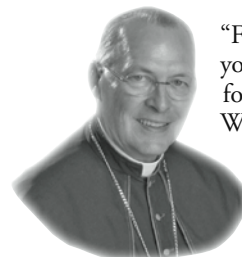


ARCHDIOCESE OF SEATTLE 2007–2008 ANNUAL REPORT

My dear friends in Christ,



“For I know well the plans I have in mind for you, says the LORD, plans for your welfare, not for woe! Plans to give you a future full of hope. When you call me, when you go to pray to me, I will listen to you.” (Jer 29:11, 12)

I drew the title for my archdiocesan vision statement, *A Future Full of Hope*, from this Scripture passage because it speaks of God’s abiding presence with us through good times and bad. This outlook of joyful hope is being challenged by current economic conditions, and we can clearly see that many in our culture have become discouraged and down-hearted.

As I present the 2007-2008 Annual Financial Report, our local church can look to the future with hope because God, who has called us to life through baptism, hears our prayers and is present with us in every challenge and difficulty. The tangible signs of that hope are all around us.

In June, I will have the great honor of ordaining six new priests for the Archdiocese of Seattle. This is a direct result of your generosity and our successful efforts to promote vocations. We currently have more than 30 men studying for priesthood, and we continue to experience strong interest by individuals interested in serving the church as clergy, religious and lay ecclesial ministers.

Catholic schools are another sign of hope and vitality. Responding to the needs of a growing number of families choosing Catholic education for their children in southwest Washington and the Olympia area, two new high schools will be opening their doors within the next two years. One of our schools, Eastside Catholic, recently moved to its own campus after more than 25 years of academic excellence and community service.

We also have responded to the challenge of keeping Catholic elementary schools open and accessible to all who want a Catholic education. I am happy to report that the Fulcrum Foundation has achieved and exceeded its goal to raise \$40 million to assist students and schools in need. In these difficult economic times, this endowment is more important than ever and I want to thank again all those who have supported this effort.

The generosity of our people also continues to bless those of whom our Lord speaks in Matthew’s Gospel: the hungry, thirsty, those who are ill and in prison. Because our Annual Catholic Appeal ranks among the top campaigns in the nation each year, we are able to reach out to all who turn to the church for pastoral care.

This stewardship of treasure also is reflected in the compassionate support for Catholic Community Services and the Archdiocesan Housing Authority. These organizations continue to give help and hope to families at risk, the homeless, the elderly and vulnerable. Along with many other organizations within the church too numerous to name, they are Christ’s hands reaching out to serve others through the generosity of our people.

As you read this report, you will see that we have good reason for our hope. In good times and bad, we are a community of faith living in solidarity as one family united in Jesus Christ and the love of God who is always with us and hears our prayers. May the ever-present God of love continue to guide us and keep us as we make our pilgrim journey as one, holy, catholic and apostolic church.

With warmest wishes and regards, I remain

Your servant in Christ,

+ *Alex J. Brunett*

Most Rev. Alex J. Brunett



STATEMENTS OF ACTIVITIES

March 19, 2009

For the Fiscal Years Ended 2007/2008 and 2006/2007

2F

CHANCERY PROGRAMS & SERVICES

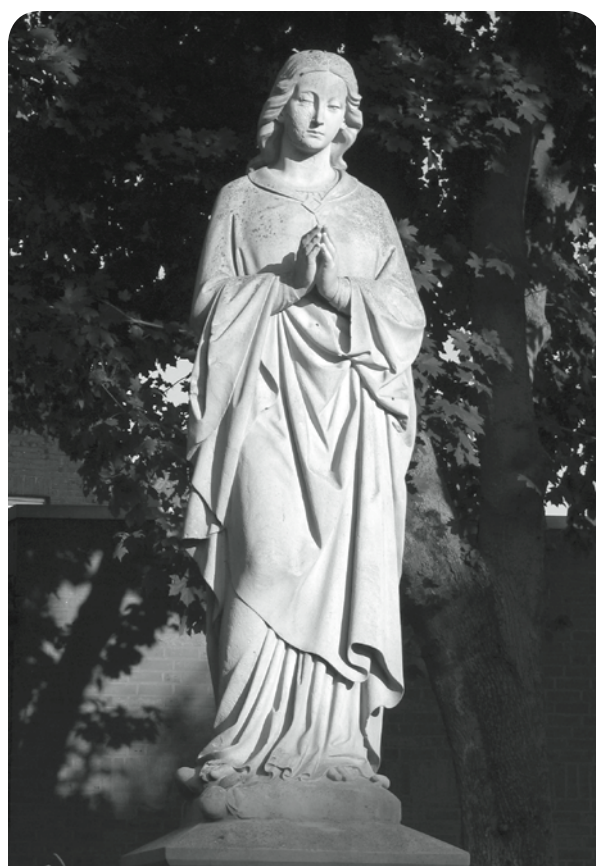
Below is the Statement of Activities for the Chancery for the years ended 2007/2008 and 2006/2007. Chancery offices and services assist Archbishop Brunett in his pastoral and administrative responsibilities. Management comments for the Revenue and Expenses may be found on the following page.

ANNUAL REPORT 2007/2008

The information contained in this report provides a financial overview of the Archdiocese of Seattle. Archbishop Alexander J. Brunett is the spiritual leader of the Roman Catholic Church in Western Washington. He is also the CEO and a corporate member of the Corporation of the Catholic Archbishop of Seattle. The corporation is made up of a number of independent financial entities. They include: the Chancery (the Central Offices of the Archdiocese) which is under the direct control of the Archbishop; the parishes and parish elementary schools, which are separate canonical units; the Catholic Youth Organization (CYO); the Associated Catholic Cemeteries; and the three Archdiocesan high schools (O'Dea High School, Bishop Blanchet High School and Kennedy High School).

Archbishop Brunett is also the corporate member of Catholic Community Services of Western Washington, the Archdiocesan Housing Authority, the Fulcrum Foundation and the 150th Anniversary Campaign; all separate corporations.

In the pages of this report you will find a summary of the statements of financial activities for the Chancery. There is also general financial information related to the Archdiocesan parishes, schools and other agencies, as well as Catholic Community Services, Archdiocesan Housing Authority and the Fulcrum Foundation. This report also includes a letter from the Archdiocesan Finance Council addressing the over-all financial health of the Church in Western Washington. We hope you find it to be informative.



