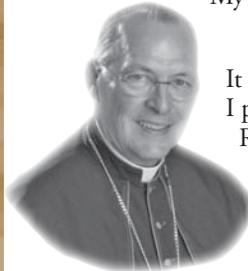


ARCHDIOCESE OF SEATTLE 2006–2007 ANNUAL REPORT

My dear friends in Christ:



It is with a deep sense of gratitude and hope that I present to you the 2006-2007 Annual Financial Report. During the past year and throughout the last ten years that I have been Archbishop of Seattle, we have witnessed tremendous growth in our church. This growth reflects God's loving presence in our lives and the dedicated service of our clergy, religious, lay ecclesial

ministers and all who have shared the gifts God has given in the spirit of Christian stewardship.

As I celebrated my 10th anniversary as Archbishop of Seattle last fall, I reflected on the past decade. It has been a decade of hope with thousands of adults joining our church, new parishes established and new schools started. More than 1,000 new housing units for the poor and homeless have been built and thousands of individuals and families received help and hope to live productive lives with dignity through our Catholic Community Services and Archdiocesan Housing Authority. At the same time, our parish faith communities have welcomed and been enriched by thousands of newly-arriving Catholic immigrants.

One of the challenges we face is keeping our Catholic schools accessible. A few years ago, I established the Fulcrum Foundation to provide an endowment for tuition assistance and grants to needy schools. Through the generosity of people like you, I am happy to report that the foundation has raised more than \$30 million towards its \$40-million goal. My hope is that in the coming year this goal will be fully achieved. This is an important step to ensure that Catholic schools will be available and affordable to future generations of Catholic children who wish to attend.

Our church also has been blessed with many vocations to the priesthood. More than 30 young men currently are studying in our seminaries, and I will ordain four new priests this spring. This is a great sign of hope for our church and I want to offer you my personal thanks because your gifts to the Annual Catholic Appeal support our seminarians during their formation.

Each of us is called to an ongoing conversion of mind and heart, and to respond generously as disciples of Jesus Christ by sharing our gifts of time, talent and treasure. As Archbishop, it is my responsibility to provide vigilant oversight for the resources given in gratitude to the church. I take this responsibility seriously and have instituted uniform policies for every parish in the Archdiocese of Seattle to ensure that your gifts are safe, secure and used for the purposes you intend.

As we have for more than twenty years, the Archdiocese continues to reach out to past victims of clergy abuse by providing counseling, pastoral care and, when appropriate, reasonable monetary settlements. As we continue to respond pastorally to these victims, we also have turned our attention and our resources to providing programs that ensure the church is a safe environment for all the children in our care.

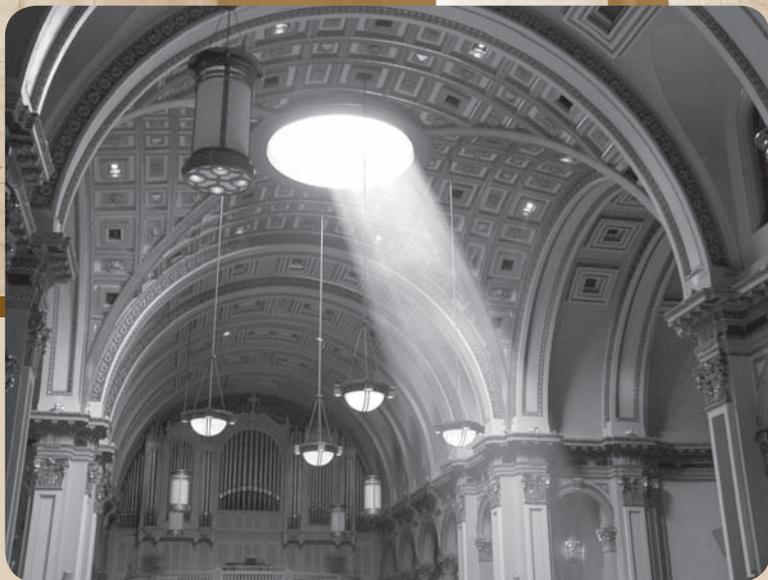
As you read through this 2006-2007 Annual Report, please keep in your prayers the many clergy, religious and lay ecclesial ministers who have dedicated their lives to the mission of our church. I pray that you will continue to grow in your faith and to live as a grateful steward in loving service to the Lord and one another. May you always know and experience God's blessing in your life.

