

# 2007 Accountability Report

## To the People of the Archdiocese of Indianapolis:

### Dear Friends in Christ:

As we enjoy the Thanksgiving holiday and prepare to celebrate the birth of Christ, we have much to be grateful for in our archdiocese. Let's remember to turn to God in thanksgiving and prayer for all of the blessings he has bestowed upon us. As good stewards we are called to use what God has given us wisely and to account for how we use these gifts.

Here is our annual archdiocesan accountability report rendering an account of our stewardship of the human, physical and financial resources of the Church in central and southern Indiana. It has been my privilege for the past 15 years to have had the responsibility of leading the Archdiocese of Indianapolis. We are blessed in our archdiocese to have dedicated clergy and religious, hard-working lay leaders and generous parishioners. I believe one of our greatest accomplishments in recent years has been the advancement of stewardship as a way of life. Stewardship is an acknowledgement that everything we have comes from God. It's the basis for authentic Christian living.

### Legacy for Our Mission Campaign

The Legacy for Our Mission Campaign has been an amazing story. This capital-stewardship campaign is in its final phase and we are close to reaching our \$100 million goal. More than 26,000 households have prayerfully brought forth more than \$90 million so far. I am hopeful that we will reach or surpass our goal before the end of the year. Every net dollar of proceeds from the campaign will be used for ministry through capital, endowment, or operating support to parishes, schools, and agencies throughout the archdiocese. (A more detailed account of the campaign can be found inside in the report submitted by Jeffrey D. Stumpf, chief financial officer for the archdiocese.)

One of the most gratifying results of the Legacy for Our Mission Campaign has been the eagerness of people to become more involved in the life of their parish and the archdiocese. Through the campaign, more than 13,000 people have enlisted as volunteers at their parish or in other archdiocesan ministries. This reflects more than one in every eight archdiocesan households. I believe this increase in lay involvement will produce great benefits for our archdiocese in the future.

The success of the Legacy for Our Mission Campaign is a sign that our archdiocese is thriving. It also shows that we understand that although much of our faith life is lived at the parish level we also see ourselves to be family of faith—an archdiocesan-wide family. We are all in this journey together.

### Vocations

We now have 25 seminarians in formation. We have a great group of future pastors. They are bright, committed and very caring and bring with them significant real-life experience. We ordained three men to the priesthood in 2007 and hope to ordain two more in 2008. In 2009, we anticipate ordaining five men to the priesthood.

Our Bishop Simon Bruté College Seminary on the Marian College campus in Indianapolis continues to be a source of hope and a sign that a "culture of vocations" is taking root in our archdiocese. We have 11 seminarians for the Archdiocese of Indianapolis residing at the seminary as well as four seminarians for the Diocese of Evansville, two for the Diocese of Lafayette in Indiana and one for the Archdiocese of Louisville.

We must continue to pray for vocations and for our seminarians. Ask the Lord to send more workers for the harvest. And please pray for your priests.

### Catholic schools excel

Our archdiocesan schools continue to be recognized for their achievement and commitment to excellence. St. Pius X School in Indianapolis was selected as a national Blue Ribbon School of Excellence last month by the U.S. Department of Education. Our schools have earned 22 National Blue Ribbons in the past five years.

Enrollment at our schools continues to increase. We now have more than 23,000 students attending 71 Catholic schools in southern and central Indiana. This makes us the fifth largest school system—public or private—in Indiana.

### Celebrating St. Theodora Guérin

It's been just over a year since our archdiocese and the universal Church celebrated the canonization of St. Theodora Guérin, the founder of the Sisters of Providence of Saint Mary-of-the-Woods near Terre Haute in 1840.

We honored the legacy of St. Theodora by celebrating a series of Masses throughout the archdiocese this past year. The concluding Mass in this series was held on St. Theodora's feast day on Oct. 3 at Our Lady of Providence Jr./Sr. High School in Clarksville. All of these Masses were well attended. Having our own saint, if you will, has strengthened the awareness in our archdiocese of the sacrifices that our ancestors made to give us the beautiful Catholic heritage we enjoy today and all the benefits that come with it.

St. Theodora's ceaseless prayer and faithfulness continue to be a model for all of us as we work to carry out Christ's mission throughout our archdiocese.

### Strategic planning

We are in the process of putting together a new strategic plan for the archdiocese that will provide us a roadmap for identifying and meeting the challenges we face as an archdiocese for the next three to five years. We have been holding meetings with various groups throughout the archdiocese and have asked for your help in preparing this plan through questions that have appeared in *The Criterion*. (Please read the strategic planning question on the front page of this week's *Criterion* and respond.)

