



Annual Financial Report

Fiscal Year 2009-2010



Table of Contents

Pastor’s Letter to Parishioners.....	4
Finance Council’s Discussion of Financial Condition	6
Income and Expense Trends.....	7
Fiscal Year 2010 Review (07/01/09 to 06/30/10).....	8
Fiscal Year 2011 Budget (07/01/10 to 06/30/11).....	9
Comparison of *FY11 Budget to*FY10 Results.....	10
Fiscal Year 2011 Staffing Plan.....	11
Balance Sheet June 30, 2010.....	12
Campaign Status as of October 31, 2010.....	13
Site Map.....	15
“Did You Know” Campaign Status.....	16
Vehicle Donation Program Status	16
Golf Classic Proceeds Review	17
Other Income Status	17
Concluding Remarks and Acknowledgements	18

*Note: “FY” means Fiscal Year.

Pastor's Letter to Parishioners

My Dear Brothers and Sisters in Christ,

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

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 FY 2009-2010

The Budget for FY 2010-2011

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

Updates on the "Did You Know?" Campaign

Updates on our Vehicle Donation Program

Updates on the Annual Golf Classic Tournament/Dinner

Updates on other income, including our Restaurant Fundraisers

All the statistics demonstrate that we are struggling but succeeding in meeting our financial goals in a very, very difficult economy. Your commitment of time, talent, and treasure as good Christian stewards is needed more than ever.

Despite the on-going success of the "Did You Know?" Campaign, the Annual Golf Classic Tournament/Dinner, the donation of used vehicles, and the restaurant fundraisers, we still fell short and ended the year with a \$28,000 deficit in our Operations Budget.

We have included the \$28,000 deficit in this year's budget; so this fiscal year will create an even greater challenge for us in balancing our budget.

At the present time, in this economy, the road ahead of us is difficult. We must increase our Offertory Income through tithing and sacrificial giving.

Ideally, the money necessary to keep the Parish going should come from only Offertory Income, not "extracurricular" fundraisers.

As the economy continues to improve, we must see an increase in your tithing or sacrificial giving.

As this happens, we will be able to depend less on these "extracurricular" activities to balance the Operations Budget, and instead, direct the income from these activities to the Building Fund.

The challenges become even greater in this FY 2010-2011 now that we have diocesan approval to build not only our Permanent Church, but also our Parish Offices as well.

We will be taking on a significant mortgage and our Operations Budget will increase as we will now be responsible for the upkeep of not one building, but three!

These are all very serious challenges that confront us. I know that, with God's help, we will rise to the occasion, as St. Thomas More Parish has done so many times in the past.

When one looks back and sees what this Faith Community has done in the past to bring us to where we are now in this 22,500 square-foot Parish Center which houses almost 100 different ministries, I have no doubt that we will rise to meet the demands of the near future!

Know that I am so grateful to pastor this very special Faith Community, and I know that, together, we will move into the future confidently.

Let us pray for an ever improving economy and pray for generous hearts to meet the needs of the day.

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

Sincerely in Christ,

A handwritten signature in black ink that reads "Fr. Mike". The letters are cursive and somewhat stylized.

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 15 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.