	June 30, 2008 Total All Funds	June 30, 2007 Total All Funds
UNRESTRICTED NET ASSETS		
Revenue and Other Support		
Parish Assessments	\$5,249,000	\$5,052,000
Investment Income on Revolving Funds	4,760,000	4,391,000
Investment Income (Losses) on Endowments	474,000	639,000
Investment Income (Losses) on General Reserve	391,000	4,242,000
Realized Gains (Losses) on Sale of Property	1,093,000	3,237,000
Subscriptions, Advertising and Program Fees	2,882,000	2,291,000
Contributions and Bequests	647,000	2,019,000
Insurance Program Premiums	9,746,000	8,615,000
Other	1,079,000	1,045,000
Subtotal	26,321,000	31,531,000
Net Assets Released From Restrictions		
Annual Catholic Appeal	9,523,000	9,139,000
Restricted and Designated Funds	2,607,000	1,991,000
Total Revenue and Other Support	38,451,000	42,661,000
Expenses		
Catholic Faith Formation	1,005,000	955,000
Catholic Schools	1,180,000	1,160,000
Contributions to CCSWW	696,000	672,000
Donations, Grants and Subsidies	1,040,000	1,075,000
Missions Office	237,000	222,000
Office of the Vicar for Clergy	3,728,000	3,516,000
Office of Youth & Young Adult Ministry	707,000	635,000
Communications and NW Progress	897,000	890,000
Tribunal	470,000	453,000
Priest and Retired Bishop Support	1,658,000	4,173,000
Pension	2,272,000	2,843,000
General Administration	10,861,000	9,956,000
Insurance Program	16,017,000	11,511,000
Revolving Fund Interest & Bad Debts	4,394,000	3,870,000
Plant Fund Depreciation & Interest	1,604,000	1,796,000
Total Expenses	\$46,766,000	\$43,727,000
Change in Unrestricted Net Assets		
Change before Unrealized Losses and Transfers	\$(8,315,000)	\$(1,066,000)
Unrealized Gains (Losses) on Investments - General	(5,511,000)	2,507,000
Unrealized Gains (Losses) on Investments - Revolving Funds	(47,000)	15,000
Unrealized Gains (Losses) on Investments - Endowments	(984,000)	311,000
Change in Unrestricted Net Assets	\$(14,857,000)	\$1,767,000

PHOTO CREDITS:

Cover: Cathedral: courtesy photobymike.com

Page 2: Statue: courtesy shutterstock.com

Page 3: Chalice: courtesy CNS/Bob Roller

Page 4: St. Anne: courtesy Seattle Archdiocese Archives; St. Michael: courtesy photobymike.com; Archbishop: courtesy paulmphotography.com

Page 5: Basketball players: courtesy photobymike.com; Students: courtesy Fulcrum Foundation

Page 7: Child: courtesy Catholic Community Services

Page 8: Collection plate: courtesy CNS/Sam Lucero

REVENUE AND OTHER SUPPORT:

PARISH ASSESSMENT AND BILLINGS

Assessment on parishes to support the operation of the Church of Western Washington and billings to parishes for specific needs and services.

INVESTMENT INCOME ON REVOLVING FUNDS

The Parish and Archdiocesan Revolving Funds are loan and deposit funds operated by the Archdiocese for parishes and other Catholic organizations. Included is interest, dividends and realized gains (losses) on disposal of investments.

INVESTMENT INCOME ON ENDOWMENTS

Included is interest, dividends and realized gains (losses) on disposal of assets. Endowments are contributions set aside to generate investment income for restricted and unrestricted purposes.

INVESTMENT INCOME ON GENERAL RESERVE

The investments of the Archdiocese include restricted, unrestricted and designated funds. These investments are professionally managed under the guidance of the Investment Committee of the Archdiocesan Finance Council. The income includes interest, dividends and gains (losses) on disposal of investments.

REALIZED GAINS (LOSSES) ON SALE OF PROPERTY

During the year ended June 30, 2008, the parking lot known as P3 (located at 9th and Columbia) was sold for a realized gain of about \$1.1M. The proceeds were used to pay for remodeling of the old Chancery building and to create a capital reserve fund of \$252,000.

SUBSCRIPTIONS, ADVERTISING AND PROGRAM FEES

Revenue from *The Progress*, the official Archdiocesan newspaper. User fees for specific programs and services.

CONTRIBUTIONS AND BEQUESTS

Represents various gifts both restricted and unrestricted received by the Archdiocese in the past year.

INSURANCE PROGRAM PREMIUMS

Premiums from parishes and agencies, including CCSWW, for property, liability, automobile and worker's compensation insurance.

ALL OTHER SOURCES OF OPERATING FUNDS

Includes facility use, donations and contributions and miscellaneous.

ANNUAL APPEAL

Contributions from Catholics throughout Western Washington to the Annual Catholic Appeal. Does not include over \$2,220,000 in rebates returned to parishes.

RESTRICTED AND DESIGNATED FUNDS

Donations from a variety of sources for a variety of programs and services. Restricted funds are set aside for a particular purpose stated by the donor and not expended until the purpose is satisfied. If the funds are temporarily restricted, they may be expended fully for the intended purpose. If the funds are permanently restricted, only the earnings on the donation may be used for the intended purpose. Other unrestricted contributions may be designated by the Archbishop for a particular purpose.

EXPENSES:

CATHOLIC FAITH FORMATION

Assists the Archbishop in establishing a program for formation and education for all clergy, religious and lay people throughout the Archdiocese.

CATHOLIC SCHOOLS

Coordinates the development of Christian formation, curriculum, administrative and personnel policy for the Catholic elementary and high schools.

GRANT TO CATHOLIC COMMUNITY SERVICES OF WESTERN WASHINGTON

Subsidies to CCSWW to assist in their operations.

DONATIONS, GRANTS AND SUBSIDIES

Support for the Washington State Catholic Conference, contributions to the National Conference of Catholic Bishops/United States Catholic Conference and a grant to Catholic University. Contributions to Peter's Pence and Sisters' Pension. Subsidies to related organizations including CYO and donations to various ministries supported by the Archbishop.

MISSIONS OFFICE

Through several organizations, the Missions Office is responsible for fundraising and education for various efforts on behalf of the Church worldwide.

OFFICE OF THE VICAR FOR CLERGY

Assists the Archbishop in providing oversight and coordination of services and programs that promote and support the development of priests, seminarians, deacons, deacon candidates, and vocations to the priesthood and diaconate. Provides comprehensive support to clergy and other pastoral leaders in parishes and faith communities. Also assists the Archbishop in ensuring for the pastoral care of parishes and faith communities by serving pastors, staffs, and consultative leadership.

OFFICE OF YOUTH AND YOUNG ADULT MINISTRY

Includes the cost of support and training for youth and young adult ministries, retreat ministries and leadership development, service and mission programs. Also included are the costs of youth and young adult events, Catholic scouting and university Catholic campus ministries.

COMMUNICATIONS AND NW PROGRESS

Produces media communications and public information for the Archdiocese. The Broadcast Division provides video production services. *The Progress* is the official Archdiocesan newspaper. The Web Division creates and manages the Archdiocesan presence on the Web.

TRIBUNAL

Provides the legal process by which an individual can resolve questions of marital status according to the norms and teachings of the Church.

PRIEST AND RETIRED BISHOP SUPPORT

Medical premiums and expenses for retired priests. Living expenses for priests between assignments or on leave. Living and medical expenses for priests who are temporarily or permanently unable to perform their priestly functions. The actuarial adjustment for the priests' post-retirement benefits for 2008 was \$564,000 and for 2007 \$3,023,000.

PENSION

The Archdiocese contributes to three separate plans for the benefit of its employees: The Archdiocesan Pension Plan for Lay Employees, The Priests' Pension Plan and the Supplemental Retirement Program for Priests. The plans are separately managed and are not included in the financial statements. The adjustment to accrue the Archdiocesan future pension liability is based on actuarial assumptions. The accrual for 2008 was \$1,625,147 and for 2007 \$2,277,381.

