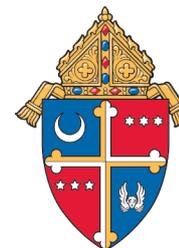


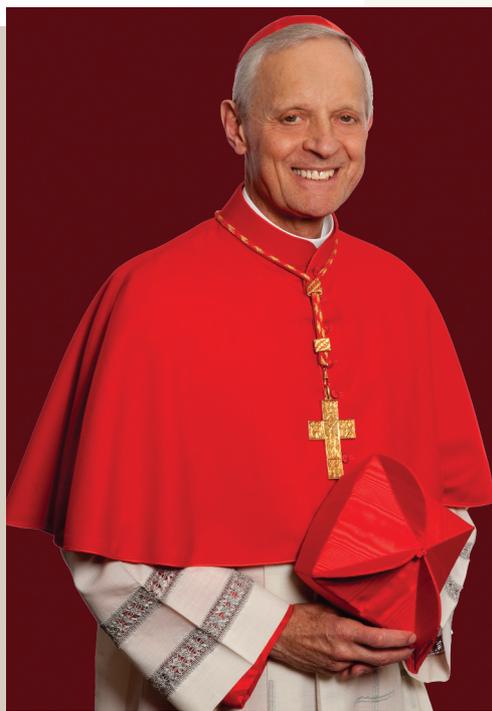


FINANCIAL REPORT



to the People of the Archdiocese of Washington | Fiscal Year 2011-12 | January 3, 2013

Dear Brothers and Sisters in the Lord,



Each year, the Archdiocese of Washington publishes a Financial Report, which represents an accounting of the funds that have been entrusted to the care of the Church. This report is presented not only in the interest of financial accountability, but also to demonstrate the many ministries your generosity supports.

As the last fiscal year drew to a close in June 2012, the archdiocese published a booklet, *Catholic Impact*, which shares many inspiring stories about these ministries and how lives are changed each day through the archdiocese's Catholic education, social services and health care programs. Some of these same ministries are highlighted in this financial report, such as Catholic Charities and the Consortium of Catholic Academies – both corporations of the archdiocese. Also included in this financial report is information on the archdiocesan Central Pastoral Administration, which is responsible for many of the administrative operations of the archdiocese.

The work and ministries highlighted here would not be possible without the support of the people throughout the archdiocese, and with this generosity comes the responsibility for the careful stewardship of these resources, which the archdiocese takes very seriously. Accountability is an essential aspect of stewardship, and therefore there are already many safeguards in place to ensure the responsible and transparent management of

the resources entrusted to us. For example, all of the budgets for archdiocesan programs and departments are carefully reviewed before being approved to ensure that they reflect the mission of the Church; the Archdiocesan Finance Council, whose members include national and regional business leaders, oversees major financial and budgetary decisions; and the financial statements of the archdiocese have undergone an audit each year for more than three decades.

In 2012, the archdiocese also added one more safeguard to ensure the careful stewardship of our resources - the Ethics and Compliance Hotline, which allows anyone to anonymously and confidentially report suspected financial and/or employee misconduct involving any parish, school, agency, office or employee of the archdiocese.

To learn more about the hotline, and to read more about how our local Church brings Christ's teaching, hope and healing to the people of the archdiocese in *Catholic Impact*, please visit www.adw.org.

With deep appreciation for your support of the good works of this archdiocesan Church and asking God's blessings on you, I am

Faithfully in Christ,

 Archbishop of Washington



PHOTOS COURTESY OF THE CATHOLIC STANDARD, EL PREGONERO, CATHOLIC CHARITIES AND VICTORY HOUSING





REVENUE

ARCHDIOCESAN CENTRAL PASTORAL ADMINISTRATION

Archdiocesan operating revenue for the 2011-12 fiscal year was \$36.1 million. Although investment returns were lower than the prior fiscal year, due to careful expense management and your increasing generosity to the Cardinal's Appeal, which increased by \$500,000, and a \$200,000 increase in assessments from parishes, the Central Pastoral Administration achieved an operating surplus for the 2011-12 fiscal year.

Sources of Revenue

The **Cardinal's Appeal** is the largest source of operating income for the archdiocese, with \$13.9 million received in the 2011-12 fiscal year to support programs and ministries around the archdiocese. Money from the Appeal is used to support children attending Catholic schools, men studying to become priests, pro-life and ethnic ministries and many other pastoral ministries and social concern programs in our local community.

Assessments, which come primarily from parishes, accounted for the second largest source of revenue, contributing \$12.7 million. They are used to fund needed support services for administration, communications, development, religious education and facilities



costs, as well as support for tuition assistance, financially needy parishes, schools, organizations and families. Parish assessments averaged 9.4 percent of total parish income.

Gifts and grants include bequests and other one-time gifts to the archdiocese, including some restricted for specific purposes. This category accounted for more than \$3.6 million in 2011-12.

Fees and other income of more than \$1.4 million were collected primarily for services provided to others, such as administering insurance billing and claims, and investing and monitoring the lay and priest retirement and other investment funds, and for programs held throughout the archdiocese.

Rental income of \$3.3 million includes rent from affiliated service providers, such as Catholic Charities and St. Ann's Center for Children, Youth and Families that pay rent on

archdiocesan buildings used for their programs. The archdiocese then makes equal contributions to these corporations so there is an offsetting expense in Pastoral Ministry and Social Concerns.

