

2003

# Stewardship & Financial Report

The Catholic Church in New Hampshire

The work of the Church belongs to all the Christian faithful, therefore we share a common mission rooted in the person and ministry of Jesus Christ.

## MISSION STATEMENT

We are the Catholic Church of New Hampshire, a portion of God's People rich in our tradition and in our diversity, striving in faith for fullness of life.

In communion with the Bishop of Rome and the Church throughout the world, our mission is to witness to the Good News of Our Lord Jesus Christ in the power of the Holy Spirit by

Worshiping God in Word and Sacrament,

Proclaiming and sharing our Faith, Promoting holiness of life through continuing conversion,

Serving human needs, especially those of the poor and the oppressed,

Forming Christian communities on the family, parish and diocesan levels,

Fostering reconciliation and harmony among the people of our diocese, our state, our nation, and our planet.

Faithful to the constant teachings of the Church, we also pledge to collaborate with all peoples, especially with other Christian Churches and with Jewish Communities, as we devote ourselves to being thankful, responsible stewards of God's gracious and bountiful gifts.

While we journey in Faith, we anticipate with joy the day when Christ will come again and everything will be complete in God's love.

Dear Brothers and Sisters in Christ:

We believe that our membership in the Catholic community is a special gift from God. We also know it to be both a consoling and challenging one; consoling insofar as we enjoy true communion with God and each other; challenging insofar as we are accountable for how we manage the individual gifts He has given us. Trusting that we will be faithful stewards, He expects that we will share His gifts with others (1 Peter 4:10). In many ways, the depth of our communion with God is directly related to our effort to be faithful stewards of His gifts (Luke 19:11-18).

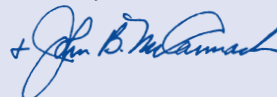
I am pleased to publish the first Stewardship and Financial Report of the Diocese of Manchester. In this Report, I hope to express to you not only the accounting of gifts that the Church has received, but also a sense of how we work together to do the work of the Lord. Therefore, my own expression of stewardship is one of gratitude to all the members of the Christian faithful in New Hampshire whose gifts of time, talent and treasure make the work of the Church possible. The prayerful support and contributions of thousands of people across our state help to respond to the call of the Lord to serve others.

I also want to reassure all those who count on the ministry of the Church that we are a strong and vibrant community. We have faced challenges and difficulties in the last two years that none of us could have imagined. We have sought to do what is right to assist those most in need. The financial consequences of these choices are significant, but because it is the work of the Church to serve others, we have done so gladly. I am confident that the sacrifices we make now will reap a bountiful harvest of forgiveness, reconciliation and healing in the Lord.

To the pastors of our parishes, the principals of our schools and the directors of our diocesan institutions, I am deeply grateful. Your stewardship, along with that of the people who assist and advise you in your particular ministry or apostolate, is what prompts the Catholic faithful to be generous supporters of and collaborators in the work of our local church.

I also want to thank the diocesan Finance Council and the diocesan staff who assist me in my stewardship as your bishop. The mission of the Church continues to be fulfilled when we exercise the ministry of the Lord together. May God bless us and our work. May His love for each and every human person be realized more fully and made more transparent by our sharing in the mission He has given us. With prayerful best wishes, I remain

Sincerely in our Lord,



Bishop of Manchester

## A Stewardship Report

The Church expresses an accounting of its work in many ways. Our accountability is to the Lord and to one another. This Stewardship Report highlights different facets of Catholic life in New Hampshire. A detailed accounting of the Diocese's central administration through audited financial statements is available at the Church's website, [www.catholicchurchnh.org](http://www.catholicchurchnh.org). If you cannot access the Internet, you may also contact the Diocese, Office of Communications at 603-669-3100 to obtain a printed copy of the statement.

