

Annual Financial Report

Fiscal Year Ending 2012



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*Note: "FYE" means Fiscal Year Ending

Pastor's Letter to Parishioners

October 2012

My Dear Brothers and Sisters in Christ,

It is time once again to present the annual report on the financial condition of our Parish, St. Thomas More Catholic Church.

This very comprehensive report gives you detailed information regarding the finances of our Parish.

In this annual report, you will find:

The Financial Report for FYE2012

The Budget for FYE2013

An Overview of the "Did You Know?" Campaign

An Overview of the Annual St. Thomas More Gala

An Overview of our Vehicle Donation Program

An Overview of our Restaurant Fundraisers

An Overview of our "Treasures" Flea Market

Proceeds from the Mothers' Day, Fathers' Day and
All Souls' Novenas

An Update of our Capital Campaign, Phases I, II, and 2.1,
"Our Journey Into The Future . . . Together."

All the statistics indicate that we are rising to the challenge and meeting our financial goals in a very difficult economy. You continue to be faithful to your commitment of time, talent, and treasure as good Christian stewards.

Thanks to the "Did You Know?" Campaign, the Annual STM Gala, the donation of used vehicles, the Treasures Flea Market, the restaurant fundraisers, and the proceeds from the three Novenas, we have been able, this year, to meet the needs of our Operations Budget.

Though balancing our budget this year, we were not able to resolve the \$28,000 deficit that we incurred in FYE2010 which we carried over into FYE2011.

Although balancing our budget, we were not able to resolve this debt in FYE 2012.

So we have once again carried that deficit into the FYE2013. It is my hope that we can resolve it this year!

The challenge continues. We need to increase our Offertory Income through tithing and sacrificial giving. We need to depend less on the "extracurricular" activities to balance the Operations Budget, and instead, direct the income from these activities to the Building Fund.

Your generosity of time, talent, and treasure is needed more than ever as we proceed this year with the construction of our Permanent Church and Parish Offices. We soon will have three buildings to maintain, not just one!

I am so grateful for your continued support of this Faith Community, and I know that you will continue to rise to the occasion to meet the challenges that lie ahead.

May God who began this good work in us bring it to fulfillment!

Sincerely in Christ,

A handwritten signature in cursive script that reads "Fr. Mike". The letters are fluid and connected, with a prominent initial "F" and a distinct "M".

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 the 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 17 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.

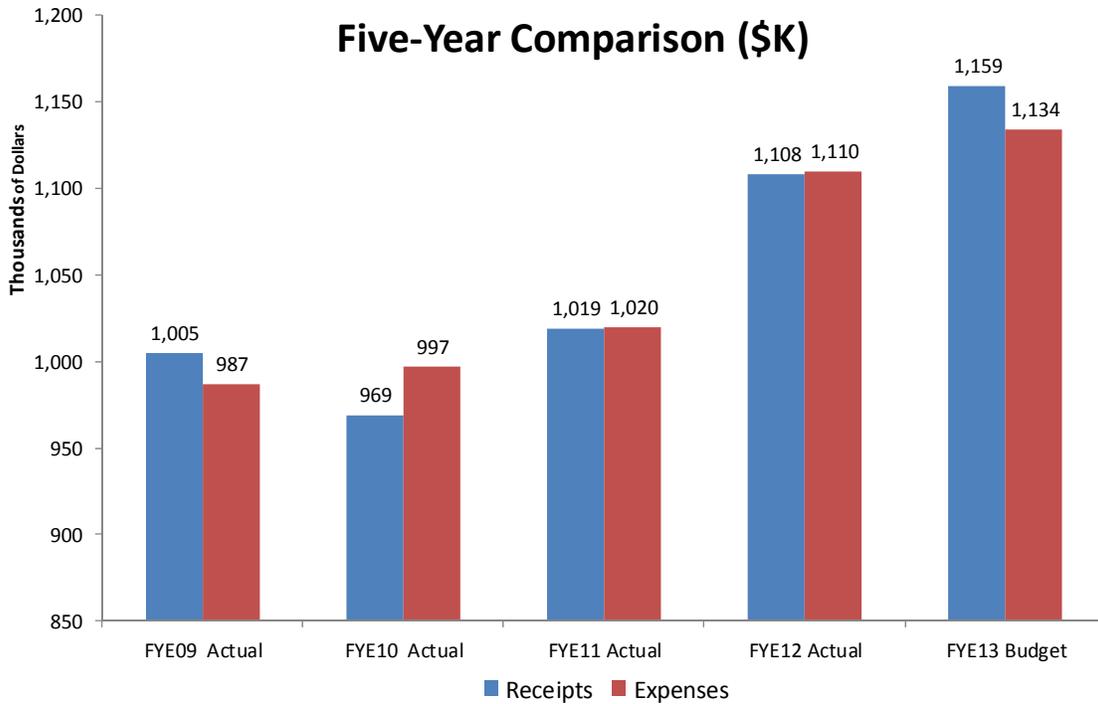
In this Financial Report for FYE2012, in the budget for FYE2013, and in the future Parish expansion/building plans, there is a great deal of good news, and there are still some opportunities for improvement. Fortunately, there is much more good news than the latter, and the latter items are financially manageable at this time.