### City Future Task Force

Just over a year ago we convened the City Future Task Force. This group, made up of clergy and lay leaders, has spent the past year studying how the archdiocese can best carry out its mission in the downtown Indianapolis area as well as best minister to the growing Hispanic community in the

downtown and near downtown area. Two working groups—the Downtown Parish Life Task Force and the Hispanic Ministry Task Force—are preparing recommendations to be delivered to me in the next two to three months.

### Catholic Charities

Our six archdiocesan Catholic Charities agencies are going through a process to review each of the nearly 35 programs they operate to serve the most vulnerable in our communities. Motivated by a call issued by Pope Benedict XVI in his Encyclical Letter *Deus Caritas Est* (God is Love) to ensure that no member of God's family goes without the necessities of life, Catholic Charities is working to see that as a Church we are providing the best and right kind of services. We have learned so far from this review process that Catholic Charities needs to collaborate more closely with parishes in the archdiocese. This review will continue in 2008 and you will be hearing more about how we are working to improve our care of the poor and vulnerable among us.

### Annual Appeal changes

It's been nearly 10 years since we combined the local parish stewardship initiative with the United Catholic Appeal into what we know now as Called to Serve: Parish Stewardship and United Catholic Appeal. It's time to look at our annual appeal to see how we can improve it and freshen it up.

I believe the timing is right for this, because during the Legacy for Our Mission Campaign, we integrated the Called to Serve appeal into the first year of every parish's campaign. This means that 2004 was the last year that all parishes in the archdiocese conducted Called to Serve at the same time. Next year, we will be rolling out some enhancements in the appeal to re-emphasize stewardship principles, refresh communications, and illustrate the fact that every parish—and, thus, every parishioner—has a role to play in the ministries of our archdiocese. You will be hearing more about this in 2008.

### Conclusion

It may seem a ways off, but planning has already begun for the 175th anniversary of the Archdiocese of Indianapolis, which we will celebrate in 2009. We plan to have a large celebration at the new Lucas Oil Stadium in Indianapolis in the spring of 2009. You'll be hearing much more about this in the coming months.

The months leading up to this anniversary provide an opportunity to reflect on our rich history and all that we have to be thankful for. It's also the perfect time to think about where we are going as an archdiocese as we continue to do God's work.

Thank you for your support and God bless you!

Sincerely yours in Christ,



Most Rev. Daniel M. Buechlein, O.S.B.  
Archbishop of Indianapolis

# Summary of Financial Status

This summary of the financial status of the Archdiocese of Indianapolis reflects activities of the chancery of the archdiocese and certain affiliated agencies with direct accountability to the Most Reverend Daniel M. Buechlein, O.S.B., Archbishop of Indianapolis. The information presented has been derived from the audited financial statements and does not

include the activities of parishes, missions and schools of the archdiocese. All significant transactions among entities detailed in this summary have been eliminated. The complete audited financial statements are available for public inspection at [www.archindy.org/financial/archdiocese.html](http://www.archindy.org/financial/archdiocese.html).

## Chancery and Certain Entities of the Archdiocese of Indianapolis Combined Statements of Financial Position as of June 30, 2007 and 2006

