

SAINT JOHN R.C. CHURCH CORPORATION

AUDITED FINANCIAL STATEMENTS

JUNE 30, 2007

BUDWITZ & MEYERJACK, P.C.
Certified Public Accountants

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INDEPENDENT AUDITORS' REPORT

To the Pastor and Finance Council of
Saint John R.C. Church Corporation:

We have audited the accompanying statement of assets, liabilities, and net assets-replacement cost basis of Saint John R.C. Church Corporation as of June 30, 2007, and the related statements of revenues, expenses and changes in net assets-replacement cost basis and cash flows-replacement cost basis for the year ended June 30, 2007. These financial statements are the responsibility of the Church's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

As described in Note 1, these financial statements were prepared on the basis of accounting that uses replacement cost of its assets, rather than historical cost, which is a comprehensive basis of accounting other than generally accepted accounting principles.

In our opinion, the financial statements referred to above present fairly, in all material respects, the assets, liabilities, and net assets of Saint John R.C. Church Corporation as of June 30, 2007, and its revenues, expenses, changes in net assets and cash flows for the year ended, on the basis of accounting described in Note 1.

Budwitz & Meyerjack, P.C.

October 17, 2007

SAINT JOHN R.C. CHURCH CORPORATION

STATEMENT OF ASSETS, LIABILITIES AND NET ASSETS

REPLACEMENT COST BASIS

JUNE 30, 2007

ASSETS

Cash	\$ 147,185
Prepaid expense	1,879
Property and equipment (Note 1)	<u>6,781,595</u>
 TOTAL ASSETS	 <u>\$ 6,930,659</u>

LIABILITIES AND NET ASSETS

Liabilities:	
Accounts payable	\$ 7,082
Due to Diocese of Bridgeport (Notes 2 and 4)	<u>40,693</u>
 Total Liabilities	 <u>47,775</u>
 Net Assets - unrestricted	 <u>6,882,884</u>
 TOTAL LIABILITIES AND NET ASSETS	 <u>\$ 6,930,659</u>

The accompanying notes are an integral part
of these financial statements.

SAINT JOHN R.C. CHURCH CORPORATION

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS

REPLACEMENT COST BASIS

FOR THE YEAR ENDED JUNE 30, 2007

CHANGES IN UNRESTRICTED NET ASSETS:

Revenues:

Offertory collections	\$ 676,827
Preschool tuition	212,393
Religious education and other regular revenue	166,524
Gifts, bequests and miscellaneous revenue	<u>155,594</u>
Total Revenues	<u>1,211,338</u>

Expenses:

Pastoral and Liturgical Services	488,634
Preschool	130,625
Other Parish Activities	161,545
Fundraising	80,334
Administrative and general	<u>328,306</u>
Total Expenses	<u>1,189,444</u>

INCREASE IN UNRESTRICTED NET ASSETS

BEFORE EXTRAORDINARY ITEMS 21,894

EXTRAORDINARY ITEMS: (Note 6)

Restitution received	118,982
Cancellation of debt	<u>173,595</u>
Total Extraordinary Items	<u>292,577</u>

INCREASE IN UNRESTRICTED NET ASSETS 314,471

NET ASSETS - Beginning of year 6,568,413

NET ASSETS - End of year \$ 6,882,884

The accompanying notes are an integral part
of these financial statements.

SAINT JOHN R.C. CHURCH CORPORATION

STATEMENT OF CASH FLOWS

REPLACEMENT COST BASIS

FOR THE YEAR ENDED JUNE 30, 2007

CASH FLOWS FROM OPERATING ACTIVITIES:	
Increase in net assets	\$ 314,471
Adjustments to reconcile increase in net assets to net cash provided by operating activities:	
Cancellation of debt	(173,595)
Expenses paid by Diocese of Bridgeport	18,337
Changes in operating assets and liabilities:	
Increase in prepaid expenses	(1,879)
Decrease in accounts payable	(36,839)
Increase in special collections due to Diocese of Bridgeport	1,317
Net Cash Provided By Operating Activities	<u>121,812</u>
CASH FLOWS FROM INVESTING ACTIVITIES:	
Capital expenditures	<u>(18,241)</u>
Net Cash Used By Investing Activities	<u>(18,241)</u>
CASH FLOWS FROM FINANCING ACTIVITIES:	
Repayments to Diocese of Bridgeport	<u>(71,808)</u>
Net Cash Used by Financing Activities	<u>(71,808)</u>
NET INCREASE IN CASH	31,763
CASH - Beginning of year	<u>115,422</u>
CASH - End of year	<u>\$ 147,185</u>