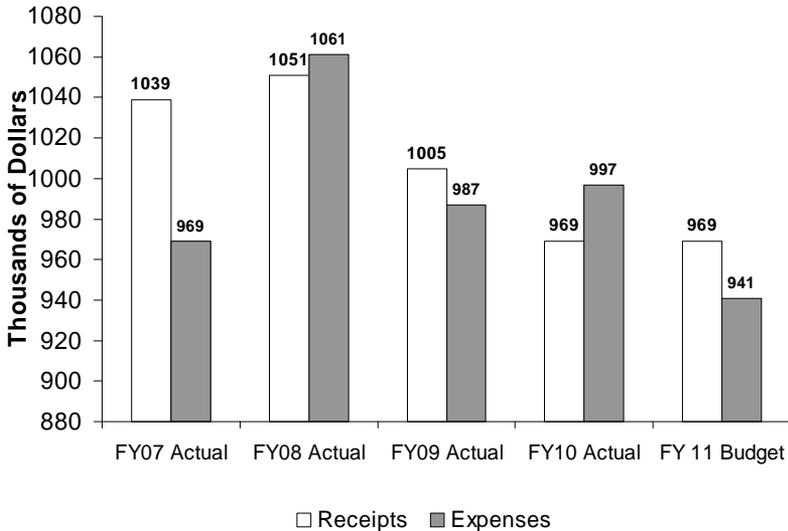
In this Financial Report for FY 2010, in the budget for FY 2011, and in the future Parish expansion/building plans, there is a great deal of good news, and there are still some opportunities for improvement. Fortunately, there is much more good news than the latter, and the latter items are financially manageable at this time.

Among these pages, you should find the following good news: of the 997 registered households, 112 (11% 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 FY 11 Budget:



It should be noted that growth in Parish income outpaced growth in Parish expenses for the years FY 2007 and FY 2009. However, in FY 2008 and FY2010, 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.

FY 2010 Review (07/01/09 – 06/30/10)

For this past fiscal year, Parish financial performance was challenged in meeting our needs. The Parish ended the year with a deficit of \$28,206, with gross receipts of \$969,516 and total expenses of \$997,722. About 65% or \$633,799 of these receipts came from the offertory, special collections, or other gifts. Total income decreased 3.7% from last year's income of \$1,006,432.

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:

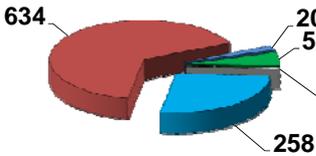
- Utilities alone for the Parish exceeded \$60,000, nearly 57% of which went for electricity.
- Landscaping (both gardening services and irrigation) cost the Parish over \$35,000 to maintain.
- Routine repair and maintenance for such things as janitorial services, pest control, waste removal, and elevator and HVAC maintenance exceeded \$49,000.
- 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.

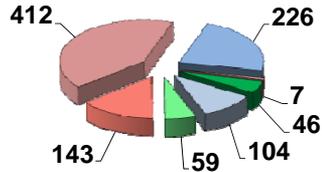
Below is an illustration of the income and expense activity for this fiscal year ending 06/30/10.

FY 2010 Actual

Income/Receipts (\$K)



Expenses/Costs (\$K)



	Actuals 10
Total Offering & Gifts	\$633,799
Catholic Appeal Rebate	\$ 19,736
Faith Formation	\$ 53,104
Parish Events	\$ 4,762
Other Receipts	\$258,116
Total	\$969,517

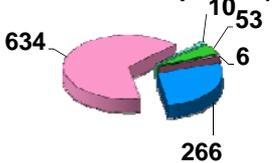
	Actuals 10
Salaries & Benefits	\$412,241
Facility Expenses	\$143,205
Supplies & Services	\$ 58,523
Diocesan Tax	\$104,143
Faith Formation	\$ 46,085
Parish Events	\$ 7,169
Other Expenses	\$226,359
Total	\$997,722

FY 2011 Budget (07/01/10 to 06/30/11)

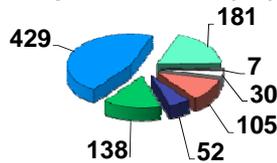
For this current/upcoming fiscal year, the Finance Council has planned a balanced Parish budget

FY 2011 Budget

Income/Receipts (\$K)



Expenses/Costs (\$K)



	Budget 11
Total Offering & Gifts	\$634,025
Catholic Appeal Rebate	\$ 10,000
Faith Formation	\$ 2,735
Parish Events	\$ 5,617
Other Receipts	\$266,220
Total	\$968,597