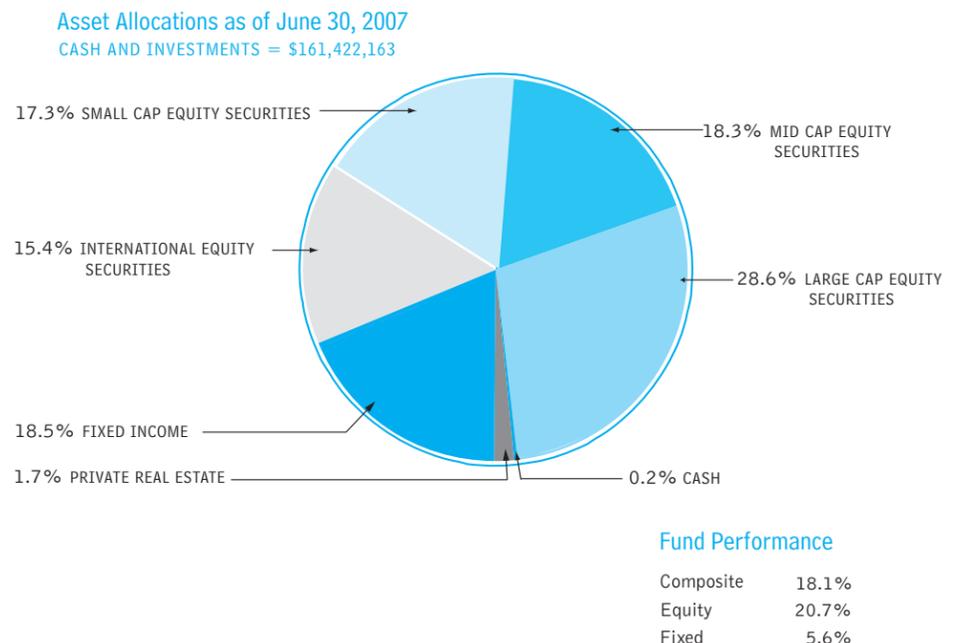
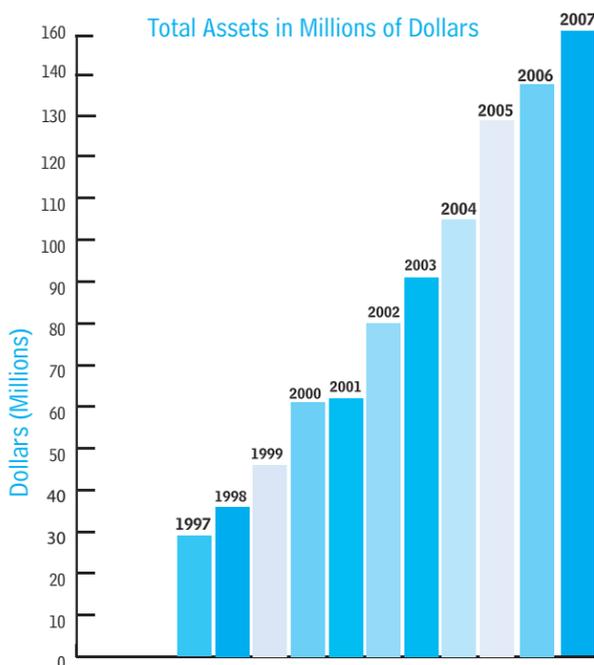
ASSETS	2007	2006
Cash and cash equivalents	\$26,922,029	\$17,951,201
Investments	164,442,887	135,267,341
Receivables:		
Contributions, net	42,333,342	23,890,110
Deposit and loan fund, net	21,398,722	22,418,745
Amounts due from parishes and other archdiocesan entities, net	4,079,590	5,690,158
Accrued interest income	363,886	353,580
Other, net	2,745,341	2,927,844
Total receivables, net	70,920,881	55,280,437
Other assets	1,268,866	1,641,975
Burial spaces and other inventories	2,992,328	3,116,869
Land, buildings and equipment, net	15,102,222	15,640,057
<b>TOTAL ASSETS</b>	<b>\$281,649,213</b>	<b>\$228,897,880</b>
<b>LIABILITIES AND NET ASSETS</b>		
Liabilities:		
Accounts payable and accrued expenses	\$5,594,354	\$7,108,993
Capital campaign due to parishes	24,061,574	10,361,546
Bonds payable	50,993,530	52,041,314
Reserves for self-insurance	2,519,000	1,080,000
Other liabilities	3,484,702	3,166,256
Deposit and loan fund payable	41,059,269	32,632,586
Total liabilities	127,712,429	106,390,695
Net assets:		
Unrestricted	103,698,830	87,043,239
Temporarily restricted	30,727,322	17,251,002
Permanently restricted	19,510,632	18,212,944
Total net assets	153,936,784	122,507,185
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>\$281,649,213</b>	<b>\$228,897,880</b>

## Chancery and Certain Entities of the Archdiocese of Indianapolis Combined Statements of Activities for the years ended June 30, 2007 and 2006

