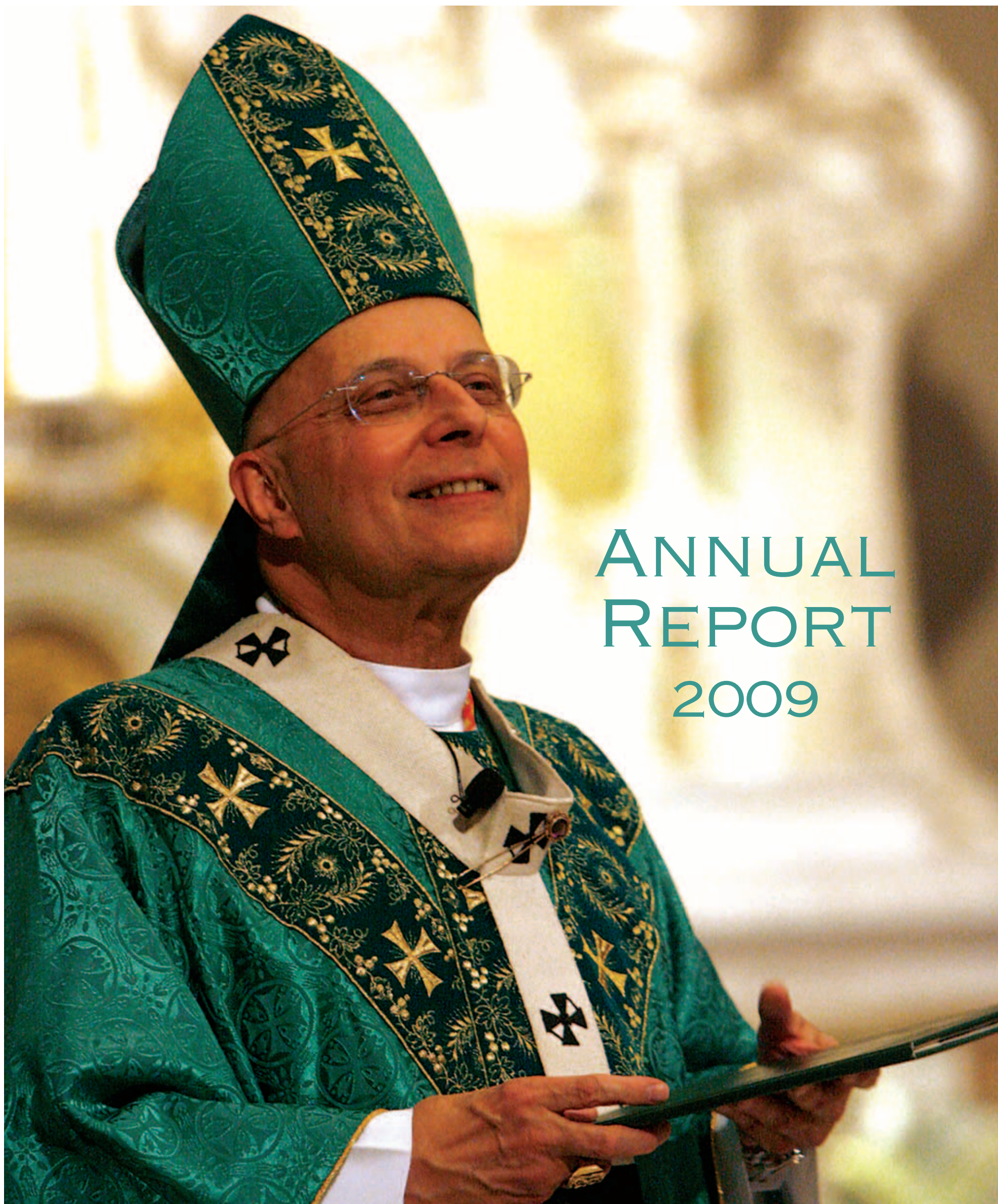


THE ARCHDIOCESE OF CHICAGO



ANNUAL
REPORT
2009

FEBRUARY 28, 2010

A Message from the Cardinal

Dear Brothers and Sisters in Christ:

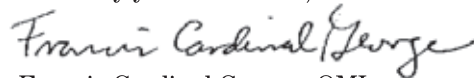
This issue of the *Catholic New World* presents the annual report on the finances of the Archdiocese of Chicago. In difficult times, the numbers disclose good management of limited resources and continuous review of parishes and programs. The Archdiocesan financial situation remains basically strong and steady because donations continue, and those numbers tell a story of great generosity on the part of the Catholics in Cook and Lake counties.

