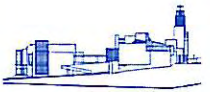

Church of Saint Thomas More

Annual Financial Report

January 2006

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*Note: "FY" means Fiscal Year.

Pastor's Letter to Parishioners

Dear Brothers and Sisters in Christ,

It is that time of year again in which you are presented with the Annual Financial Report of the Church of St. Thomas More.

You are encouraged to carefully review all the information given to you in this report, and if you have any questions, please do not hesitate to contact the Parish Office. Don Eppich, other Finance Council members, or I will be happy to answer any questions or concerns that you may have.

As you review this report, please remember the following:

- The parish's financial health and solvency are almost entirely dependent on your generosity and support.
- Like the cost of running your households, the cost of operating the parish increases from year to year.
- The parish needs your continued generosity and support not only to the Operating budget, but also to our Capital Campaign, ***"Our Journey Into The Future...Together."***

Your positive response continues to create a parish community willing to meet the challenges of the day. Know that I am grateful! You are a generous people! You are a faith-filled people! May God who began this good work in us bring it to fulfillment!

Sincerely in Christ,

Fr. Mike

Rev. Michael Ratajczak
Pastor

Finance Council's Discussion of Financial Condition

As is usual for this time of year, the Finance Council has been actively reviewing last fiscal year's financial performance and preparing this year's budget. As you review this report, please remember the parish fiscal year runs from July 1 to June 30.

For the past 10 years, the Finance Council has worked closely with our pastors to create a comprehensive financial reporting and budgeting system for the parish. This provides the control and balance that ensure financial plans are based on parish need and fiscal prudence, and that they are consistent with historical trends in both income and expenditures.

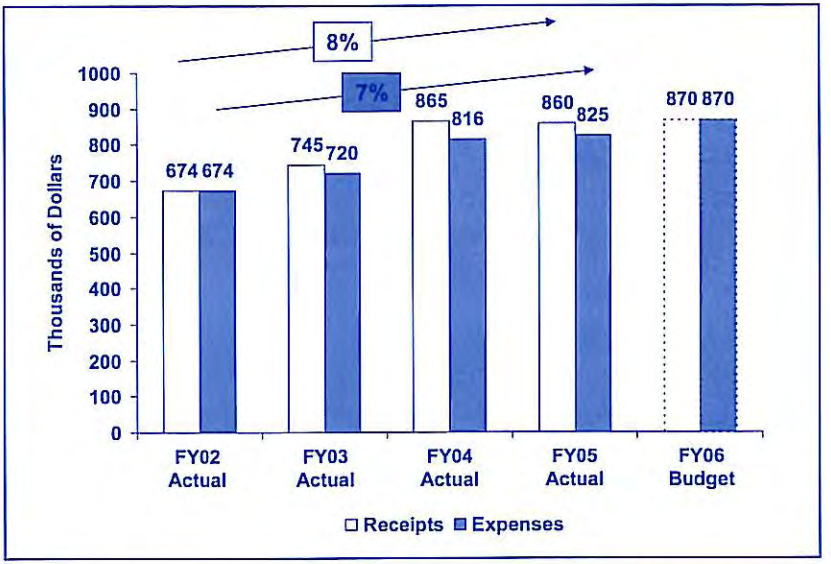
In this Financial Report for Fiscal Year 2005, in the budget for Fiscal Year 2006, and in the future parish expansion/building plans, there is a great deal of good news and there are still some opportunities for improvement. Fortunately, there is much more good news than the latter, and the latter items are financially manageable at this time.

Among these pages, you should find the following good news: of the 1,022 registered households, 120 (almost 12% of parish households) are now tithing, the parish itself enjoys sufficient cash reserves for normal operation, has very low debt that it continues to pay down, has Diocesan approval to begin the planning phase for the church, plans to fund a facility reserve for large-ticket maintenance items, and looks forward to a balanced budget for the coming fiscal year.

As for opportunities, while a great deal of progress has been made, we must still raise more capital before having sufficient funds to complete the parish expansion goals (i.e., new church, schools, etc.), and growth in parish receipts could be stronger. By continuing to work together, the Finance Council is confident that the parish of St. Thomas More will maintain its fiscal health and realize its shared parish vision.

