

Introduction

Because financial transparency and accountability are powerful pathways towards rebuilding lay trust in the leadership of our Church, VOTF is working to promote greater transparency in financial reporting, greater lay awareness of diocesan finances and more lay involvement in Diocesan and Parish Finance Councils. These changes will enable the hierarchy and lay faithful together to make the best use of their available resources for the mission of the Church as Pope Francis has urged us to do.

The VOTF Financial Working Group (FWG) is employing a two-pronged approach for this effort:

- The first is a study of how individual dioceses and parishes handle financial donations provided to them by the faithful and how they report on the financial status of these organizations.
- The second initiative involves clarifying the significance of the articles of Canon Law dealing with Diocesan Finance Councils and ensuring that they are being followed in each of the dioceses in the U.S.

Diocesan Financial Reporting

For the first of these efforts, the FWG initially focused on reviewing and assessing online diocesan financial reporting. We presume that in an era of online news, online retail, online marketing, online reporting, the simplest and most accessible pathway to transparent reporting for dioceses is via web pages. Thus, as a first step, we examined whether and how each U.S. diocese or eparchy posted public reports on its financial activities. We also included demographic information that would allow comparisons of size (resources as well as revenue) to the status of public reporting.

To collect the information, we prepared a checklist of items to search for within a diocese's web site.

Checklist for Online Reporting

➤ **Characteristics of Diocese (demographics)**

Sources: Catholic directories, diocese web site, Wikipedia and other online pages

- Archdiocese name, address, and web site, and name of current ordinary
- # of Catholics
- # of parishes and missions
- # of schools
- # of cemeteries
- # of seminaries
- *To obtain if and when available: % of Catholics regularly attending Mass*

➤ **Info from and Characteristics of Financial Statements**

- Web page with financial information
- Net assets at end of year
- Revenues
- Expenses
- Operating income (loss)
- Are financial statements for the main entity of the diocese disclosed on the website?
 - Standard package of statements
 - Statement of Financial Position (“Balance Sheet”)
 - Statement of Activities (i.e, revenue and expenses)
 - Statement of Cash Flows
 - What diocesan functions are included in the statements? (First two functions below should be included; other functions may be part of central operations or may be separate “independent” entities controlled by the diocese.)
 - Diocesan central operations?
 - Parishes?
 - Catholic Charities?
 - Schools?
 - Cemeteries?
 - Seminary?

- Priest pensions and retirement funds?
 - Catholic media? (e.g., paper, radio, TV, etc.)
 - Hospital?
- What is the date of the fiscal year most recently disclosed?
 - Are financial statements audited? (Look for letter from auditor)
 - Name of audit firm?
 - Is the full audit report present?
 - Do financial statements have footnotes (often where the most revealing information is found)
 - How many other diocesan entities are so disclosed
 - Same questions as above (May be more info than can be handled)
- **Diocesan Finance Councils: What Is Disclosed?**
- Existence of Council
 - Number of members
 - Names of members
 - Number of laypersons vs. clergy