Many of our parishes are reaching out to those who have lost jobs and positions that had given them not only income but a sense of self-worth. That ministry will continue. Many families have reached out with tuition assistance for pupils in Catholic schools from families who, at least temporarily, cannot pay tuition expenses. Catholic Charities feeds the newly hungry and finds shelter for the unexpectedly homeless. New situations call for different pastoral responses; but what is constant is the love of God and neighbor that shapes the lives of the faithful.

The tragedy of the Haiti earthquake brought forward the same response as the Asian tsunami and the Gulf Coast hurricane Katrina prompted in prior years. The generosity of the Catholics of the Archdiocese makes me proud and grateful. Thank you for your ongoing support of your parishes and schools and for the special needs regularly met in the Annual Catholic Appeal.

You and those you love are in my prayers; please keep me in yours.

Sincerely yours in Christ,

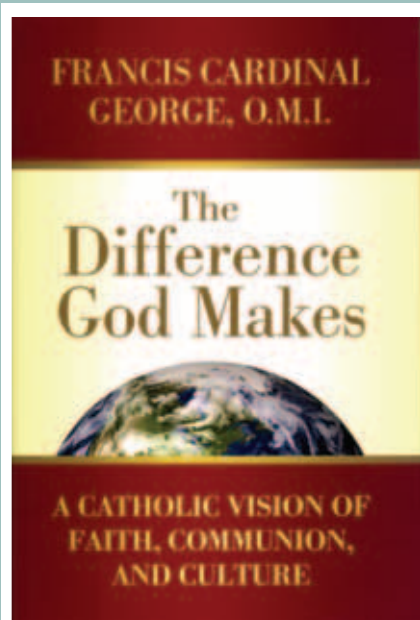


Francis Cardinal George, OMI
Archbishop of Chicago



Newly Renovated St. James Chapel Dedicated

In April, during a special noon Mass, Cardinal George dedicated the St. James Chapel in the Archbishop Quigley Center. The chapel, modeled after Sainte-Chapelle in Paris, was renovated with new wiring, new sound and lighting systems and floor-to-ceiling cleaning. The work was part of the transformation of the building from a high school seminary to one of two archdiocesan administrative office buildings. Commissioned by Cardinal George Mundelein, the chapel was originally dedicated in 1920.



Cardinal George Authors Book About Relationships, Evangelization and the American Culture

In October, Crossroad Publishing released Cardinal George's 352-page book, *The Difference God Makes: A Catholic Vision of Faith, Communion and Culture*, that explores our relationship with God, the responsibility of community and the transformation of culture. The book, a series of essays adapted from previous work, is available in local bookstores and can be ordered from online booksellers or by calling Independent Publishers Group at 800-888-4741.

Interviews with Cardinal George can be found on the Catholic New World's website, www.catholicnewworld.com and on the Archdiocesan YouTube channel, www.Youtube.com/catholicchicago.

Cardinal's Network

Since April of 2009, Cardinal George has shared his thoughts, reflections and prayers in over 40 emails, with more than 88,000 messages to 2,500 Cardinal's Network subscribers.

With titles ranging from "Many Meetings," "I call you friends," and "Such is Christ's love" to "Vacation," "Fishing" and "Golf," the Cardinal's Network is electronically connecting the Archbishop of Chicago to his flock in a meaningful and inspiring manner. New subscribers are welcome to complete a very short online form on the Archdiocesan web site, www.archchicago.org to receive these occasional messages from Cardinal George.

CARDINAL'S NETWORK



Begin receiving
short reflections from
Cardinal George

The complete archive of the Cardinal's Network is available on the Cardinal's web page on the Archdiocesan web site, www.archchicago.org, by clicking on "Cardinal George" under his photo.



Resurrection Project

Cardinal George announced the investment of \$500,000 in The Resurrection Project's affordable housing initiatives and an additional \$2.3 million for not-for-profit developers of affordable housing to be used as a revolving loan fund at low interest rates. Pictured with the Cardinal is Raul Raymundo, Chief Executive Officer of The Resurrection Project.

