

St. Thomas More Catholic Church
Parish Finance Council
Darien, CT

June 21, 2010

Dear Parishioners:

Please find attached our Parish financial report for the nine-month period ending March 31, 2010. I hope the report provides you with a clear picture of the current financial condition of the Parish. In addition to this report, I would like to describe the Finance Council's plan to address the deteriorating financial performance of our Parish and several matters related thereto.

Deterioration of Financial Performance

As we have noted before, the negative trends that we first observed in regular revenue collection beginning in FY '09 have continued and even accelerated in FY '10, reaching a **critical point**. Through the third quarter of FY '10, offertory and unrestricted gift revenue was down \$119k (13.3%) from FY '09, resulting in a net ordinary loss of \$52k. As a result, the Parish has had to initiate significant reductions in program and administrative expenses, including the recent termination of two, long-time Parish staff members in our Religious Education program.

The Parish Finance Council is focused on addressing these acute needs and building a firmer foundation for future generations of parishioners. To this end, we continue to prudently manage our operating expenses and are identifying opportunities to increase Offertory and unrestricted gift revenue.

These actions, and others under consideration are still insufficient to meet our regular operating needs, make much needed repairs to the physical plant or begin to establish a contingency fund.

It is imperative that the Parish increase its level of regular giving through offertory to at least FY '09 levels. To do that, we ask that each Parish family consider making an incremental contribution of \$200 between now and June 30, 2010 so that we can successfully meet our fiscal year budget goals.

We are also in the early stages of planning for a significant campaign to be launched in the Fall focused on increasing our regular offertory revenue.

Electronic Giving

You will be seeing and hearing more about this at Mass in the coming weeks, but parishioners now have the ability to utilize electronic payments for regular contributions to the Parish. The use of e-payments is a secure (the Parish has contracted with a third party financial service provider that will enable these transaction - the Parish will not have access to any credit card or bank

account information) and convenient way for parishioners to make their regular offertory contributions to the Parish. It is also a tool to help parishioners plan their annual giving.

We ask when establishing electronic giving that Parish families, that can afford to do so, consider an annual gift of **at least \$1,000** (which is less than \$20 per week) to support the work of our Parish. If you are already supporting the Parish at or beyond this level, we ask you to consider increasing your level of support, or consider a special gift.

We have a goal of signing up 100 families for electronic giving by July 31, 2010 and 400 families by October 30, 2010. Please help us meet this goal. A link to our external e-payment provider can be found on the Parish website. If you have any questions, please contact Erma Moore at (203) 655-3303 or ermamoore@gmail.com.

Completion of Audit

As we have reported previously, the Parish Finance Council engaged an outside accounting firm, Budwitz & Meyerjack P.C., to conduct a financial audit of the Parish for the fiscal year that ended June 30, 2009. In March, 2010, the audit team issued an unqualified opinion of our financial statements.

Prior to initiating the audit, Parish finance staff identified an error in the recording of certain Outreach expenses into the incorrect fiscal year. The expenses, which were incorrectly recognized in FY '09, were moved to FY '08 and noted in the audit report. Accordingly, as part of this audit, FY '08 financial statements have been restated to correct the error. The Finance Council has reviewed this matter with Parish finance staff and is satisfied that policies and procedures are now in place to prevent the recurrence of future issues relating to the timing of expense recognition.

Payments to the Diocese of Bridgeport

The Parish leadership is endeavoring to understand the reasons behind the precipitous decline in offertory revenues and have sought out feedback, informally, from a number of parishioners. One area of concern that we have recently heard is that some parishioners may have reduced contributions to the Parish due to questions regarding how much of their contributions are remitted to the Diocese and what the Diocese does with those monies.

The Parish makes payments to the Diocese in three broad categories:

1. **Expense Pass Throughs** - The Parish purchases a variety of services through Diocesan-sponsored plans. In so doing, we enjoy the benefits of much greater purchasing power by leveraging the combined size of all 87 parishes and the Diocese itself. These payments relate primarily to employee benefits (healthcare, pension, and insurance) and total approximately \$165k per annum.
2. **School Assessment** - The Diocese subsidizes the operations of its Regional Catholic School system which provides a first-class education to over 11,000 students. This sub-

sity is provided through an assessment on each Parish and is equivalent to approximately 8% of our annual offertory. These payments total approximately \$60k per annum. The monthly Regional Schools collection undertaken by the Parish is intended to make the Parish whole.

3. **Cathedraticum** - The Diocese funds its pastoral and administrative functions through an assessment on all of its Parishes equal to approximately 7.5% of annual offertory. These payments (at our current offertory) total approximately \$55k per annum.

As you can see, of the approximate \$280k of payments to the Diocese this year, \$165k are for direct St. Thomas More expenses, \$60k are for support of the Diocesan schools and \$55k helps fund the operations of the Diocese. In discussions with the Diocesan financial leadership, we have been assured that the Cathedraticum is the main source of Diocesan operating funds and that it is used *exclusively* for that purpose. Over the past several years, due in large part to declining collections, the Parish has been unable to keep current with these various payments, resulting in the Diocesan debt that we have cited in previous letters and that makes up the vast majority of our accounts payable.

I encourage all Parishioners who may have questions or concerns about Parish financial or operational matters to reach out to me or other members of the Lay leadership to voice their concerns.

Father Furey, Father Post and the members of the Parish Finance Council want to once again thank you for your financial support of St. Thomas More. We hope that this report provides you with some useful information.

In the meantime, should you have any questions about this report, or any other matters related to the financial affairs of the Parish, please do not hesitate to contact me or any of the other Finance Council members.

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