Insurance Premiums, Recoveries, Transfers" are revenues of \$8.3 million that are offset by expenses of similar amounts reported under "Support Services." The Diocesan Insurance Program is essentially a pass-through entity.

For the Fiscal Year 2009, the diocese had an operational deficit of \$4.2 million. This deficit was funded through investment and savings, which is indicated under the revenue listing "General Support from Interest and Savings" in FY2010. Efforts were made to reduce expenses throughout all departments and ministries, and there was some financial improvement. Nonetheless, additional withdrawals from savings and investments were required.

Cognizant that it no longer had resources to fund such sustained deficits, under the direction of Bishop Timothy A. McDonnell, a complete operational analysis of diocesan services, ministries and operations was undertaken. In the spring of 2010, a series of program cuts and eliminations, including substantial staff reductions, were undertaken to coincide with FY2011. The financial impact of these very difficult decisions should result in a more stable financial report for Fiscal Year 2011 which will be issued in the coming months.



Another factor involved the final parish reconfigurations as outlined by the diocesan pastoral planning process, including the consolidation and closing of parishes. From a financial perspective, it is hoped this will stem the financial losses many parishes have faced in recent years, losses which ultimately must be funded by the diocese until such time that those parishes have the means to pay those funds back. Ultimately, the financial health of the parishes has a direct correlation to the financial well being of the entire diocese.

Currently parishes owe the diocese \$10.1 million.

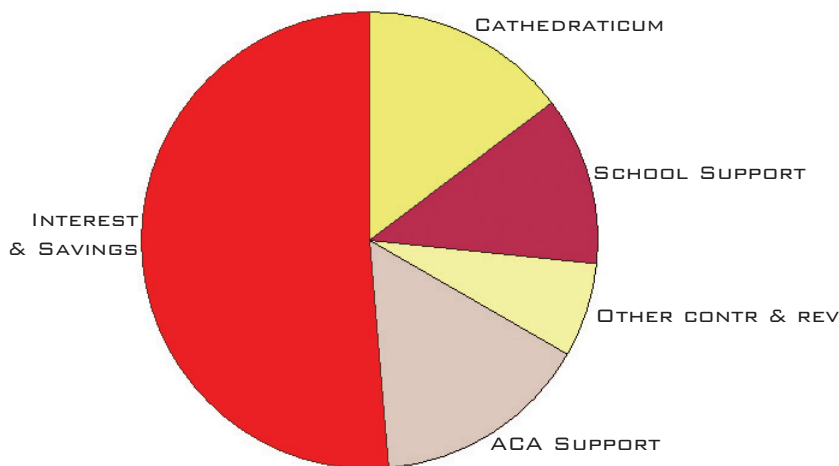
Finally, aside from parish financial performance, concerns remain over the viability of Catholic schools. The decision to consolidate the five Catholic Schools of Springfield into a single new entity, St. Michael's Academy, was in recognition of the challenges we face in the future of Catholic schools.

The economic challenges faced by the diocese are no different than that which confront our parishioners. Nonetheless, we remain committed to the expression of our Catholic faith through our parishes, school, ministries and services, and to bring to life for our entire community the Gospel values we espouse. Standing in testament to these values, are the most recent donations made by parishioners in the Springfield Diocese, for Fiscal Year 2010, the Haiti earthquake relief efforts, \$340,606; and the recent tornado recovery efforts in western Massachusetts, \$271,224 as of July 27, 2011.

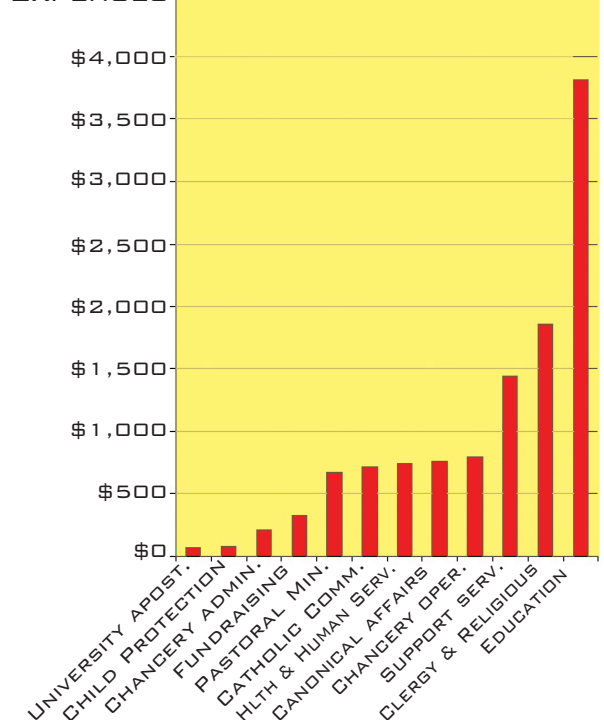
STATEMENT OF ACTIVITIES FOR CENTRAL ADMINISTRATION