Among these pages, you should find the following good news: of the 1,036 registered households, 119 (11.5% of Parish households) are now tithing, and the Parish has received Diocesan approval to begin the construction phase for the permanent church and Parish offices.

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, Parish offices, etc.), and growth in Parish receipts needs to 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 for the last four years and the FYE2013 Budget:



It should be noted that growth in Parish income outpaced growth in Parish expenses for the year FYE2009. However, in FYE2010, FYE2011, and FYE2012, Parish expenses outpaced Parish income. These were a result of decreases in collection revenue compared to prior years and increases in certain expenses (i.e., salaries and employee benefits).

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.

FYE2012 Review (07/01/11 to 06/30/12)

For this past fiscal year, Parish financial performance was challenged in meeting our needs. The Parish ended the year with a deficit balance of \$1,749 with gross receipts of \$1,108,369 and total expenses of \$1,110,118. About 64% or \$705,907 of these receipts came from the offertory, special collections, or other gifts. Total income increased 8.7% from last year's income of \$1,019,194.

The Parish's financial health and solvency are almost entirely dependent on your generosity and support.

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

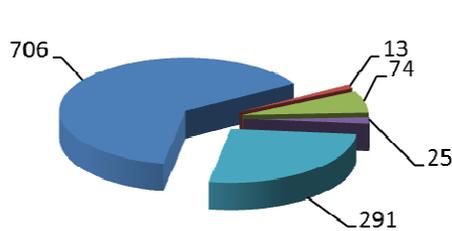
- Utilities alone for the Parish exceeded \$71,000, nearly 50% of which went for electricity.
- Landscaping (both gardening services and irrigation) cost the Parish over \$43,000 to maintain.
- Routine repair and maintenance for such things as janitorial services, pest control, waste removal, and elevator and HVAC maintenance exceeded \$53,000.
- 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.

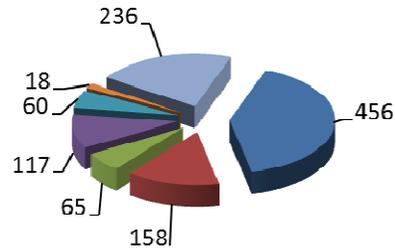
Below is an illustration of the income and expense activity for this fiscal year ending 06/30/2012.