Income and Expense Trends

The following chart illustrates the total parish income and expenses since occupying the Parish Center:



It should be noted that growth in parish income has outpaced growth in parish expenses 8% to 7% over the past four fiscal years. This fact is a significant factor in the parish's ability to operate "in the black" and to have funds available when they are needed for extraordinary expenditures.

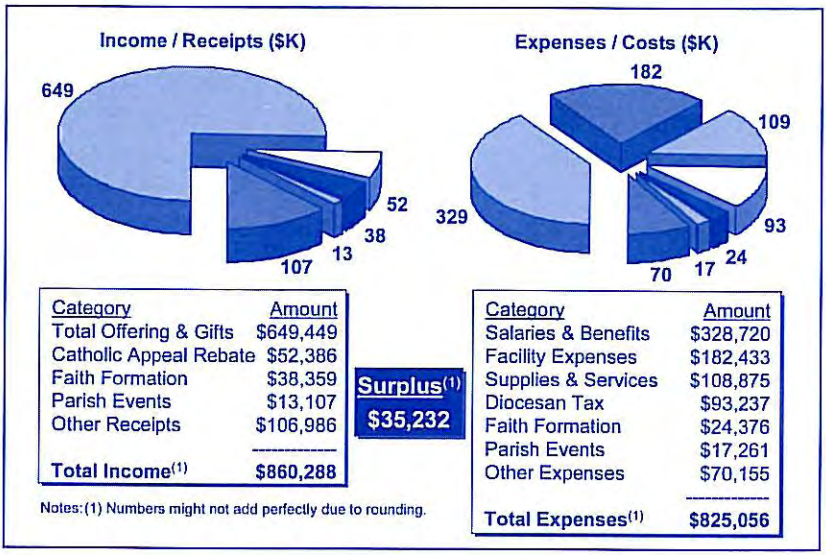
It should also be noted, however, that while expenses have increased steadily over this period, income growth has slowed. Since it is reasonable to assume that expenses will continue to increase as our parish grows and as inflation affects basic costs of operation, it is more important than ever for parishioners to continue to be generous in their support of the parish.

In the following sections, you will learn the following: **The parish's financial health and solvency are almost entirely dependent on your generosity and support.**

Fiscal Year 2005 Review (July 1, 2004 – June 30, 2005)

For this past fiscal year, parish financial performance was very good. The parish ended the year with a surplus of $35,232 representing 4.1% of the parish's total receipts of $860,288. About 82% or $701,835 of these receipts comes from the offertory, special collections, or other gifts. This income was down less than 1% from last year's income of $864,915. This was mostly due to a significant decrease of over $80,000 in restricted gifts; all other income categories increased in FY05. Further, over 100 households began tithing in FY05. These households contribute nearly 20% of total parish receipts.

St. Thomas More is a relatively large parish, with relatively large expenditure needs. These increased $9,128 in FY05, or just over 1%, to $825,056. This small increase was primarily driven by increases in salaries and benefits for the 22 paid parish staff. Their salaries and benefits amounted to $328,720 last year. Also, upkeep, maintenance, and utilities for our wonderful Parish Center amounted to $182,433. These two areas alone accounted for 62% of total parish expenditures!



Category	Amount
Total Offering & Gifts	$649,449
Catholic Appeal Rebate	$52,386
Faith Formation	$38,359
Parish Events	$13,107
Other Receipts	$106,986
Total Income[1]	**$860,288**

Surplus[1] $35,232

Category	Amount
Salaries & Benefits	$328,720
Facility Expenses	$182,433
Supplies & Services	$108,875
Diocesan Tax	$93,237
Faith Formation	$24,376
Parish Events	$17,261
Other Expenses	$70,155
Total Expenses[1]	**$825,056**

Notes: (1) Numbers might not add perfectly due to rounding.