SUPPORT AND REVENUES	2007	2006
Assessments	\$8,959,190	\$8,569,300
Service fees	21,516,600	20,771,623
Capital campaigns and contributions	25,002,314	18,045,357
United Catholic Appeal	5,762,963	6,386,426
Sales of goods and services	4,478,507	4,385,691
Program service fees and other	5,593,319	5,720,427
Other public support	3,939,406	4,025,077
Interest income and investment return	27,633,640	11,389,127
<b>Total support and revenues</b>	<b>102,885,939</b>	<b>79,293,028</b>
<b>EXPENSES</b>		
Salaries and wages	14,089,029	14,038,291
Employee benefits and taxes	3,709,141	3,308,741
Health care costs	13,783,734	15,447,839
Retirement plan contributions	4,344,119	3,969,950
Cost of equipment and supplies sold	2,020,638	1,830,737
Administrative and supplies	2,190,604	2,320,477
Property insurance	3,132,579	2,645,590
Depreciation	1,204,443	1,402,500
Repairs and maintenance	854,324	786,461
Occupancy costs	1,222,906	1,198,471
Interest	5,816,168	4,810,177
Bad debts	5,344,281	2,584,988
Professional services	5,918,960	5,009,374
Specific assistance	572,763	621,979
Contributions	4,563,636	4,804,651
Capital campaign funds donated to parishes and others	433,233	1,030,013
Loss on debt extinguishment	0	2,143,566
Other	2,255,782	2,525,931
<b>Total expenses</b>	<b>71,456,340</b>	<b>70,479,736</b>
<b>CHANGE IN NET ASSETS</b>	<b>31,429,599</b>	<b>8,813,292</b>
<b>NET ASSETS: Beginning of year</b>	<b>122,507,185</b>	<b>113,693,893</b>
<b>NET ASSETS: End of year</b>	<b>\$153,936,784</b>	<b>\$122,507,185</b>

# Catholic Community Foundation, Inc.

The Catholic Community Foundation is a separate, not-for-profit corporation established by the Archdiocese of Indianapolis to professionally invest and administer numerous individual endowment funds for the benefit of parishes, schools, agencies, and other institutions affiliated with the archdiocese. As of June 30, 2007, the Catholic Community Foundation comprised 339 separate endowment accounts and 104 charitable gift annuities worth \$161.4 million.





Combined Statement of Activities by Secretariat, Vicariate and other operating groups

	SUPPORT AND REVENUES	EXPENSES	CHANGE IN NET ASSETS
Chancery	\$4,975,241	\$2,172,465	\$2,802,776
Clergy and Parish Life Coordinators	3,645,508	4,318,167	(672,659)
Spiritual Life and Worship	1,048,687	1,218,920	(170,233)
Catholic Education and Faith Formation	8,147,320	11,775,411	(3,628,091)
Lay Ministry and Pastoral Services	452,819	345,551	107,268
Catholic Charities and Family Ministries	10,564,071	9,986,972	577,099
Communications	2,056,758	2,137,509	(80,751)
Finance and Administrative Services	4,436,210	3,709,507	726,703
Stewardship and Development	2,216,323	1,872,030	344,293
Vicariate Judicial	404,847	397,343	7,504
Parish Shared Services and Support	27,487,277	28,188,847	(701,570)
Catholic Community Foundation and ADLF	36,277,630	12,671,612	23,606,018
Legacy for Our Mission Capital and Endowment Campaign	18,313,602	9,416,169	8,897,433
Eliminations	(17,140,354)	(16,754,163)	(386,191)
<b>Combined Total June 30, 2007</b>	<b>\$102,885,939</b>	<b>\$71,456,340</b>	<b>\$31,429,599</b>

Breakdown of Change in Net Asset Results for the year ended June 30, 2007

(in thousands)

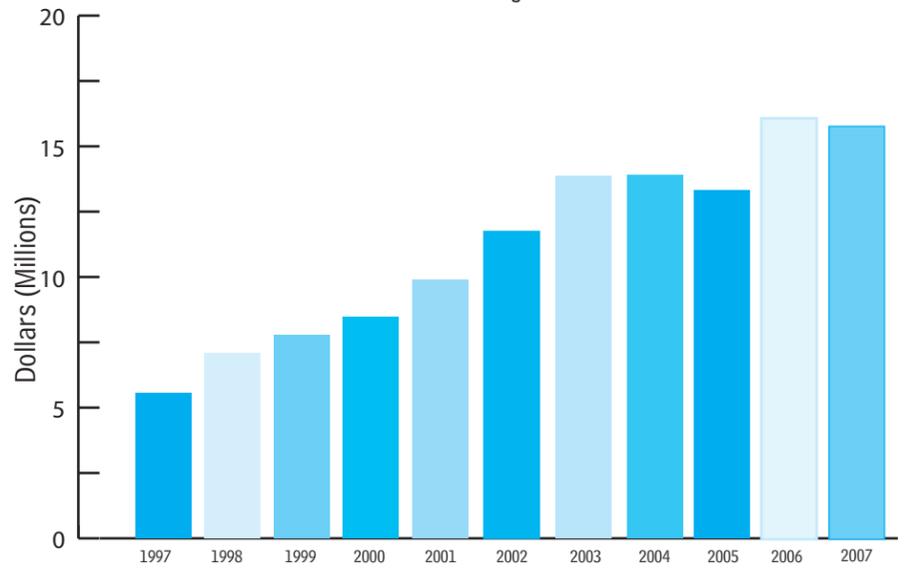
Actual	
Combined operations	\$ 1,053
Parish Shared Services and Support	(702)
Catholic Community Foundation, ADLF, Investing and Debt Activities	23,606
Legacy for Our Mission Capital and Endowment Campaign	8,897
Other reconciling items and eliminations	(1,424)
<b>Combined Change in Net Assets</b>	<b>\$31,430</b>