The accompanying notes are an integral part
of these financial statements.

SAINT JOHN R.C. CHURCH CORPORATION

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2007

1. SUMMARY OF SIGNIFICANT ACCOUNTING AND REPORTING POLICIES

Organization:

Saint John R.C. Church Corporation (the Church) is a Not-for-Profit, religious non-stock corporation formed under the laws of the State of Connecticut on July 30, 1888 by the Bishop of the Hartford Diocese of the Roman Catholic Church.

The Church is dedicated to providing all aspects of Church ministry within the Darien, Connecticut community. These ministries include religious education, the St. John Soup Kitchen (New Covenant House), youth group, charitable giving committee as well as an accredited preschool program for three and four year old children.

The Church is supported primarily through contributions from the parishioners and revenues from religious education and preschool tuition to support the ministries the Church provides.

The Church is exempt from federal income taxes under Section 501(a) of the Internal Revenue Code as an Organization described under Section 501(c)(3).

Basis of Presentation:

The accompanying financial statements have been prepared from records and accounts of the Church, which represent replacement cost of its real estate, property and equipment rather than historical cost. Replacement cost approximates how much it would cost to replace the assets, while historical cost reports the cost of the assets less depreciation. Accordingly, these financial statements are not intended to present financial position and results of operations in accordance with generally accepted accounting principles. Revenue and expenses are recorded on the accrual basis of accounting. Income is recognized when it is earned, and expenses are recognized when they are incurred.

Net assets are classified as unrestricted, temporarily restricted or permanently restricted based upon the existence or absence of donor-imposed restrictions limiting the use of contributed assets as follows:

- Unrestricted Net Assets – Net assets that are not subject to donor-imposed restrictions. Unrestricted net assets may be designated for specific purposes by action of the Parish.

- Temporarily Restricted Net Assets – Net assets subject to donor-imposed stipulations that may be fulfilled by actions of the Church to meet the stipulations or become unrestricted at the date specified by the donor.
- Permanently Restricted Net Assets – Net assets subject to donor-imposed stipulations that they be retained and invested permanently by the Church. The donors require the Church to use all or part of the investment return on these net assets for specified or unspecified purposes.

Contributions are reported as increases in unrestricted net assets unless use of the related assets is limited by donor-imposed temporary or permanent restrictions. When temporary restrictions expire by passage of time or fulfillment by actions of the Church, the related net assets are reclassified to unrestricted net assets and any related expenses are reported as a decrease in unrestricted net assets. When contribution restrictions are fulfilled in the year in which the contribution is received, the contribution is reported as an increase in unrestricted net assets.

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from these estimates.

Cash and cash equivalents:

Cash and cash equivalents include cash and short term highly liquid investments that are both readily convertible and have maturities of three months or less.

Donated Services:

A substantial amount of volunteers have made significant contributions of their time to develop, implement, and maintain the Church's programs during the year. However, these donated services are not reflected in the financial statements since the services do not require specialized skills, nor are such services susceptible to objective measurement or valuation.

2. SPECIAL COLLECTIONS

The Church conducts special offertory collections on designated days for the benefit of other non-Diocesan Catholic entities at the direction of the U.S. Conference of Catholic Bishops. The amounts collected by the Church are remitted to the Diocese of Bridgeport and then transferred to the entities for whom the collections were conducted. The Church and the Diocese act as agents for the collections and the amounts collected are not revenues to the Church and are recorded as liabilities. At June 30, 2007, the amount of special collections due to the Diocese of Bridgeport totaled \$3,477.