With warmest wishes and regards, I remain

Your servant in Christ,

+ *Alex J. Brunett*

Most Rev. Alex J. Brunett



Statements of Activities

March 6, 2008

For the Fiscal Years Ended 2006/2007 and 2005/2006

2F

CHANCERY PROGRAMS & SERVICES

Below is the Statement of Activities for the Chancery for the years ended 2006/2007 and 2005/2006. 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 2006/2007

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 four Archdiocesan high schools (O'Dea High School, Bishop Blanchet High School, St. Elizabeth Ann Seton 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, 2007 Total All Funds	June 30, 2006 Total All Funds
UNRESTRICTED NET ASSETS		
Revenue and Other Support		
Parish Assessments	\$5,052,000	\$4,893,000
Investment Income on Revolving Funds	4,391,000	3,984,000
Investment Income (Losses) on Endowments	639,000	418,000
Investment Income (Losses) on General Reserve	4,242,000	4,048,000
Realized Gains (Losses) on Sale of Property	3,237,000	9,254,000
Subscriptions, Advertising and Program Fees	2,291,000	2,729,000
Contributions and Bequests	2,019,000	1,460,000
Insurance Program Premiums	8,615,000	7,685,000
Other	1,045,000	970,000
Subtotal	31,531,000	35,441,000
Net Assets Released From Restrictions		
Annual Catholic Appeal	9,139,000	8,860,000
Restricted and Designated Funds	1,991,000	2,785,000
Total Revenue and Other Support	42,661,000	47,086,000
Expenses		
Catholic Faith Formation	955,000	818,000
Catholic Schools	1,160,000	1,151,000
Contributions to CCSWW	672,000	696,000
Donations, Grants and Subsidies	1,075,000	1,039,000
Missions Office	222,000	227,000
Office of the Vicar for Clergy	3,516,000	3,516,000
Office of Youth & Young Adult Ministry	635,000	745,000
Communications and NW Progress	890,000	1,314,000
Tribunal	453,000	420,000
Priest and Retired Bishop Support	4,173,000	1,618,000
Pension	2,843,000	2,775,000
General Administration	9,956,000	9,465,000
Insurance Program	11,511,000	9,326,000
Revolving Fund Interest & Bad Debts	3,870,000	3,345,000
Plant Fund Depreciation & Interest	1,796,000	1,969,000
Total Expenses	\$43,727,000	\$38,424,000
Change in Unrestricted Net Assets		
Change before Unrealized Losses and Transfers	\$(1,066,000)	\$8,662,000
Unrealized Gains (Losses) on Investments - General	2,507,000	613,000
Unrealized Gains (Losses) on Investments - Revolving Funds	15,000	50,000
Unrealized Gains (Losses) on Investments - Endowments	311,000	86,000
Change in Unrestricted Net Assets	\$1,767,000	\$9,411,000

PHOTO CREDITS:

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 Page 5: Student photos, Fulcrum Foundation
 Page 7: Cathedral window, Courtesy St. James Cathedral
 Page 8: Business chart, Shutterstock.com

Chancery Programs & Services

March 6, 2008

3F

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, 2007, the parking lot known as P4 (located at 9th and Columbia) was sold for a realized gain of about \$3.2M. The proceeds were used to liquidate the Sun Life debt on the Pigott building and to pay for remodeling in the Pigott building.

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 \$2,100,000 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 the 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. 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 2007 were \$3,023,000 and \$598,000 for 2006.

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 2007 was \$2,277,381 and for 2006, \$2,215,682.

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 including annual premiums and claims for property, liability, automobile and worker's compensation for parishes, schools, agencies, including CCSWW, and employees of the Archdiocese. 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