	Budget 11
Salaries & Benefits	\$428,581
Facility Expenses	\$137,748
Supplies & Services	\$ 51,570
Diocesan Tax	\$105,000
Faith Formation	\$ 29,957
Parish Events	\$ 7,179
Other Expenses	\$180,562
Total	\$940,596

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

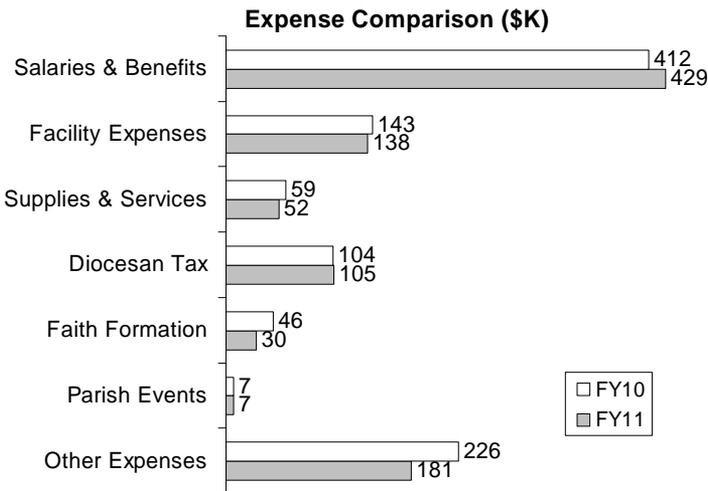
- Managing the amount of these cost increases
 - Planning for necessary as well as unavoidable increases
 - Reducing or eliminating “less necessary costs”
- Anticipating and appropriately planning for increases in our collection/offering and other sources of income.

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 FY 2011 Budget to FY 2010 Results

These are some notable changes in the FY 2011 budget compared to FY 2010 actual results:

- Salaries and Benefits are planned to increase due to increased fringe benefits costs
- No increases in salaries are planned for FY 2011



Fiscal Year 2011 Staffing Plan

The Parish Staffing Plan for FY2011 is to have a total of 22 people. Only 5 of these people hold full-time positions.

Two people are $\frac{3}{4}$ -time and 15 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

Director of Worship and Music - 1

Director of Stewardship and Development – 1

Receptionist and Parish Secretary – 1

Director of Maintenance – 1

Full-time – 5

$\frac{3}{4}$ -Time

Faith Formation Director – 1

Youth Advocate – 1

$\frac{3}{4}$ Time – 2

Part-Time

Deacon – 1 (Unpaid)

Pastoral Associate and Bereavement Facilitator – 1

Associate Director of Music – 1

Choir Accompanist - 1

Bookkeeper – 1

Office Technician – 1

Faith Formation Office Assistant – 1

Sacristans – 7

Rectory Housekeeper – 1

Part-Time – 15

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, 2010

CASH			
Union Bank	\$41,234		
Parish Reserves	\$5,905		
Bell Tower	\$191,077		
Altar & Other Furnishings	\$123,508		
2nd Courtyard Fountain	\$24,811		
Grotto	\$12,396		
Main Courtyard Fountain	\$30,990		
New Capital Campaign	\$3,253,359		
TOTAL CASH		\$3,683,280	
CASH RESERVES			
For the Poor	\$962		
Fraternity House	\$630		
Youth Group	\$2,488		
Young Adults	\$145		
Sister Parish Program	\$2,003		
Blessed Sacrament Chapel-Remodel	\$616		
North County Solutions for Change	\$95		
		\$6,940	
FIXED ASSETS			
Land	\$2,562,065		
Buildings	\$5,067,245		
Furniture & Equipment	\$127,420		
Equipment	\$8,149		
Real Property - Donated Rectory	\$206,857		
Fixtures	\$602,941		
TOTAL FIXED ASSETS		\$8,574,676	
OTHER ASSETS			
TOTAL ASSETS			\$12,264,896
CURRENT LIABILITIES			
Long Term Debt	\$201,237		
TOTAL LONG TERM DEBT		\$201,237	
TOTAL LIABILITIES			\$201,237
EQUITY			
Prior Year Fund Balance	\$11,402,845		
Retained Earnings	\$660,814		
TOTAL EQUITY			\$12,063,659
TOTAL LIABILITIES AND EQUITY			\$12,264,896

Capital Campaign Status as of October 31, 2010

We have come 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 couple of years. However, a review of the statistics below shows that we hold our own for a Parish of our size.