Archdiocese of Indianapolis Values

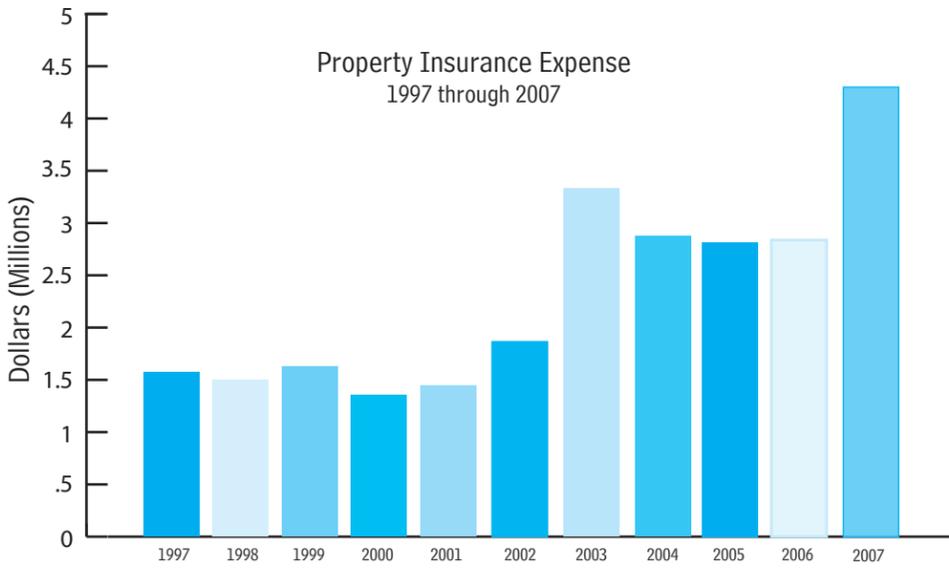
- † Prayer and spiritual growth
- † Lifelong learning and sharing our faith
- † Parish and family, the individual and community
- † Compassion and respect for human life and all creation
- † Justice and consistent moral standards
- † Proactive leadership and shared responsibility
- † Vital presence in urban, suburban, and rural neighborhoods
- † Stewardship



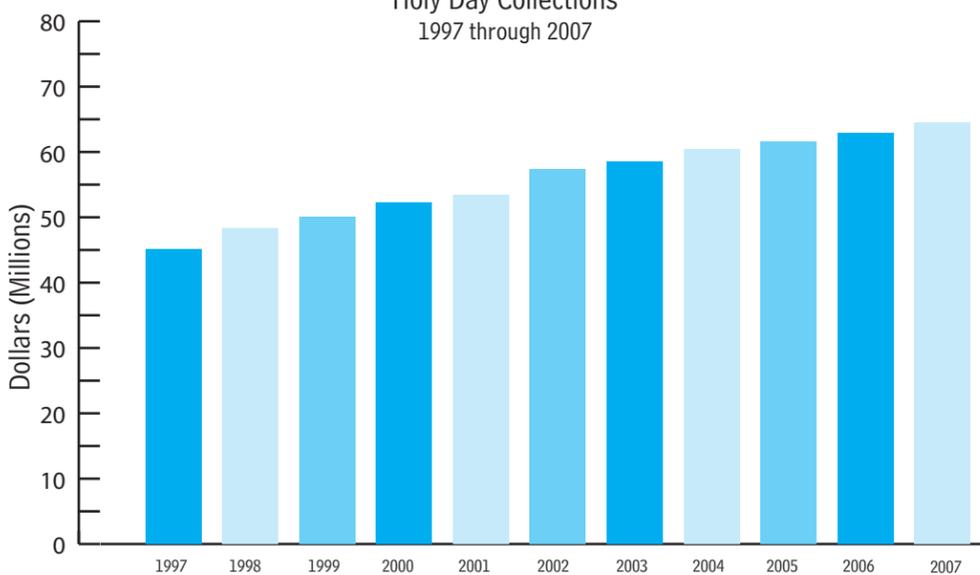
Clergy and Lay Health Care Expenses 1997 through 2007