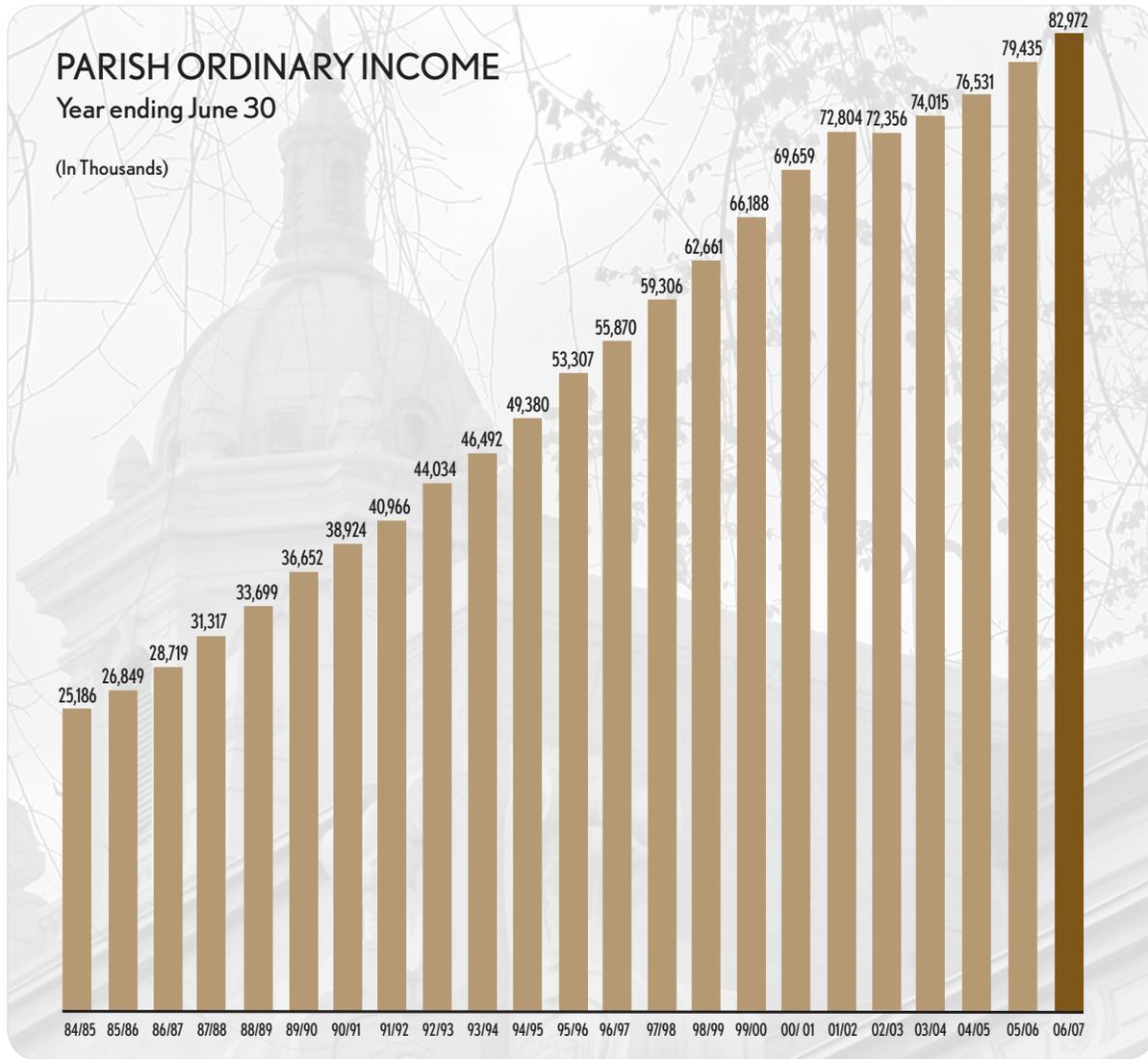
Represents the difference between market and book value on investments at the fiscal year end on the Revolving Funds.

Unrealized Gains (Losses) on Investments

— Endowments

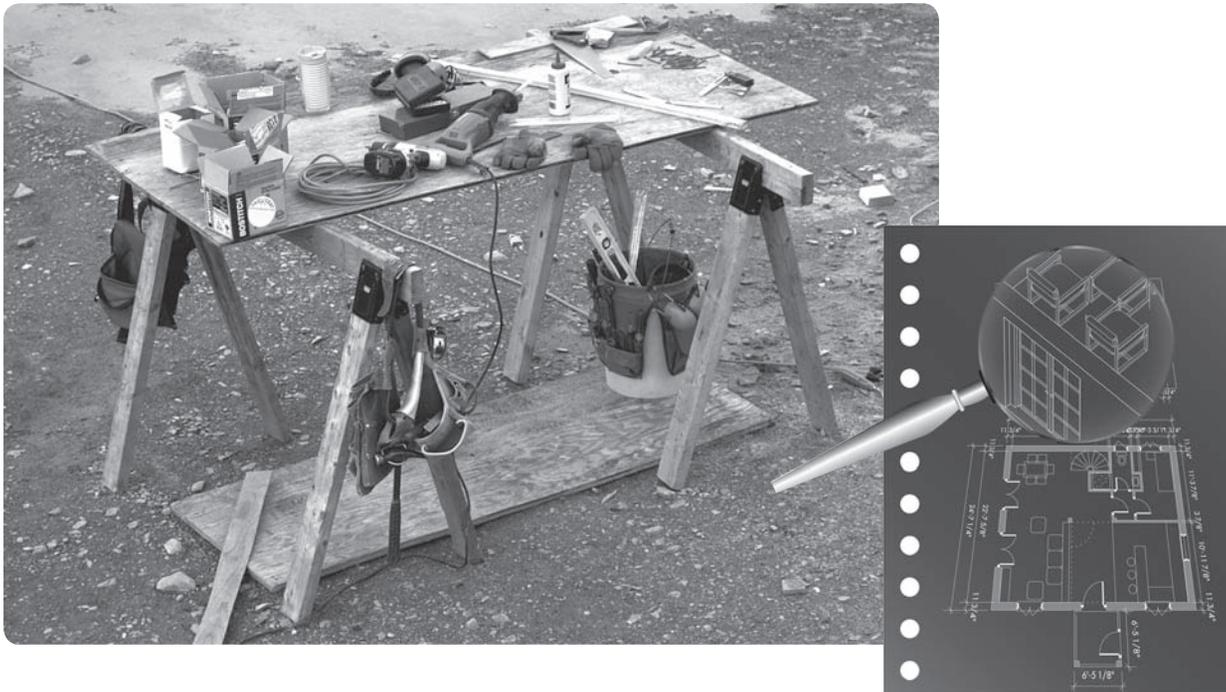
Represents the difference between market and book value on investments at the fiscal year end on the Endowments.