Here are some facts about the cost of running the parish during the past fiscal year:

- Utilities alone for the parish exceeded $50,000, nearly 60% of which went for electricity.
- Landscaping (both gardening services and irrigation) cost the parish over $37,000 to maintain.
- Routine repair and maintenance for such things as janitorial services, pest control, waste removal, and elevator and HVAC maintenance exceeded $78,000.
- Over 1 in 7 dollars collected through the parish offering goes to the Diocese for centralized services and support.

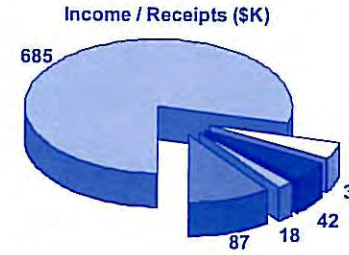
While some of these amounts may seem staggering, they are in line with what it would take to operate a comparably sized commercial enterprise. It is only with the parishioners' continuing support and generosity that the parish is able to operate and make ends meet.

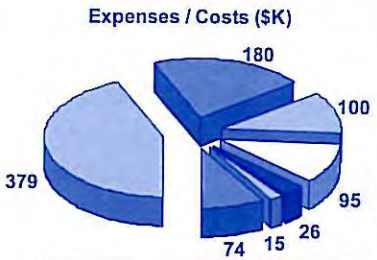
Fiscal Year 2006 Budget (July 1, 2005 – June 30, 2006)

For this current / upcoming fiscal year, the Finance Council has planned a balanced parish budget. Total income is planned to increase just over 1%. (The offering is planned to increase by nearly 6%.) Total expenditures are planned to increase just over 5%. This increase is due to the much-needed funding of a parish maintenance reserve for future large-ticket items.

In other words, funds comparable to last year's surplus will be set aside so that when our Parish Center needs paint, or the air conditioning needs major repair, or a large window is accidentally broken, ample maintenance reserve funds will have already been put aside for this use. To date, these funds have not been explicitly set aside for this important "rainy-day" purpose. (At present, the Finance Council estimates that the parish maintenance reserve should amount to approximately

$75,000. Presently, our parish reserves cash account amounts to about $35,000.)





Category	Amount
Total Offering & Gifts	$685,330
Catholic Appeal Rebate	$37,000
Faith Formation	$41,540
Parish Events	$18,460
Other Receipts	$87,300
Total Income[1]	**$869,630**

Balanced Budget!

Category	Amount
Salaries & Benefits	$378,820
Facility Expenses	$180,325
Supplies & Services	$99,505
Diocesan Tax	$95,100
Faith Formation	$26,400
Parish Events	$15,480
Other Expenses	$74,000
Total Expenses[1]	**$869,630**

Notes: (1) Numbers might not add perfectly due to rounding.

As you can see, most cost categories for the parish are planned to increase. **Just like the expense of running most households goes up from year to year, the cost of running the parish also goes up from year to year.**

Where each new annual budget is concerned, there are several challenges for the parish to manage:

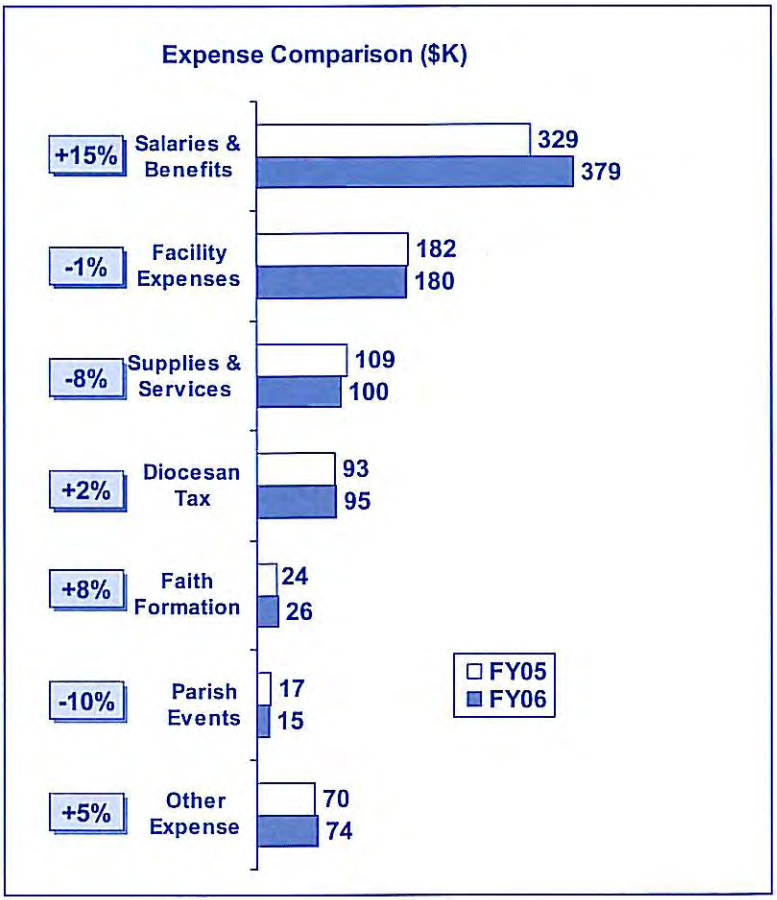
- Managing the amount of these cost increases
  - Planning for necessary as well as unavoidable increases
  - Reducing or eliminating "less necessary" costs
- Anticipating and appropriately planning for increases in our collection / offering and other sources of income