Forward in Faith Foundation: Revenue of more than \$1.1 million was recognized as additions from the Forward in Faith Foundation. More detailed information about how this money was used is on page 7 of this report.

Other sources not included in the chart below include an unexpended restricted gift of \$3.3 million for capital improvements and revenues of combined entities presented elsewhere in this report.

Insurance services revenue of \$36,338,130 and expenses of \$37,073,021 are also excluded from the charts because they primarily represent pass-throughs of amounts received from parishes and agencies and paid out in claims and benefits.

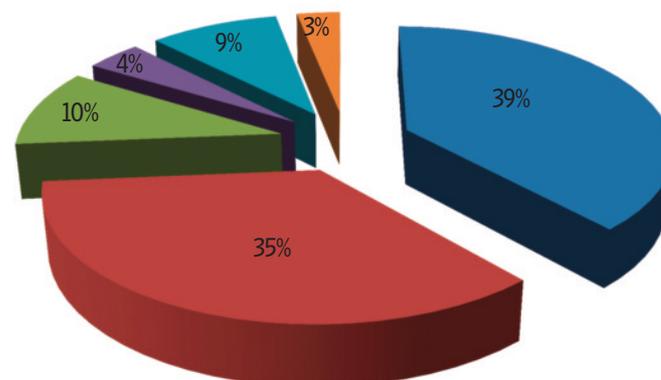


Archdiocese of Washington: Who we are 2011-12 fiscal year

- 621,000 Catholics
- District of Columbia and five Maryland counties
- 140 parishes and 9 missions and communities
- 98 Catholic schools, including 58 archdiocesan elementary schools, 2 archdiocesan high schools and 7 early childhood centers
- 27,151 students in Catholic schools
- 22,398 students in religious education
- 353 priests, including 291 active and retired archdiocesan priests
- 74 seminarians
- 248 permanent deacons
- 501 religious women and 648 men religious serving in the archdiocese

Central Pastoral Administration General Operating Revenue | Year ended June 30, 2012

Cardinal's Appeal	\$ 13,850,947
Assessments	12,700,297
Gifts, grants and beneficial interest	3,618,842
Fees and other income	1,417,567
Rental income	3,329,907
Forward in Faith	1,112,687
Total General Operating Revenue	\$ 36,030,247



- Cardinal's Appeal 39%
- Assessments 35%
- Gifts, grants and beneficial interest 10%
- Fees and other income 4%
- Rental income 9%
- Forward in Faith 3%



EXPENSES

ARCHDIOCESAN CENTRAL PASTORAL ADMINISTRATION

How your support makes a difference

The generous support of the people throughout the archdiocese enables the Church of Washington to build up the kingdom of God and advance the ministry of the Church.

On October 22, 2011, Cardinal Wuerl formally opened a new minor seminary for the archdiocese. The Blessed John Paul II Seminary, located in Northeast Washington, D.C., has space for 30 men in college and pre-theology who attend The Catholic University of America while receiving their priestly formation at the seminary. The chapel at the seminary contains two relics of Blessed John Paul II and the altar and ambo that were built and used during the Papal Mass with Pope Benedict XVI in April, 2008 at Nationals Park. During this fiscal year, there were 74 seminarians studying for the priesthood for the Archdiocese of Washington.

During Advent, 12,000 yard signs popped up at homes and businesses across the D.C. metropolitan area, encouraging people to "Find the Perfect Gift" - a campaign created by the archdiocese as a way to remind people of the true meaning of Christmas and to invite them to learn more about Christ. Parishioners at the 140 Catholic churches across the archdiocese received the signs, which direct people to websites in English and Spanish (www.findthepperfectgift.org and www.regaloperfecto.org) that

include a video message from Cardinal Wuerl and answers to common questions about faith, the Church and Christmas. Additionally, television and radio advertisements prompted people to find the perfect gift at Christmas.

In January 2012, for the second year in a row, the annual Youth Rally and Mass for Life was held at two arenas in Washington, D.C. due to overwhelming demand to attend. More than 28,000 Catholic teens and young adults from around the world filled the Verizon Center and D.C. Armory to witness to life on the anniversary of Roe V. Wade, which legalized abortion in the United States. In total, almost 35,000 young people attended, including satellite Masses at parishes around the archdiocese.

In April 2012, Cardinal Wuerl welcomed more than 1,100 children, teens and adults from approximately 100 parishes around the archdiocese as they became full members of the Church through baptism or confirmation at the Easter Vigil.

Also in April, the archdiocese

hosted a Faith, Deafness and Disabilities Conference, which included Mass celebrated by Bishop Barry C. Knestout, Vicar General of the Archdiocese of Washington, and showcased how archdiocesan programs and local communities work together to support those with special needs.

In June 2012, five seminarians were ordained priests for the archdiocese by Cardinal Wuerl. Three of the men were born and raised in the Archdiocese of Washington and were influenced by the priests around them to discern a vocation to the priesthood. Two of the men, one from Poland and one from Brazil, studied at Redemptoris Mater Missionary Seminary in Hyattsville.

Also in June, nearly 600 couples said "I do" all over again at a special Mass for couples married 25 years or more, including a couple from Our Lady Queen of Poland Parish in Silver Spring who celebrated their 73rd wedding anniversary on the same date as the Mass.