Catholics throughout Western Washington continued to give generously in support of their parishes and missions during 2006/2007. Parish Ordinary Income (Sunday and Holy Day Collections) increased 4.5% in the current fiscal year to just under \$83.0 million. Total parish revenue from all sources, including parish schools, was in excess of \$216.3 million. Once again, over 77% 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 2006/2007, 20 parishes recorded over \$1 million in collections including one over \$2 million. At the same time, Ordinary Income in 13 parishes (down from 16 in 2005/2006), primarily in rural areas, was under \$100,000.

Revolving Funds

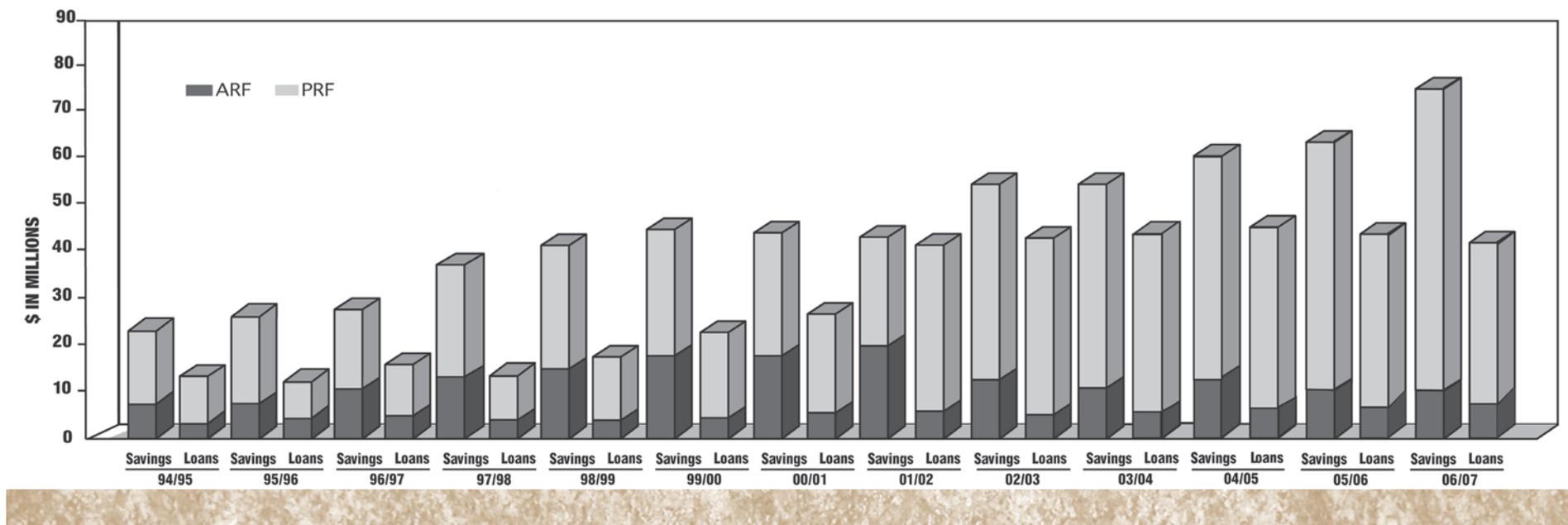


The Parish Revolving Fund (PRF) and Archdiocesan Revolving Fund (ARF) are separately maintained savings and loan organizations within the Archdiocese. Parishes and other institutions deposit surplus funds in the appropriate fund and receive loans at less than market interest rates. The PRF serves parishes while the ARF provides the same service for other institutions. During 2006/2007, the PRF absorbed the New Parish Fund (NPF) which in previous years had provided savings and loan services to new parishes throughout the Archdiocese. The comparative data below and on the accompanying chart have been adjusted to reflect this change.

