Pope Francis has called for greater financial transparency and accountability in the church.
During the clerical sex abuse crisis we learned that lack of financial transparency was a key element of the cover-up.
Diocesan financial transparency is NOT required by law, but since the Pope is calling for it, many Bishops are provided financial reports in response and perhaps in the hope of increasing giving.
VOTF has been working for almost 5 years to enhance financial transparency and help lay Catholics understand Diocesan Finances.
The percentage of Diocese in the US providing financial reports have greatly increased in that time.
Your Diocesan website can be a major source of information about the financial transparency and financial health of your diocese – or NOT!
During this workshop we plan to review some of the tools VOTF has assembled for you to assess church finances and take a closer look at one Diocese that has been in the news...
Last year at this finance workshop we focused on financial malfeasance in the Diocese of Great Falls-Billings.

We learned that Bishop Michael Warfel expressed pastoral attitudes but turned a blind eye to financial impropriety and clerical sexual abuse.

As background, his Diocese was established in 1909 when the Vicariate of Montana (founded in 1883) was split in two.

It has 51,629 Catholics with 15 schools (12 primary 3 high schools).

This year we are traveling thousands of miles to a very different Diocese, led by a very different kind of Bishop...
The Diocese of Venice in Florida is one of the newest in the US, founded on July 17, 1984 when Pope John Paul II formed the Diocese of Venice in Florida from parts of the Archdiocese of Miami, the Diocese of St. Petersburg and the Diocese of Orlando. It has 227,055 members – many more than in Great Falls-Billings - but only 13 schools (10 primary and 3 high school) compared to 15 in the Montana diocese. Bishop Dewane was a late vocation. Prior to entering the seminary, he worked for the National Broadcasting Corporation (NBC) in Moscow, Russia, and then for a subsidiary of PepsiCo in New York City. He brings a strong business background to the management of his Diocese...
And a less than humble assessment of his role, “presiding in place of God” over his flock.

This attitude has not made him popular with all the members of the flock, including some of his priests.
These priests have sent a letter to the Papal Nuncio (still awaiting a response) calling attention to what they identify as violations of Canon 492 among other concerns. Canons 492 to 494 are entitled “The Finance Council and Finance Officer.” Joseph Finn has written a good summary of lay governance issues in financial matters entitled “Lay Governance in the Church Under Canon Law” which is available on the VOTF website.

Bill Donohue, President of the Catholic League for Civil and Religious Rights, claims Bishop Dewane’s critics are dissidents who “have declared war on Bishop Frank Dewane,” but to some it appears that Bishop Dewane is the aggressor.

Note that the priests’ letter also refers to “acquisition of properties which are reported in news journals but kept secret from the clergy and laity of the Diocese”. Concern about lack of transparency in the real estate dealings of the diocese has also been expressed by the local VOTF affiliate.
This newspaper article is just one example. Local VOTF members have learned a lot about these real estate dealings and have several questions about the purchases and about real estate taxes paid by the diocese.
In addition to complaints about Bishop Dewane’s authoritarian leadership style and questions about his real estate dealings, there are reports of lawsuits such as this one which might affect the Diocesan financial situation. The Diocese did not mention this lawsuit in its 2014 Finance report, but may have decided that it had no merit.
We could assume (and might WANT to assume) that where there’s smoke, there’s fire and Bishop Dewane’s arrogance is accompanied by financial skullduggery, but we need to move beyond rumor to financial facts.

What are the FACTS about his financial leadership of the Diocese of Venice in Florida?
Let’s first talk about some new tools VOTF has been developing to make it easier to find the facts.

To find the VOTF Finance Portal, go to the Programs section on the VOTF website and select Financial Accountability.
Financial Accountability

Since our founding in 2002, Voice of the Faithful has worked consistently to support increased transparency and accountability for Church finances at the parish and the diocesan levels. We realized then that the lack of financial transparency, especially at the diocesan level, allowed the crimes of clerical sexual abuse to fester unremarked for decades.

Lack of open accounting does not necessarily indicate misfeasance, but it certainly makes it easier. Further, it represents an abdication of responsibility on the part of lay people. We should exercise responsible stewardship and ensure that the resources we provide to advance the mission of the Church are applied properly.

VOTF’s Financial Working Group (FWG) provides guidelines, background information, and do-it-yourself tools that help you work towards financial transparency and accountability at both the parish and the diocesan level.

We also provide you with a central repository for all publicly available financial information provided by each diocese and archdiocese in the U.S. that reports such data online. Use our web portal to check on your diocese, compare it with others, and open links to the financial data they make available. Just click here!, sign Guest, and choose DOGSE, DATA.