Central Pastoral Administration Operating Expenses and Designations Year ended June 30, 2012

Pastoral Ministry & Social Concerns	\$	6,739,038
Catholic Education		6,233,984
Ministerial Leadership		6,274,574
Archdiocesan Administration		4,227,781
Communications		840,758
Parish Services		1,354,179
Propagation of the Faith		269,269
Gifts & Assessments		1,688,682
General & Administrative		3,248,141
Development		1,863,347
Total General Operating Expenses	\$	32,739,753

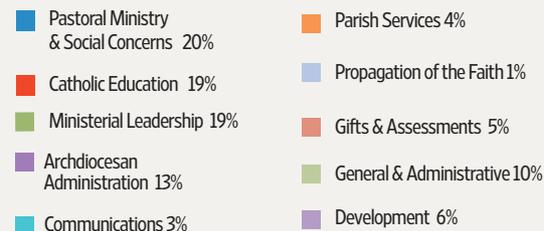
Funds Designated for:

Priests' Retirement	\$	1,500,000
Charitable Contributions		1,000,000
Information technology		500,000

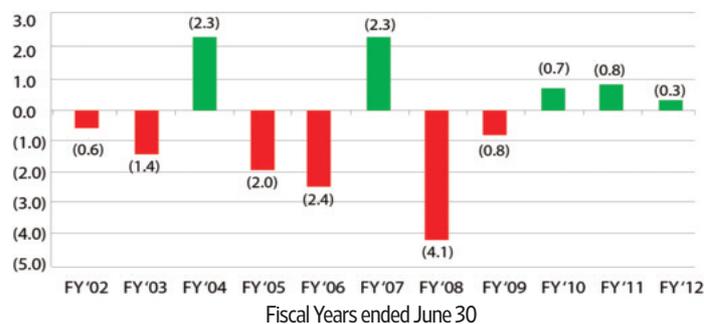
Total General Operating

Expenses and Designations \$ 35,739,753*

*Excludes insurance costs and elimination entry of \$298,218.



ARCHDIOCESAN OF WASHINGTON | OPERATING RESULTS



Operating Expenses

Pastoral ministry and social concerns were the largest expenses in the operating budget, at \$6.7 million. These included expenses for campus ministry and the Newman Centers at five local universities; Office of Worship; Office of Evangelization and Family Life; Office of Hispanic Pastoral Affairs; the Lay Leadership Institute; ministry to persons with disabilities; pro life ministries, and many more important programs that are essential to the life of the Church.

Catholic education expenses totaled \$6.2 million, which included support for students in Catholic elementary and high schools across the archdiocese, as well as the Catholic Schools and Religious Education Offices that provide support to Catholic education for children and adults. A portion of this expense enables the archdiocese's Catholic Education Foundation to award over \$5 million in tuition assistance which is covered in more detail on page 7. In aggregate, Catholic education receives support of more than \$8 million.

Archdiocesan administration expenses included the Office of the Archbishop and three auxiliary bishops, the Office of the Chancery, and the Office of Government Affairs.

Communications expenses covered the Secretariat for Communications and its efforts through traditional and social media outlets and digital media. The Catholic Standard and El Pregonero newspapers are also part of the Secretariat but are primarily funded by Carroll Publishing Company, which is an archdiocesan agency whose financial results are reported on page 4.

Parish services included the Office of Parish and School Financial Operations and portions of the Offices of Facilities Management and Human Resources.

Ministerial leadership included the education and training of our seminarians, the largest expenditure in that category. In 2011-12, 74 seminarians studied to become priests for the Archdiocese of Washington. The archdiocese owns and operates two seminaries

including the Archdiocesan Missionary Seminary Redemptoris Mater in Hyattsville. Continuing education and special medical care for priests, the Office of Vocations, the Office of the Diaconate, and the Office of Consecrated Life are all part of ministerial leadership.

Gifts and assessments represent required membership assessments from the Holy See and organizations such as the United States Conference of Catholic Bishops and Maryland Catholic Conference, as well as modest gifts the archdiocese makes to other Catholic organizations.

General and administrative expenses included the archdiocesan Offices of Finance, Information Technology and a portion of the offices of Facilities Management and Human Resources.

Development costs covered the Office of Development, which serves the archdiocese through running the Cardinal's Appeal, the Catholic Education Foundation, the Forward in Faith foundation, planned giving and other outreach.



ARCHDIOCESAN AGENCIES



Msgr. John Enzler, President and CEO of Catholic Charities of the Archdiocese of Washington, prays with a client at Adam's Place, one of Catholic Charities' emergency homeless shelters in Washington.

Your support of a broad network of educational, healthcare and charitable outreach programs fulfill the mission of the Church by bringing Christ's love to thousands of lives in need each year. These programs reach out a helping hand when it is most needed to people of all faiths and backgrounds, without question or condition.

The Archdiocese of Washington's charity and social concern agencies spent more than \$115 million to assist women in crisis pregnancy situations, provide a lifeline of medical and dental care for the uninsured, provide quality housing to low-income seniors and families, and care for children who are victims of abuse and neglect, among many other essential services.