The work of the Lord is accomplished every day in New Hampshire through the ministry of the Catholic Church. Over the last two years we have been challenged to serve the Lord by examining a painful part of our own life as a Church. The pastoral response of the Diocese to the sexual abuse of minors by some priests has dominated much of our recent life together. In the last 24 months we have sought to repair harm done over 60 years. As members of the family of Christ, Catholics can find comfort in the fact that the Church has reached out to survivors to assist them with healing and

taken strong measures to protect children in the Church and society. The work of the Church in this regard has had a significant effect on the finances of the Diocese. Although we have been deeply affected by the harsh economic impact of this work, the Catholic Church in New Hampshire is strong and equipped with the resources to carry on the mission of the Lord entrusted to us all.

## Statistical Summary

The Diocese of Manchester comprises the Catholic community in the state of New Hampshire. All the parishes, schools and institutions of the Diocese participate in fulfilling the mission of the Church in New Hampshire.

Parishes	120
Catholics	327,353
Diocesan Priests	216
Religious Priests	60
Religious Sisters	608
Religious Brothers	32

## Catholic Parish Life and Ministry

The heart of the Catholic Church is in parish life and worship, where most of the faithful encounter the Lord Jesus and have, with their pastors and those who assist them, the opportunity to serve Him and others.

Thousands of hours of volunteer service and ministry contribute to the rich fabric of faith that makes up our Catholic community.

Without the generous support of parishioners across New Hampshire, there would be no Catholic parish life and ministry. The office of the Bishop and the central administration collaborate with parishes to fulfill the mission of the Church as a diocesan family.

### Examples of such collaboration include:

- the diocesan Central Fund, which administers savings deposits and loans for parishes, schools and institutions in trust
- the diocesan Insurance Fund, which helps members of the Catholic community share the risk associated with life and ministry in the modern world

Each parish reports on its economic life annually to the Bishop and the diocesan Finance Council. The reports received by the diocesan central administration regarding parish revenue in June 2003 show a decrease of 5.2% from the previous year and a nominal decrease from June 2001. Parishes report varied experiences – some increases, some decreases and many consistent with the prior year.

### There are a number of factors that adversely affect charitable giving to Catholic parishes:

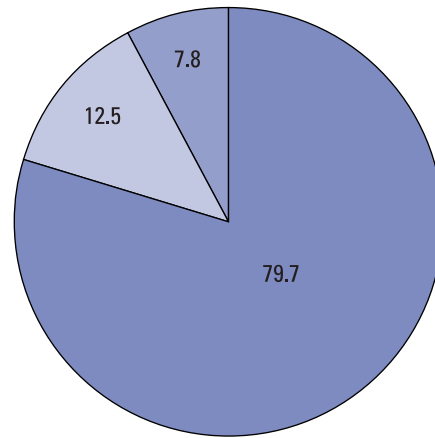
- Many people have experienced a turbulent period in their personal and family finances these last two years due to changes in the economy, employment, and investment returns.
- Some people may have chosen to express their anger and disappointment over the past response to reports of child sexual abuse in the Church by withholding their charitable gifts to parishes.
- Several parishes in New Hampshire have been engaged in capital campaigns to fund new or improved parish facilities, and such efforts almost always affect parish offertory.

The following is a summary of aggregate parish revenue in the Diocese, which is not expressed within the financial statements of the diocesan central administration. When examining all of the parish revenue at this level, nearly 85% of the parish revenue comes from the parish offertory; the remaining revenue comes from fundraising and other miscellaneous sources.

Total Parish Revenue		
07/02-06/03	07/01-06/02	07/00-06/01
\$33,265,000	\$35,083,000	\$33,952,000

## Where Your Dollar Goes

Every dollar parishioners contribute goes to support the mission of the Church. Over 92 cents of every dollar funds parish operations (79.7 cents) and pays for parish expenses (12.5 cents) administered centrally through the diocese. The parish contributes the balance (7.8 cents) to support central diocesan administration.



