



**Church of  
Saint  
Thomas More**

**Annual  
Financial  
Report**

**October 2003**

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Note: “FY” means Fiscal Year.

## **Pastoral Letter to Parishioners**

Dear Brothers and Sisters in Christ,

It is my pleasure to present this annual report on the financial condition of our parish, the Church of Saint Thomas More.

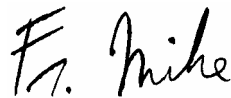
This report tells a story of Good News. It indicates that you continue to deepen your commitment of time, talent, and treasure as faithful stewards of the Church of Saint Thomas More. As you review the report's contents, I hope you will come to understand the following:

- The parish's financial health and solvency is 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 if we are to realize the campus vision for Saint Thomas More.

Your faith-filled support is creating a community that is responding to the challenges of the day. Know that I am grateful! Also know that the parish needs your continued support as we turn our dreams to reality . . . as we continue to live God's Reign here at The Church of Saint Thomas More.

In these difficult days in our global village, may Jesus Christ, the Prince of Peace, touch the hearts of all world leaders.

Sincerely in Christ,

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

Reverend Michael Ratajczak  
Pastor

## **Finance Council's Discussion of Financial Condition**

In the last few months, the Finance Council has been active in reviewing last fiscal year's financial performance and in preparing this upcoming year's budget. As you review this report, please remember that the parish fiscal year runs from July 1 to June 30.

For the past 8 years, the Finance Council has worked closely with Father Peter, and now Father Mike, 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 2003, in the budget for Fiscal Year 2004, and in the future parish expansion/building plans, there is good news and there are opportunities for improvement. Fortunately, there is much more good news than the latter, and the latter items are not dire in their potential fiscal consequences at this time.

Among these pages, you should find the following good news: the parish enjoys sufficient cash reserves for normal operation, has a relatively low debt-to-capitalization ratio, is paying down its debt on the new parish center, and looks forward to a balanced budget for the coming fiscal year.

As for opportunities, the parish needs to build its reserve for large-ticket facility maintenance and refurbishment items, and it still has a long way to go before having sufficient funds to complete its parish expansion goals (i.e., the school, sanctuary, etc.) By working together, the Finance Council is confident that the parishioners of the Church of Saint Thomas More will meet these challenges.

**Parish Balance Sheet** (as of August, 2003)

The parish balance sheet is healthy. It shows a respectable debt to total capitalization ratio that is less than 19%.

CASH			
Union Bank	\$51,388		
Parish Reserves	\$22,453		
Stained Glass Windows	\$103,685		
Bell Tower	\$132,455		
Additional Land	\$87,991		
TOTAL CASH		\$397,972	
CASH RESERVES			
Other Funds	\$6,885		
TOTAL CASH RESERVES		\$6,885	
FIXED ASSETS			
Land	\$1,975,668		
Building & Improvements	\$5,151,375		
Furniture and Fixtures	\$60,611		
TOTAL FIXED ASSETS		\$7,187,653	
OTHER ASSETS			
Receivable - Scrip Program	\$3,000		
TOTAL OTHER ASSETS		\$3,000	
TOTAL ASSETS			<b>\$7,595,511</b>
LIABILITIES			
Long-Term Debt	\$1,412,649		
TOTAL LIABILITIES		\$1,412,649	
EQUITY			
Unrestricted Fund Balance	\$6,182,862		
TOTAL EQUITY		\$6,182,862	
TOTAL LIABILITIES AND EQUITY			<b>\$7,595,511</b>

## **Fiscal Year 2003 Review**

For this previous fiscal year, parish financial performance was marginally acceptable. The parish ended the year with a slight deficit of \$20,838 which represents just 3.2% of the parish's total income of \$646,543. About 87% or \$558,993 of this income comes from the offertory collection.

