

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

March 2008

Dear Parishioners:

Consistent with our charter and the Parish Administration and Finance Manual of the Diocese of Bridgeport, the Parish Finance Council (PFC) is initiating enhanced quarterly reports in order to increase the level of awareness and transparency of St. Thomas More's financial performance and condition. We are beginning to provide standard balance sheet and income statement formats supported by information that provides context for the numbers. We will also provide additional commentary around significant Parish financial and administrative matters including fund raising activities and requirements, capital plans and spending and other relevant information. We expect that our reporting format and discussion will continue to evolve over time to better meet your information needs.

We hope this report will provide you with more information and provide clarity about the financial performance and condition of our Parish.

**Results of Recent Audits**

Two years ago, in order to address weaknesses in financial controls and accounting treatments, the PFC engaged a third-party accounting firm to conduct a financial audit of the Parish for the Fiscal Year ending June 30, 2006. As a result of this first audit, the PFC decided to commission a follow-up audit of our annual financial statements for the Fiscal Year ending June 30, 2007 to confirm that the Parish continued to generate reliable financial reports. In February 2008, our Audit firm issued an unqualified opinion on our financial statements.

In addition to the Financial Audit, the Parish was subject to a newly instituted Financial Review sponsored by the Diocese of Bridgeport. The focus of this review was on compliance with policies and procedures and the strength of internal controls. This review found only minor administrative errors and we passed with flying colors.

In both cases, the Audit firm observed that our Parish had dramatically improved its financial processes and told us that we were a leader in the Diocese for processes and controls.

**Financial Report** (*please see attached reports for the Period of July 1, 2007 to December 31, 2007*)

Income

As you will recall, last spring, the Parish launched a campaign to increase regular giving. When this campaign was launched, we expected to realize a sustained increase in regular revenue (offertory plus gifts/bequests) of 15%-20% over then-current levels. Initially, the Parish community responded well to this campaign with an immediate jump in offertory and gifts consistent with our campaign goals. However, since this initial increase in revenue, the positive impact of the increased revenue campaign has dissipated completely and we are now actually tracking **below prior year revenue levels.**

Expenses

Aggressive cost management has been a focus of the PFC and the Parish for several years. During the audit review, specific note was made of our ability to reduce costs by \$130,000 or almost 7% from FY2006 to FY2007. We continue to focus on aggressively managing operating costs. In the past year, we have undertaken a number of specific steps to control costs particularly those associated with labor costs, telecommunications, technology, insurance and supplies. As a result, for the first six months of FY2008, total operating expenses are \$45,000 or over 5% below the similar time period last year. Despite this good work, operating expenses during the first six months of this fiscal year exceeded budget by \$34,000 or 4.3%. This variance was due mostly to expenses associated with a one-time employee pension adjustment, increased costs of school supplies, and fuel oil, partially offset by lower employee costs and professional fees. There is more to be done in this area and we look forward to reporting additional progress in the coming months.

## **Major Capital/Maintenance Projects**

During the six months ending December 31, 2007, the Parish expended approximately \$47,000 on capital improvements and maintenance projects. All of the Capital and Maintenance work was funded by operating cash flows. This work included:

- Rectory rear entrance and exterior painting
- Annex exterior repair and painting
- Church main entrance ceiling repaired and exterior painted
- Pastoral Center (convent) interior rooms and main entrance repainted
- Created a new classroom for Happiness Pre-School
- Replaced the temperature control unit for the school building

## **Looking Ahead**

As you will see from the financial results, while the state of our parish is sound overall, there are a number of areas of concern that will likely require additional efforts to increase revenue in the coming months and years. Specifically,