Chancellor's Report

The Old Testament book of Ecclesiastes reminds us that there is a time for everything. This past year has been challenging for all of us, ministers and parishioners alike. The severe economic downturn, however, calls us to share evermore generously the gifts and blessings we receive. It was and still is a time to give of our substance. I witnessed this throughout the Archdiocese multifold times: in the creativity and faithfulness of our priests to those they pastor; the energetic work of those in Archdiocesan ministries to extend even further the reach of God's care and concern for all, especially the poor; in the bright eyes and enriched lives of children being taught and evangelized every day in our schools and religious programs. We also partner with many extraordinary religious women and men, deacons and ecclesial ministers to make this local Church alive and present at all the moments of life.

It is my privilege again this year to oversee the programs and ministries that are coordinated through the Archbishop Quigley and Cardinal Meyer Centers and to make sure that the resources are available to assist in the incredibly rich pastoral ministry of our Archbishop, Cardinal George. Donors continue to give in extraordinary ways. Parishioners remind us by their faithful giving of our duty to carefully steward these resources. I continue to be amazed and inspired. This financial report is our way of saying thank you. Here are the results of our collaboration.



Jimmy Lago
Chancellor

Sincerely,

Jimmy M. Lago
Chancellor
Archdiocese of Chicago

Director of Financial Services' Report

This year's Archdiocese of Chicago Annual Report reflects the diligent stewardship of the funds generously entrusted to this local Archdiocesan Church in the economically challenging times experienced during the fiscal year ended June 30, 2009. The general declines in the capital and employment markets had a material impact on the Archdiocese's operating results, and as such, on its year-end financial position.

Accounting for a large portion of this year's decrease in Archdiocesan net assets is the downward adjustment in the market value of the investment portfolio. Although this asset category suffered overall negative net investment returns, the declines recorded were less than those experienced in the general market, due to the relatively defensive nature of the portfolio's asset allocation strategy. Even with a -17.9% average return, the Archdiocese's investment pool outperformed its own benchmark, as well as all relevant comparable capital market returns for the period.

Excluding the impact of investment returns, the other operating revenues of the Pastoral Center remained rather stable, or even increased, when compared to the previous fiscal year. Particularly noteworthy was the \$2.2 million increase in gross contributions to the Annual Catholic Appeal, which netted an additional \$1.5 million to the Pastoral Center's revenues. With the addition of parish incentive programs, this annual campaign has become an increasingly significant source of funds for the entities of the Archdiocese. On the outflow side, although Pastoral Center spending on regular Ministerial and Pastoral Services increased as budgeted, the more than doubling of support to parishes to \$33.3 million accounted for the majority of the increase in Pastoral Center expenses. Additional operating and non-cash grants to parishes became necessary as parishes incurred increased operating deficits.

The 2009 fiscal year financial report of the combined Archdiocesan Parishes showed nearly equal unfavorable changes in parish operations' revenues and expenses when compared to the results of the prior fiscal year. Excluding the \$15.4 million negative impact of investment returns on parish deposits, parish operations' regular revenues from collections, bequests, and fund-raising activities declined \$10.6 million or 3.2% in the recessionary environment over the last fiscal year. Well in excess of two-thirds of the \$24.2 million or 7.5% increase in parish operations' expenses came in the categories of care and maintenance of the parishes' physical plant facilities. For the educational activities of the combined Archdiocesan Parishes, tuition, fees, and other fund-raising revenues remained virtually flat at \$274 million, while expenses increased more modestly by \$5.1 million or 1.6%.

In order to help counter the adverse directional changes noted in this fiscal year's revenues and expenses, several initiatives encouraging good stewardship and financial management have been developed and are being deployed throughout parishes and agencies of the Archdiocese. For the enhancement of contributions there are practical and educational programs for improving results of the regular offertory and planned giving through wills and bequests as well as capital campaigns. By the way of cost control efforts, the Archdiocesan program for coordinating the purchasing of frequently used goods and services continues to expand in scope and reach. To aid in the implementation of these various advancement programs a parish benchmarking program has been developed to show parishes how they might better work by comparing their operational methods to those of fiscally successful cohort parishes of similar demographics and characteristics. These programs are good practices under the best of circumstances, but are most critical in such difficult and uncertain economic times and conditions.

Remaining committed to ministering to victims and resolving claims related to allegations of past instances of sexual misconduct by priests, the Archdiocese paid an additional \$20.2 million in settlements of various claims during the 2009 fiscal year. No current contributions to parishes, schools, or the Annual Catholic Appeal were used to fund misconduct settlements. Proceeds from the sales of undeveloped properties and recoveries from insurance companies were designated to repay bank borrowings incurred to pay such settlements.

For further details and other information, copies of the complete audited financial statements for the Pastoral Center, Parishes, and Consolidated Archdiocese appear on the Archdiocesan website, www.archchicago.org.