This last point is especially crucial to the parish ending its fiscal year "in the black." As you can see, St. Thomas More needs your continuing, and hopefully increasing, financial support to do just that.

Comparison of FY06 Budget to FY05 Results

There are some notable changes in the FY06 budget compared to FY05 actual results:

- Salaries & Benefits are planned to increase due to
  - planned Cost Of Living Adjustment (COLA)
  - increased parish staff to serve our growing community
  - increased fringe benefits costs, up over 50% from FY05
- Faith Formation is projected to increase due to
  - increased number of people/participants ministered
  - planned increase in ministerial programs attended



Fiscal Year 2006 Staffing Plan

The parish Staffing Plan for fiscal year 2006 is to have a total of 25 people. Only 6 of these people hold full-time positions. The remaining 19 hold part-time positions, 3 of which are unpaid volunteers. The following list identifies the role that each of these people fills in serving the parish community:

Full Time
Pastor – 1
Director of Faith Formation – 1
Director of Music and Liturgical Ministries – 1
Director of Stewardship and Development – 1
Receptionist and Secretary – 1
Director of Maintenance - 1

Full-Time Sub-Total – 6

Part Time
Weekend Associate Priest – 1
Deacon – 1 (unpaid)
Pastoral Associate and Bereavement Facilitator – 1
High School Youth Ministers – 2
Middle School Youth Ministers – 2 (unpaid)
Associate Director of Music – 1
Bookkeeper – 1
Office Technician - 1
Sacristans – 8
Rectory Housekeeper – 1

Part-Time Sub-Total – 19

It is the point of view of the pastor and parish leadership that each of these positions is necessary and serves a vital role in serving the parish. In so doing, these people contribute to the quality of life in our community of faith. Most, if not all, of the people in these roles could earn more for their time by working for a commercial enterprise. Consequently, their additional contribution of time and talent is greatly appreciated.

Parish Balance Sheet (as of June 30, 2005)

The parish balance sheet is healthy. It shows a respectable debt to total capitalization ratio of about 15%. (With the retirement this past August of the debt for the 5 acres purchased adjacent to St. Thomas More, this ratio is now an even lower 9%.)

CASH RESERVES			
Union Bank	$74,325		
Parish Reserves	$36,402		
Bell Tower	$161,460		
Altar and Furnishings	$104,364		
2nd Courtyard Fountain	$20,965		
Grotto	$10,475		
Main Courtyard Fountain	$26,187		
New Capital Campaign	$930,285		
Other Cash Reserves	$5,554		
TOTAL CASH RESERVES		$1,370,018	
FIXED ASSETS			
Land	$2,562,065		
Building & Improvements	$5,151,375		
Furniture and Fixtures	$60,611		
TOTAL FIXED ASSETS		$7,774,050	
TOTAL ASSETS			**$9,144,068**
LIABILITIES			
Long-Term Debt	$795,237		
Note for 5 Acres	$586,397		
TOTAL LIABILITIES		$1,381,634	
EQUITY			
Prior-Year Fund Balance	$6,804,007		
Retained Earnings	$958,427		
TOTAL EQUITY		$7,762,434	
TOTAL LIABILITIES AND EQUITY			**$9,144,068**