- As of February 29, 2008, the Parish had an accumulated debt to the Diocese of approximately \$240,000 (equivalent to approximately seven months of payables) which dates back to a time period when third-party operating expenses took precedent over diocesan payments and payments to the Diocese were deferred. On a regular basis, the Diocese bills the Parish for a number of items including Cathedraticum (tax on offertory), Regional Schools Assessment and various items associated with staff benefits (pension, medical, insurance, etc.). Historically, the Diocese has demonstrated a high degree of flexibility in seeking payments for past-due balances from its parishes. Of late, the Diocese has expressed a strong desire to have all of its parishes, including St. Thomas More, settle their accumulated debts.
- The physical plant requires a substantial amount of maintenance and capital improvements in order to meet the growing Pastoral needs of our Parish. In particular, the school and Pastoral Center (convent) are in need of significant upgrades. In addition, the Parish Pastoral Council will soon begin to consider our long-range facility needs. In all likelihood, this too will create demands on our Parish resources. Many parishes fund such projects, not from operating accounts, but rather from a capital fund accumulated over the years from large bequests and gifts. Unfortunately, St. Thomas More has no such fund.
- As noted above, the increased giving campaign launched last spring has not resulted in the expected level of sustained revenue increase. Based on current collection patterns and trends, our current income levels appear adequate to support our Parish programs and cover regular operating expenses. However, current income levels do not support retirement of our debt to the Diocese, much-needed maintenance and capital investments or the ability to maintain some level of contingency funding.

In light of these facts, we expect to launch some sort of fundraising campaign in the Fall. The objectives of this fundraising campaign, its duration and goals are still being developed. In the meantime, we ask that you each consider increasing your current level of financial support to the Parish.

Father Furey and the members of the PFC want to once again thank everyone for their generous financial support to St. Thomas More. We hope that this report has provided you with some useful information and we look forward to continuing to improve the quality of our reporting to you in future quarters.

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

Peter Frank  
Finance Council Chairman  
656-2445

### **Finance Council Members:**

Klay Allen

Chris LeBris

Joe Roxe

Jim Sullivan

Brian Young

**St. Thomas More Roman Catholic Church Corp.**

**Statement of Activities  
Actual versus Budget  
July 1, 2007 through December 31, 2007**

**Income**

Offertory (Subject to Cathedralicum)  
Other Regular Revenue  
Unusual (Gifts) Revenue

**Total Income**

**Expenses**

Pastoral and Liturgical  
Religious Education  
Other Parish Activities  
Fundraising  
General and Administrative

**Total Expenses**

**NET INCOME**

6 months ending December 31, 2007			
Actual	Budget	Variance	% Variance
(\$thousands)	(\$thousands)	(\$thousands)	
\$409	\$465	(\$56)	-12.0%
\$288	\$374	(\$86)	-23.0%
\$196	\$42	\$154	366.7%
<b>\$893</b>	<b>\$881</b>	<b>\$12</b>	<b>1.4%</b>
\$184	\$184	\$0	0.0%
\$171	\$158	\$13	8.2%
\$148	\$137	\$11	8.0%
\$27	\$31	(\$4)	-12.9%
\$298	\$284	\$14	4.9%
<b>\$828</b>	<b>\$794</b>	<b>\$34</b>	<b>4.3%</b>
<b>\$65</b>	<b>\$87</b>	<b>(\$22)</b>	<b>-25.3%</b>

**Statement of Financial Position  
As of December 31, 2007**

**Assets**

Cash  
Receivables  
Fixed Assets

**Total Assets**

**Liabilities**

Accounts Payable - Vendors  
Accounts Payable - Diocese  
Other Liabilities  
Deferred Income

**Total Liabilities**

**Net Assets**

Retained Earnings  
Unrestricted Net Assets  
Net Income

**Total Net Assets**

**Total Liabilities and Net Assets**

Balance as of:	
6/30/2007	12/31/2007
(\$thousands)	(\$thousands)
\$107	\$214
\$0	\$2
\$5,556	\$5,602
<b>\$5,663</b>	<b>\$5,818</b>
\$57	\$69
\$174	\$302
\$8	\$1
\$120	\$69
<b>\$359</b>	<b>\$441</b>
\$530	\$544
\$4,760	\$4,759
\$14	\$74
<b>\$5,304</b>	<b>\$5,377</b>
<b>\$5,663</b>	<b>\$5,818</b>