This level of performance was achieved despite the following factors that negatively impacted parish collections and other receipts, most notably:

- Economic recession and its impact on employment
- Negative publicity involving a few church leaders

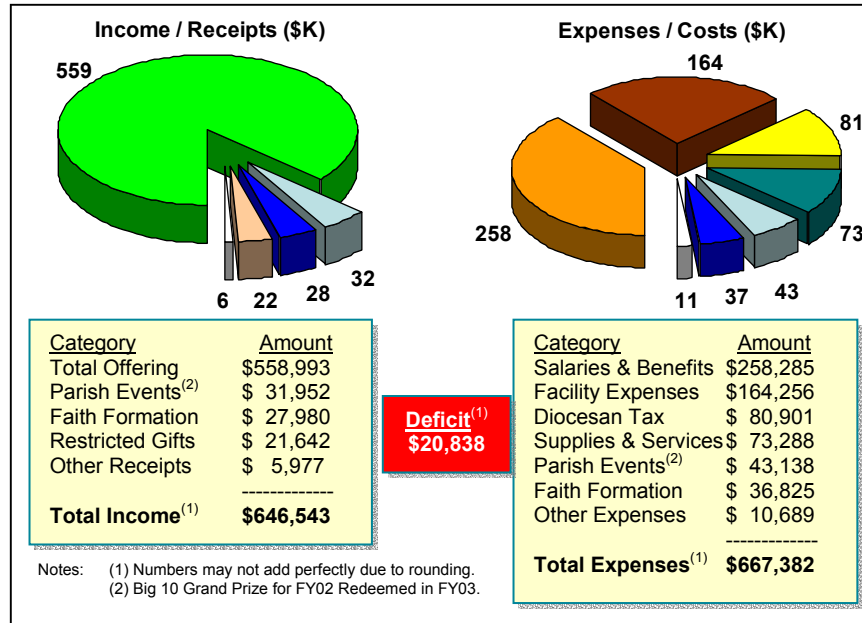
The result of these factors was that collection and other income did not grow as fast as the number of families in the parish. In fact, collection income declined slightly (< 1%) versus FY02.

Fortunately, this trend toward lower collections was recognized by parish leadership early in the fiscal year, and they took the following steps to reduce expenditures sufficiently:

- Freezing parish employee wages and salaries
- Placing larger maintenance items on hold
- Postponing or canceling most discretionary items

Additionally, Saint Thomas More is a relatively large parish, with relatively large expenditure needs. For example, salaries and benefits for the 19 parish staff amounted to \$258,285 last year, and upkeep, maintenance, and utilities for our wonderful new Parish Center amounted to \$164,256. These areas alone accounted for 63% of total parish expenditures of \$667,382!

The net result of all this was the deficit previously stated, which fortunately, the parish cash reserves were able to cover.



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

- Utilities alone for the parish exceeded \$50,000, over 60% of which went for electricity.
- Landscaping (both gardening services and irrigation) cost the parish nearly \$37,000 to maintain.
- Routine repairs and maintenance for such things as janitorial services, pest control, waste removal, elevator and HVAC maintenance exceeded \$65,000.
- Almost 1 in 7 dollars collected through the parish offering goes to the Diocese for centralized services and support.
- The costs of health insurance and benefits for parish clergy and staff are anticipated to rise by over 14% in FY04.

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 2004 Budget**

For this current / upcoming fiscal year, the Finance Council has been able to balance the parish budget.

To do this, and to allow the parish employees a much deserved Cost Of Living Adjustment (COLA) of 3.7% to their wages and salaries (which they did not receive last year due to the necessary wage/salary freeze) the following steps were taken:

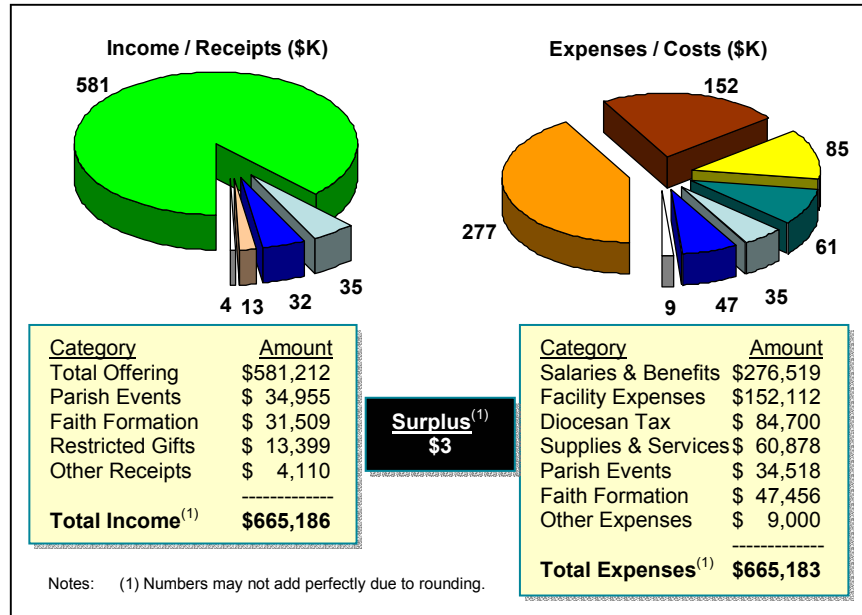
- An increase in income over the prior year of 3½% of the normal offering, or 3% of total contributions, was budgeted
- Reserves for large maintenance items (e.g., painting, parking lot resurfacing, HVAC repair) have been deferred