GENERAL ADMINISTRATION

Includes The Office of the Archbishop, Chancellor's office, Archives, Liturgy, Planning & Research, Human Resources, Chancery Management including Computer and Support Services, Facilities and Operations, New Parishes, Interest, Department of Administration including Accounting, Development, Property and Construction and Parish Financial Services.

INSURANCE PROGRAM

The cost of insurance programs includes annual premiums and claims for property, liability, automobile and worker's compensation for parishes, schools, agencies, including CCSWW, and employees of the Archdiocese. It also includes projected payments for settlement of abuse claims.

REVOLVING FUND INTEREST AND BAD DEBTS

These expenses are related to the loans and deposits in the various revolving funds.

PLANT FUND DEPRECIATION & INTEREST

The depreciation is taken on the Fixed Assets of the Archdiocese and the interest is on the debt to acquire Archdiocesan assets.

UNREALIZED GAINS (LOSSES) ON INVESTMENTS

— GENERAL

Represents the difference between market and book value on investments at the fiscal year end on the General Reserve.

UNREALIZED GAINS (LOSSES) ON INVESTMENTS

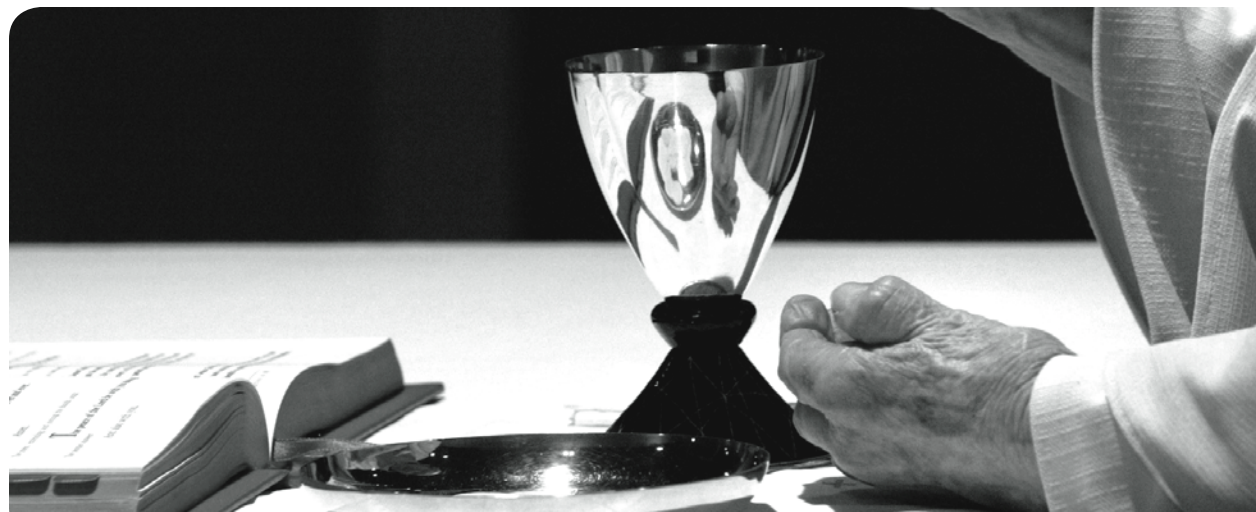
— REVOLVING FUNDS

Represents the difference between market and book value on investments at the fiscal year end on the Revolving Funds.

UNREALIZED GAINS (LOSSES) ON INVESTMENTS

— ENDOWMENTS

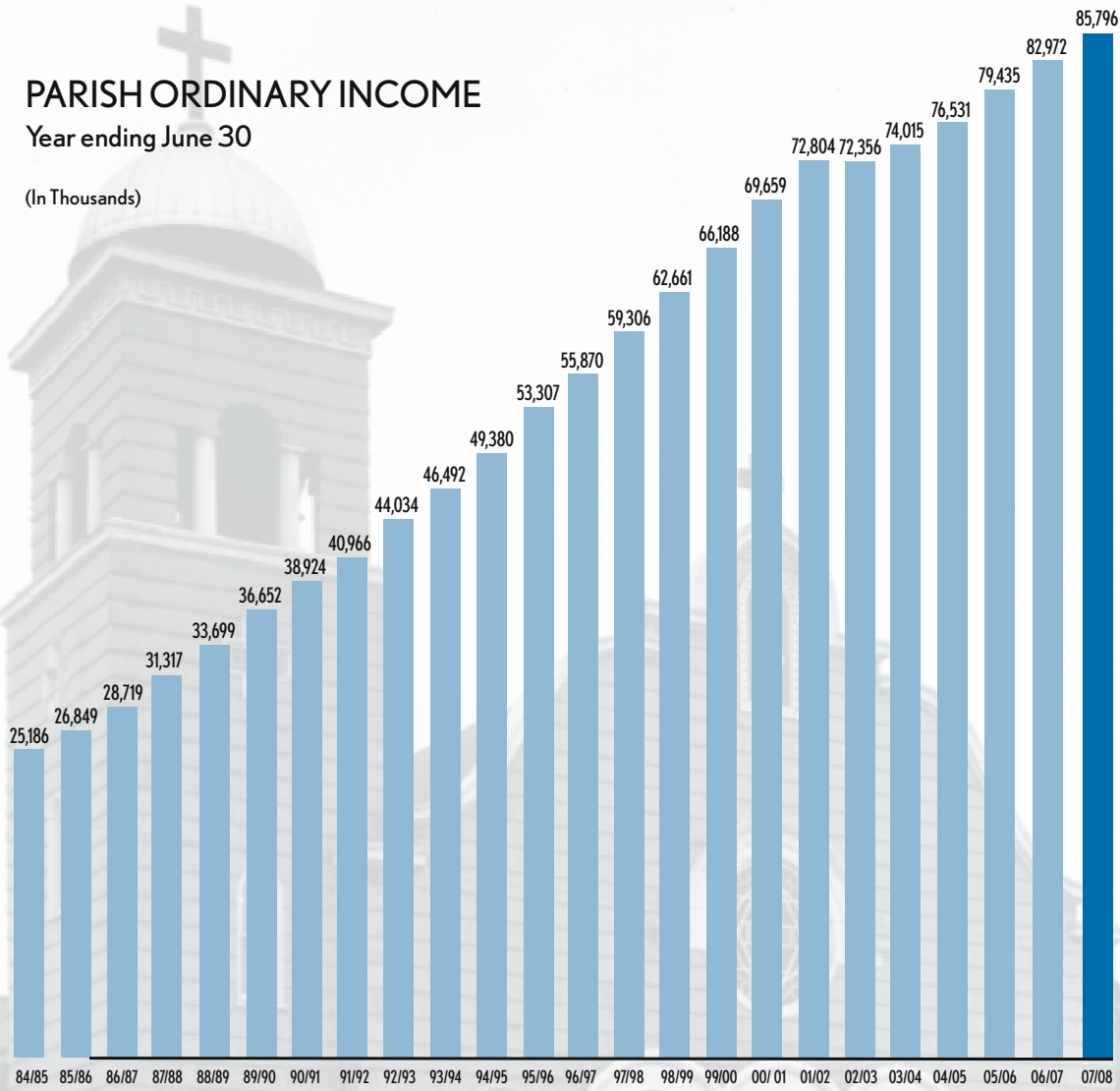
Represents the difference between market and book value on investments at the fiscal year end on the Endowments.