Kevin J. Marzalik
Director of Financial Services

Sincerely,

Kevin J. Marzalik
Director of Financial Services
Archdiocese of Chicago

Priests for Justice for Immigrants

The newly formed Office for Immigrant Affairs and Immigration Education works in collaboration with civic, government and other religious groups, including Priests for Justice for Immigrants, a

network of 200 native-born and immigrant priests representing over 150 archdiocesan parishes and Sisters and Brothers of Immigrants, a collaboration of 100 religious sisters and brothers from 34 religious orders.



MOST BLESSED TRINITY

SANTISIMA TRINIDAD



Our Newest Parish

In 2009, three Lake County parishes merged to form Most Blessed Trinity Parish, a new model of pastoral leadership to better serve Catholics in Waukegan and North Chicago. The new faith community is one parish with three worship sites.

We Gather to Serve, Witness, Teach and Pray



Ordinations

During the rite of priestly ordination in May, nine men assume a position of humility just before the recitation of the Litany of the Saints. The group included men from the U.S., Poland, Columbia, Mexico and Tanzania. Fifteen permanent deacons were also ordained in May. Most are married, and their wives will assist and support them in their varied parish ministries.



Cemetery Dedication

A new building with offices and three interment chapels, blessed by Cardinal George at All Saints Cemetery in Des Plaines, garnered a Leadership in Energy and Environment Design (LEED) award for the Archdiocese's Catholic Cemeteries for its "green" elements.

Catholics Come Home Chicago



Catholics Come Home Chicago, an evangelization initiative designed to invite Catholics to return to the Church, was introduced with a major television media campaign. This three-part undertaking also includes welcoming those returning to parish life and accompanying them as they deepen their faith.



Holy Name Cathedral

In August, Holy Name Cathedral reopened in ever greater glory following extensive restoration that included refinishing and buffing thousands of ceiling tiles that gave a new radiance to the historic edifice.



Catholic Schools

The educational mission of the Archdiocese of Chicago was expanded with the announcement by Superintendent of Catholic Schools, Sr. Mary Paul McCaughey, of a new Archdiocesan Board of Catholic Schools that will foster and promote the ministry of Catholic schools in the Archdiocese. A new educational facility for children in pre-school through second grade, the Academy of St. Priscilla, opened in Divine Savior in Palatine. The school is the first in the Archdiocese to use project-based learning and differentiated instruction tailored to the needs of each student.

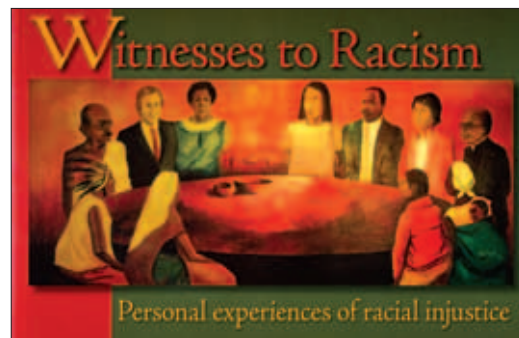


Catholics at the Capitol

Thousands of Catholics, most of them from Catholic schools throughout the state, took time in early March to be engaged in the political process during the two-day Catholics at the Capitol. They rallied for Catholic schools in the Capitol Rotunda and then met with their representatives and senators to discuss policy issues that touch on Catholic teaching.



Photos by Karen Callaway/Catholic New World



Catholics Praying for Racial Justice



Witnesses to Racism, the personal stories of eleven individuals who experienced racism and their testimony to the power of lessons learned, was compiled and published by the Office for Racial Justice and its Racial and Ethnic Sensitivity team. During Catholics Praying for Racial Justice pilgrimages in each of the Archdiocese's six vicariates, Catholics were given the opportunity to pray and reflect at churches as they considered breaking down the barriers that separate us and focusing on what unites us.



Festival of Faith

Catholic Festival of Faith 2009 had an intergenerational appeal as families united to explore, celebrate and profess their Catholic faith together. Cardinal George addressed the crowds and celebrated Mass with the faithful, while presenters like singer, cantor and recording artist, ValLimar Jansen roused audiences during workshops.



Archdiocesan Posada



Hispanic Catholics reenacted Mary and Joseph's search for shelter during the Archdiocesan Posada that ended with prayer at Holy Name Cathedral.