Phase I Reconciliation: \$5,700,000 Original Grand Total

Five-Year Pledge Term ~ January 2005—December 2009

\$5,100,000	Pledges/Special Gifts
\$ 600,000	Rectory/Investment Gifts (<i>i.e. property, annuities, charitable remainder trusts, etc. reflect current market value</i>). Actual amounts realized upon redemption may vary.
\$4,800,000	Paid (October 2004 thru December 2009)
\$ 76,000	Monthly income average
\$ 500,000	Write-offs as of December 31, 2009
\$ 915,000	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 in North County.</i>)
\$3,200,000	Funds on deposit at the Diocese

77% Pledge Participation

90% Total Donation Participation

Phase II to date: \$2,000,000 Goal

Two-Year Pledge Term ~ January 2010—December 2011

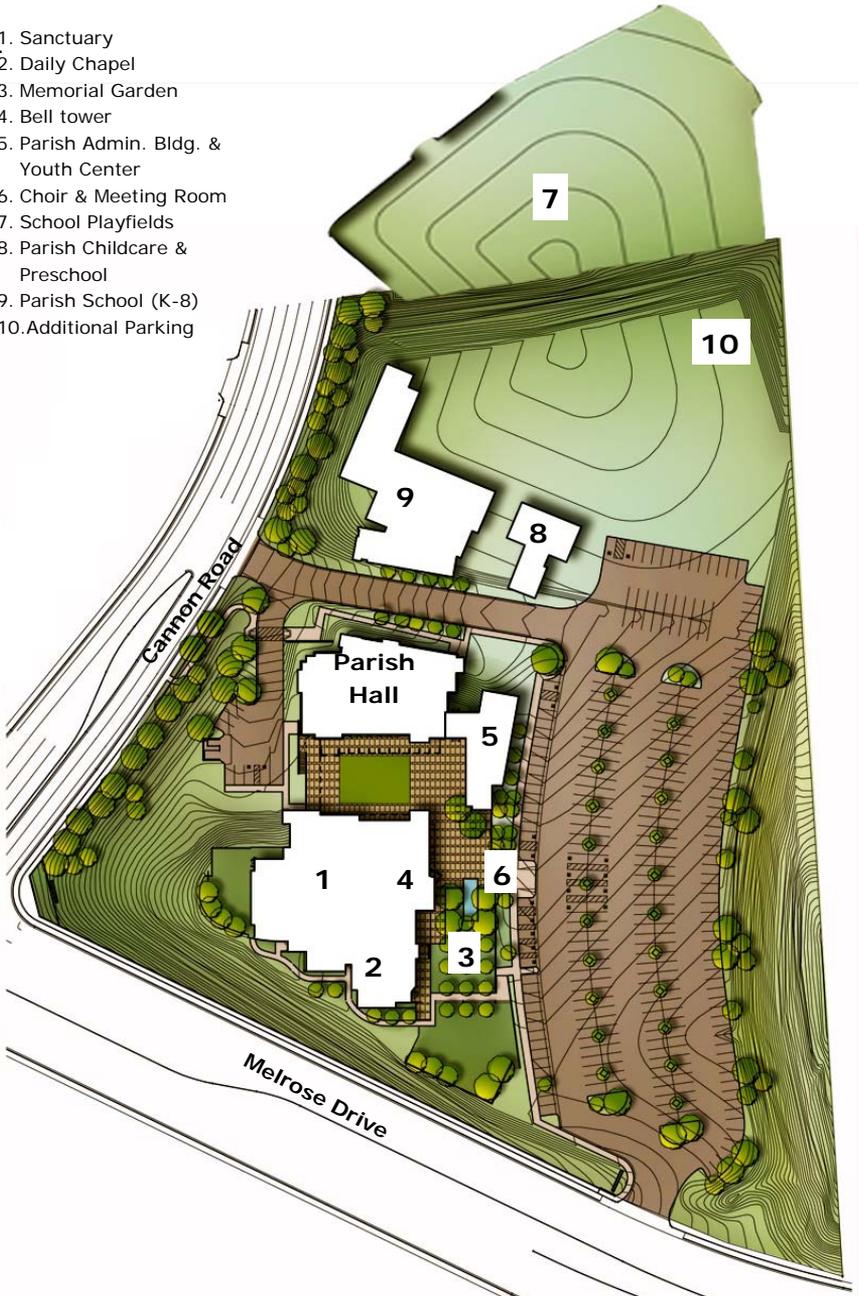
\$1,437,000	Pledged
\$ 654,000	Paid to date
\$ 73,000	Monthly income average
\$ 147,000	Expenses to date
\$ 239,000	Projected expenses through December 2011
\$ 97,150	Secondary Education Initiative Payments
\$ 389,000	Secondary Education Initiative cumulative total over last four years
\$3,700,000	Funds on deposit at the Diocese.