PARISH ORDINARY INCOME

Year ending June 30

(In Thousands)



Catholics throughout Western Washington continued to give generously in support of their parishes and missions during 2007/2008. Through this generosity, Parish Ordinary Income (Sunday and Holy Day Collections) increased 3.4% in the year ending June 30, 2008 to \$85.8 million. Total parish revenue from all sources, including parish schools, was in excess of \$225.3 million. Over 73% of our parishes and missions ended the year with an operating surplus. The economic diversity and variations in community size continue to be reflected in parish collections. In 2007/2008, 19 parishes recorded over \$1 million in collections with two over \$2 million. At the same time, Ordinary Income in 13 parishes, primarily in rural areas was under \$100,000.

REVOLVING FUNDS

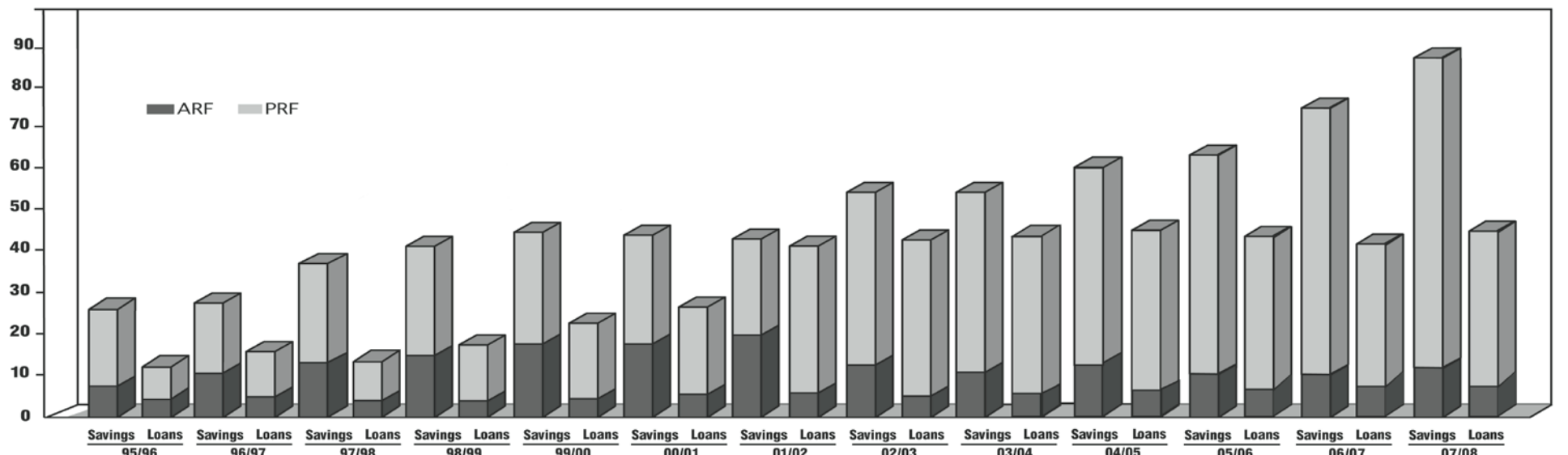


The Parish Revolving Fund (PRF) and Archdiocesan Revolving Fund (ARF) are separately maintained savings and loan organizations within the Archdiocese. Parishes and other institutions deposit surplus funds in the appropriate fund. These funds are then available as loans to grow the Church throughout the Archdiocese. The PRF serves parishes while the ARF provides the same service for other institutions.

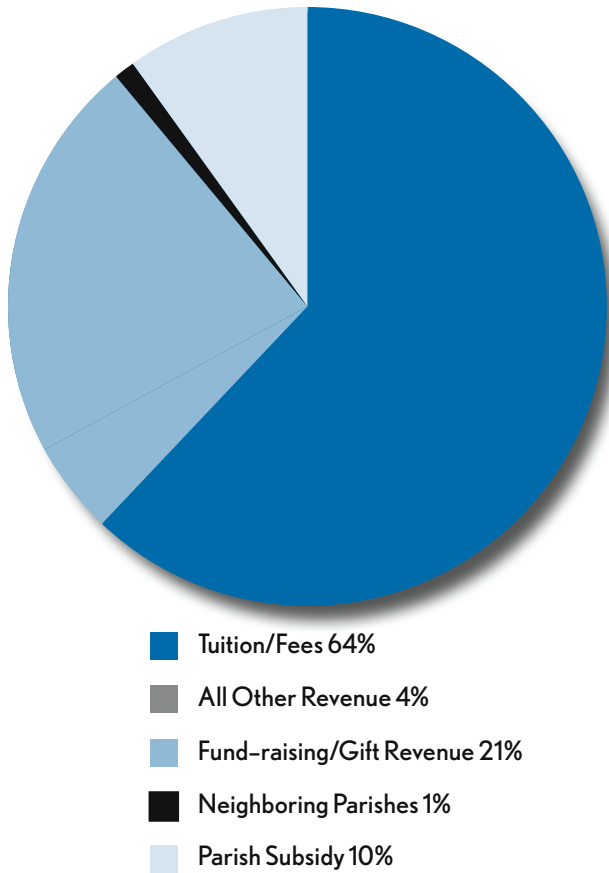
A seven member Commission oversees PRF operations, Commission members are listed on page 8.

PRF savings at 6/30/08 totaled \$87.0 million in 626 accounts, substantially up from last year's \$76.0 million in 602 accounts. Loans increased to \$44.6 million from last year's \$42.9 million while the number of loans decreased slightly from 119 to 117.

ARF savings also increased from \$10.5 million in FY2006/2007 to \$12.3 million with loans increasing from \$6.1 million to \$6.6 million.



SOURCES OF SCHOOL REVENUE



During 2007–2008, the 56 diocesan elementary schools and four additional Catholic elementary schools provided the highest quality education emphasizing Catholic values to 16,081 students. Of these, 86% were registered as Catholics. Ethnic minority students comprised 30% of the total elementary population. The four schools, including Forest Ridge, Villa Academy, Holy Family (Lacey) and Pacific Crest Academy, served 2,695 students of that total.

Parish school operating revenues for 2007–2008 totaled \$99.8 million. Tuition and Fees accounted for 64% of the total with the balance made up of a combination of parish grants, neighboring parish grants, Archdiocesan grants through the Fulcrum Foundation, and local fund raising and development efforts.

In addition to the parish elementary schools, nine outstanding Catholic high schools served an additional 6,139 students. Of these nine schools, the Archdiocese operates three in the greater Seattle area — Bishop Blanchet High School, J.F. Kennedy Catholic High School, and O’Dea High School, under the direction of the Christian Brothers. Together, these three secondary schools enrolled 2,495 students within the total. Budgets for these three schools totaled \$22,942,406.