Archdiocese of Chicago Pastoral Center Statements of Financial Position

Fiscal Years Ending June 30
(amounts in \$ thousands - unaudited)

ASSETS	2009	2008
Cash and Cash Equivalents	\$ 5,069	\$ 27,295
Investments	203,936	266,578
Loans to parishes & religious orders (net)	90,384	95,397
Development Fund - net receivables	1,037	2,303
Land, building, equipment (net)	105,197	81,515
Prepaid / Intangible Pension Assets	58,288	86,248
Other assets	31,112	32,652
Total Assets	\$ 495,023	\$ 591,988

LIABILITIES & NET ASSETS

LIABILITIES

	2009	2008
Savings deposits from parishes & others	\$ 170,244	\$ 192,700
Bank loans	57,180	30,150
Insurance claims	90,023	106,982
Unearned rental income	17,805	17,970
Accounts payable and Other liabilities	38,886	43,697
Total Liabilities	374,138	391,499

NET ASSETS

Unrestricted - undesignated	36,648	88,423
Unrestricted - designated	44,440	67,820
Temporarily restricted	25,148	29,557
Permanently restricted	14,649	14,689
Total Net Assets	120,885	200,489

Total Liabilities & Net Assets	\$ 495,023	\$ 591,988
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Archdiocese of Chicago Pastoral Center Statements of Activities

Fiscal Years Ending June 30
(amounts in \$ 000s)

REVENUES	2009	2008
Parish assessment	\$ 23,756	\$ 23,066
Cemetery assessment	6,725	6,250
Annual Catholic Appeal (net)	8,242	6,722
Contributions & bequests (excl. seminaries)	4,498	1,588
Interest and dividends on investments	(5,788)	7,051
Interest income - parish loans	7,680	7,300
Other	1,787	1,881
Total Revenues	46,900	53,858

EXPENSES

Operating grants	12,094	8,072
Capital grants	2,455	2,368
Provision for uncollectible loans & receivables	18,778	3,578
Subtotal Parish Grants	33,327	14,018
Pastoral Center Ministerial Services (net)	7,907	6,469
Pastoral Center Pastoral Services (net)	27,013	23,585
Subtotal Pastoral Center (net)	34,920	30,054

EXPENSES (continued)

Seminaries (net including fundraising)	373	3,211
Assessments to Catholic Church organizations	1,754	909
Annual Catholic Appeal direct distributions	640	640
Interest expense - parish savings deposits	(9,694)	6,396
Interest expense - bank borrowings	1,904	2,209
Depreciation	4,742	3,108
Other	3,022	4,513

Subtotal Other (net)	2,741	20,986
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Total Expenses

	70,988	65,058
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Net Revenue/(Expense) of Other Activities

Insurance program (excl. uncollectibles)	(5,659)	(22,396)
Food service	4,569	716
Publications	(1,041)	274
Total Other Activities (net)	(2,131)	(21,406)

Income/(Loss) from Operations	(26,219)	(32,606)
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Pension Adjustments	(29,590)	57,032
Net Investment Gains/(Losses)	(27,408)	2,659
Net Property Gains/(Losses)	(2,733)	—
Inter-entity Transfers	8,254	(3,000)
Parish Improvement Fund Grants	(387)	(1,029)
Development Fund (net)	(1,521)	(1,727)

CHANGE IN PASTORAL CENTER NET ASSETS

	\$ (79,604)	\$ 21,329
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Archdiocese of Chicago Net Pastoral Center Direct Spending

Fiscal Years Ending June 30
(amounts in \$000s)

	2009	2008
Office of Catholic Schools	\$ 2,260	\$ 1,015
Evangelization & Catechesis	4,398	4,284
Ministry Formation	1,186	1,097
Human Services	63	73
Total Ministerial Services	7,907	6,469
Cardinal's Staff/Vicar General	3,161	2,076
Chancellor	4,191	3,869
Canonical Services	1,086	1,009
Information Technology	2,626	2,284
Communications	655	763
Development	1,432	1,224
Financial Services	7,571	6,616
Personnel Services	4,905	4,529
Professional Conduct	1,386	1,215
Total Pastoral Services	27,013	23,585
Net Pastoral Center Spending	\$ 34,920	\$ 30,054