More than \$23 million was spent by educational corporations, which include Archbishop Carroll High School. The class of 2012 received over 280 acceptances from 115 different colleges and universities. The class earned an average of \$25,000 in scholarships per student, and many of the students were the first in their families to attend college. At Don Bosco Cristo Rey High School in Takoma Park, all 58 students in the school's second graduating class were accepted to college. The students received \$3 million in merit and need-based scholarships.

This financial summary does not replace those produced by these agencies, which are separately incorporated, but is included to provide an understanding of the impact they have across the archdiocese.

Catholic Charities

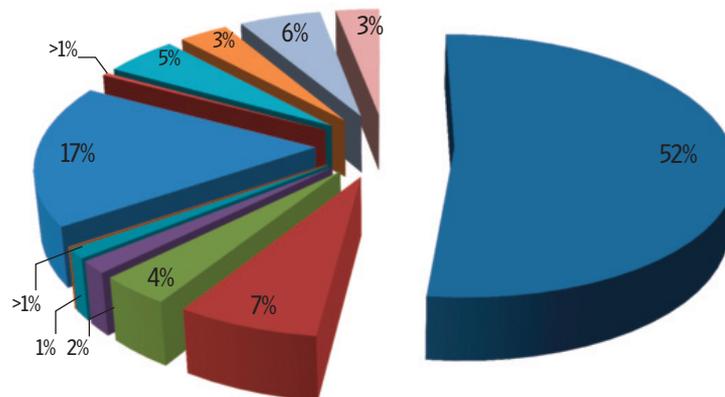
For more than 80 years, Catholic Charities of the Archdiocese of Washington has served the most vulnerable, strengthened families and supported the dignity of all human life. As the largest private provider of social services in the Washington area, Catholic Charities serves more than 100,000 people in need through 75 programs in 48 locations, with a staff of nearly 800 and a volunteer pool of about 3,400 at a cost of more than \$72 million. It serves people of all faiths and backgrounds without exception – an estimated 85 percent of those served are not Catholic.

Catholic Charities' Spanish Catholic Center provides

critical services to the community, including medical and dental clinics, job training programs, English classes, food pantries, immigration legal services and English language classes. Through the Archdiocesan Health Care Network, volunteer doctors, nurses, dentists and other health professionals offer specialty care to the area's poor.

Here are just a few examples of how Catholic Charities reached the needy in our communities last fiscal year:

- The Spanish Catholic Center's two medical and dental clinics served 7,700 uninsured, low-income adults and children.
- The SHARE Food Network distributed 121,000 food packages across the region, saving customers of all backgrounds \$3 million on their grocery bills.
- 6,500 people received help ranging from emergency rental assistance to crisis counseling to getting connected to community-based resources.
- More than 900 adults with severe or persistent mental illness were helped to live independently.
- More than 10,000 immigrants and refugees received English classes, job training and employment referrals.
- Volunteer attorneys with the Archdiocesan Legal Network provided free legal advice to 1,400 people at a value of more than \$10 million.
- About 1,500 men, women and children slept safely in a Catholic Charities facility each night.



Archdiocesan Service and Educational Agency Expenses

Year ended June 30, 2012

Charity and Social Concern Corporations

Catholic Charities	\$ 72,282,000
Catholic Cemeteries	9,773,755
St. Ann's Center for Children, Youth and Families	5,027,039
Carroll Publishing Company	2,118,102
Catholic Youth Organization	1,669,000
Rosaria Communities	105,822
Victory Housing	24,295,787
Victory Youth Centers	508,161

Total Charity and Social Concern \$ **115,779,666**

Educational Corporations (excludes parish-based schools)

Archbishop Carroll High School	\$ 6,882,188
Don Bosco Cristo Rey High School	4,633,913
Consortium of Catholic Academies	7,747,912
Mary of Nazareth Elementary School	4,136,307

Total Educational \$ **23,400,320**

Total Expenses \$ **139,179,986**





A teacher works with students at St. Anthony School in Washington, DC - one of four schools in the Consortium of Catholic Academies.

Consortium of Catholic Academies

The Consortium of Catholic Academies of the Archdiocese of Washington helps sustain the long tradition of affordable, yet excellent Catholic schools that reach out to those in underserved communities where students embrace Church values and develop a love of learning. The Consortium provides academic, administrative and financial support to four inner-city Catholic schools in Washington, D.C.: St. Anthony School, Sacred Heart School, St. Thomas More Academy and St. Francis Xavier Academy.

In total, these four schools educate 800 students from predominantly low-income communities. Forty percent of the students benefit from the DC Opportunity Scholarship program. The majority of the students in the four Consortium schools (66 percent) are from non-Catholic households, but many students and their families have entered the Church because of their positive experience in a Catholic school. As part of the Consortium, teachers are served by intensive professional development and other benefits.

To maintain these schools, more than \$4.3 million must be raised each year to supplement tuition income and meet operating expenses. During the 2011-12 school year, needed support included \$2.4 million in grants, gifts and donations from donors, particularly those working with the Consortium board and \$1.9 million from the archdiocese and affiliates. These funds are critical to supporting these four inner-city schools that are more than just a place to educate – they are safe havens for children, where they are encouraged and inspired to be the best they can be.