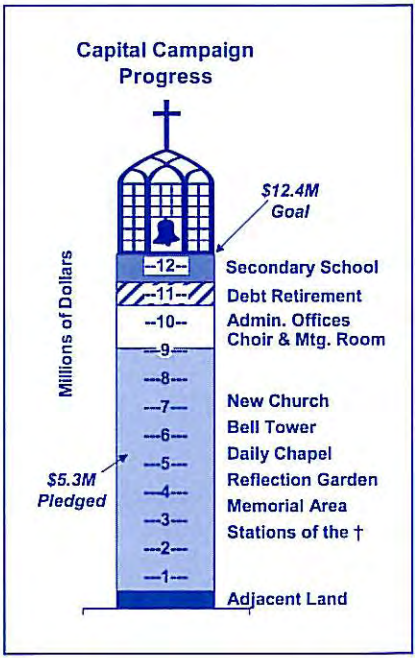
Capital Campaign Status (as of September 30, 2005)

It is a pleasure to report that much progress has been made with respect to our Capital Campaign. Thanks to our parishioners' generosity, ***"Our Journey Into The Future... Together"*** has secured pledges of $5.3 million against the $12.4 million goal. Nearly 80% of registered households responded, and 65% have made pledges to the building fund.

Also, the loan/note on the 5-acre parcel of land that is adjacent to St. Thomas More was purchased recently to allow for additional future expansion, and was paid in full in August.

Because of all of this favorable progress, Bishop Brom and the Diocese have given us Preliminary Approval to begin the construction process of our Parish Church. At current collection rates on pledges, we will break ground in 2008.

Yet, there is still much to be done. ***"Our Journey Into The Future...Together"*** is committed to raise $12.4 million in total to cover all the items listed in the "Bell Tower" graphic. With our eyes set on the new Church, we are mindful that we still have far to go to meet all the goals of this Campaign. After these goals are met, we envision a "St. Thomas More Academy" (childcare and preschool through 8th grade) complex, which will be addressed by a future Capital Campaign.



As we now begin the many necessary preparatory steps that are essential to such a large and visionary building expansion project, we are mindful that the parish is operating under a "fund line" and not a "time line." What this means is that if the parish realizes Capital Campaign contributions that are more than our present projections, it would be possible to begin construction sooner. (Conversely, should contributions fall behind projections, construction could be delayed.)

Registered Households	1,020 100%
Number of Responses	778 76%
Number of Pledges	667 65%

The table to the left shows some key Capital Campaign statistics. It is not too late to make a pledge! Parishioners' continued support of this building fund is earnestly needed.

With this in mind, those who have not yet pledged are invited to do so. Response forms are available in the Parish Office.