The other six secondary schools offered high school programs of study in the Seattle, Tacoma, Everett and Bellevue areas of our state. These include Holy Names Academy, Seattle Preparatory School, Bellarmine Preparatory School, Archbishop Thomas J. Murphy High School, Forest Ridge School of the Sacred Heart and Eastside Catholic High School. Together, these schools enrolled 3,644 students. Their combined budgets totaled \$55,550,676.



A total of 1,299 teachers delivered an educational program to the elementary children. A total of 521 full and part time secondary teachers instructed the high school students.

We are anticipating the opening of two new Catholic high schools, both of which have been approved by the Archbishop. Pope John Paul II High School will be located on a new campus serving the Lacey/Olympia area, while St. Elizabeth Ann Seton High School will be located near Ridgefield, serving the families in southern Washington State.



FULCRUM FOUNDATION



The plan for the Fulcrum Foundation and Fulcrum’s family of supporters is coming “together toward the goal.” Six years after its founding in March 2002, Fulcrum has been blessed with a

successful capital campaign, a million dollar annual event — the “Celebration of Light” — to support our Catholic schools, over 5,000 identified donors, and a robust annual plan that involves young people, the business community, and benefactors who will leave a legacy gift to Fulcrum for Catholic schools.

An outstanding and involved Board of Trustees has overseen the development of the plan. We are grateful to the Board and its committees for their diligent oversight. The imagination and hard work of the Development, Finance, and Distribution committees are evident in this annual report.

EMBRACING OUR LEGACY — ENDOWING THE FUTURE OF CATHOLIC SCHOOLS CAPITAL CAMPAIGN

To keep schools open and affordable, Fulcrum’s capital campaign raised cash and built endowments to provide tuition assistance for students in financial need and to support the operating budgets of schools in economically challenged communities. The campaign to endow the future of Catholic schools successfully concluded in

December 2008, surpassing the \$40 million goal.

Over 2,700 donors throughout western Washington have come together to make this campaign a success, and we are grateful for their generous support. Special thanks are due to our campaign co-chairs, Mike and Mary Lee, who led the campaign to its successful conclusion, and to our campaign committee and countless volunteers in parishes and schools who helped us exceed our goal.

TUITION ASSISTANCE

In fiscal year 2008, the Fulcrum Foundation distributed \$899,840 in tuition assistance. Individual grants were increased to \$750 in keeping with the Board of Trustees’ plan to increase the amount of tuition assistance and the number of recipients. Targeted tuition assistance was also awarded to raise enrollment at select schools. The chart on this page shows the dramatic progress that is being made according to plan.

ASSISTANCE TO SCHOOLS IN NEED

In fiscal year 08 the Fulcrum Foundation provided \$681,105 in special assistance to 22 schools (listed below) to meet their operating or extraordinary expenses.

- | | |
|---------------------------------------|------------------------------|
| Christ the King School | St. Cecilia School |
| Holy Family School – Auburn | St. Edward School |
| Holy Family School – Seattle | St. George School |
| Holy Rosary School – Tacoma | St. Joseph School – Chehalis |
| Immaculate Conception Regional School | St. Mary School |
| Our Lady of Guadalupe School | St. Paul School |
| Queen of Angels School | St. Pius X School |
| St. Alphonsus School | St. Rose School |
| St. Bernadette School | St. Therese School |
| St. Brendan School | John F. Kennedy High School |
| St. Catherine of Siena School | Visitation School |

EXCELLENCE GRANTS

During fiscal year 08, the Fulcrum Foundation awarded “Excellence Grants” of up to \$1,500 to 17 Catholic elementary and high school teachers throughout western Washington. These grants encourage teachers to improve their course design and lesson plans, through creative thinking, proposals for long-term changes to the curriculum, and projects that can be replicated by other teachers. This year, the Fulcrum Foundation distributed \$27,410 in “Excellence Grants”, Fulcrum-PACE teacher enrichment grants, and Notre Dame Continuing education grants.

Many exciting applications were received this year, including proposals to expand Our Lady of the Lake School’s program for special needs students, develop an inter-generational art program for kindergarteners and seniors at St. Mary Magdalen School, and engage K-8 students in geography, history, civics and even economics by creating a “Celebrate Canada Day” at St. Philomena School.

Fulcrum’s success has meant a sounder financial footing for our Catholic schools, which continues to make excellent academic, religious, and co-curricular programs accessible to more students. This report highlights the distributions of tuition assistance, assistance to schools in need, and teacher excellence grants for fiscal year 2008 that are making a difference in the lives of people, schools, and communities across western Washington.



Over 10,000 individual youth participated in CYO programs in Athletics, Outdoor Ministries and Retreat Ministry in 2007-2008. Participants ranged in age between six and eighteen.

ATHLETICS

School year 2007-2008: CYO Athletics coordinated league competition for over 40 Catholic parishes with schools and several other private elementary schools within King, Pierce and Snohomish counties. The purpose of these programs was to develop attitudes of fair play, teamwork, self-discipline and physical fitness based upon Catholic Christian principles.

Sports included soccer, cross country, basketball, volleyball, baseball and track and field. The majority of participants were in grades 4 through 8. There were approximately 15,000 youth athletes involved and an estimated 3,000 adult volunteer coaches, coordinators and commissioners.

OUTDOOR MINISTRIES

Summer 2007: CYO Outdoor Ministries operated three resident camps, Don Bosco, Hamilton and Gallagher in addition to the Nanamakee wilderness expedition program that served just under 1700 youth summer

campers in a wide variety of programs fostering personal, social and spiritual development.

Campers came from all over Western Washington. CYO's campership programs and discounts provided over \$77 thousand in financial aid to participants.

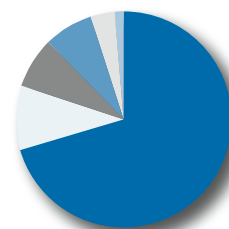
Spring 2008: CYO Outdoor Ministries offered an environmental education program at Camp Hamilton emphasizing Christian stewardship of the earth. This program served 891 fifth and sixth graders from 27 area Catholic schools as well as 270 students from 2 public schools.

RETREAT MINISTRY

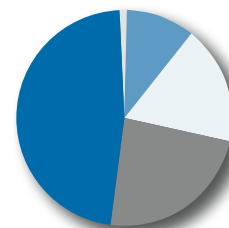
This program hosted fall, winter and spring group retreats and conferences for youth and adults at Camps Don Bosco, Hamilton and Gallagher. There were over 70 different groups and almost 4000 participants that utilized CYO camp facilities in 2007-08. Catholic parish and school groups accounted for almost 75% of the groups. In addition, the Office for Youth and Young Adult Ministry facilitated numerous retreats at these facilities including five confirmation retreats for over 400 youth participants from 19 parishes and two marriage prep retreats for over 60 participants.