Agencies Included

Catholic Schools, Sponsored Programs
OFC, ODW, Family Ministry, SPRED, Peace & Justice, Ethnic Ministry, Lay Councils, Respect Life, Young Adult, Ecumenical, Kolbe House
CDM, Ministry Formation, Liturgical Institute, Casa Jesus, Abramowicz House
Office of Deaf, Hospital & Health Affairs
Cardinal, Vicars, Vicariate Offices, Campus Ministry, Vocations, Chaplains
Chancellor, Legal, Archives, Advanced Studies, Research & Planning, Racial Justice
Tribunal & Judicial Vicar, Office of Conciliation
System Maintenance & Implementation
Public Relations, Radio & TV, Hispanic Communications, New World Publications
Planned Giving, Parish Programs
Parish Ops, Audits, Facilities/Construction, Insurance, Real Estate, Treasury, Controller, Building Ops
Vicar for Priests, HR, Diaconate, Priest Placement, Office for Religious, Ministerial Evaluation, Vocation Office, Retreat House, Sabbaticals, Protection of Children & Youth
Fitness Review, Professional Responsibility, Assistance Ministry

Note: Net spending reflects spending less direct revenue or fees received by an agency.

**Archdiocese of Chicago
Parish Combined Statements of Financial Position**

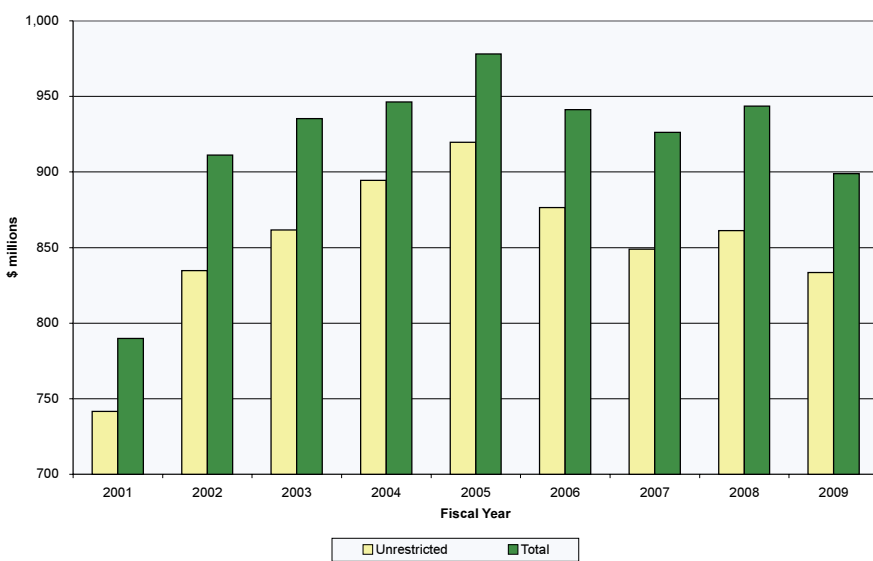
Fiscal Years Ending June 30
(amounts in \$ thousands - unaudited)

ASSETS	2009	2008
Deposits with local banks	\$ 67,400	\$ 77,831
Deposits with Archdiocesan Bank	165,399	189,081
Building Fund pledges	20,794	27,682
Land, building, equipment (net)	914,828	905,033
Other assets	182	333
Total Assets	\$ 1,168,603	\$ 1,199,960

