



Annual Financial Report

Fiscal Year 2010-2011



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*Note: "FYE" means Fiscal Year Ending.

Pastor's Letter to Parishioners

October 2011

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 FYE2011

The Budget for FYE2012

An Overview of the "Did You Know?" Campaign

An Overview of the Annual Golf Classic Tournament/Dinner

An Overview of our Vehicle Donation Program

An Overview of our Restaurant Fundraisers

Results for the 2010 "Treasures" Flea Market and the Aegis-sponsored Dinner

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

An Update of our Capital Campaign,

"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 Golf Classic Tournament/Dinner, the donation of used vehicles, the Treasures Flea Market, the Aegis Dinner, 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.

We have once again carried that deficit into the FYE2012. 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.

I am so grateful for your continued support to 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 dark and fluid, with a distinct loop for the 'M' and a trailing flourish.

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 16 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.

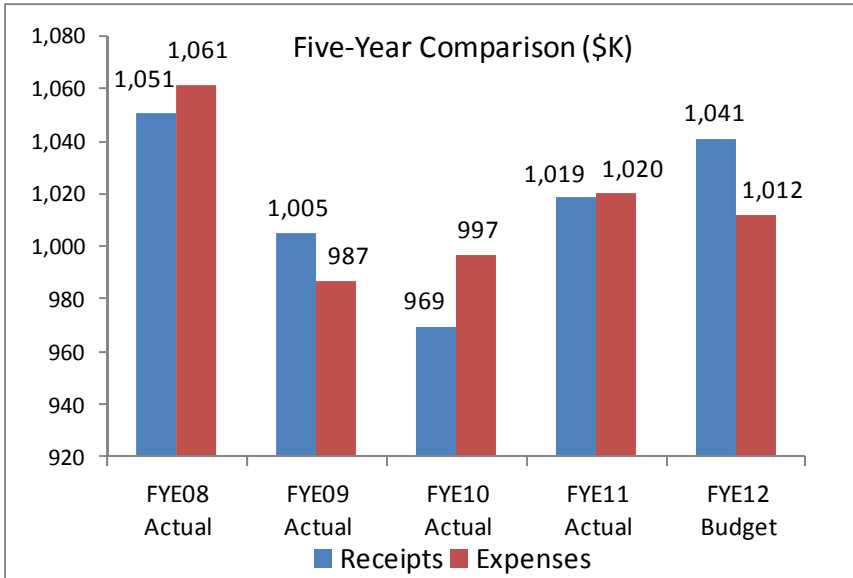
In this Financial Report for FYE2011, in the budget for FYE2012, and in the future Parish expansion/building plans, there is a great deal of good news, and there are still some opportunities for improvement. Fortunately, there is much more good news than the latter, and the latter items are financially manageable at this time.

Among these pages, you should find the following good news: of the 1,014 registered households, 121 (11.9% 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 FYE2012 Budget:



It should be noted that growth in Parish income outpaced growth in Parish expenses for the years FYE2009 and FYE2011. However, in FYE2008 and FYE2010, 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.

FYE2011 Review (07/01/10–06/30/11)

For this past fiscal year, Parish financial performance was challenged in meeting our needs. The Parish ended the year with a deficit balance of \$589 with gross receipts of \$1,019,231 and total expenses of \$1,019,820. About 64% or \$656,589 of these receipts came from the offertory, special collections, or other gifts. Total income increased 5.1% from last year's income of \$969,516.

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

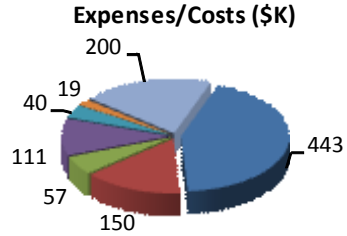
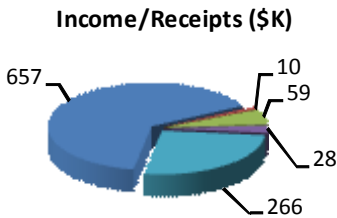
Here are some facts about the cost of running the Parish during the past fiscal year:

- Utilities alone for the Parish exceeded \$62,000, nearly 50% 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 \$58,000.
- 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 06/30/2011.