The former seems achievable based on the collection/offering thus far received in Fiscal Year 2004, and is in line with the growth rate in parish families, as well as the pending economic recovery.

The latter step is something the Finance Council believes must be addressed soon. To date, the parish has enjoyed the benefit of a relatively new Parish Center in which we worship. Most of the Center is under warranty, and there have not yet been any big-ticket repairs necessary. Longer-term, however, fiscal prudence and sound planning dictate that the parish should “save for a rainy day.”

In other words, funds should be set aside regularly 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 been already put aside for the purpose. To date, this has not been done because of last year’s financial pressures. (At present, the Finance Council estimates that this parish maintenance reserve may be underfunded by as much as \$45,000!)





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:

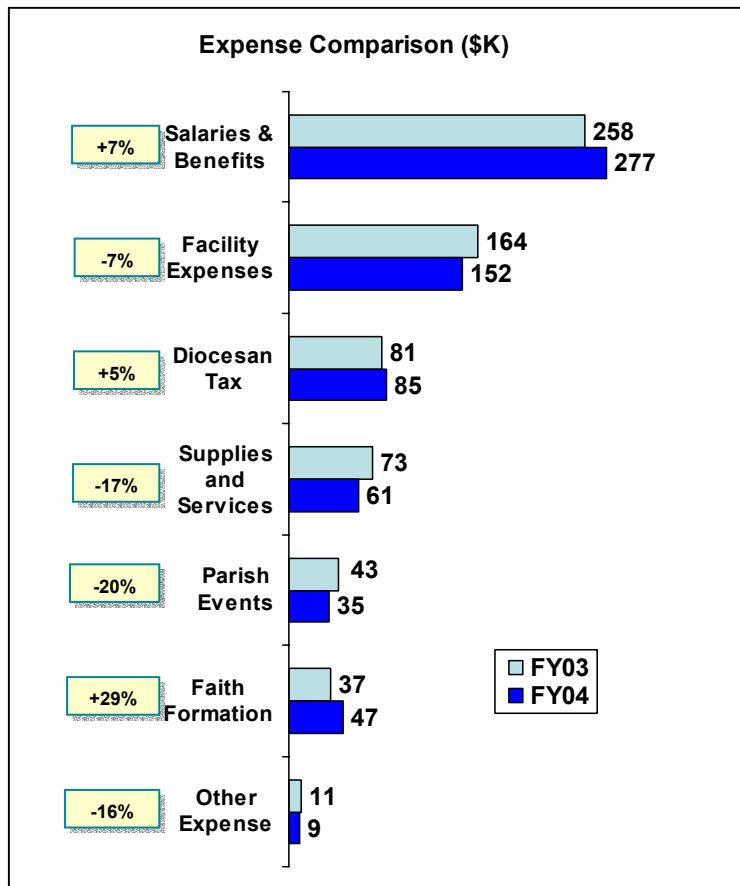
- Managing the amount of these cost increases
  - Planning for necessary and unavoidable increases
  - Reducing or eliminating “less necessary” costs
- Anticipating and appropriately planning for increases in our collection / offering and other sources of income

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

## Comparison of FY04 Budget to FY03 Results

There are some notable changes in the FY04 budget as compared to FY03 actual results:

- Salaries and Benefits are projected to increase due to
  - planned Cost Of Living Adjustment (COLA)
  - increased health insurance and benefits costs
  - anticipated need for increased maintenance hours
- Diocesan Tax should increase due to increased collections (The Diocese receives a percentage of the offering.)
- Faith Formation is projected to increase due to
  - increased number of people/participants ministered
  - planned increase in ministerial programs attended



## **Fiscal Year 2004 Staffing Plan**

The parish Staffing Plan for fiscal year 2004 is to have a total of 21 people. Only 4 of these people hold full-time positions. The remaining 17 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 Catechetical Ministry – 1  
Director of Music and Liturgy – 1  
Administrative Assistant/Bookkeeper – 1

Full-Time Sub-Total – 4

### Part Time

Weekend Associate Priest – 1  
Deacons – 2 (Neither Deacon receives a salary.)  
Maintenance Director – 1  
Stewardship Coordinator – 1  
Administrative Assistant – 1  
Assistant Director of Music – 1  
High School Youth Ministers – 2  
Bereavement Facilitator – 1  
Sacristans – 6  
Rectory Housekeeper – 1

Part-Time Sub-Total – 17

It is the point of view of the pastor and other 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.

## **Capital Campaign Status**

Much progress has been made with respect to the parish capital campaigns. Standing on Holy Ground I raised a total of nearly \$2.5 million. Standing on Holy Ground II is anticipated to raise another \$2.3 million. Nearly 80% of registered households contributed something to these campaigns, and overpayments for the two campaigns combined should exceed 12% of pledged amounts.

Yet, there is much still to be done. The parish owes nearly \$1.4 million on our present Parish Center. This is projected to be retired with the completion of the “Standing On Holy Ground” II Capital Campaign in June 2004.

Less than \$850,000 in committed donations have been secured against the remaining \$12 to \$14 million required to complete the parish vision: that of an integrated campus community that includes not just a church/parish hall, but also a sanctuary, rectory, offices, school and daycare center.

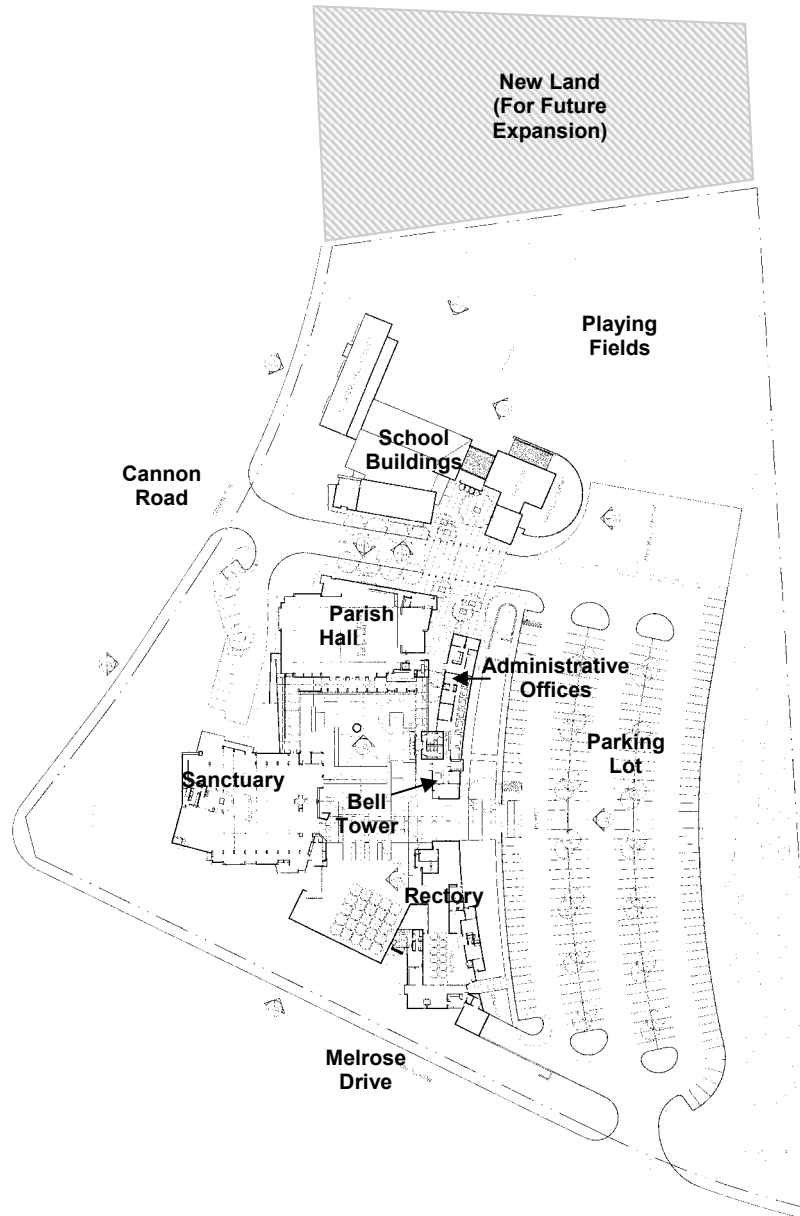
The following outlines the latest plan of record pertaining to parish expansion and development:

### Phase

- 1 Build Parish Hall / Center (*Construction Completed*)
- 2 Acquire Land Adjacent to, and East of, Church Property
- 3 Build Administrative Offices, Bell Tower, and Rectory
- 4 Construct Sanctuary / Church Building
- 5 Develop Parish School and Other Educational Facilities

With the arrival of our new Pastor, Father Michael Ratajczak, the chronological order of these phases is presently under review. This is being done in close cooperation with Parish Leadership (notably, the Pastoral, Finance, and Development Councils). Any possible changes in the order of these phases will be communicated to the Parish at large for its input.

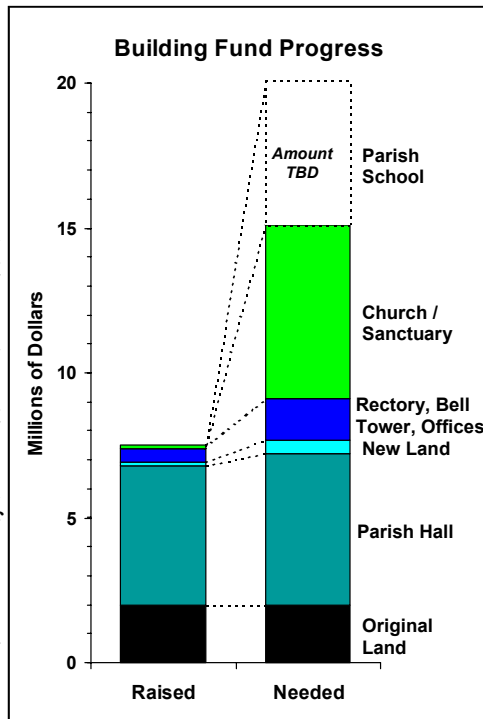
This site map illustrates the anticipated layout for the planned campus vision:



At present, the parish has a unique, and possibly once-in-a-lifetime, opportunity to purchase the land parcel adjacent to, and east of, current parish property. Discussions are underway with the current owner, and about \$88,000 has already been raised against the anticipated purchase price of \$500,000.

The Finance Council and Development Council (as well as Father Mike, and Father Peter before him) believe that the parish should act now to acquire that parcel while it is available. This parcel would make an excellent area on which to build the future school's playing fields and allow for the expansion of the parking lot.

Of course, planning for the future of the parish is challenging and difficult. Much uncertainty exists with respect to future parish needs, and different parishioners tend to have different preferences and priorities when it comes to the services and support they would like to have. One role of the church councils is to consider all of these matters in making the best decisions for the long-term good of the parish as a whole.



As the above graphic indicates, too, the parish is only about a third of the way toward having sufficient funds to complete the vision for the Saint Thomas More parish campus. Parishioners' continued support of the building fund is earnestly needed.

## 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 Saint Thomas More's financial condition and its operations.

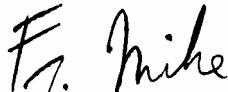
Special recognition should be given to the Finance Council members for their contributions:

- Nancy Cummings
- Sally Fay
- John Hradnansky
- Charles Salter
- Don Eppich (*Chair*)
- Genevieve Green
- Paul Ibbetson
- 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. For all that you have done and for all that you continue to do – Thank You!

Sincerely in Christ,



Reverend Michael Ratajczak  
Pastor