Mary of Nazareth School

In the past 17 years, Mary of Nazareth School in Darnestown, Maryland has grown from 79 students in a white barn that was converted to a school house, to more than 500 students in kindergarten through eighth grade in a state-of-the-art facility. Founded as a regional school in 1994 by Cardinal James Hickey, it was the first new parish elementary

school in the archdiocese in 30 years. It is sponsored by seven upper Montgomery County parishes and benefits from the support of those communities.

Mary of Nazareth was one of four schools in the archdiocese named a 2011 National Blue Ribbon School. Blue Ribbon Awards are given annually by the United States Department of Education to 49 private and 255 public schools throughout the United States in recognition of outstanding achievement.

With loan assistance from the Forward in Faith Foundation, the school was able to complete the acquisition of the Katie Fitzgerald Center gymnasium to further improve facilities for the students.

The 538 students begin each day in prayer, attend First Friday Masses celebrated by their parish priests in the school gym and monthly Masses in the chapel, and students from each grade are recognized every month for reflecting Christ-like virtues.

Catholic Cemeteries

The Catholic Cemeteries of the Archdiocese of Washington, Inc. (CCAW) are quiet sanctuaries that unite earthly life and eternal life for families in Washington, D.C. and Maryland.

CCAW operates five major cemeteries and two minor cemeteries, which were former parish cemeteries:

- All Souls Cemetery, Germantown
- Gate of Heaven Cemetery, Silver Spring
- Mount Olivet Cemetery, Washington, D.C.
- Resurrection Cemetery, Clinton
- St. Mary's Queen of Peace Cemetery, Helen

The two minor cemeteries are:

- St. John's Cemetery, Forest Glen
- St. Mary's Cemetery, Washington, D.C.

One challenge CCAW is working to address is the state of the endowment care funds. In an effort to overcome the shortfall in available funds, CCAW has increased the percentage contribution from the sale of gravesites to the endowment care fund,

allowing it to grow and strengthen. These measures are part of a long term strategy to close the gap and help ensure a fully funded endowment care fund.

In addition to operating archdiocesan cemeteries and supporting and protecting the rich history of the Catholic burial tradition, CCAW provides cemetery services to the various parishes throughout the archdiocese. These services include administrative, operational, and marketing of the parish cemeteries.

The Catholic cemeteries in the archdiocese have a long and rich history. In America, the earliest Catholic cemeteries were in the land surrounding the first chapels of the New World, many of them in Southern Maryland. As the Church in what now is the Archdiocese of Washington grew, parish churches such as the historic St. Ignatius in Port Tobacco, St. Joseph in Pomfret, St. John in Forest Glen, St. Mary in Rockville and many others, buried their dead nearby. In 1858, Mount Olivet Cemetery was established in heart of Washington, D.C., becoming the first central Catholic cemetery in the area to serve many parish communities.

Victory Housing

Victory Housing, Inc. the non-profit housing development arm of the archdiocese, provides affordable housing and related social services to more than 1,700 low-and moderate-income senior citizens, and families in Washington, D.C. and Montgomery, Prince George's, Charles, Calvert and St. Mary's counties in Maryland, at a cost of more than \$24 million a year.

In January, 2012, Victory Housing closed on the purchase of a 56-unit senior residential apartment community in St. Charles, Maryland. The complex, which will be called Victory Brookside, is Victory Housing's second in Charles County, following the acquisition of La Plata Manor in 2010.

Also in 2012, construction continued on Victory Oaks at St. Camillus, a 49-unit apartment community for very-low-income seniors, located on the grounds of St. Camillus Catholic Parish in Silver Spring. The new complex contains generous community spaces, an arts and crafts room, a fitness center, a library with computers, a multi-purpose community room, and an outdoor patio. Residents have incomes at or below 50 percent of area median and rents are set at 30 percent of each household's adjusted income, less a utility allowance.

Victory Housing has won 23 public awards since 1997 including Developer of the Year and the Commitment to Excellence Award from the State of Maryland.



A Victory Housing resident prepares to board their bus. The bus has improved mobility for many of its residents.

These funds are critical to supporting these four inner-city schools that are more than just a place to educate – they are safe havens for children, where they are encouraged and inspired to be the best they can be.



ARCHDIOCESAN RETIREMENT PLANS

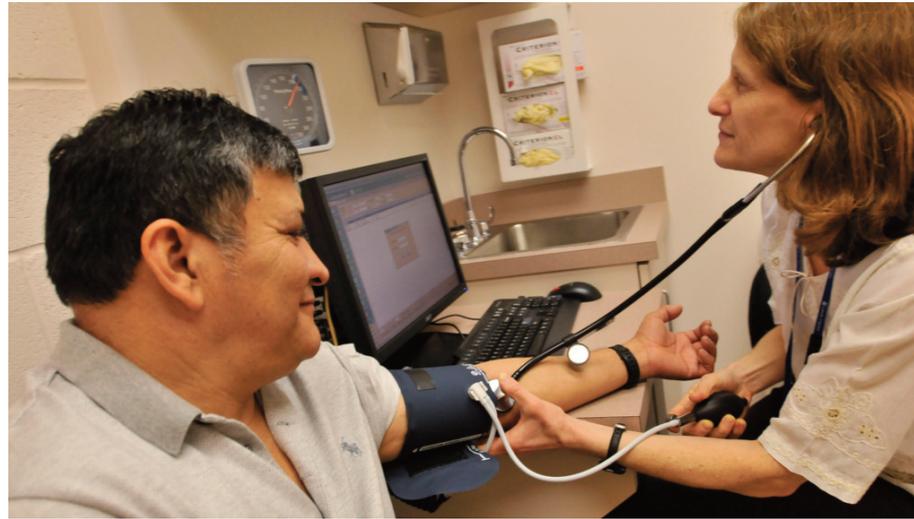
Caring for our retired employees

Two years ago, the archdiocese formed a task force to revise the pension plan for lay employees. After projections found that the current plan was underfunded by \$25 million at the end of 2010, the projected shortfall more than doubled to \$52.4 million by the end of 2011.

