

## Archdiocese of Milwaukee

Financial overview – as of June 30, 2010

The financial statements of the Archdiocese of Milwaukee are audited annually by Baker Tilly, an independent audit firm. They are available on the archdiocesan Web site.

Here are some notes about some of the items on the *Statement of Financial Position* for the Archdiocese of Milwaukee, to help in your understanding of the various items, descriptions and accounting terms used in the financial reports.

1. Total Assets, including Cemeteries. This amount of **\$98.4 million** is directly from the Audited Financial Statement. Some people assume this sum is available for the Church to use at its discretion. Instead, as you will see in the following notes, the vast majority of assets, more than **\$90 million**, are monies that do not belong to the archdiocese, are restricted for specific use as designated by donors, or are offset by a corresponding liability.
2. Assets committed to Catholic Cemeteries account for **\$62.6 million** of the Total Assets. The majority of that commitment is the Perpetual Care Trust. The Perpetual Care Trust is not owned by the Archdiocese of Milwaukee. It was established for the perpetual care of cemetery graves and crypts. A designated portion of each grave/crypt sale is put into the Trust to ensure maintenance and care is provided forever. Other assets committed to Catholic cemeteries include the estimated value of unsold burial plots and crypts, which are considered an asset by accountants; the trust fund that holds the money that people have “pre-paid” for their burial; cemetery equipment; the accounts receivable for the plots/crypts that have not yet been paid for in full; the cemetery workers union pension funds.
3. The Archdiocese of Milwaukee collects money on behalf of specific causes or charities. These are noted in the financial reports as Cash Contributions collected for and passed on to others and total **\$1.1 million**. The archdiocese conducts two collections annually, known as the Combined Collections, for ten beneficiaries. This money, which does not belong to the archdiocese, is collected through direct mail and parish collections and is designated by the donors for the specific funds. The funds are held by the archdiocese until the collections are finalized, and then sent to the 10 beneficiaries which include, for example, the Catholic Home Mission; Catholic University of America; Retirement Fund for Religious; and Catholic Relief Services.
4. Funds invested for others total **\$2.98 million**. These are funds that are raised, held and invested for other groups. These are not archdiocesan funds. Beneficiaries include the Black & Indian Mission grant (awarded to the archdiocese by

the National Black and Indian Ministry office for designated ministry purposes) and the Continuing Formation for Clergy fund (made up of monies paid in by parishes for continuing formation and seminars for their clergy.)

5. Restricted short-term investments total **\$3.6 million**. Restricted short-term investments are monies received from donors for designated purposes that are invested until needed for that specific purpose. Under law, these funds can only be used for activities specified by the intent of the donor.

6. Similarly, restricted long-term investments, which total **\$4.1 million**, are permanently restricted or endowed funds established by donors for specific purposes. These funds allow for only the annual interest generated by the investment of the original gift to be used for a purpose specifically identified by the donor. For example, a \$1 million permanently restricted gift was established to benefit Catholic education. The annual interest generated by the long-term investment of this money is used to support Catholic education, but the principal of \$1 million remains invested, as required by law.

7. The St. Aemelian Trust was established with the assets of the St. Aemelian Orphanage at the time of its closure. The St. Aemelian Trust holds **\$4.65 million**. This money is designated to support orphans, dependent and neglected children and to promote education, charity, and religion.

8. Charitable gift annuities are created through a contract under which a donor makes a gift in exchange for a partial tax deduction and a guaranteed lifetime income stream. Approximately **\$300,000** (net), is the amount the archdiocese must keep segregated, by law, for these donors.

9. The Catholic Stewardship Appeal is the annual archdiocesan collection that supports the central office of the Archdiocese of Milwaukee in its mission to provide services and ministries to parishes, schools, institutions and individuals so they can effectively carry out their mission of service to the people of God in southeastern Wisconsin. The financial statements include **\$4.4 million**, which is the amount of Appeal donations that were on hand as of June 30. In addition to these assets, the Archdiocese of Milwaukee also has liabilities in the form of debts. These fall into three categories:

10. Cousins Center mortgage. **\$4.65 million**. In 2006 the Archdiocese of Milwaukee mortgaged the Archbishop Cousins Catholic Center to fulfill its obligation to victims/survivors and settle claims of sexual abuse of minors by diocesan priests. The Cousins Center property is for sale, but the loan remains outstanding at \$4.65 million.

11. Accounts Payable. These debts, totaling approximately **\$1.4 million**, were on our books as of June 30, 2010. They were owed to companies and individuals who provide goods and services to the archdiocese. In addition, the archdiocese has obligations totaling approximately **\$1 million** to victims/survivors of clergy sexual abuse of minors from mediated settlement agreements.

12. A Contributions Payable exists for **\$1.6 million** for commitments made by the archdiocese to support Catholic Schools and education.

Given these limitations, and stretching as far as we felt we could to make a fair offer, we identified \$4.6 million in assets that could be applied to a settlement in the current lawsuits pending against the Archdiocese of Milwaukee. We did so in full consultation with the archdiocesan finance council. The calculations took into consideration the fact that there would be more funds available for victims/survivors if we could spend less on legal costs. At the same time, we recognized the need to retain some funds to equitably provide for additional victims/survivors who have yet to come forward, and also to provide essential services to our parishes and schools.