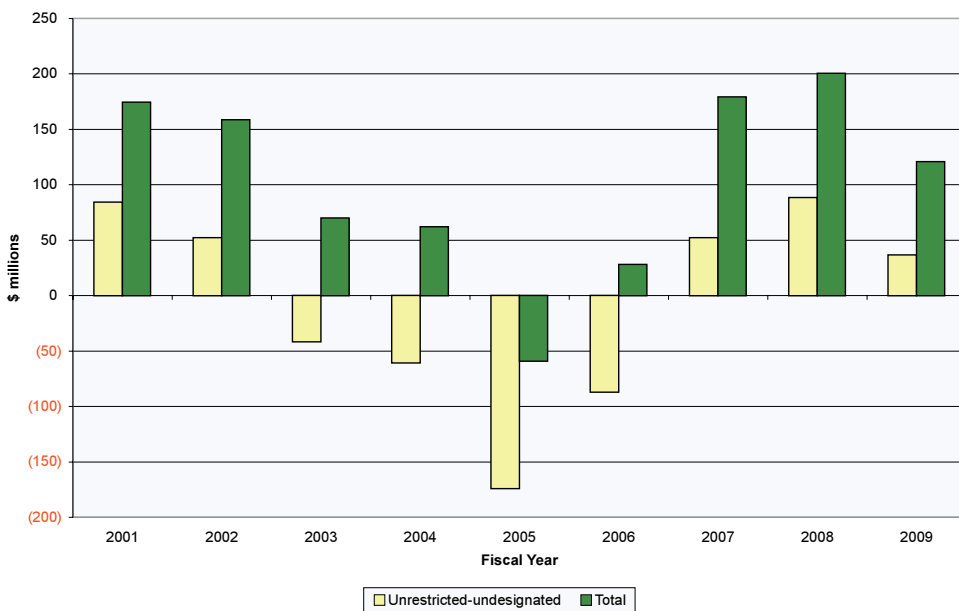
LIABILITIES & NET ASSETS

LIABILITIES	2009	2008
Loans from Archdiocesan Bank	\$ 88,581	\$ 92,957
Accrued post retirement costs	74,742	65,356
Accounts payable & Other liabilities	43,974	36,558
Asset retirement obligations	62,607	61,616
Total Liabilities	269,904	256,487
NET ASSETS		
Unrestricted	833,304	861,222
Temporarily restricted	65,395	82,251
Total Net Assets	898,699	943,473
Total Liabilities & Net Assets	\$ 1,168,603	\$ 1,199,960

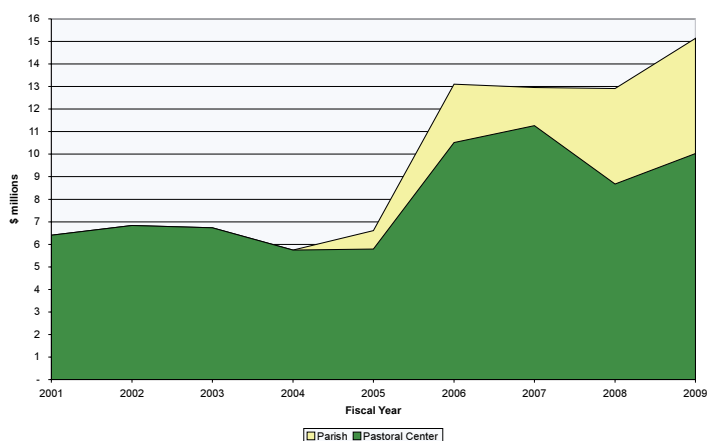
Combined Parish Net Assets



Pastoral Center Net Assets



Annual Catholic Appeal



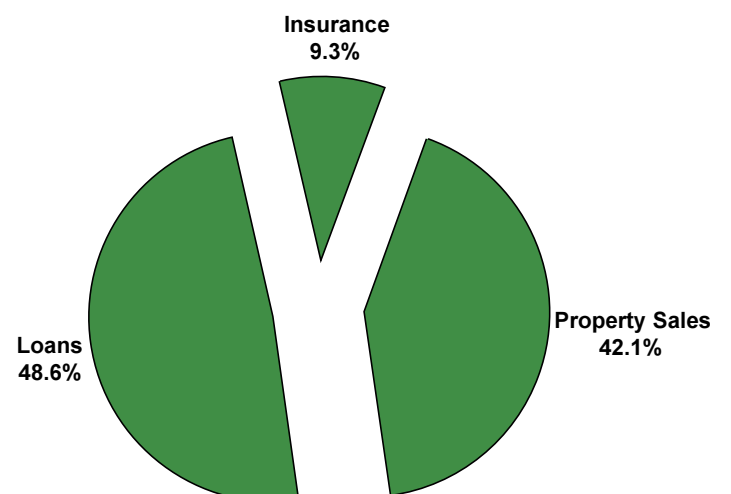
**Archdiocese of Chicago
Parish Combined Statements of Activities**

Fiscal Years Ending June 30
(amounts in \$ thousands - unaudited)

PARISH OPERATIONS	2009	2008
Revenues	\$ 315,496	\$ 341,518
Expenses	348,289	324,064
Net surplus/(deficit)	(32,793)	17,454
EDUCATIONAL OPERATIONS		
Revenues	274,568	274,447
Expenses	332,654	327,532
Net surplus/(deficit)	(58,086)	(53,085)
Combined Operating Surplus/(Deficit) before Pastoral Center Support	(90,879)	(35,631)
Pastoral Center Grants	34,107	14,973
Parish Operating Surplus/(Deficit)	(56,772)	(20,658)
OTHER ACTIVITIES & ADJUSTMENTS		
Building Fund Collections	15,494	22,741
Grants from Noise Abatement Projects	1,298	8,317
Other - including land sales & donations	1,637	2,826
Accretion of asset retirement obligations	(991)	(1,031)
Other post retirement related costs	(5,440)	5,086
CHANGE IN PARISH NET ASSETS	\$ (44,774)	\$ 17,281
Depreciation Expense included above	\$ 37,842	\$ 35,482