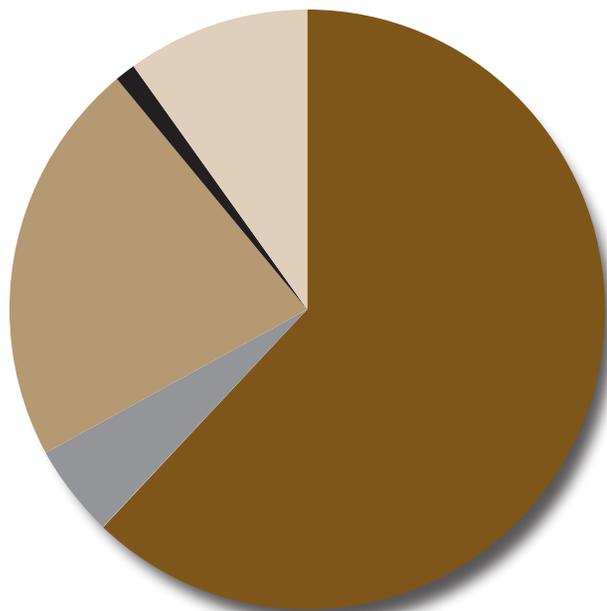
A seven member Commission oversees PRF operations, Commission members are listed on page 8.

PRF savings at 6/30/07 totaled \$76.0 million in 602 accounts substantially up from last year's \$63.2 million in 559 accounts. Loans decreased to \$42.9 million from last year's PRF and NPF total of \$45.8 million while the number of loans increased from 108 to 119.

ARF savings decreased slightly to \$10.5 million from \$10.9 million with loans increasing from \$5.6 million to \$6.1 million.



SOURCES OF SCHOOL REVENUE



- Tuition/Fees 63%
- All Other Revenue 5%
- Fund-raising/Gift Revenue 21%
- Neighboring Parishes 1%
- Parish Subsidy 10%

During 2006/2007, the 56 diocesan elementary schools and four additional Catholic elementary schools provided the highest quality education emphasizing Catholic values to 16, 975 students. Of these, 84.7% were registered as Catholics. Ethnic minority students comprised 28.5% of the total elementary population. The four schools included Forest Ridge, Villa Academy, Holy Family (Lacey) and Pacific Crest Academy served 2,695 students of that total.

Parish school operating revenues for 2006/2007 totaled \$95 million. Tuition and Fees accounted for 63% 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. The parish grant amounted to 20% of the school parishes' collection income.

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 \$22,942,500.

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 for the current year.

A total of 1,296 teachers delivered an educational program



to the elementary children. A total of 521 secondary full and part time teachers instructed the high school student enrollment.

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 "comingtogether." Five years after its founding in March 2002, Fulcrum has been blessed with a successful capital campaign,

an outstanding 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 today, Fulcrum's capital campaign is establishing two endowments:

- \$25 million to subsidize tuition for economically needy students
- \$10 million to support the operating budgets of schools in economically challenged communities.

An additional \$5 million will be raised to provide

assistance while the endowments are growing. As of June 2007, the campaign has raised \$27.2 million in pledges and \$3 million from two gifts in probate. Fulcrum's capital campaign to endow the future of Catholic schools will conclude in June, 2008.

Many people throughout western Washington have come together to make this campaign a success, and their names are mentioned with honor and thanksgiving later in this report. Special thanks are due to our campaign co-chairs, Mike and Mary Lee, who took the helm in February 2005, with only \$3 million raised, and in record time have already raised 75% of the campaign's goal.

TUITION ASSISTANCE

In fiscal year 2007, the Fulcrum Foundation distributed \$642,462 in tuition assistance. Individual grants were increased to \$650 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.

ASSISTANCE TO SCHOOLS IN NEED

In fiscal year 2007 the Fulcrum Foundation provided \$660,000 in special assistance to 21 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 – Lacey | St. George School |
| Holy Family School – Seattle | St. Joseph School – Chehalis |
| Holy Rosary School – Tacoma | St. Mary School |
| Immaculate Conception Regional School | St. Paul School |
| Our Lady of Guadalupe School | St. Pius X School |
| Our Lady of the Lake School | St. Rose School |
| Queen of Angels School | St. Therese School |
| St. Alphonsus School | John F. Kennedy High School |
| St. Bernadette School | |

EXCELLENCE GRANTS

During fiscal year 2007, the Fulcrum Foundation received applications for "Excellence Grants" from 58 Catholic elementary and high school teachers throughout western Washington. These grants of up to \$1,500 each encourage teachers to improve their course design and lesson plans. They encourage creative thinking, proposals for long-term changes to the curriculum, and projects that can be replicated by other teachers. This year, thanks to additional contributions from two generous board trustees, the Fulcrum Foundation distributed \$25,802.79 in "Excellence Grants."

