

# Baltimore Archdiocese posts \$8.6 million operating surplus for fiscal 2014

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The Archdiocese of Baltimore finished fiscal year 2014 with an operating surplus of revenue over expenses of nearly \$8.6 million. After acknowledging investment income, the surplus rises to \$12.3 million, according to a report distributed by the archdiocese in early June.

Compared to fiscal 2013, the operating surplus is down slightly, from nearly \$9.9 million from the prior year.

The firmer economic position overall is driven in large part to equity investments and spending controls.

The investments are viewed in the context of what was happening in the markets during that time.

“The year that ended June 2013 was a huge year for the stock market,” said William J. Baird III, chief financial officer for the archdiocese. He noted that fiscal year benefited from a calendar year in which the S&P 500 was up 30 percent. The calendar year that affected fiscal 2014 was still robust, with double-digit gains, but not as good as the prior year.

Continued spending discipline is important to the financial health of the church.

“We continue to maintain a strong discipline in hiring, but you also start to feel the stress of being tightly staffed relative to meeting the mission that the archbishop wants us to accomplish,” Baird said. “Each year that passes with a new archbishop,

Archbishop (William E.) Lori continues to define and refine his priorities as he gets more comfortable with what he's got in front of him. The (parish) planning process will say a lot about that. The delicate balance is to not get ahead of that process, but also to be able to staff it properly to make sure it has success."

The core revenue streams for the archdiocese are the cathedraticum (payments from each parish to the archdiocese to support the central services), the Embracing Our Mission - Shaping Our Future capital campaign and the Archbishop's Annual Appeal.

"The central offices that the archbishop sets up support a very large footprint of parishes and schools and we want people to understand how he utilizes that money," the CFO said.

The Embracing Our Mission - Shaping Our Future capital campaign, in its final phases, "shows an incredible commitment from pastors and parishioners in terms of supporting the archbishop and understanding the challenges of the universal church in trying to support an archdiocese that has the geographic and population footprint that we have," Baird noted. "It's been wildly successful."

Baird added that "when all is said and done, a lot of the money is going to end up in the parishes, which is awesome, because the more money we can put on the ground where we are evangelizing is going to be critical, and that's been a hallmark of this campaign."

Capital campaign numbers on the annual report include both pledges and cash already contributed. A portion of capital campaign dollars revert to the parish where it was pledged or collected. Originally, that was to be 20 percent before expenses, but with many parishes meeting or exceeding their goal, that portion will be much higher in the end.

The annual appeal is critical as well. Baird said the use of each component will continue to evolve, with the hope that cathedraticum will be reserved for operations and the annual appeal for ministerial and charitable works.

"More is being demanded of us on the ministry side - and when I say ministry I

include our social service entities," he said. "... I think people's generosity has been tremendous and will continue to be a huge contributor to our ability to be successful in a large number of areas where the archbishop is really focusing his energy."

Insurance is one of the factors that are trending positive as well, but the CFO noted that you can only "hold your breath" when you have a good year. On facilities risk side, there were a couple years that included earthquake damage and then hurricanes that affected some properties. Health insurance, another big item, has been holding to minimal cost increases with good discipline on controlling expenses while providing a strong benefit package.

"But you never know when you're going to have that year when everybody has the flu and it can go the other way," he said.

Baird said he is always cautious about how positive he gets because people see big numbers such as \$20 million in the bottom line, and don't understand why it can't be spent on their pet project.

"Those aren't dollars the archbishop is going to be able to spend out there because the investment piece is so founded in our pension," he said. "...The size of those assets is consistent with the liabilities, and need to grow.

"We always like to see the positive numbers at the bottom; the core budget is good and has been good. It reflects the spending discipline and staying within our means."

Baird said the archdiocese will continue to focus on transparency in finances.

"We are constantly challenging our advisory committees like BOFA (Board of Financial Administration) and the (College of) Consultors to tell us ways to improve those reports as well. Whenever we publish the financial report in the Catholic Review, we always get a few calls from accountants who have questions about them, which I think is a great, because it helps me understand what people's perspective is and it makes sure that we are being as transparent as we can be while maintaining the disciplines" of the financial reports, he said.

Baird encourages those interested in the cathedralicium to see a presentation on the

archdiocesan website about how it is allocated and used.

*To view more detailed information on the annual financial and ministerial report, see the digital edition of the Catholic Review [here](#). For detailed financial statements and the cathedraticum allocation report, [click here](#).*