Parish Operations .....	79.7 Cents
Catholic School Subsidy (average)...	6.6 Cents
Priests' Retirement Program .....	3.0 Cents
Priests' Sick Fund .....	1.5 Cents
Mission Collections (average) .....	1.4 Cents
Central Administration .....	7.8 Cents

## Catholic Education and Schools

The Catholic community in New Hampshire is blessed with a wonderful system of parochial, regional and diocesan Catholic schools.

There are 29 Catholic schools in the Diocese, four of which are private Catholic schools. There are also four private Catholic colleges in New Hampshire.

High Schools	4
Students	3,333
Elementary & Junior High School	25
Students	6,159

The education of children and youth in Catholic schools is one of the most expensive programs in Catholic ministry – and it should be so. The support of a Catholic school education is a partnership among parents, pastors, principals and the Bishop of Manchester.

Each parish pays an assessment of ordinary parish revenue for the *Catholic School Subsidy* for elementary and junior high schools. This enables all the faithful to support Catholic education. On the average, approximately 80% of the revenue in Catholic schools is from tuition and fees; the remainder is from the subsidy program and from fundraising as well as other activities.

The following is a summary of revenue for Catholic schools, which is not expressed within the financial statements of the diocesan central administration.

Total School Revenue		
07/02-06/03	07/01-06/02	07/00-06/01
\$30,061,000	\$27,818,000	\$25,843,000

## Central Diocesan Administration and Services

The Bishop of Manchester serves as the pastor of the Catholic Church in New Hampshire. In his ministry as shepherd, the Bishop collaborates with the pastors of all Catholic parishes and those who assist them.

This Report provides an overview of the central diocesan administration. The administration provides programs and services to parishes, schools and institutions to support them as they carry out the mission of the Church. Along with auxiliary Bishop Francis Christian, Bishop McCormack is assisted by an administrative Cabinet with six secretariats.

### Examples of some diocesan programs include:

- appreciation for celebration of the Sacraments
- the formation of the Christian faithful in Christian spirituality, catechetics, sacramental preparation, marriage and family life, Respect Life, multi-cultural ministries
- the administration Catholic Schools
- the support of youth ministry, Catholic scouting, CYO and the Diocesan Camps
- the promotion of vocations to priesthood, diaconate and religious life
- the formation of men to serve as deacons and priests
- the ongoing formation of deacons, priests, and pastoral associates
- the formation and certification of youth ministers and religious educators
- the promotion of ecumenical and interreligious dialogue

### Some of the services, which the administration provides to parishes and schools, include:

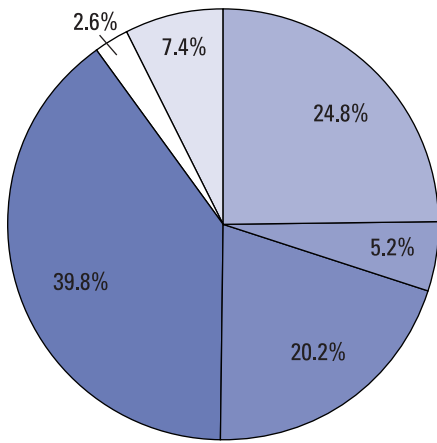
- central deposit and loan fund (the Central Fund)
- insurance program for property, liability, Workers' Compensation, student accident and other risk management services (the Insurance Fund)
- centralized purchase of health, dental and other benefits for lay employees and religious in parish and school ministries
- administration of health, dental, and retirement benefits for diocesan priests
- coordination of parish and diocesan support of missionary and relief efforts
- coordination of systems of financial accountability in parishes and schools
- review of parish financial and spiritual-life reports

The diocesan administration is a vital part of what keeps a community of over 327,000 Catholics across the state committed to fulfilling the mission of the Lord in the Church. Through the generosity of the Christian faithful over \$63 million dollars are received annually to respond to the mandate of the Lord to "go, therefore, and make disciples of all the nations." (Matthew 28:19)

To fulfill its role to serve parishes and provide services, the central administration receives funding through an annual assessment of ordinary parish revenue.