Many exciting applications were received this year, including proposals to use technology for teaching math at John F. Kennedy High School in Burien, engaging middle schoolers in an engineering design project at Our Lady of Lourdes School in Vancouver, and expanding art appreciation throughout St. Mary's School in Aberdeen.

Fulcrum's success has meant a sounder financial footing for our Catholic schools, which continue 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 2007 that are making a difference in the lives of people, schools, and communities across Western Washington.



Approximately 10,400 individual youth participated in CYO programs in 2006/2007. Participants range in age between six and eighteen. Approximately thirty-five percent are low-income. An estimated fifty-one percent are girls and forty-nine percent are boys. Approximately seventeen percent are non-white. Approximately thirty percent are non-Catholic.

ATHLETICS

School year 2006/2007: CYO coordinated league competition for 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 (9,000 non-duplicated individuals) involved and an estimated 4,000 adult volunteer coaches, coordinators and commissioners.

OUTDOOR MINISTRIES

Summer 2006: CYO operated three resident camps,

Don Bosco, Hamilton and Gallagher in addition to the Nanamakee wilderness expedition program that served just under 1800 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 \$50,000 in financial aid to participants.

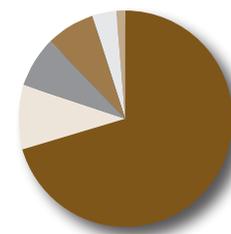
Spring 2007: CYO offered an environmental education program at Camp Hamilton emphasizing Christian stewardship of the earth. This program served 799 fifth and sixth graders from 27 area Catholic schools as well as 235 students from 3 public schools.

RETREAT MINISTRY

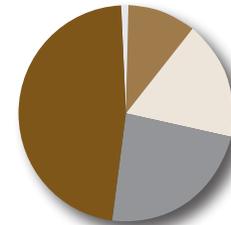
This program hosted fall, winter and spring group retreats and conferences at Camps Don Bosco, Hamilton and Gallagher. There were over 70 different groups that utilized CYO facilities in 2006/07. Catholic parish and school groups accounted for approximately 64% of the groups. In addition, the Office for Youth and Young Adult Ministry facilitated numerous retreats at these facilities including 4 confirmation retreats for approximately 375 youth participants from 20 parishes

SUMMARY OF OPERATIONS

Fiscal Year 2006/2007
(\$ In Thousands)



REVENUE TOTAL \$1843



EXPENSES TOTAL \$1845

- Fees for Services \$1523
- Archdiocesan Subsidy \$118
- United Way Support \$102
- Archdiocesan Scholarship Funds \$75
- Unrestricted Donation Income \$19
- Other \$6
- Administration \$231
- Total Capital Development \$289
- Youth Athletics \$340
- Outdoor Ministries \$982
- Fundraising \$3

Expenditures in excess of revenue (2)
Total Capital Expenditures on Discovery Lodge (152)
Total Expenditures in excess of revenue (154)

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.

SUMMARY OF OPERATIONS

Fiscal Year 2006/2007

REVENUE

Burial/Entombment Rights	3,113,385
Products	1,834,302
Services	1,181,393
Revenue from Care/Pre-Need	270,000

6,399,080

SURRENDERS/DISCOUNTS

(715,550)

NET SALES 5,683,530

COST OF SALES 2,168,368

GROSS MARGIN 3,515,162

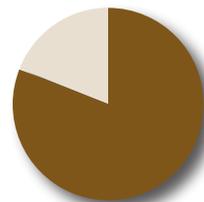
OPERATING EXPENSES

Personnel	1,464,246
Depreciation	157,992
All Other Operation & Care Expense	1,262,847

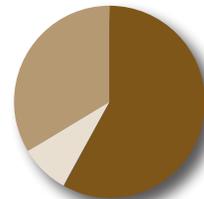
2,885,085

NET INCOME FROM OPERATIONS

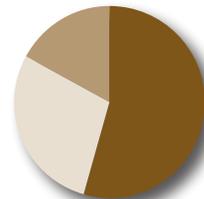
FOR DEVELOPMENT AND EQUIPMENT ACQUISITION 630,077