FYE2012 Actual

Income/Receipts (\$K)



Expenses/Costs (\$K)



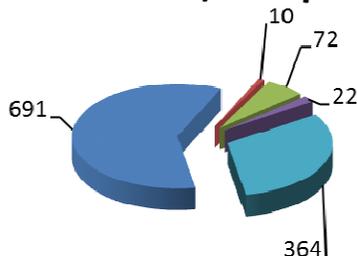
Total Offering & Gifts	705,907	Salaries & Benefits	455,583
Catholic Appeal Rebate	12,617	Facility Expenses	158,021
Faith Formation	73,765	Supplies & Services	65,109
Parish Events	25,462	Diocesan Tax	117,462
Other Receipts	290,618	Faith Formation	60,357
Total	1,108,369	Parish Events	17,974
		Other Expenses	235,612
		Total	1,110,118

FYE2013 Budget (07/01/12 to 06/30/13)

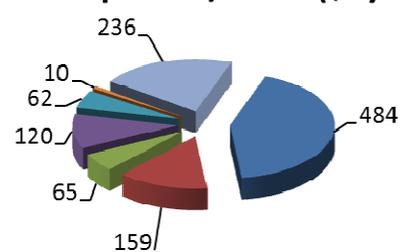
For this current/upcoming Fiscal year, the Finance Council has planned a balanced Parish Budget.

FYE2013 Budget

Income/Receipts (\$K)



Expenses/Costs (\$K)



Total Offering & Gifts	691,445	Salaries & Benefits	483,581
Catholic Appeal Rebate	10,000	Facility Expenses	158,800
Faith Formation	72,390	Supplies & Services	64,970
Parish Events	21,900	Diocesan Tax	119,500
Other Receipts	363,560	Faith Formation	61,700
Total	1,159,295	Parish Events	9,850
		Other Expenses	235,850
		Total	1,134,251

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

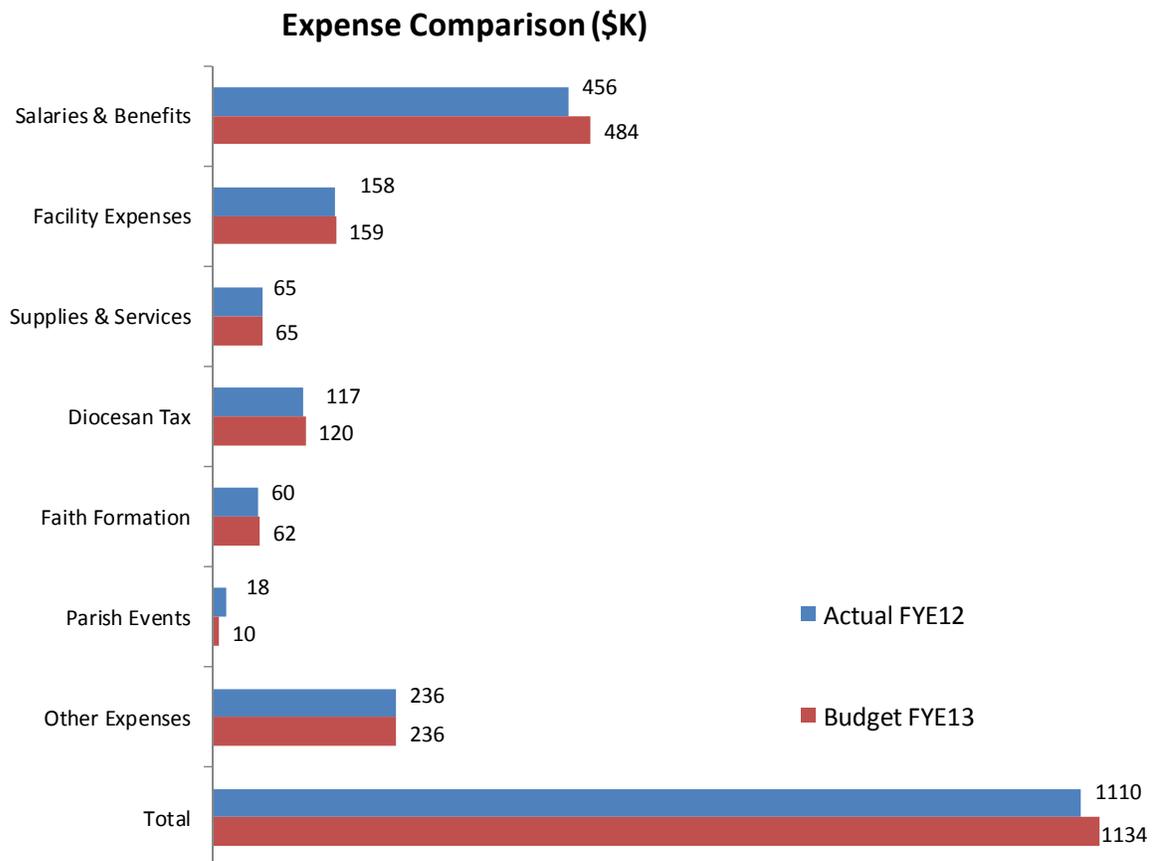
- Managing the amount of these cost increases
 - ◆ Planning for necessary as well as unavoidable increases
 - ◆ Reducing or eliminating “less necessary costs”
- Anticipating and appropriately planning for increases in our collection/offering and other sources of income.