The archdiocesan pension plan was fully funded as recently as 2007, but then the next year's stock market crash, expectations for lower long-term investment returns and the reality of employees retiring earlier and living longer left the current pension plan no longer financially sustainable.

To devise a new plan to meet the long-term retirement needs of employees, the archdiocese engaged the service of industry experts and held nine listening sessions that were attended by more than 600 employees across the archdiocese.

The task force, which was comprised of clergy, parish, agency and central pastoral administration personnel found that the best alternative was to convert from the existing defined benefit plan to a defined contribution plan. Retirement benefits earned under the old plan remain protected and will be given to employees upon retirement, but starting in 2013, employees will have the option of contributing to a new 403(b) investment plan under the new structure. The estimated 3,300 eligible employees working for parishes, schools, archdiocesan agencies and the Central Pastoral Administration are impacted by the new retirement plan



and have about two dozen investment alternatives to choose from for their new 403(b) plans, meaning they can tailor their contribution and their investment to their needs.

Caring for our retired clergy

In November 2011, the archdiocese held the Retired Priests Collection, the first collection in parishes for archdiocesan retired clergy. This collection was met with enormous generosity from the faithful and raised more than \$500,000 to help ensure our clergy will be financially supported in their retirement.

While many priests continue working long after they are eligible to retire at age 70, upon retirement the archdiocese provides a monthly retirement benefit for its priests. This is through the Priests' Retirement Benefit Trust, as well as healthcare, special needs and funeral expenses from a separate fund – the Priests

Medical and Care Fund. Money from the Trust and the Fund is restricted solely for caring for retired archdiocesan priests.

At the end of the fiscal year, the retirement benefits and medical and other care were under funded by \$21.2 million. However, due to the success of the 2012 Cardinal's Appeal and generosity from parishioners, an additional \$1.5 million will be contributed to retired priests benefits in 2013.

Priests' Retirement Benefit Trust and Priests' Medical and Care Fund

Statements of Activities and Changes in Unfunded Obligation
For the year ended June 30, 2012

Inflows:	
Employer contributions	\$ 3,550,854
Second collections and other gifts	538,232
	\$ 4,089,086
Outflows	
Retirement benefits paid	\$ 1,392,689
Benefits paid to retired priests	1,101,376
Investment loss and fees	966,886
	\$ 3,460,951
Increase in cash position	\$ 628,135
Actuarial changes:	
Benefits earned during year	\$ 1,948,869
Actuarial loss due to change in assumptions for investment return and discount rate	5,492,257
	\$ 7,441,126
Net change in unfunded liability	\$ (6,812,991)
Unfunded liability as of June 30, 2011	\$ (14,391,625)
Unfunded liability as of June 30, 2012	\$ (21,204,616)



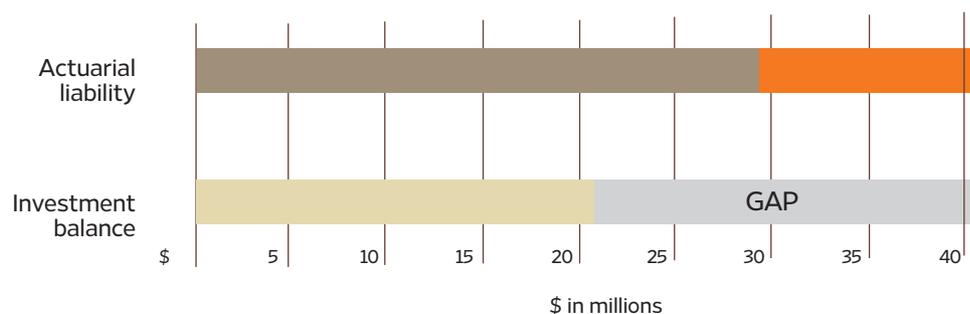
Status of Lay Employee Pension Plan

At December 31, 2011 which is the plan year end, the lay employee pension plan was 75% funded.