Dioecesan Finances

After 2002, many dioceses made significant progress in reporting their finances to the laity, but who provided that support? For example, it is no longer considered acceptable by many parts of the country for the bishop to take financial gifts from faithful members of the diocese without some level of accountability even though bishops still hold all legislative, executive, and judicial authority within a diocese.

In places where professional diocesan financial reports are provided, it is no longer possible for the leadership of a diocese to pay huge legal settlements or provide large sums of money for legal fees without the faithful of the diocese being alerted to the ways in which their contributions are used.

But progress has varied greatly across the United States. Here are tools that can help you obtain greater transparency and accountability in your diocese.

Select “Click Here”.

SHOP, CONNECT, ENJOY
Sign in as a guest and explore the Website.

Hand out the Portal Guide and step through the features of the Portal.
Now we will review the most recent financial report from the Diocese of Venice to learn more about the financial health of the Diocese and assess to what extent the Diocesan finances could be considered transparent.

Pass out the Guide to reading finance reports and start with a couple of introductory remarks:

Remember that Bishop Dewane is under no legal obligation of financial transparency, BUT he has chosen to report.

Financial transparency has no benefit unless someone is paying attention. As financial supporters of a diocese, we must make an effort to understand what is being reported to us.

So what can we learn about the Diocese of Venice, and what could we learn about our own Diocese?

The guide says the most important first step is that a diocesan financial report should be audited.

This is an AUDITED report – That’s good
The Guide says an unqualified opinion from the auditor is best.

But the auditors have given the Diocese of Venice in Florida a “qualified opinion”. What does that mean?

It means that they have found significant transparency deficiencies according to “generally accepted accounting principals” or GAAP.

It is interesting that we need to look at the Notes (see Note 17) to learn details of this deficiency and to understand its possible significance.

Notes are written by the Diocese and reviewed by the auditor. A lot of really interesting things can be found in the Notes.
We can learn a lot from this first note.

We learn that the audit does not include many subsidiary operations of the diocese.

We can also read Bishop Dewane’s definition of Corporation Sole.
Note 17 explains the GAAP departure identified by the auditor. It is associated with a newly established corporation called All Saints Catholic Cemetery. In fact there was a similar GAAP departure in previous diocesan audited reports associated with another separate corporation called the Catholic Community of Southwest Florida. The diocesan financial statement and an Independent auditors’ report prepared by Natherson and Company, P.A., for the years ended June 30, 211 and 2010 states that the Catholic Community of Southwest Florida “administers and invests endowed gifts for the parishes, schools and other entities of the Diocese”. There is no indication in this report of the activities of the All Saints Catholic Cemetery in this 2013/2014 report beyond the corporation name.
Financial Health:
Let’s use the Guide to evaluate the financial health of the diocese, starting with the statement of financial position, often called a balance sheet because it “balances” assets and liabilities.

The Guide asks
Does the Diocese have a significant level of cash compared to current liabilities?

Assets:
It had $18M in 2013 and $28M in 2014 in cash and cash equivalents. The first two categories (cash/cash equivalents and accounts receivable) are the most liquid of assets.

In 2013 the diocese had more than $20M in these two categories combined. In 2014 it had more than $30M.
What are liabilities corresponding to cash/cash equivalents and accounts payable?

Current liabilities are those due within a year, so look at accounts and claims payable:
Accounts payable were $1.4M both years
Claims payable were $3M in 2013 and $1M in 2014

The ratio of assets to liabilities in 2014 was 30 to 1. In 2013 it was 4.5.

YES, the Diocese is VERY healthy and getting healthier!!

Plus they have a strong line of credit (Note 8)
They have a VERY positive Net Assets ($88M in 2014)
And many of their assets are unrestricted.
Next, the Statement of Activities:
Start at the bottom – Does the Diocese have a positive change in net assets?
The Diocese has a change in net assets of over $10M, so it is clearly not operating at a loss.

So you can use the Guide and review the rest of the statement when you have more time, but here is what we’ve learned so far:
So we have learned that Diocese of Venice in Florida has produced audited reports of financial statements despite being legally required to do so.

Based on this reporting it is clear that financial health of the Diocese is very strong.

The auditing agency found GAAP deficiencies in transparency in the current and previous reports

These corporations which are not fully reported upon may have some dealings with the real estate holding of the Diocese.

Beyond these conclusions, more study and investigation will be required to clarify the role of the current corporation, The All Saints Catholic Cemetery/ How might we go about doing that?
Corporate Wiki is one good source to investigate the corporations associated with GAAP deficiencies in this report. Demonstrate the capabilities of the website.