3. OPERATING LEASES

All noncancellable leases have been classified as operating leases. The Church has a lease for a vehicle with a term of 36 months through July 2007, and two copiers with terms of 60 months through November 2011. The Church pays the property taxes, insurance, maintenance and expenses related to the leased property. Total rental expense under operating leases was \$4,939 in 2007.

Minimum future obligations on leases in effect at June 30, 2007 are:

2008	\$	2,073
2009		2,073
2010		2,073
2011		2,073
2012		864
		<u>\$ 9,156</u>

In July 2007, the Church replaced the expired auto lease with a new 36 month lease with monthly payments of \$317 through June 2010.

4. RELATED PARTY TRANSACTIONS

The Church participates in employee benefit and insurance programs sponsored by the Diocese for all Diocesan entities and their employees. In addition, the Church pays Cathedraticum, based on its offertory revenue, to fund Diocesan administration. Further, the Church contributes to the support of Diocesan elementary schools based on its offertory revenue. The Church incurred the following related expenses for the year ended June 30, 2007:

Employee health and dental care	\$	52,766
Property, liability and casualty insurance		23,350
Bridgeport Diocesan Pension Plan		18,338
Retirement Plan for Priests		7,984
Cathedraticum		53,315
Bridgeport Diocesan Schools Corporation		<u>67,752</u>
Total	\$	<u>223,505</u>

At June 30, 2007, the Church owed the Diocese of Bridgeport \$37,216.

The Bridgeport Diocesan Pension Plan, a defined benefit plan, covers all Church lay employees who work twenty hours or more per week, have attained the age of thirty and have at least three years of continuous service. The Retirement Plan for Priests, a defined benefit plan, covers all Diocesan Priests. The Church's obligations to these Plans are not expected to exceed the amounts contributed to the Plans.

5. CONCENTRATIONS OF CREDIT RISK

The Church maintains its operating cash in a bank deposit account at one financial institution. The balance, at times, may exceed federally insured limits.

6. EXTRAORDINARY ITEMS

In fiscal year 2006 and prior years, the former pastor of the Church, who resigned in May 2006, utilized Church funds for non-Church purposes. In December 2006, the Church received \$118,982 principally of insurance proceeds as partial restitution that has been reported as an extraordinary item.

In addition, the Church had liabilities to the Diocese and the Stamford Catholic School System that arose almost entirely during the period from March 2005 through June 2006 before the new pastor at the Church was installed. In December 2006, the Diocese forgave \$70,239 of the amounts due related to Cathedraticum, pension contributions for former priests at the Church and the Annual Bishop's Appeal shortfall from goal. Further, the Stamford Catholic School System forgave \$103,356 of contributions owed to it in exchange for a pledge of \$100,000 for scholarships for very needy children to Sacred Heart School in West Stamford conditioned on the receipt of further restitution of that amount from the former pastor. The total forgiveness of \$173,595 has also been reported as an extraordinary item.

7. FUNCTIONAL EXPENSES

The functional expenses by natural classifications are as follows:

	Compensation and <u>Benefits</u>	Contributions and <u>Assessments</u>	Professional Fees and <u>Insurance</u>	Supplies, Repairs, Maintenance and Other	<u>Utilities</u>	<u>Interest</u>	Total <u>Expenses</u>
Pastoral and Liturgical Services	\$ 216,226	\$ 142,894	\$ 60,628	\$ 46,821	\$ 22,065	\$ -	\$ 488,634
Preschool	53,050	1,171	34,254	23,105	19,045	-	130,625
Other Parish Activities	144,160	1,175	4,826	11,323	61	-	161,545
Fundraising	48,857	2,896	22,728	5,288	565	-	80,334
Administrative and General	188,097	3,200	35,352	75,808	25,831	18	328,306
	<u>\$ 650,390</u>	<u>\$ 151,336</u>	<u>\$ 157,788</u>	<u>\$ 162,345</u>	<u>\$ 67,567</u>	<u>\$ 18</u>	<u>\$ 1,189,444</u>