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

Comparison of FYE2013 Budget to FYE2012 Results

These are some notable changes in the FYE2013 budget compared to FYE2012 actual results:

- Salaries & Benefits are planned to increase due to increased fringe benefits costs and the addition of a full-time Youth Advocate.



FYE2013 Staffing Plan

The Parish Staffing Plan for FYE2013 is to have a total of 20 people. Only seven of these people hold full-time positions.

One person is 3/4-time and 12 people hold part-time positions.

The following list identifies the role that each of these people fills in serving the Parish Community:

Full time

- Pastor – 1
- Pastoral Associate & Bereavement Minister – 1
- Youth Advocate – 1
- Director of Liturgy & Music – 1
- Director of Stewardship & Development – 1
- Receptionist & Parish Secretary – 1
- Director of Maintenance – 1
- Total – 7**

3/4 Time

- Faith Formation Director – 1
- Total – 1**

Part Time

- Deacon – 2 (Unpaid)
- Associate Director of Music – 1
- Choir Accompanist – 1
- Bookkeeper – 1
- Office Technician – 1
- Faith Formation Office Assistant – 1
- Sacristans – 4
- Rectory Housekeeper – 1
- Total – 12**

It is the perspective 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, 2012

CASH		
Union Bank	\$72,992	
Parish Reserves	\$5,343	
Bell Tower	\$199,380	
Altar & Other Furnishings	\$128,875	
2nd Courtyard Fountain	\$25,889	
Grotto	\$12,935	
Main Courtyard Fountain	\$32,337	
New Capital Campaign	\$3,772,811	
TOTAL CASH		\$4,250,562
CASH RESERVES		
For the Poor	\$684	
Fraternity House	\$630	
Youth Group	\$1,611	
Young Adults	\$145	
Sister Parish Program	\$1,603	
Blessed Sacrament Chapel-Remodel	\$616	
Get on the Bus	\$195	
North County Solutions for Change	\$320	
Just Faith Ministry	\$474	
STM Men's Ministry	\$857	
TOTAL CASH RESERVES		\$7,136
FIXED ASSETS		
Land	\$2,562,065	
Buildings	\$5,067,245	
Furniture & Equipment	\$130,628	
Equipment	\$8,149	
Real Property - Donated Rectory	\$206,857	
Fixtures	\$602,941	
TOTAL FIXED ASSETS		\$8,577,884
OTHER ASSETS		
TOTAL ASSETS		\$12,835,582
CURRENT LIABILITIES		
LONG TERM LIABILITIES		
EQUITY		
Prior Year Fund Balance	\$12,695,215	
Retained Earnings	\$140,367	
TOTAL EQUITY		\$12,835,582
TOTAL LIABILITIES AND EQUITY		\$12,835,582

Capital Campaign Status as of October 31, 2012

We came a long way with *"Our Journey Into The Future . . . Together"* Capital Campaign since it officially began in January 2005 (with several advance gifts given in the fall of 2004).