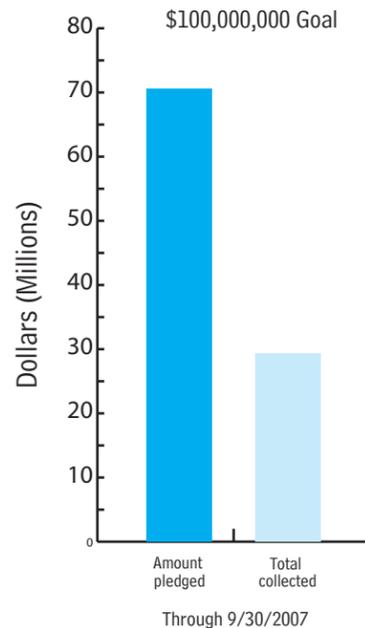
Property Insurance Expense 1997 through 2007



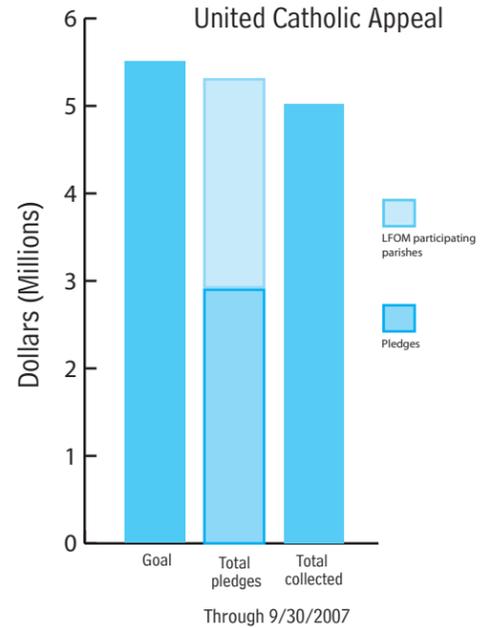
Parish Sunday and Holy Day Collections 1997 through 2007



Legacy for Our Mission Capital and Endowment Campaign \$100,000,000 Goal



2006 Called to Serve/ United Catholic Appeal





# Chief Financial Officer's Report

As we approach the Thanksgiving and Advent seasons, the Archdiocese of Indianapolis has much to be thankful for. The 2006-07 fiscal year, which ended June 30, 2007, was our third consecutive year of break-even financial operations. We also continued to experience growing stewardship, steady investment returns, challenging employee benefit issues and facilities expenses. The people of the archdiocese continue to generously support the ministries of the Church as evidenced through the results of the Legacy for Our Mission Campaign. This report highlights several significant areas of our financial operations.

## Chancery 2006-07 Operating Results

The chancery and agencies of the Archdiocese of Indianapolis completed 2006-07 with a \$1,053,000 surplus versus a budgeted surplus of \$596,000, a positive variance of \$457,000. This represents the third consecutive year with an operating surplus for the archdiocese and a break-even 2007-08 budget seems to indicate that the archdiocese has likely achieved a more stable footing than in previous years.

I must offer two cautions about the positive operating results: first, the surplus is very small relative to the total overall budget—only about 2.7 percent of operational expenses; second, any surpluses must be used to “repay” the deficit spending of past years. In other words, we will still need to continue to hold expenses down; this is not the time to increase budgets, even for human and material resources that agencies have been doing without for a number of years.

## Called to Serve: Parish Stewardship and United Catholic Appeal

Parish stewardship, through Sunday and holy day collections, continued to grow. Total parish Sunday and holy day collections for 2006-2007 throughout the archdiocese grew at a rate of 2.5 percent. This compares with a growth rate of 2.3 percent in parish Sunday and holy day collections for 2005-2006.

The 2006 United Catholic Appeal received pledges of \$5.27 million, including Appeal goal amounts for the parishes participating in the Legacy for Our Mission Campaign. This compares to pledges of \$5.58 million for the 2005 United Catholic Appeal, a decrease of 5.5 percent.

## St. Francis Xavier Home Missions Fund

June 2007 brought the seventh year of allocations of the St. Francis Xavier Home Missions funds. The allocations committee, consisting of 11 members—pastors and parish life coordinators from each deanery—aided by two archdiocesan staff members, made recommendations to Archbishop Daniel M. Buechlein for home missions grants based on applications received from 38 parishes and agencies. Approximately \$402,500 was awarded to 29 parishes.