Financing Misconduct Claims FY 2001 - FY 2009

Total Settlements, Legal, & Other Costs = \$103.8 million





Catholic Chicago Blog

Hosted by the Archdiocese of Chicago



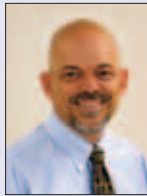
Francis Cardinal George, O.M.I.
Archbishop of Chicago



Mary Ann Perrotti
Director of Benefactor Relations,
Annual Catholic Appeal



Rev. Richard P. Hynes
Department Director, Department of
Evangelization, Catechesis, and Worship



Todd Williamson
Director,
Office for Divine Worship



Fr. Joseph Noonan
Director, Vocations Office



Sr. Anita Baird, DHM
Director,
Office for Racial Justice



Fr. Claudio Diaz, Jr.
Director,
Office for Hispanic Catholics



Elena Segura
Director, Office for Immigrant Affairs
and Immigration Education



Sr. Mary Paul McCaughey, OP
Superintendent of Catholic Schools,
Office of Catholic Schools



Sr. Joan McGuire
Director, Office for Ecumenical
& Interreligious Affairs



Robert Gilligan
Executive Director, Catholic
Conference of Illinois



Rita Kattner
Director,
Office of Councils



Joyce Duriga
Editor, Catholic New World,
New World Publications

Catholic Chicago Blog was launched on the Archdiocese of Chicago's web site in June of 2009. This interactive communication invites people of all ages to participate with their own comments in an exchange of ideas around weekly, topical commentary.

Each week Catholic Chicago Blog presents new contributions from Archdiocesan department and agency directors and staff who have blogged on such wide-ranging topics as *I Want to Live in That World*, *Don't Get Lost in the "Busy-ness" of Life*, and *It Is Not About the Bike...*

If you find these titles intriguing or want to check out what each of our bloggers has written, you can find all of the past Catholic Chicago Blogs on the Archdiocesan website, www.archchicago.org, in the Blog Archives. You can also click on any of the bloggers to go directly to their past blogs.

Here is a sample of the blog comments submitted over the past few months.

The Celebrating Marriage event sounds like a great way to have fun. My husband and I will be there. This is really a well-written blog!

— Kim H.

Keep up the good work Fr. Joe! I love the idea of a blog. The idea of getting parishes to help identify vocations is the right one.

— Tom H.

This is great, Todd – thanks! I've forwarded this post to our parish Worship Commission. And to all those who've contributed to date, I've enjoyed and learned from each of these posts. Looking forward to more!

— Mary M.

As always, I gain new insights from reading the author's reflections. Very well said!

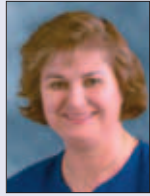
— C.M. L.



Frank Hannigan
Director,
Family Ministries Office



Lea Dacanay
Vicariate Stewardship Coordinator, Department of Stewardship and Development



Maruja Sedano
Director,
Catechesis and Youth Ministry



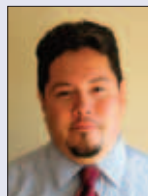
Jan Slattery
Director, Office for the
Protection of Children and Youth



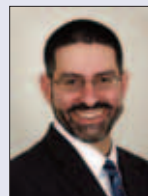
Deacon Glenn Tylutki
Outreach Coordinator,
Catholic Cemeteries



Fr. James Burnett
Chief of Chaplain Services,
Edward Hines VA Hospital



Rey Flores
Program Director,
CCHD & Parish Sharing



Nicholas C. Lund-Molfese
Director,
Office for Peace & Justice



Dr. Carol L. Fowler
Department Director,
Department of Personnel Services



Mary Norfleet-Johnson
Director,
Office for Black Catholics



Barbara Shea Collins
Director, Development Services,
Annual Catholic Appeal

The Annual Report of the Archdiocese of Chicago is produced in cooperation with the Department of Finance and the Department of Communications and Public Relations and is designed and published by New World Publications. A complete financial report is available for inspection through the office of the Director of Finance for the Catholic Archdiocese of Chicago, 835 North Rush Street in Chicago and at the Archdiocesan web site, www.archchicago.org.



Archdiocese of Chicago

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