SUMMARY OF OPERATIONS

Fiscal Year 2007/2008 (\$ In Thousands)



OPERATING REVENUE TOTAL \$1833



OPERATING EXPENSES TOTAL \$1980

- Fees for Services \$1526
- Archdiocesan Subsidy \$146
- United Way Support \$58
- Archdiocesan Scholarship Funds \$75
- Unrestricted Donation Income \$21
- Other \$7

- Administration \$222
- Total Capital Development \$260
- Youth Athletics \$319
- Outdoor Ministries \$1177
- Fundraising \$2

Operations:	
Expenditures in excess of revenue	\$ (147)
Non-Operating Items:	
Revenue from timber harvesting	212
Capital Expenditures on Discovery Lodge	(119)
Total Expenditures in excess of revenue	\$ (54)

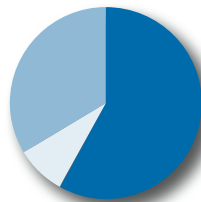
ASSOCIATED CATHOLIC CEMETERIES

MISSION STATEMENT

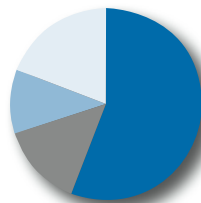
We trust in Jesus to use our hearts and hands to comfort His people, celebrate the dignity of life and offer hope. Catholic cemeteries are signs of hope that are places of prayer and witness our faith in the Lord Jesus and the hope we share in resurrection. This ministry is extended through the education of parishioners concerning pre-arrangement planning, and scheduled opportunities for prayer. ACC also serves as a resource to parishes regarding funeral and burial issues.



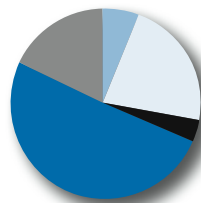
- ACC BURIAL RIGHTS SOLD
- At-Need 250 Spaces - 17%
- Pre-Need 1262 Spaces - 83%



- ACC TOTAL BURIAL SERVICES
- Ground, 528 burials - 58%
- Mausoleum, 72 burials - 8%
- Cremation, 314 burials - 34%



- ACC 2007/2008 REVENUE
- Burial Rights - 59%
- Products - 20%
- Services - 10%
- Invest. Inc. - 11%



- ACC 2007/2008 EXPENSES
- Office - 18%
- Grounds - 6%
- Cost of Sales - 18%
- Selling - 3%
- Personnel - 55%

Associated Catholic Cemeteries is comprised of four cemeteries and has buried approximately 77,000 people in nearly 120 years. Calvary, located near the University of Washington in Seattle, was dedicated in 1889. Holyhood, serving North Seattle, King, and Snohomish Counties, was blessed in 1953. Gethsemane, dedicated in 1975, serves South Seattle, King and Pierce Counties. St. Patrick, begun in 1890 as the parish cemetery for St. Anthony (now Holy Spirit) Parish in Kent, was transferred to ACC in 1989. These four cemeteries provided 914 burial services during 2007/2008. In keeping with the Church's teaching of a preferential option for the poor, Associated Catholic Cemeteries continues to provide burial services at no charge or at a reduced cost to those in need. This is made possible due to the support of other families who choose their Catholic cemetery for their burial needs.

Associated Catholic Cemeteries continues its long-standing practice of operating without financial subsidy from the Archdiocese. Financial results for the year ending June 30, 2008 show a positive Net Income from Operations which is used for development and equipment replacement. The cemeteries also have a Care Fund to ensure long-term care and maintenance. Despite regular contributions to the Care Fund, the slowing economy and the market effects on the Fund's investment portfolio resulted in a net loss of approximately -5.9% in the Fund's investment portfolio.

In addition to the four Archdiocesan Cemeteries, there are 20 active parish cemeteries throughout the Archdiocese. The financial results of these cemeteries are included in parish operations.

A Pre-Need Planning Guide as well as *A Guide for Making Good Decisions for the End of Life* are both available at no charge by calling 1-888-784-8683. To learn more about the Catholic Cemeteries of the Archdiocese visit them on the internet at www.acc-seattle.org.



SUMMARY OF OPERATIONS

Fiscal Year 2007/2008

REVENUE

Burial/Entombment Rights	3,768,830
Products	1,278,318
Services	660,594
Revenue from Care/Pre-Need/Other	705,020
	<u>6,412,762</u>

SURRENDERS/DISCOUNTS (703,047)

NET REVENUE 5,709,715

COST OF SALES 2,027,458

GROSS MARGIN 3,682,257

OPERATING EXPENSES

Personnel	1,621,414
Depreciation	164,078
All Other Operation & Care Expense	1,362,395
	<u>3,147,887</u>

NET INCOME FROM OPERATIONS FOR DEVELOPMENT AND EQUIPMENT ACQUISITION 534,370

GOOD NEWS FROM THE MISSIONS OFFICE

The Missions Office has as its focus the social mission of the Church, providing educational and funding support for local and international evangelization, relief and development work. The office represents the Pontifical Missions Societies, Catholic Relief Services and the Catholic Campaign for Human Development, integrating their educational and fundraising components. Included in programs are year-around Catholic social teaching resources for parishes and schools, and grants for charity and justice projects. Information on all of the above can be found at www.seattlearch.org/missions.

Catholic Relief Services (CRS) is our U.S. Catholic community's international relief and development agency, working in 100 countries solely on the basis of need, not creed, race or nationality. The fundamental motivating force of CRS is the Gospel of Jesus Christ as it pertains to the development of people, alleviating human suffering and fostering charity and justice world-wide. CRS provides direct aid to the poor and involves people in their own development, helping them to realize their potential. And CRS educates the people of the U.S. to fulfill their moral responsibilities toward our brothers and sisters around the world by helping the poor, working to remove the causes of poverty, and promoting social justice.

Propagation of the Faith, one of the four Pontifical Mission Societies, seeks to foster an ever-deeper spirit of universal mission, to inform Catholics of the life and the needs of the Catholic Church in the missions, and to encourage prayer and financial help for

those mission churches. Through the offerings of Catholics worldwide, the Propagation of the Faith provides ongoing support for the pastoral and evangelizing programs in Africa, Asia, the islands of the Pacific and in remote regions of Latin America. This includes aid through **Society of St. Peter the Apostle** for the education and support of seminarians, religious novices and lay catechists; for the work of religious communities in education, health care and social services; and for communication and transportation needs. **The Holy Childhood Association**, another Pontifical Mission Society, is dedicated to mission awareness among elementary school-age children — children serving children in need.

The Catholic Campaign for Human Development is the domestic anti-poverty, social justice program of the U.S. Catholic community. Its mission is to address the root causes of poverty in the United States through promotion and support of community-controlled, self-help organizations and through transformative education in parishes, schools and faith communities.

In fiscal year 2007/2008, the Missions Office received \$2,311,700 for mission, relief and development work of the Church (primarily through the Catholic Relief Services Collection, CRS Operation Rice Bowl, the World Mission Sunday collection, the Build Hope collection, and bequests). This amount does not include donations made directly to the national offices of the organizations listed above.