63% Pledge Participation

77% Total Donation Participation

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

1. Sanctuary
2. Daily Chapel
3. Memorial Garden
4. Bell tower
5. Parish Admin. Bldg. & Youth Center
6. Choir & Meeting Room
7. School Playfields
8. Parish Childcare & Preschool
9. Parish School (K-8)
10. Additional Parking



The current Capital Campaign plans to cover everything except the Parish Academy complex (childcare, preschool, and kindergarten through eighth grade).

“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:

2006/2007	\$48,519	
2007/2008	\$69,058	
2008/2009	\$69,733	
2009/2010	\$49,906	
Cumulative Total		\$237,215

Vehicle Donation Program

This program officially began in 2006 and has netted \$16,476 to the operations income to date. Additionally, over \$4,000 has been designated to our Capital Campaign from specific vehicle donations. The figures below indicate the operational income.

2006/2007	\$ 7,858	
2007/2008	\$ 4,482	
2008/2009	\$ 3,307	
2009/2010	\$ 829	
Cumulative Total		\$16,476

Golf Classic Proceeds Review

The proceeds of the Eleventh Annual Golf Classic were also earmarked for the operations budget. This tournament and associated activities generated net proceeds of \$57,500, a \$3,500 increase over 2009 and our highest amount to date!

Nov. 1999	\$51,000	
Nov. 2000	\$57,000	
Nov. 2001	\$24,000	
Nov. 2002	\$38,000	
Nov. 2003	\$36,000	
Apr. 2005	\$11,000	
Jun. 2006	\$32,000	
Jun. 2007	\$42,000	
Jun. 2008	\$50,000	
May 2009	\$54,000	
Jun. 2010	\$57,500	
Cumulative Total		\$452,500

Other Income

Additionally, the following categories have helped offset the operating expenses.

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

FY09	\$6,019
FY10	\$6,869

Restaurant Fundraisers

FY10	\$2,862
------	---------

(December 2009 thru June 2010 – first year)

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 and Building /Maintenance)

Nancy Busse (Secretary)

Don Eppich (Budget Review)

Irene Balli-Dumas (Inventory)

Charles Salter (Legal)

Nina Woodard (Personnel and 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 as we move forward with the building 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,



Rev. Michael Ratajczak

Pastor

Church of St. Thomas More

1450 South Melrose Drive • Oceanside, CA 92056

760.758.4100 Phone • 760.758.4165 Fax

parishoffice@stmoside.org • www.stmoside.org