**Total Sources of Funding for Central Administration**

(Exclusive of investment income for year ended June 30, 2003)



Parish Assessment .....	24.8%
Program Revenue .....	5.2%
School Subsidy .....	20.2%
Insurance.....	39.8%
Donations/Bequests .....	2.6%
Miscellaneous .....	7.4%

The overall operating expenses of the diocesan central administration are approximately \$2.7 million. In light of the over \$63 million in parish and school revenue which it supports, this represents a 4.5% central administration expense ratio.

**Accountability and Stewardship – The Independent Financial Audit**

Accountability and stewardship go hand-in-hand. Since his appointment as Bishop of Manchester in

1998, Bishop McCormack has been building upon his predecessors’ commitment to stewardship by enhancing models and systems of accountability.

In January 1999, Bishop McCormack directed a reorganization of the Finance Office of the central administration, including an improved system of internal controls, the “checks and balances” in financial administration. Working with the diocesan Finance Office and the diocesan Finance Council, the Bishop

- enhanced the internal controls within the central administration
- further developed the budget process for the central administration
- updated the financial reporting system and provided for the first independent audit of the central administration in the history of the Diocese
- expanded the Real Estate Office to assist parishes with new building projects, capital improvements as well as the sale of parish properties in light of the reconfiguration of certain parishes.

The central diocesan administration (“Central Office” in the audited financial statements) is now subject to an annual independent financial audit by the public accounting firm of *Howe, Riley & Howe, P.C.* in Manchester, New Hampshire. *The Independent Auditors’ Report* for the fiscal years ended June 30, 2003 and June 30, 2002 may be accessed at the diocesan website at [www.catholicchurchnh.org](http://www.catholicchurchnh.org)

*The financial statements of the diocesan central administration include:*

- the temporarily and permanently restricted Funds of the Diocese which support programs and services
- the Operating Fund, which funds program, administrative and support services of the central administration
- the Central Fund, which holds and manages the deposits of the parishes, schools and institutions of the Diocese amounting to approximately \$45 million on June 30, 2003 and \$47 million on June 30, 2002. These funds are held in trust and are not available to fund operations or settlements
- the Insurance Fund, which administers the diocesan insurance program for the Diocese

The financial statements of the diocesan central administration do not include the assets, liabilities and financial activities of parishes, schools, cemeteries and other institutions (i.e., N.H. Catholic Charities, Inc., Camp Fatima, Inc., Camp Bernadette, Inc., the Diocesan Bureau of Housing, Inc., and various diocesan employee benefit plans), which maintain separate financial records.

In August 2003, the independent auditors issued an unqualified opinion on the financial statements of the central office of the Diocese of Manchester. This is particularly good news given the fact that the years ended June 2003 and June 2002 included the financial impact of several extraordinary events. The Diocese faced a decrease in the value of investments due to the state of the financial markets. The Diocese also recorded the financial obligations associated with the pastoral response of the Church to adult survivors and to an investigation by the State of New Hampshire.

**The Pastoral Response of the Church in New Hampshire to Adult Survivors of Child Sexual Abuse**

Child sexual abuse is not only a sin, but also a crime in the Church and in society. The revelations of 2002 and 2003 have shown that the Church is not immune from the horror of the public health crisis that is child sexual abuse. Although this lesson is painful for both the survivors and the Church, the result is that the Catholic Church in New Hampshire is taking strong steps to assure that such a situation will never recur.

Bishop McCormack and the entire Catholic community in New Hampshire continue to work together to ensure the safety of children and young people in the Church and in promoting awareness and prevention of child sexual abuse. This work is a priority of the Bishop and those who assist him. It is the Bishop’s goal that no child will be abused by a priest or other church employees, or that if abuse occurs, the Church will respond quickly, compassionately, openly and fairly.