The economic climate was decidedly better at the onset of this effort than it has been in the last few years. However, a review of the three separate campaign phases below shows that we hold our own for a Parish of our size. The last of these three phases closes out on December 31, 2012.

Phase I, \$5,700,000 Goal

Five-Year pledge term ~ January 2005 to December 2009

\$5,100,000	Pledges/Special Gifts
\$ 600,000	Rectory/Investment Gifts <i>i.e., property, annuities, charitable remainder trusts, etc. Reflects current market value. Actual amounts realized upon redemption may vary.</i>
\$ 795,000	Debt Retirement/Parish Center
\$4,800,000	Pledge Payments Received <i>October 2004-December 2009</i>
\$ 76,000	Monthly payment average
\$ 500,000	Unfulfilled pledges
\$ 589,000	Purchase of five acre parcel adjacent to our land <i>Paid in September 2005</i>
\$ 326,000	Expenses
\$ 316,000	Secondary Education Initiative <i>Paid with interest from our funds on deposit. This is directed toward our \$1,000,000 pledge for the new Catholic High School</i>

Phase II, \$2,000,000 Goal

Two-Year Pledge Term ~ January 2010 to December 2011

\$1,568,000	Pledged
\$1,590,300	Pledge Payments Received
\$ 22,300	Excess Pledge Payments/Donations received
\$ 66,300	Monthly income average
\$ 308,057	Expenses
\$ 180,074	Secondary Education Initiative Payments

**Phase 2.1, \$500,000 Goal (makes up for shortfall in Phase II)
One-Year Pledge Term ~ January 2012 to December 2012**

\$ 505,000	Pledges/Donations
\$ 480,000	Pledge Payments Received <i>\$25,000+ payments projected by 12-31-12</i>
\$ 5,000+	Excess Pledge Payments/Donations
\$ 48,000	Monthly payment average
\$ 526,862	Expenses
\$ 69,254	Secondary Education Initiative Payments

**Grand Totals of ALL Phases (Phase I, Phase II, Phase 2.1)
October 2004 to October 2012**

\$7,100,000	Pledges/Special Gifts
\$ 600,000	Rectory/Investment Gifts <i>i.e., property, annuities, charitable remainder trusts, etc. reflect current market value. Actual amounts realized upon redemption may vary.)</i>
\$6,900,000	Pledge Payments Received
\$ 63,000	Monthly payment average
\$ 200,000	Unfulfilled pledges <i>Net of excess pledge payments and other donations</i>
\$ 589,000	Purchase of five acre parcel adjacent to our land <i>Paid in September 2005</i>
\$ 795,000	Debt Retirement/Parish Center <i>Paid in full December 2011</i>
\$1,161,000	Expenses
\$ 551,000	Secondary Education Initiative <i>Paid with interest from our funds on deposit. This is directed toward our \$1,000,000 pledge for the new Catholic High School.)</i>
\$4,300,000	Funds on deposit at the Diocese
80%	Pledge/Donation Participation average

Build Out Planning and Rendering



“Did You Know?” Campaign Status

In August 2006 a special campaign was begun to address an anticipated shortfall in our operations income. It is a low-key campaign consisting of an expense highlighted in the bulletin along with a monthly envelope attached to the bulletin.

These funds go directly to the daily operating expenses of the Parish. A breakdown of our total funds collected follows:

FYE2007	\$48,519	
FYE2008	\$69,058	
FYE2009	\$69,733	
FYE2010	\$49,906	
FYE2011	\$59,471	
FYE2012	\$67,014	
Cumulative Total		\$363,700

Vehicle Donation Program

This program officially began in 2006 and has netted \$24,923 for the Parish to date. The majority of this money has been directed to the operations fund. In addition, nearly \$4,000 has been designated to our Capital Campaign from specific vehicle donations. The figures below indicate the combined operational and building fund income.