Investment balance	\$ 153,813,000
Actuarial liability	\$ 206,195,000
Underfunded	\$ (52,382,000)

Priests' Retirement Funds Actuarial Liability vs. Assets, net | June 30, 2012

■ Priests' Retirement Benefits ■ Medical and Care Benefits



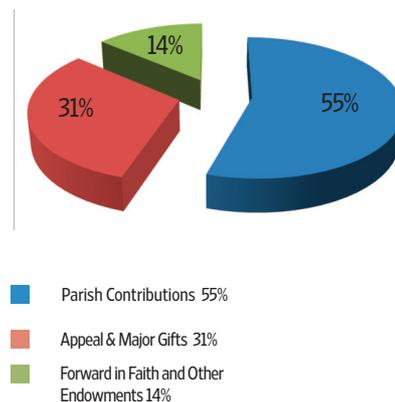


ARCHDIOCESAN AFFILIATED FOUNDATIONS



Sources of Funds for Tuition Assistance Awards for the 2011-12 fiscal year

Parish Contributions	\$	2,742,168
Appeal & Major Gifts		1,572,832
Forward in Faith and Other Endowments		685,000
	\$	5,000,000



Catholic Education Foundation of the Archdiocese of Washington, Inc. Changes in Net Assets

For the year ended June 30, 2012

Opening net assets	\$	15,148,760
Additions:		
Parish Contributions	\$	2,742,168
Appeal & Major Gifts		10,354,688
Forward in Faith and Other Endowments		685,000
Investment incomes (loss)		(282,684)
	\$	13,499,172
Uses:		
Tuition assistance*	\$	4,757,679
Seminarian and religious education awards		10,000
General and administrative expense		235,920
	\$	5,003,599
Change in net assets	\$	8,495,573
Ending net assets	\$	23,644,333

*Of the \$5 million in awards, this represents the amount accepted and distributed to schools.

CATHOLIC EDUCATION FOUNDATION

Last year, the archdiocese was able to award \$5 million in tuition assistance, a six-fold increase in the amount it offered five years ago, helping thousands of families afford a Catholic education for their children. The Tuition Assistance Program awarded these scholarships, which are based on need, to more than 3,800 children thanks to funds provided by the Catholic Education Foundation of Washington, Inc.

In its second year, the Catholic Education Foundation, which protects funds so that they can only be spent on Catholic education, no matter what other financial needs may arise, is supported by the archdiocese, offertory donations of Catholics at every parish, investment income, the Forward in Faith Foundation and other fundraising. Donations to the Cardinal's Appeal also provides

scholarship assistance, and parishes and schools provide additional support to Catholic school families, as do groups such as the Catholic Business Network. Yet still, the demonstrated need for assistance was nearly \$30 million last year.

Superintendent of Catholic Schools, Deacon Bert L'Homme said it is crucial for people to support government programs like the D.C. Opportunity Scholarship program and to advocate for the proposed business tax credit in Maryland that would provide scholarship assistance, because those programs provide educational opportunities to families who seek a Catholic education for their children but struggle to afford tuition costs. "It's the responsibility of all Catholics, whether they have children in school or not, to contribute to the support of Catholic education," said Deacon L'Homme. "It ensures the future of our Catholic Church."

Archdiocesan Tuition Assistance

School Year	Applicants	Awardees	Need	Award	% of Need Met
2012-13	7,585	3,817	\$ 29,683,689	\$ 5,000,000	17%
2011-12	8,366	3,730	\$ 31,614,369	\$ 5,000,000	16%
2010-11	7,650	3,828	\$ 24,219,798	\$ 5,000,000	21%
2009-10	6,386	3,433	\$ 20,324,940	\$ 4,269,123	21%
2008-09	4,379	2,880	\$ 19,113,605	\$ 2,228,466	12%
2007-08	3,833	1,536	\$ 18,074,238	\$ 890,274	5%

Tuition assistance financial commitments for a school year are made in the prior fiscal year but paid in the next.

Forward in Faith Foundation

Forward in Faith, Inc. began seven years ago as a campaign to create an enduring foundation for the archdiocese to address immediate needs in parishes and communities and to establish long-term endowments.

Six major areas were identified for funding:

- Education
- Catholic Charities

- Pastoral services
- Multi-cultural apostolates
- Ministry enhancement
- Parish sharing

The people of the archdiocese responded with inspired generosity to the campaign, collecting more than \$120 million since the campaign began in 2004.

The campaign has ended but the Forward in Faith Foundation and its board of directors continue to oversee the endowment funds that have been created, and distribute critical resources in areas such as tuition assistance, multi-cultural, pro-life initiatives, and capital improvements.



Catholic Investment Trust of Washington

In the spring of 2012, the Catholic Investment Trust of Washington trust was formed to oversee the investments of several archdiocesan affiliated entities, each of which is reported on elsewhere within this report.

The five initial grantors to the Trust are Central Pastoral Administration, Forward in Faith, Catholic Education Foundation, Priests' Retirement Benefit Trust, and the Employee Pension Plan.

Each grantor is represented on the Board and there is an independent member serving as chairman. The Trust operates similar to a mutual fund in that the assets of any one grantor may not be used to pay expenses or debts of any other grantor, but all of the investors share in the benefits of lower costs and greater diversification.

Forward in Faith, Inc. Changes in Net Assets

For the year ended June 30, 2012

Opening net assets	\$	60,498,005
Additions:		
Gifts		4,604,858
Investment income (loss)		(779,971)
Total additions		3,824,887
Uses:		
Tuition assistance		685,000
Pro-Life apostolate		75,000
St. Joseph's Lay Leadership Institute		256,135
Multicultural apostolate		195,000
Seminarian expenses		60,000
Redemptoris Mater Missionary Seminary		177,810
Needy parishes & schools		230,000
General and administrative expense		94,000
Total uses		1,772,945
Change in net assets	\$	2,051,942
Ending net assets	\$	62,549,947



PARISHES AND SCHOOLS

St. Michael Catholic School in Ridge, Maryland was selected as one of only four schools in the nation to receive the 2012 National Catholic Educational Association's Home and School Association Award.