Prior to July 2001, the Diocese responded to 20 requests for financial settlements by survivors of child sexual abuse. Since July 2001, the Diocese has responded to an additional 207 requests for financial settlement, some dating back to the 1940s. As of December 1, 2003, there are four outstanding requests for financial settlement that have yet to be resolved.

The total cost of financial settlements to survivors has been funded through the diocesan Insurance Fund. On the average, over 40% of the settlement cost has been or will be paid from proceeds from insurance coverage. The remaining cost has been or will be funded from previously established insurance reserves or borrowed funds. The Diocese has secured a loan commitment from an independent insurance company, other than those providing coverage to the Diocese. The Insurance Fund will make all interest and principal payments on the loan.

The Diocese paid a total of \$1,414,500 in financial settlements to survivors through June 30, 2001. This is not recorded in the June 30, 2003 audited financial statements.

The audited financial statements (specifically Note 10) record that settlement agreements reached with survivors from July 1, 2001 through August 14, 2003 total \$16,667,400.

From August 14, 2003 through December 1, 2003, settlement agreements have been reached that total \$2,170,000 which are also recorded in the June 30, 2003 audited financial statements.

Settlement date	Requests	Amount
prior to 07/01/01	20	\$ 1,414,500
07/01/01 - 08/14/03	188	\$ 16,667,400
08/14/03 - 12/01/03	19	\$ 2,170,000
<b>Total</b>	<b>227</b>	<b>\$ 20,251,900</b>

*Within the last two years the Diocese has:*

- trained over 7,000 priests, employees and volunteers to identify signs of abuse, establish procedures to protect children and to report any suspicions of abuse to civil authorities and the church
- reviewed existing Church policies on sexual abuse and ministerial conduct and developed a revised policy and protocols based on the work of a task force
- instituted *Bethany*, a support group for persons abused as minors
- established the Office for Healing and Pastoral Care to provide outreach, timely assistance, support, and resources to those individuals and families who have been affected by the sexual abuse of a minor
- developed and distributed information for parents on how to teach their children to protect themselves from sexual abuse

**CENTRAL OFFICE OF THE DIOCESE OF MANCHESTER**  
Statements of Activities for the Years Ended June 30, 2003 and 2002

	2003				2002			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
<b>REVENUES</b>								
Program revenue & assessments	5,606,406	-	-	5,606,406	5,527,762	8,537	-	5,536,299
Donations & bequests	216,742	39,925	365	257,032	801,511	36,846	5,391	843,748
Insurance revenue	3,966,190	-	-	3,966,190	3,517,815	-	-	3,517,815
Other	315,887	(196,041)	17,142	136,988	521,080	(350,728)	-	170,352
<b>Total Revenues</b>	<b>10,105,225</b>	<b>(156,116)</b>	<b>17,507</b>	<b>9,966,616</b>	<b>10,368,168</b>	<b>(305,345)</b>	<b>5,391</b>	<b>10,068,214</b>
<b>EXPENSES</b>								
Program Expenses	5,998,866	-	-	5,998,866	6,945,151	-	-	6,945,151
Administrative & Support Expenses								
Insurance	10,051,591	-	-	10,051,591	5,496,148	-	-	5,496,148
Operating	2,735,249	-	-	2,735,249	1,929,869	-	-	1,929,869
Fund raising expenses	17,425	-	-	17,425	86,805	-	-	86,805
<b>Total Expenses</b>	<b>18,803,131</b>	<b>-</b>	<b>-</b>	<b>18,803,131</b>	<b>14,457,973</b>	<b>-</b>	<b>-</b>	<b>14,457,973</b>
Change in net assets before investment income (loss) and interest expense	(8,697,906)	(156,116)	17,507	(8,836,515)	(4,089,805)	(305,345)	5,391	(4,389,759)
Investment income (loss)	1,920,996	20,951	175,059	2,117,006	1,312,972	76,694	(335,959)	1,053,707
Interest expense	(1,123,732)	-	-	(1,123,732)	(1,815,001)	-	-	(1,815,001)
Change in net assets	(7,900,642)	(135,165)	192,566	(7,843,241)	(4,591,834)	(228,651)	(330,568)	(5,151,053)
Net assets-beginning of year	2,907,112	3,104,787	6,709,434	12,721,333	7,498,946	3,333,438	7,040,002	17,872,386
<b>Net assets (deficit)-end of year</b>	<b>\$(4,993,530)</b>	<b>\$2,969,622</b>	<b>\$6,902,000</b>	<b>\$4,878,092</b>	<b>\$2,907,112</b>	<b>\$3,104,787</b>	<b>\$6,709,434</b>	<b>\$12,721,333</b>