CATHOLIC COMMUNITY SERVICES

March 19, 2009

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As a faith-based and values-driven outreach of the Catholic Church in Western Washington, Catholic Community Services has provided safety, stability and supportive connections in the lives of men, women and children in need for over 90 years. It is the largest local private provider of assistance to poor and vulnerable people in the State of Washington. Under the leadership of Archbishop Alex J. Brunett, the direction of Father Kenneth Haydock and the Boards of Trustees, and Michael L. Reichert, President, the people of Catholic Community Services (CCS) and the Archdiocesan Housing Authority (AHA) provide loving and compassionate service to persons in need throughout Western Washington.



The 12 CCS family centers provide an array of services. Long Term Care services are provided in the homes of seniors and people with disabilities of all economic backgrounds. Chemical Dependency System Northwest provides a full continuum of outpatient chemical dependency treatment services for youth, adults and their families. The Family Preservation System assists children/youth

and families with multiple and complex needs. AHA and its Special Ministries programs provide affordable housing, transitional housing, emergency shelters, and other services.

In each area of the Archdiocese, services are based on local needs and funding. They are provided through a variety of sources, including contracts with cities and counties; the state and federal governments; fees for services; private donations and foundations; and through United Way. Archdiocesan funding is provided through the Annual Catholic Appeal, CCS Week, and a variety of specific family center and program appeals during the year. The Catholic Charities Foundation also provides funding.

CCS FAMILY CENTERS

CCS family centers reflect the needs and resources in each community where they are located. Where possible, family centers tailor a unique approach to each family that comes in need. Family center staff work to integrate all the services available in a community to nourish self-sufficiency and achieve wholeness and well-being for every member of the family. Family center services vary by site and may include counseling, case management, information and referral, emergency services, shelters and transitional housing, mental health services, chemical dependency services, foster care, Volunteer Chore Services, the Foster Grandparent Program, and others.

LONG TERM CARE SERVICES

More than 3,500 people are served every day by Catholic Community Services' Long Term Care System. With more than 2,200 staff and 200 volunteers, the Long Term Care System serves seniors and people with disabilities of all economic backgrounds in all counties in Western Washington. Services include in-home personal care, two African-American outreach/case management programs, 29 senior meal sites, "meals-on-wheels" for homebound seniors, adult day services, limited home health services, and training.

CHEMICAL DEPENDENCY SYSTEM NORTHWEST

CCS Recovery Centers provide a full continuum of outpatient chemical dependency treatment services to youth, adults, and their families. The CCS Recovery Centers are a safe, nurturing, and enriching environment where all are treated with dignity and respect, and where clients and their families become empowered to make healthy changes to stop the destruction of alcoholism and other drug dependencies. CCS emphasizes a broad range of approaches to the treatment of alcoholism and other drug dependencies, striving to serve those most in need.

CD System Northwest Locations: Whatcom County and Snohomish County.

THE FAMILY PRESERVATION SYSTEM

The Family Preservation System provides an array of mental health services and social supports to children/youth and families with multiple and complex needs, serious family conflict, risk of or history of separation from the family, as well as difficulties in other areas of life.

Locations: Pierce, Kitsap, Thurston, Mason and Clark counties in Western Washington, and Multnomah, Washington and Clackamas counties in Oregon.

THE ARCHDIOCESAN HOUSING AUTHORITY

AHA provides a continuum of care for homeless and low-income persons throughout Western Washington. Twenty-five day centers, emergency shelters and transitional housing programs offer a warm, safe refuge from the streets. AHA provides homeless men, women and children with a safe place to sleep, bathe, launder clothes, receive medical attention and alcohol and drug treatment. AHA also provides case management and referrals to community-based support services. Catholic Refugee and Immigration Services, a program of AHA, welcomes families from around the world,

offering a range of programs and services for adults and youth. Throughout Western Washington, AHA provides 1,882 affordable permanent housing units in 43 programs, serving single persons, families, seniors, and persons with special physical and mental needs. Most AHA housing includes resident support services in addition to a clean and safe place to live. Affordable housing facilities are located in Bellevue, Bellingham, Bremerton, Burien, Centralia, Everett, Lakewood, Kelso, Mount Vernon, Puyallup, Redmond, Renton, Seattle, Sedro Woolley, Sumner, Tacoma, Tumwater and Woodland.

CCS FAMILY CENTERS

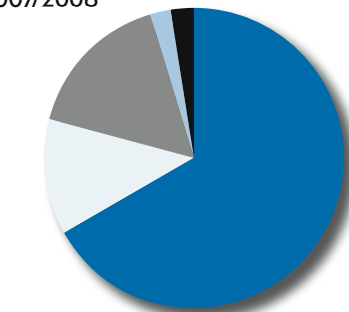
Aberdeen:	Grays Harbor Family Center
Bellevue:	East King County Family Center
Bellingham:	Whatcom Family Center
Bremerton:	Kitsap Family Center
Burlington/Mount Vernon:	Skagit Family Center
Everett:	Snohomish County Family Center
Kent:	South King County Family Center
Longview:	Columbia River Region Family Center
Olympia:	Thurston County Family Center
Seattle:	Randolph Carter Family and Learning Center
Tacoma:	Pierce County Family Center
Vancouver:	Columbia River Region Family Center

OPERATING BUDGET - \$100,857

Fiscal Year 2007/2008

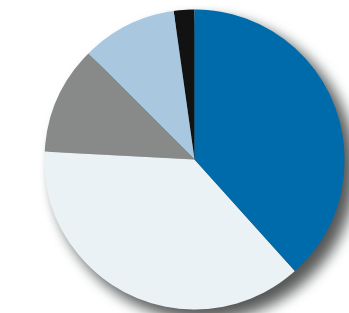
(In Thousands)

REVENUE



	Government Fees and Contracts 70.3% - \$70,861
	Public Support/Contributions 11.3% - \$11,400
	Private Fees for Service 14.3% - \$14,463
	United Way 2.0% - \$2,023
	Other Revenue 2.1% - \$2,110

EXPENSES



	Children and Families 38.6% - \$38,987
	Aging and Disabled 36.5% - \$36,784
	Housing and Shelter 13.0% - \$13,074
	Administration, Fund Raising and Awareness 8.4% - \$8,440
	Capital Reserves 3.5% - \$3,572

In addition to the 2008 Operating Budgets, CCS and AHA are the managing general partners or program managers for 27 affordable housing projects with a combined operating budget of \$10,270,107.

The Catholic Charities Foundation of Western Washington reported assets as of June 30, 2008, of \$13.9 million that were invested for the benefit of CCS and AHA. For the year ending June 30, 2008, the Foundation distributed \$700,000 to CCS and AHA.

ORDER FORM

Additional information is available upon request for the following:

- 2009 CYO Summer Camping Brochure for youth ages 6-18.
- Significant Savings** are available to those who pre-plan their cemetery arrangements. Return this order form for a **FREE Pre-Need Planner**, filled with useful information.
- Information about Planned Giving (Wills and Basic Estate Planning.)
- Crozier Society Information Brochure.
- Fulcrum Foundation Annual Report.
- Audited Financial Statements of the Catholic Youth Organization as of June 30, 2008.
- Audited Financial Statements of the Administrative Offices of the Corporation of the Catholic Archbishop of Seattle as of June 30, 2008.
- Audited Financial Statements of the Fulcrum Foundation as of June 30, 2008.