	June 30, 2010	June 30, 2009
Support Received from:		
Cathedraticum Assessment	\$ 1,869,155	\$ 1,890,139
Catholic School Support Program	1,519,012	1,557,838
Insurance Premiums, Recoveries, Transfers	8,363,740	8,333,827
Other Contributions and Revenue	821,035	866,559
Transfers from Other Funds:		
ACA Support of Diocesan Ministries	1,960,975	1,960,975
General Support from Interest and Savings ^A	6,492,769	2,646,405
Total Support	\$ 21,026,687	\$ 17,255,743
Expenses:	4,209,203	
Program Services:		
Canonical Affairs	\$ 762,407	\$ 769,094
Catholic Communications Support	716,631	1,354,689
Pastoral Ministry	679,031	696,135
Catholic Education	3,811,395	4,137,714
Health and Human Services	746,497	743,886
Clergy and Religious Programs	1,861,010	1,967,552
University Apostolate	77,039	98,097
Support Services:		
Chancery Administration	211,996	243,998
Insurance Programs	8,460,359	8,333,827
Support Services	1,438,255	1,473,776
Institutional Advancement	332,819	624,296
Chancery Operations	793,663	849,362
Child Protection	80,703	199,837
Total Expenses	\$19,971,804	\$ 21,492,265
Change in Net Assets	\$ 1,054,883	\$ (4,236,522)

SUPPORT
[EXCLUDING INS.]



EXPENSES





DETAIL OF PROGRAM & SUPPORT SERVICES



	June 30, 2010	June 30, 2009
CANONICAL AFFAIRS		
Chancellor's Office & Commissions	\$67,919	\$58,778
Tribunal Office	214,052	226,493
Office of Worship & Vicar General	126,014	145,158
St. Michael's Cathedral & Bishop Marshall Ctr	354,422	338,665
	\$762,407	\$769,094
CATHOLIC COMMUNICATIONS SUPPORT		
Grants to Communications Corporation	\$655,814	\$1,282,595
Public Information Office	60,817	72,094
	\$ 716,631	\$1,354,689
PASTORAL MINISTRY		
Catholic Scouting	\$1,755	\$209
Family Life Office	66,631	56,918
Hospital Chaplain	0	18,760
Lay Ministry Formation	107,860	135,387
Men's Ministry	17,388	15,453
Pastoral Ministry Formation	91,579	81,675
Pastoral Planning Committee	570	16,368
Special Ministries	66,657	65,313
St. Francis Chapel	232,259	123,113
Women's Ministry	25,155	27,648
Youth Ministry	69,177	155,291
	\$679,031	\$696,135
CATHOLIC EDUCATION^C		
Catholic Schools Grants & Assistance	\$3,254,738	\$3,529,077
Religious Education Programs	238,955	266,194
School Office	317,702	342,443
	\$ 3,811,395	\$ 4,137,714
HEALTH AND HUMAN SERVICES		
Counseling Office	\$162,569	\$142,635
Grants to Catholic Charities ^B	239,960	233,305
Catholic Latino Min	253,036	258,660
ProLife Office	8,753	9,335
Bridge Street Center	82,179	99,951
	\$746,497	\$743,886
CHANCERY ADMINISTRATION		
	\$ 211,996	\$ 243,998
INSURANCE PROGRAMS		
	\$8,460,359	\$8,333,827
SERVICES FOR CLERGY AND RELIGIOUS^C		
Clergy and Religious Medical Leave	\$190,537	\$201,771
Clergy and Religious Special Needs	293,386	444,957
Clergy on Involuntary Leave	117,082	120,433
Permanent Diaconate	89,647	115,409



DETAIL OF PROGRAM & SUPPORT SERVICES

CONT.



	June 30, 2010	June 30, 2009
Priests Continuing Education	28,547	54,842
St. Michael's Priests Residence	222,396	191,107
St. Michael's Religious Res.	60,130	71,623
Vicar for Religious	45,961	45,875
Vocations Office	813,324	721,535
	\$1,861,010	\$1,967,552
UNIVERSITY APOSTOLATE		
Campus Ministry	\$52,276	\$55,242
Campus Outreach	24,763	42,855
	\$77,039	\$98,097
SUPPORT SERVICES^C		
Computer Services	\$21,823	\$20,036
Financial Affairs	1,053,521	1,051,678
Human Resources	169,363	184,812
In-House Counsel	458	250
Parish Building Consultant's Office	54,835	60,671
Printing Department	109,430	125,834
Real Estate Office	28,824	30,495
	\$ 1,438,255	\$1,473,776
INSTITUTIONAL ADVANCEMENT		
Annual Catholic Appeal	\$220,601	\$228,647
Development and Parish Stewardship	64,132	360,247
Foundation Administration	48,086	35,402
	\$332,819	\$624,296
CHANCERY OPERATIONS		
Dues and Assessments	\$249,325	\$221,541
Legal	74,639	123,537
Office & Property Expense	469,699	504,284
	\$793,663	\$849,362
CHILD PROTECTION		
Civil and Canonical Fees	\$66,429	\$161,013
Counseling / Outreach	0	6,200
Healing and Prevention Programs	14,274	32,624
	\$80,703	\$199,837

NOTES:

A General Support from Interest & Savings - Is greater in FY10 due to covering the deficit from FY09
 B See separate Catholic Charities Agency Statement of Activities
 C Bad debt - for FY10 & FY09, Support services \$175,326 & \$117,206, Catholic Education (\$120,965) & \$268167, and Services for Clergy and Religious (\$244) & \$1,279 respectively