

Parish Financial Update

September 15, 2013

\$5.5 M raised from Capital Campaigns

\$5.6 M loan from the Diocese

\$1.5 M needed over the next 18 months to cover cost increases, complete construction, and begin to make our mortgage payments

Today I am here in my new role as Financial Liaison, which is now part of the Finance Council. In this new position, I will continue to report to the Parish periodically regarding financial matters as they relate to our construction phase and our Parish operations. As you can see from the construction site today, things are progressing, and as we continue to move forward, it will become increasingly important to discuss our financial position.

First of all, THANK YOU to all the long-time members of St. Thomas More who have pioneered and supported our Parish for these 28 years. At the same time, I would also like to thank the many younger generations of families and the new Parish families who are also contributing your financial support to our Mortgage and Building Completion Fund and Operations Fund, as well as your voluntary support in our many Parish programs. We will need the continued support of all Parish members going forward as we prepare for mortgage payments in addition to operational expenses that will increase as our campus grows to three buildings.

As you know, we have struggled in recent years to balance our budget. In our last fiscal year, which ended June 30, we were pleasantly surprised as we were able to not only balance the Operations Budget, but we retired a \$28,000 deficit from several years ago, and still



finished the year with a small surplus. It bears repeating that all funds from the Parish Gala, the "Did You Know" program, the

Annual Treasures Rummage Sale, the Restaurant Fund-raisers, and the Vehicle Donation Program go to the



Operations Fund. All these fundraisers helped us to balance our budget during these past lean economic years. Fortunately this last fiscal year the offertory collection was some \$55,000 higher than the previous year. Please remember our operations monies are devoted to operations only. These funds have nothing to do with our mortgage payments.

I would like to devote some time now to review and update our mortgage fund. A question I am frequently asked is: "Do our mortgage payments commence with the completion of construction?" The answer to that

question is, "NO!" Our mortgage payments will begin when the remaining \$3.7M we currently have on deposit at the Diocese has been exhausted and we initiate withdrawal from the loan. We are anticipating a mortgage payment of approximately \$28,000 per month, based on the current

interest rate of 3.5%. At the present time, our Mortgage and Building Completion Fund receives about \$35,000 per month from some 450 families, or roughly 45% of registered households of St. Thomas More. But it must be noted that in our Capital Campaigns we had the support of approximately 80% of registered households and others.

It is very important that the Mortgage and Building Completion Fund and the Operations Fund are not considered an "either/or" situation, but are considered a "both/and" proposition. We need your gift to both!



Currently, 450 Parish families are contributing a total of \$35,000 monthly to the Mortgage and Building Completion Fund. If 350 more Parish families start contributing, we will be able to finish our building project in a timely fashion AND make our mortgage payments!



Allow me to explain! The Operations Fund supports Parish staff, building and grounds maintenance, and all other expenses incurred on a regular basis to operate our Parish. As I indicated, our Operations Fund had a small surplus last year but will need additional monies in the future to support three buildings on our campus.



\$28,000 per month, it leaves little in the way of funds to cover the additional \$1.5M we need to raise during the next 18 months of construction. The good news is that the Mortgage and Building Completion Fund has approximately \$500,000 on deposit, including a recent estate gift of \$266,000, AND if we can get from the current 45% participation to the 70-80% participation that we have seen in the past, we will be able to raise the additional monies!

The Mortgage and Building Completion Fund is a separate pot of money! We estimated that we would need \$11.75M to complete the Church and Parish Office buildings. These monies will come from a \$5.6M loan from the Diocese, a total of \$5.5M raised through our Capital Campaigns, as well as additional monies raised in our ongoing Mortgage and Building Completion Fund offering. Some of the Mortgage and Building Completion Fund will be used to supplement additional or unforeseen expenses over the course of several years of planning, which are inevitable. In addition, Fr. Mike and the Finance Council implemented a program designed to allocate 10% of all Mortgage and Building Completion Funds to be set aside in a reserve fund designated for non-budgeted emergency expenditures throughout the campus.

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Here is the dilemma. The resurgent economy over the last 12 to 18 months has escalated construction and finishing costs across the board as we have commenced construction of the project. The entire team led by our Director of Construction, Brian Leahey, and Fr. Mike, have done everything possible to mitigate the effects of these increases. Our Church is still on target to be one of the most affordable “cost per square foot” Churches constructed anywhere in San Diego. That being said, we are already seeing significant price escalation and want to be sure we raise enough funds to cover these additional costs.

Although the Mortgage and Building Completion Fund is receiving an average of \$35,000 per month from approximately 450 contributing households, you can see that once we deduct the 10% designated for Parish Reserves and the upcoming mortgage payment of

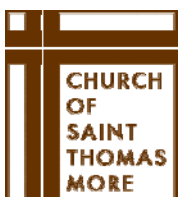
So today, I am asking you, our generous Parish community, to help us increase the percentage of Parish households participating in the Mortgage and Building Completion Fund. By raising our participation from 45% to 70-80%, we will provide our Finance Council that additional \$1.5M required to complete both buildings and all furnishings in a relatively short period of time.

Each of us who has either purchased a home or rented an apartment can reflect back and remember that while we brought many items with us on moving day, there were inevitably additional

furnishings and other items to purchase upon occupancy. The same can be said for the Church. While we will bring many items with us to the new Church, we will also need to purchase others, and it will take some time, and it will cost some money, and just as with our homes . . . it may not look complete right away.

In about 18 short months, we will be celebrating our Mass of Dedication in our new Church. It will be a wonderful worship space and will serve the needs of this community for many years to come. On behalf of Fr. Mike and myself, THANK YOU to each and every member of this special community for your continued generosity, your spirit, and your prayers over the years, and especially throughout this project. May God continue to bless St. Thomas More Church.

Thank you,
Bill Ipsen
Financial Liaison



1450 South Melrose Drive • Oceanside, CA 92056
760-758-4100 • 760-758-4165 fax
www.stmoside.org • parishoffice@stmoside.org



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