Please send to:

Name _____

Address _____

City _____

State _____ Zip _____

Telephone (optional) _____

Please return this form to:

**Archdiocese of Seattle
Administration & Finance
710 9th Avenue
Seattle, WA 98104-2017**



FROM THE FINANCE COUNCIL



Dear Members of the Church in Western Washington:

As members of the Archdiocesan Finance Council, we assist Archbishop Brunett and his staff in the oversight of financial matters of the Archdiocese of Seattle. It is through your generosity as parishioners and members of the Archdiocese of Seattle that the Church in Western Washington is able to carry out the mission entrusted to it by Jesus Christ. Because of your faith and trust in the Church and its leadership, we feel it is important to provide you this annual report to keep you apprised of the financial condition of our Church and informed about the issues we are addressing.

This past year people in the Archdiocese continued to be generous. Donations to the Annual Catholic Appeal hit a record high of \$12.5 million with parishes receiving rebates of over \$2.2 million. A number of parishes completed capital campaigns for building and renovation projects. The Fulcrum Foundation successfully completed its \$40 million campaign which will provide tuition assistance grants to low-income families and grants to needy schools. However, the economic downturn has also affected our Church. Some of our parishes have recently experienced declines in their ordinary income. Many of our Catholic schools have endowment funds and the losses in the stock market have negatively impacted these funds. Thus, they are not able to provide the support to local elementary and high schools as they have in the past.

The losses in the stock market have dramatically impacted the investment returns from the Archdiocese's General Reserve and the Priest Pension Fund. As a result, the budget forecast prepared by the Finance Council is projecting a significant decrease in funds available for the operating budget of the Archdiocese. Therefore, Archbishop Brunett has initiated a process of cutting \$1.9 million from the budget which represents a 12% reduction in projected expenditures. He has directed that these cuts be made in a way that the essential ministries and services provided by the Church will continue. Based on recommendations from the Finance Council and the Presbyteral Council, an additional \$500,000 will be added to the Annual Appeal goals to restore the viability of our Priest Pension Plan.

Our Catholic Community Services (CCS) and Archdiocesan Housing Authority (AHA) continue to provide services to needy families and individuals in our community. It is expected that the needs will increase in the coming year because of the downturn in the economy. The State of Washington will be cutting back on the funding of many services to the needy. This means that the Church's charitable organizations will need to fill the gap and we as Catholics will be their support to ensure that CCS and AHA can meet this challenge.

One of the priorities of the Finance Council is to ensure that our Church, both at the Archdiocesan level and parish level, holds itself to the highest standards of accountability for contributions received. The Finance Council has reviewed the current financial policies and practices and has made a number of recommendations to strengthen the financial controls and to ensure that all funds are properly accounted for and that the appropriate checks and balances are in place.

The Archdiocese continues to face financial challenges as we respond to the victims of child sexual abuse. Over the past twenty years, the Archdiocese has provided pastoral care and settlements to approximately 280 victims. The costs of the settlements, counseling and attorneys fees have totaled approximately \$39 million.

These costs were primarily paid by the insurance companies that were providing coverage at the time of the abuse. Over 90% of all our current cases are pre-1980 and all are prior to 1984. Some cases go back as far as 1950. During those years, the Archdiocese had more than ten different insurance companies. Prior to 1973, our insurance coverage was not centralized and each parish carried its own insurance. Fortunately, we have been able to find the majority of these insurance policies but there are also gaps in coverage due to missing policies and policies with very low limits of liability.

In cases where there are gaps or low limits, we funded the settlements through our Archdiocesan Self-Insurance Reserve. This fund was depleted two years ago. Now, when there is a lack of insurance coverage, we are funding the settlements from the Archdiocesan General Reserve. The General Reserve was funded in the late 70's and mid-80's from the sale of properties that were not being used by the Archdiocese.

This means that no funds donated to the Annual Catholic Appeal or any funds from parish assessments have been used to fund the sexual abuse settlement cases. If the Archdiocese continues to settle cases for fair and reasonable amounts, as it has for the last twenty years, and if our insurance carriers remain cooperative, the Archdiocese will not be forced to seek relief from bankruptcy as some of our neighboring dioceses have done.

We continue to reach out to victims and to provide pastoral care and assistance toward their healing. Currently, the Archdiocese has 26 cases that have not yet been settled. It is our hope that these cases will be settled in the next 18 months. In addition, the Archdiocese continues to expand its efforts to address the tragedy of child sexual abuse. There is required screening for all those in our Church who work with children. There is also required training for all parish staff and applicable volunteers to ensure that our parishes and schools provide a safe environment for our children.

We hope this report provides insights into the financial affairs of the Archdiocese. As we move into the future, the Archdiocesan Finance Council is committed to providing good stewardship and assistance to Archbishop Brunett and his staff in the financial management of the Church of Western Washington.

In closing, I would like to take this opportunity to thank Tom Hoover for his ten years of service on the Archdiocesan Finance Council and, in particular, for his six years as Chair of the Council. He has provided strong and steady leadership. He has a true sense of stewardship in giving his time and talent to our Church.

Sincerely,

Lou Dell'Osso, Jr., Chair

Archdiocesan Finance Council



ARCHDIOCESAN FINANCE COUNCIL:

Chairperson: Mr. Lou Dell'Osso, Jr.
Ms. Mary Almonte
Mr. Dan Brotherton
Mr. James DeFranco
Rev. Patrick Freitag
Mr. Tom Hoover
Mr. Mel Kelso
Ms. Ruth-Marie Nizolak
Ms. Mary Jane Patterson
Mr. Tom Rainville
Mr. Jack Sullivan
Mr. Pat Welch

Staff: Mr. Pat Sursely
*Archbishop's Delegate
for Administration and Finance*

AFC SUBCOMMITTEE FOR INVESTMENTS:

Mr. Dan Brotherton
Dr. Hildegard Hendrickson
Mr. Dick Kennedy
Ms. Mary Jane Patterson

Staff: Ms. Nan Severns, *Controller*
Mr. Pat Sursely
*Archbishop's Delegate
for Administration and Finance*

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Vice-Chair: Rev. Jack Walmsley
Rev. Jim Johnson
Rev. Gary Morelli
Mr. Pete Shepherd
Ms. Carol A. Thompson
Mr. Pat Sursely
*Archbishop's Delegate
for Administration and Finance*

Staff: Mr. Ed Williams,
Director of Parish Financial Services

ARCHDIOCESAN BUILDING COMMISSION:

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Mr. Kevin Broderick
Mr. Art Butler
Rev. Dick Hayatsu
Mr. Dennis Lehtinen
Mr. Jim Napolitano
Mr. Bill Rutledge
Mr. Joe Sacquitne
Mr. Don Severide
Mr. Jay Taylor
Mr. Richard Tomkins
Rev. Tom Vandenberg

Staff: Mr. Ed Foster
*Director of Property
and Construction Services*
Ms. Carolyn Lassek
Director of Liturgy
Mr. Pat Sursely
*Archbishop's Delegate
for Administration and Finance*
Mr. Ed Williams
Director of Parish Financial Services