FYE2007	\$ 7,858	
FYE2008	\$ 4,482	
FYE2009	\$ 3,307	
FYE2010	\$ 829	
FYE2011	\$ 4,612	
FYE2012	\$ 3,835	
Cumulative Total		\$ 24,923

Aegis Dinner Fundraiser

FYE2011	\$ 3,200	
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Treasures (Flea Market)

FYE2011	\$ 8,708	
FYE2012	\$11,707	
FYE2013	\$12,100	
Cumulative Total		\$ 32,515

Golf Classic Proceeds Review

The proceeds of the 12th Annual Golf Classic were also earmarked for the operations budget. This tournament and associated activities generated net proceeds of \$60,000, our highest amount to date!

November 1999	\$51,000	
November 2000	\$57,000	
November 2001	\$24,000	
November 2002	\$38,000	
November 2003	\$36,000	
April 2005	\$11,000	
June 2006	\$32,000	
June 2007	\$42,000	
June 2008	\$50,000	
May 2009	\$54,000	
June 2010	\$57,500	
June 2011	\$60,000	
September 2011	\$ 3,000	
Cumulative Total		\$515,500

St. Thomas More Gala Proceeds (in lieu of the annual Golf Classic)

FYE 2012	\$60,000	(June 2012 donation)
FYI 2013	\$ 4,000	(September 2012 donation)
Cumulative Total		\$ 64,000

Other Income

The following categories have also helped to offset the operating expenses.

All Souls' Day, Mother's Day, Father's Day Novena's

FYE09	\$ 6,019	
FYE10	\$ 6,869	
FYE11	\$ 5,399	
FYE12	\$ 6,954	
Cumulative Total		\$ 25,241

Restaurant Fundraisers

FYE10	\$ 2,862 (12/2009-06/2010)	
FYE11	\$ 5,025	
FYE12	\$ 4,415	
Cumulative Total		\$ 12,302

Towers of Faith

These are gifts from members of the Parish who have remembered St. Thomas More in their estate planning. Gifts are designated to the building fund or operations. These faithful Parishioners continue to bless St. Thomas More Parish, even upon their death. We are grateful for these blessings.

2011	\$ 58,763 designated to the building fund	
2012 (to date)	\$ 10,000 designated to operations fund	
	\$156,025 designated to the building fund	
Cumulative Total		\$224,788

Concluding Remarks and Acknowledgements

Dear Sisters and Brothers 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 situation.

A special "Thank You" is extended to the Finance Council Members for the gifts of their time and talent:

Paul Ibbetson (Chairperson & Building /Maintenance)

Nancy Busse (Secretary)

Don Eppich (Budget Review)

Irene Balli-Dumas (Inventory)

Charles Salter (Legal)

Nina Woodard (Personnel & Annual Financial Report)

Natalie Provinse (Bookkeeper)

Doug D'Agrosa (Pastoral Council Chairperson)

Ron Briseno (Development Council Chairperson)

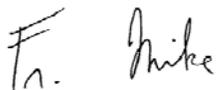
These people do so much to "crunch the numbers" and to make the Parish work financially.

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.

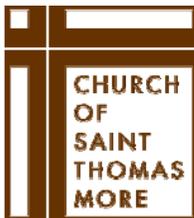
This Faith Community has been very generous and responsive, and I know it will continue to be so, especially now as we begin the construction of our permanent church and our Parish offices.

For all that you have done and for all that you continue to do—
Thank You!

Sincerely in Christ,

A handwritten signature in cursive script that reads "Fr. Mike".

Rev. Michael Ratajczak
Pastor



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StThomasMoreRCC



October 2012