Home missions grants are supported through the generosity of parishes that pledge some or all of the money they raise in excess of their Called to Serve/United Catholic Appeal goal to the St. Francis Xavier Home Missions Fund and through distributions from the Catholic Community Foundation's Archdiocesan Home Missions Endowment Fund, which was established through the Legacy of Hope from Generation to Generation capital and endowment campaign. While we've improved our funding to support needy parishes, parish needs still far outweigh available resources. Grant requests exceeded \$1.2 million during the year. This means that approximately 30 percent of the grant dollars requested was able to be awarded.

## Mother Theodore Catholic Academies

The six center-city Indianapolis grade schools that have joined to form the Mother Theodore Catholic Academies (formerly known as the Catholic Urban School Consortium) strive to provide a high quality education with a strong spiritual base, leading students of all faiths to secondary and post-secondary education. The schools are working hard to continue to raise academic excellence, maximize available resources and increase enrollment. The operating deficit for these schools for the 2006-07 fiscal year was approximately \$2.6 million.

Eventually, this annual operating need is expected to be funded through annual fundraising and larger endowment distributions. In the short term, the proceeds from the Legacy for Our Mission Campaign will be used to meet this need.

The people supporting the Academies' goals and operations are working to raise additional support, increase enrollment, and create expense savings through efficiencies. Significant facility needs are also present at several of the facilities which have and will continue to require capital expenditures. The goal of the Mother Theodore Catholic

Academies continues to be to operate at a breakeven mark and will strive to accomplish this goal through additional development efforts.

## Legacy for Our Mission Campaign

In the fall of 2005, Archbishop Buechlein launched the Legacy for Our Mission Campaign. As noted in Archbishop Buechlein's letter in this accountability report, the campaign benefits both local parish needs and archdiocesan ministry needs. The \$100 million goal for the parish phase of the campaign is within reach as the final group of 28 parishes embarks on their campaigns this fall. As of the writing of this report, the campaign has achieved a 42 percent participation rate with pledges received of over \$90 million. The campaign has received strong leadership gifts from an identified audience totaling \$16 million. The strong campaign results have been achieved because parishes and the archdiocese put together compelling cases, had strong leadership, and had quality implementation throughout the local campaigns. As pledge payments are received, they are immediately used to support the ministries within the archdiocese. Through the end of the 2007 fiscal year, the Legacy for Our Mission allocations included:

• Endowments	
- Home Missions	\$1,000,000
- Making a Difference (Financial Aid)	\$750,000
• Priest Retirement	\$1,000,000
• Catholic Charities capital	\$1,488,000
• High School capital projects	\$1,454,000
• Catholic Charities Programming	\$744,000
• Mother Theodore Catholic Academies Programming	\$515,000
• Permanent Diaconate Formation	\$173,000
• St. Mary's Child Center	\$150,000
• SS. Peter & Paul Cathedral capital	\$40,000
<b>Total</b>	<b>\$7,314,000</b>

## Expenses Related to Sexual Misconduct

In fiscal year 2007, approximately \$114,000 was spent to provide counseling for victims of sexual misconduct perpetrated or alleged to have been perpetrated by priests or lay employees of the archdiocese. Approximately \$87,000 was spent for these purposes in fiscal year 2006. Additionally, approximately \$170,000 was spent for legal fees to defend the archdiocese from sexual misconduct lawsuits in 2007. \$196,000 was spent for legal defense in 2006.

## Insurance Plans and Parish Services

The archdiocese operates several insurance plans, employee benefit plans and other services on behalf of parishes, schools and employees. Two of the most significant plans are the lay employee health insurance plan and the property insurance plan. Both have seen significant changes in recent years.

Starting Jan. 1, 2007, the previous lay employee health insurance plan was fully replaced with a high deductible health plan complete with Health Savings Accounts (HSA). For the first six months of this calendar year, the plan has experienced a \$1,531,000 surplus. I caution that this surplus is only a six month surplus, and that claim experience will increase as employees exceed deductible amounts resulting in additional claim expenses being paid with plan dollars. Small changes in enrollment or claim activity can quickly eliminate this surplus and swing the plan to a loss. Additionally, since this is the first year of our new lay employee health insurance plan, it could take several years for us to accumulate credible data with which to budget and project costs for the plan. In the meantime, we will continue to use an endowment fund established in September of 2007 to help maintain the affordability of our lay employee benefits. Increasing health care costs continue to challenge parish, school and agency budgets. At the same time, they create financial challenges for individual employees.