**CENTRAL OFFICE OF THE DIOCESE OF MANCHESTER**

Statements of Financial Position  
as of June 30, 2003 and 2002

<b>ASSETS</b>	<b>2003</b>	<b>2002</b>
Cash and cash equivalents	2,328,379	1,854,780
Insurance receivable	5,087,198	63,461
Other receivables & prepaid expenses	774,270	1,093,649
Investment in marketable securities	31,839,506	37,789,866
Notes receivable	14,016,261	13,921,518
Assets restricted for long-term purposes	10,724,275	10,839,110
Fixed assets, net	837,101	988,648
<b>Total assets</b>	<b>\$65,606,990</b>	<b>\$66,551,032</b>

**LIABILITIES AND NET ASSETS**

Accounts payable and other liabilities	1,530,566	992,216
Funds held for others - special collections	442,077	493,011
Insurance claims	12,825,725	4,971,856
Deposits payable	45,059,979	47,372,616
Loan payable	870,551	-
<b>Total liabilities</b>	<b>60,728,898</b>	<b>53,829,699</b>

**NET ASSETS (DEFICIT)**

Unrestricted:		
Designated	1,567,345	1,646,442
Undesignated	(6,560,875)	1,260,670
	(4,993,530)	2,907,112
Temporarily restricted	2,969,622	3,104,787
Permanently restricted	6,902,000	6,709,434
<b>Total net assets</b>	<b>4,878,092</b>	<b>12,721,333</b>
<b>Total liabilities and net assets</b>	<b>\$65,606,990</b>	<b>\$66,551,032</b>

**Jesus Christ, Yesterday, Today and Forever**

The work of the Church belongs to all the Christian faithful, therefore we share a common mission and vision that is rooted in the person and ministry of Jesus Christ.

This work of the Church is, indeed, the work of the Lord. Salvation history repeats the theme that our needs will always exceed our resources, however this shall not daunt our hope in the Lord or in one another. While economic resources are a measure of our effectiveness as a Church, they ought not be the exclusive litmus tests for whether the work of the Lord is being accomplished. From the beginning of our life together in the Lord, *“the harvest is plenty, and the laborers few.”* (Luke 10:2)

The Church in New Hampshire will continue to face economic challenges. Efforts to increase parish offertory, to fund capital improvements for church facilities, to raise funds to support priests in their retirement, to assist the poor and immigrants, to endow the future of our Catholic schools and parishes are just some of the priorities that we face in the future.

Stewardship is the perfect framework for facing these challenges and for living out our life and ministry in the Church as disciples of the Lord. Stewardship reminds us that all that we have is a gift from God and that we ought to use such gifts in the service of others.

The only true limitation to our future ministry is the generosity of the hearts and minds of the Christian faithful. The next steps are ours together. In the words of our Holy Father, Pope John Paul II, *“We Christians know that only in Jesus will we find the true and complete answer to the many concerns of the human soul.”* May we all have the courage to be, in his words, *“luminous examples of the service of love of God and of neighbor.”*

*Christ in all things.*