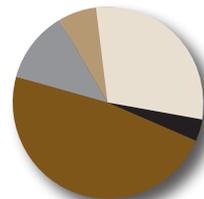
- TOTAL PROPERTY SOLD
- At-Need 289 Spaces - 20%
- Pre-Need 1131 Spaces - 80%



- TOTAL BURIAL SPACES
- Ground, 552 burials - 55%
- Mausoleum, 94 burials - 9%
- Cremation, 358 burials - 36%



- 2006/2007 REVENUE
- Burial Rights - 51%
- Products - 30%
- Services - 19%



- 2006/2007 EXPENSES
- Office - 17%
- Grounds - 6%
- Cost of Sales - 26%
- Selling - 3%
- Wages/Benefits - 49%

Associated Catholic Cemeteries is comprised of four cemeteries and has buried approximately 75,500 people in nearly 120 years. Calvary, located near the University of Washington in Seattle, was established in 1889. Holyhood, serving North Seattle, King, and Snohomish Counties, was established 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 1,004 burial services during 2006/2007. 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, 2007 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. The Fund showed a growth of approximately 16.6% due to capital additions as well as realized and unrealized gains on investments.

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.

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 2006/2007, the Missions Office received \$2,055,000 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).

Catholic Community Services



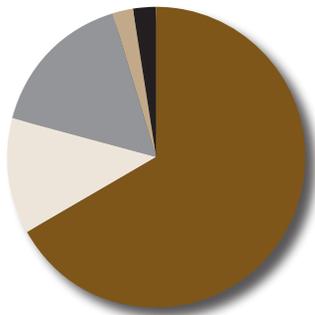
As a faith-based and values-driven outreach of the Catholic Church in Western Washington, Catholic Community Services has provided help and created hope in the lives of men, women and children in need for 90 years. It is the largest local private provider of assistance to poor and vulnerable people in 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

OPERATING BUDGET - \$94,155

Fiscal Year 2006/2007

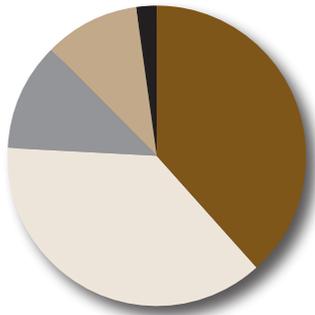
(In Thousands)

REVENUE



- Government Fees and Contracts
66.1% - \$62,233
- Public Support/Contributions
13.76% - \$12,952
- Private Fees for Service
15.04% - \$14,158
- United Way
2.15% - \$2,025
- Other Revenue
2.95% - \$2,787

EXPENSES



- Children and Families
36.53% - \$34,396
- Aging and Disabled
36.68% - \$34,540
- Housing and Shelter
13.86% - \$13,050
- Administration, Fundraising and Awareness
8.92% - \$8,403
- Capital Reserves
4.01% - \$3,766

In addition to the 2007 Operating Budgets, CCS and AHA are the managing general partners or program managers for 27 affordable housing projects with a combined operating budget of \$9,017,625.

The Catholic Charities Foundation of Western Washington reported Net Assets as of June 30, 2007 of \$13.8 million that were invested for the benefit of CCS and AHA. For the year ending June 30, 2007 the Foundation distributed \$696,000 to CCS and AHA.

people of Catholic Community Services (CCS) and the Archdiocesan Housing Authority (AHA) provide loving and compassionate service to persons in need throughout Western Washington.

CCS and AHA together have more than 80 programs. 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 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 centers provide an array of services, including counseling, case management, information and referral, emergency services, shelters and transitional housing, mental health services, foster care, Volunteer Chore Services, 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, 200 volunteers, and a budget in excess of \$38 million, 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, 17 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.

Locations: Whatcom County and Snohomish County.

THE FAMILY PRESERVATION SYSTEM

The Family Preservation System provides an array of mental health and social services to children/youth and families with multiple and complex needs, severe histories, and who tend to be involved with multiple child-serving systems.

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

THE ARCHDIOCESAN HOUSING AUTHORITY

AHA provides a continuum of care for homeless and low-income persons throughout Western Washington. Twenty-nine day centers, emergency shelters and transitional housing programs offer a warm, safe refuge from the streets, providing homeless men, women and children with a place to bathe, launder clothes, receive medical attention, and alcohol and drug treatment. AHA also provides case management, refugee assistance services, and employment support. Throughout Western Washington, AHA provides more than 1,900 affordable permanent housing units in 43 programs, serving individuals, families, seniors, and persons with special physical and mental needs. Most AHA housing includes resident support services to assist low-income persons be successful in staying in decent, affordable housing. 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
Everett:	Snohomish Family Center
Kent:	South King County Family Center
Mount Vernon:	Skagit Family Center
Olympia:	Thurston County Family Center
Seattle:	Randolph Carter Family and Learning Center
Tacoma:	Pierce County Family Center
Vancouver/Longview:	Columbia River Region Family Centers

ORDER FORM

Additional information is available upon request for the following:

- 2008 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 Executor Survivor's Guide**, 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, 2007.
- Audited Financial Statements of the Administrative Offices of the Corporation of the Catholic Archbishop of Seattle as of June 30, 2007.