The property insurance plan experienced a surplus in excess of \$195,000 despite two large losses due to fires at our parishes. This fiscal year marks the fourth consecutive year that the plan has been designed to run at a significant surplus. These results have supported the establishment of a property insurance reserve fund in the Catholic Community Foundation that is now approximately \$4 million. This reserve fund will help to protect parishes, schools and agencies against catastrophic losses and will help to mitigate annual insurance cost increases. The reserve fund has allowed us to increase our self-insurance level for the upcoming 2007-08 fiscal year from \$750,000 to \$1,000,000 which will result in smaller premium increases paid by our parishes, schools, and agencies.

## Catholic Community Foundation, Inc.

The Catholic Community Foundation's total assets topped \$163 million at June 30, 2007, an increase of 20.7 percent from the previous year. Investment returns achieved a remarkable rate of 18.1 percent versus our policy benchmark of 17.9 percent. Foundation investments have returned a very respectable 9.9 percent (annualized) since the inception of the current investment structure in January 1995. Parishes, schools and agencies of the archdiocese added 16 new endowments during the year, bringing the total number of endowments held in the

foundation to 339. The endowments distributed more than \$6.4 million this past year to support parish, school and agency ministries, demonstrating the ability of endowments to provide long-term funding for ministries.

## 2006-07 Operating Budget

We enter the 2007-08 fiscal year with a breakeven operating budget on approximately \$40 million of total operating expenses. We anticipate the most significant challenges to include:

- Health care and employee benefit costs that are increasing much faster than Sunday collections
- Construction and facilities costs (such as property insurance and heating costs) that continue to increase
- School operating costs (including health care expenses) that are increasing faster than our ability to increase tuition
- Stable but not increasing school enrollment across the archdiocese
- Growing parish stewardship to meet operating needs and eliminating parish operating deficits.

On the other hand, we have several positive opportunities:

- A trend of positive growth in Sunday and Holy Day collections
- The strong results for the Legacy for Our Mission Campaign
- Strong support for the Called to Serve/United Catholic Appeal
- The formation of the Mother Theodore Catholic Academies to address financial operations of Indianapolis center-city Catholic schools
- Four consecutive years of strong investment returns and growing endowments which help to mitigate rising operating costs
- The introduction of an alternative health care plan to better control escalating costs
- A funded property self-insurance reserve endowment to protect against future potential large losses and mitigate future cost increases.

While the budgeted surplus is certainly small relative to the total operating budget, it is our belief that we are seeing the beginning of a stable operating trend that will help us recoup deficit operational spending from previous years.

## Accountability

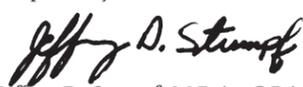
Accountability is an important part of our stewardship responsibilities. Each year, the archdiocese subjects itself to the scrutiny of an independent audit. The firm of Deloitte & Touche LLP performed the audit for the last fiscal year. The audited financial statements are available for inspection through the Office of Accounting Services or at [www.archindy.org/finance/archdiocese.html](http://www.archindy.org/finance/archdiocese.html).

Archbishop Buechlein has established and regularly confers with the Archdiocesan Finance Council. The council, whose existence is required by canon law, focuses on financial policies, procedures and activities of the Church in central and southern Indiana. Current members of the Archdiocesan Finance Council are:

- Most Rev. Daniel M. Buechlein, O.S.B. .... Archbishop, Chairman  
 Rev. Msgr. Joseph F. Schaedel ..... Vicar General, Vice Chairman  
 Jacqueline Byers, ..... President  
 Philip B. McKiernan ..... Vice-President  
 Mary Horn ..... Secretary  
 Members  
 Clark Byrum, Daniel L. DeBard, Dale Gettelfinger,  
 Kenneth J. Hedlund, David R. Milroy,  
 Timothy Robinson, Jerry Williams  
 Jeffrey D. Stumpf ..... Chief Financial Officer, Staff

This past fiscal year marked continuing financial advancement for the parishes, schools and agencies of the Archdiocese of Indianapolis as we worked to build a sound financial footing. Stewardship grew, investment returns were strong, and expenses generally fell in line with budget expectations. Now, we look with hope toward the conclusion of the Legacy for Our Mission Campaign. We continue to place great emphasis on improving the financial stability of those parishes experiencing deficit operations. May God lead us toward continued success in our ministries.

Respectfully submitted,

  
 Jeffrey D. Stumpf, M.B.A., C.P.A., CFA  
 Chief Financial Officer