Last year, 140 parishes, nine missions and 60 archdiocesan Catholic schools served hundreds of thousands of people in Washington, DC and Montgomery, Prince George's, St. Mary's, Charles and Calvert counties. Parishes and schools in the archdiocese spent nearly one-quarter billion dollars in service to the faithful last fiscal year.

Our Parishes

Thirty-six parishes in the archdiocese continued examining their signs of spiritual strength through a self-assessment tool that was developed by the Secretariat for Pastoral Ministry and Social Concerns called the Indicators of Vitality. The five Indicators of Vitality are worship, education, community life, service and administration/stewardship.

The self-assessment is adapted by the pastor to the needs of individual parishes, translated in the necessary languages, and available online and in print formats for parishioners to participate in the self-study. From here, pastors, parish councils, etc. are able to develop goals and action steps to enrich the worship, education, community life, service and administration/stewardship of the parish.

At St. Peter's Church on Capitol Hill, pastor Father William Byrne, has seen many positive outcomes from this process. "The goals were simple: more community events that were multi-generational, develop an evangelization committee, and strengthen adult faith formation," he said. The Indicators of Vitality worked. St. Peter's has grown from a parish of 770 families to nearly 1,400 in just a few years.

To help ensure the responsible stewardship of the valuable resources of our parishes and schools, the archdiocese introduced an Ethics and

Compliance Hotline that employees and others can call if they suspect financial or employee misconduct in any parish, school, agency or office of the archdiocese.

The hotline, operated by an independent third-party company, allows anyone to easily report suspected financial and/or employee misconduct confidentially and anonymously. Please visit www.adw.org and click the Ethics and Compliance Hotline icon to watch a video explaining the hotline in more detail.

The archdiocese already has many safeguards in place to ensure the responsible and transparent management of funds. For example, the Archdiocesan Finance Council, whose members include national and regional business leaders, oversees major financial and budgetary decisions to ensure they reflect the mission of the Church; the financial statements of the archdiocese undergo an audit each year; and parish Finance Councils provide oversight of parish financial operations.

Our Schools

Last school year, four elementary schools in the Archdiocese of Washington received the U.S. Department of Education Blue Ribbon Schools Award in recognition of the schools' academic achievement as America's most successful schools. This award was only given to 49 private schools nationwide last school year. The four archdiocesan schools are St. Jane de Chantal School (Bethesda), St. Bartholomew School (Bethesda), Mary of Nazareth School (Darnestown) and St. Mary School (Rockville). With 8 percent of the nationwide awardees, this was the largest number of schools to receive the coveted award at one time in the Archdiocese of Washington. Schools in the archdiocese have received the national Blue Ribbon School award



28 times.

Also, during the 2011-12 school year two individuals and a group within the archdiocese were the recipients of national honors at the National Catholic Educational Association conference. Sheila Martinez, principal of Our Lady of Victory Catholic School in Washington, received the NCEA Distinguished Principal Award; Marco J. Clark, president and CEO of Bishop McNamara High School, received the NCEA Secondary Education Award; and St. Michael Catholic School in Ridge, Maryland was selected as one of only four schools in the nation to receive the 2012 National Catholic Educational Association's Home and School Association Award.

School revenue increased \$3.5 million primarily due to a \$1.9 million increase in tuition and a \$700,000 increase in nursery school and daycare revenue. However, as in previous years, school expenses exceeded revenue, resulting in a total operating loss of \$500,000 that had to be covered by parishes and the archdiocese.

The increased stability of Catholic elementary schools is noted in the marked increase of schools that switched from deficit operations to a surplus which is noted in the table below.

Parishes and School Revenue and Expense Years Ended June 30, 2012 and 2011

modified cash basis of accounting

	FY 12	FY 11
Parish Revenue		
Offertory and other donations	\$ 111,912,768	\$ 112,401,591
Fundraising and other revenue	20,711,437	19,209,706
Investment income and unrealized gain/(loss)	1,621,921	7,125,496
Total Parish Revenue	\$ 134,246,126	\$ 138,736,793
Parish Expenses		
Core ministry	\$ 45,793,683	\$ 45,230,685
Building and capital expenditures	43,157,199	39,819,189
Administration and other	38,280,370	36,788,086
Total Parish Expenses	\$ 127,231,252	\$ 121,837,960
Parish Net Income/(Loss)	\$ 7,014,874	\$ 16,898,833
School Revenue		
School Revenue	\$ 112,408,880	\$ 109,185,958
School Expenses	112,894,665	111,282,875
School Net Income/(Loss)	(485,785)	(2,096,917)
Parish and School Net Income/(Loss)	\$ 6,529,089	\$ 14,801,916

Parish and school revenue does not include archdiocesan emergency support of parishes and schools. School revenue and expenses do not include Mary of Nazareth, high schools or the four Consortium of Catholic Academies' schools.

Financial results for parish elementary schools

This chart shows the increase of elementary schools that switched from deficit operations to a surplus:

	FY 2012	FY 2011	% change
Operating surplus	34	21	+62%
Operating deficit	20	33	-39%
Total parish elementary schools	54	54	0