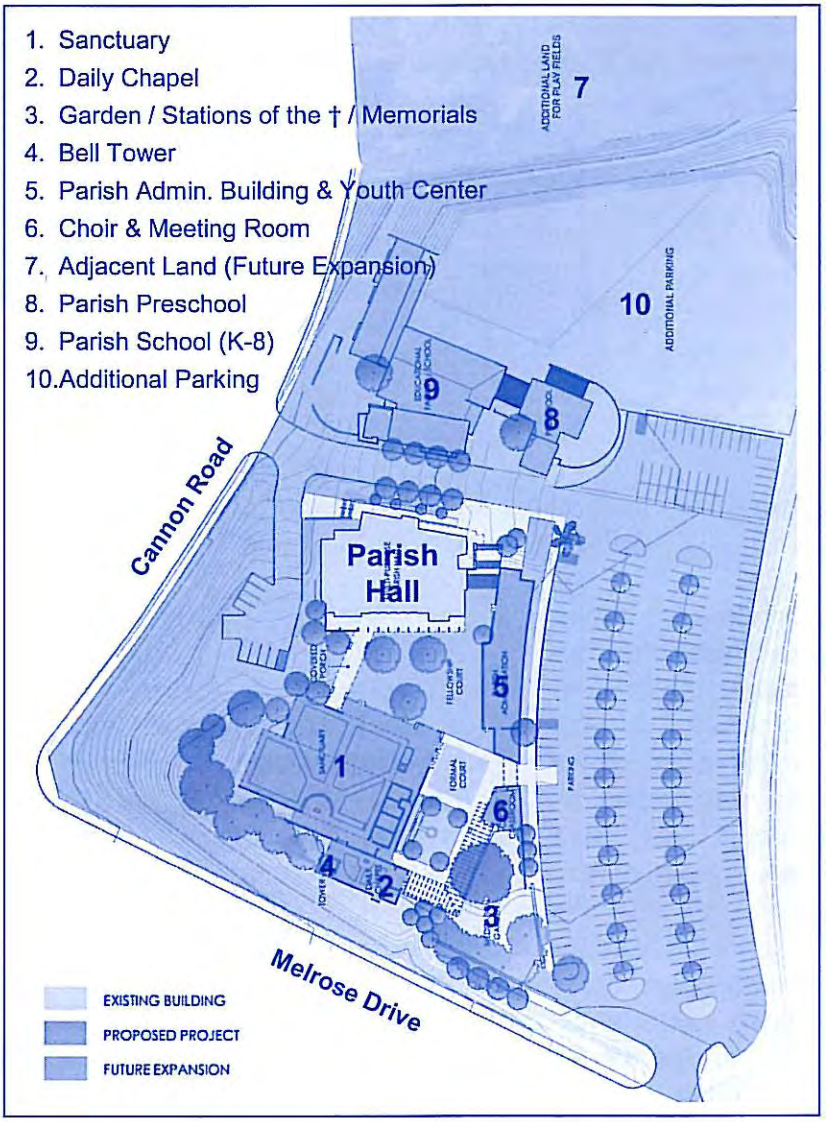
Parishioners should bear in mind that no pledge amount is too small. The table to the right shows the wide range of pledges that have been made to date.

Pledge Range	Number of Pledges
Under $1,000	141
$1,000-$5,000	307
$5,000-$10,000	131
$10,000-$20,000	55
$20,000-$100,000	26
Over $100,000	7

Like the Operating Budget, the Capital Campaign's results are entirely dependent on the generosity of parishioners. **The parish needs your continued generosity and support not only to the Operating Budget, but also to our Capital Campaign, *"Our Journey Into The Future...Together."***

Again, the great news is that we are now under way, and the building process at St. Thomas More officially resumes!

This site map illustrates the anticipated layout for the planned campus vision:



The current Capital Campaign plans to cover everything except the parish academy complex (childcare & preschool-8th grade).

Concluding Remarks and Acknowledgements

Dear Brothers and Sisters in Christ,

It is my hope that you have found the contents of this report to be informative and useful in deepening your understanding of St. Thomas More's financial condition and its operations.

Special recognition should be given to the Finance Council members for their contributions:

- Ron Briseno
- Sally Fay
- John Hradnansky
- Natalie Provinse
- Charles Salter
- Don Eppich *(Chair)*
- Genevieve Green
- Paul Ibbetson
- Wilma Rolland *(Secretary)*
- Janice Treat

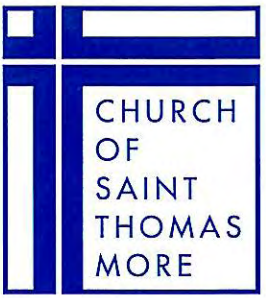
These people do so much to "crunch the numbers" and to make the parish work financially. Should you have any questions about this report, or parish finances in general, please do not hesitate to ask me, or any of the Finance Council members.

This Faith Community has been very generous and responsive, and I know it will continue to be so. With the assistance of the Finance Council and your continued parish-wide support, we will meet our future financial challenges and realize the vision for our parish expansion. For all that you have done and for all that you continue to do – Thank You!

Sincerely in Christ,

Fr. Mike

Rev. Michael Ratajczak
Pastor



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