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. As a result of your generosity to your parish and the Archdiocese, our Church is able to carry out its mission to share the good news of Jesus Christ throughout Western Washington. Your generosity reflects the commitment to your faith and the trust you place in the leadership of your Church. I feel it is important to provide you with 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 showed a significant increase in parish Ordinary Income. For the first time in six years the Sunday collections of our parishes increased at a rate above inflation. Donations to the Annual Catholic Appeal topped the \$12 million mark for the first time and many parishes successfully completed capital campaigns for building and renovation projects. These are healthy signs for our Church.

In the midst of this positive news, a number of smaller parishes and parishes in rural communities continue to struggle financially. It is becoming increasingly difficult for those parishes with schools that are located in inner city or rural areas to deal with increasing costs of providing Catholic education. The Fulcrum Foundation was established by Archbishop Brunett to raise funds to provide tuition assistance and grants to needy schools. The Foundation has raised over \$32 million toward its \$40 million capital campaign goal to increase endowments for Catholic schools. The results of this campaign and the work of the Fulcrum Foundation will be critical in keeping our schools open and accessible to all Catholics who wish to attend.

Our Archdiocesan Housing Authority and Catholic Community Services continue to provide services to needy families and individuals in our community. In the last year, the Archdiocesan Housing Authority opened 61 units of low income housing. Catholic Community Services also provided direct assistance to the communities that suffered during the recent flooding in our state.

One of the priorities of the Finance Council is to ensure that our Church, both at the Archdiocesan level and parish level, hold itself to the highest standards of accountability for contributions we have received. The Finance Council is reviewing current financial policies and practices and making necessary improvements to ensure that all funds are properly accounted for and 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 250 victims. The costs of the settlements, counseling and attorneys' fees have totaled approximately \$31 million.

These costs were primarily paid by the insurance companies that were providing coverage at the time of the abuse. Over 95% of all our current cases are pre-1980 and all are prior to 1984. These 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 insurance policies but there are 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 created 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.

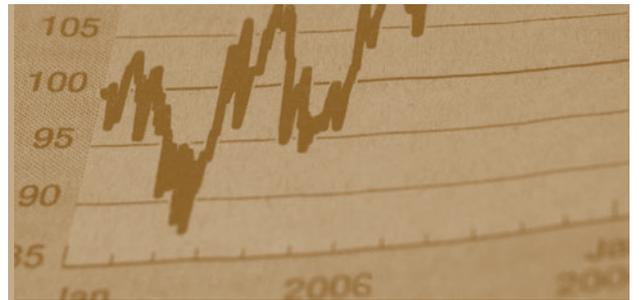
Currently, the Archdiocese has seventeen cases that have not yet been settled. In addition the Archdiocese has been named in 27 lawsuits filed against the Congregation of the Christian Brothers. This alleged abuse took place at Briscoe Boys School in the late '50's and early '60's. The Archdiocese was not responsible for the operation, management, staffing or supervision of the school. Nonetheless, we have been named in the lawsuit because of the fact that the Archdiocese owned the property and buildings.

We continue to reach out to victims and to provide pastoral care and assistance toward their healing. 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 assisting Archbishop Brunett and his staff in the financial management of the Church of Western Washington.

Sincerely,

Thomas J. Hoover, Chair
Archdiocesan Finance Council



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Mr. Daniel Brotherton
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Mr. Lou Dell'Osso, Jr.
Mr. Brian Dempsey
Mr. Timothy Golob
Mr. Mel Kelso
Ms. Marie Lotzgesell
Ms. Ruth-Marie Nizolak
Mr. Tom Rainville
Mr. Pat Welch

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

AFC SUBCOMMITTEE FOR INVESTMENTS:

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Dr. Hildegard Hendrickson
Mr. Dick Kennedy
Ms. Marie Lotzgesell
Mr. James (Paddy) Ouillette
Ms. Nan Severns, *Controller*
Mr. Pat Sursely
*Archbishop's Delegate
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Vice-Chair: Ms. Kathleen Nordlund
Rev. Gary Morelli
Rev. Hans Olson
Mr. Pat Sursely
Ms. Carol Thompson
Rev. Jack Walmsley

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
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