FYE2011 Actual



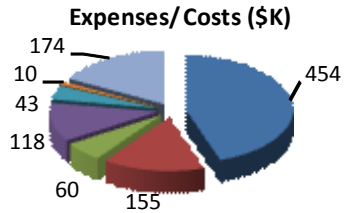
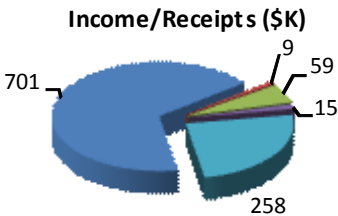
Total Offering & Gifts	\$ 657,000
Catholic Appeal Rebate	\$ 10,000
Faith Formation	\$ 59,000
Parish Events	\$ 28,000
Other Receipts	\$ 266,000
Total	\$1,019,000

Salaries & Benefits	\$ 443,000
Facility Expenses	\$ 150,000
Supplies & Services	\$ 57,000
Diocesan Tax	\$ 111,000
Faith Formation	\$ 40,000
Parish Events	\$ 19,000
Other Expenses	\$ 200,000
Total	\$1,020,000

FYE2012 Budget (07/01/11-06/30/12)

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

FYE2012 Budget



Total Offering & Gifts	\$ 701,000
Catholic Appeal Rebate	\$ 9,000
Faith Formation	\$ 59,000
Parish Events	\$ 15,000
Other Receipts	\$ 258,000
Total	\$1,041,000

Salaries & Benefits	\$ 454,000
Facility Expenses	\$ 155,000
Supplies & Services	\$ 60,000
Diocesan Tax	\$ 118,000
Faith Formation	\$ 43,000
Parish Events	\$ 10,000
Other Expenses	\$ 174,000
Total	\$1,012,000

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

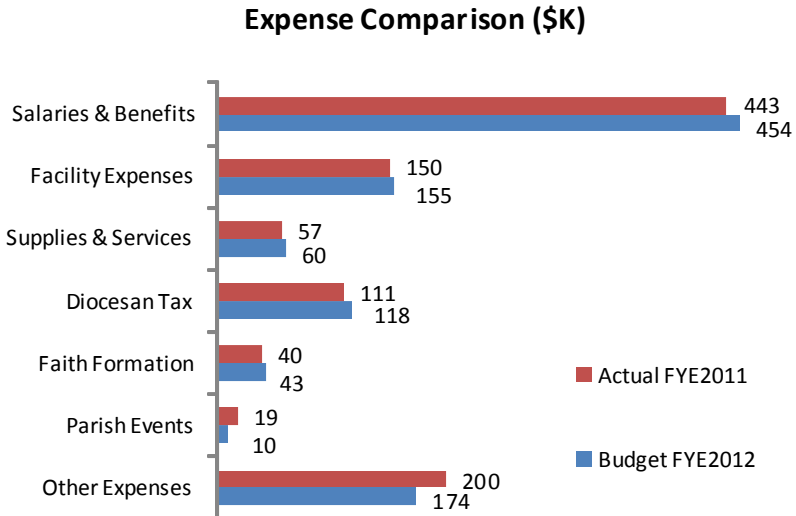
- Managing the amount of these cost increases
 - Planning for necessary as well as unavoidable increases
 - Reducing or eliminating “less necessary costs”
- Anticipating and appropriately planning for increases in our collection/offering and other sources of income.

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 FYE2012 Budget to FYE2011 Results

These are some notable changes in the FYE 2012 budget compared to FYE 2011 actual results:

- Salaries & Benefits are planned to increase due to increased fringe benefits costs



Fiscal Year Ending 2012 Staffing Plan

The Parish Staffing Plan for FYE2012 is to have a total of 21 people. Only six of these people hold full-time positions.

Two people are 3/4 time and 13 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
- Director of Liturgy & Music – 1
- Director of Stewardship & Development – 1
- Receptionist & Parish Secretary – 1
- Director of Maintenance – 1
- Total – 6**

3/4 Time

- Faith Formation Director – 1
- Youth Advocate – 1
- Total – 2**

Part Time

- Deacon – 1 (Unpaid)
- Associate Director of Music – 1
- Choir Accompanist - 1
- Bookkeeper – 1
- Office Technician – 1
- Faith Formation Office Assistant – 1
- Sacristans – 6
- Rectory Housekeeper – 1
- Total - 13**

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 06/30/2011

CASH

Union Bank	81,924
Parish Reserves	8,289
Bell Tower	195,104
Altar & Other Furnishings	126,111
2nd Courtyard Fountain	25,334
Grotto	12,657
Main Courtyard Fountain	31,643
New Capital Campaign	3,688,107

TOTAL CASH **4,169,169**

CASH RESERVES

For the Poor	987
Fraternity House	630
Youth Group	2,488
Young Adults	145
Sister Parish Program	1,603
Blessed Sacrament Chapel-Remodel	616
North County Solutions for Change	95
Deferred Employee Salary	10,122
STM Women's Ministry	190
Just Faith Ministry	521

17,399

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 **12,764,452**

CURRENT LIABILITIES

Long Term Debt	69,237
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TOTAL LONG TERM DEBT **69,237**

TOTAL LIABILITIES

69,237

EQUITY

Prior Year Fund Balance	12,066,867
Retained Earnings	628,348

12,695,215

TOTAL LIABILITIES AND EQUITY

12,764,452

Capital Campaign Status as of 06/30/2011

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). Actual amounts realized upon redemption may vary.</i>
\$4,800,000	Paid (October 2004 thru December 2009)
\$ 76,000	Monthly payment 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, effective June 30, 2011: \$2,000,000 Goal

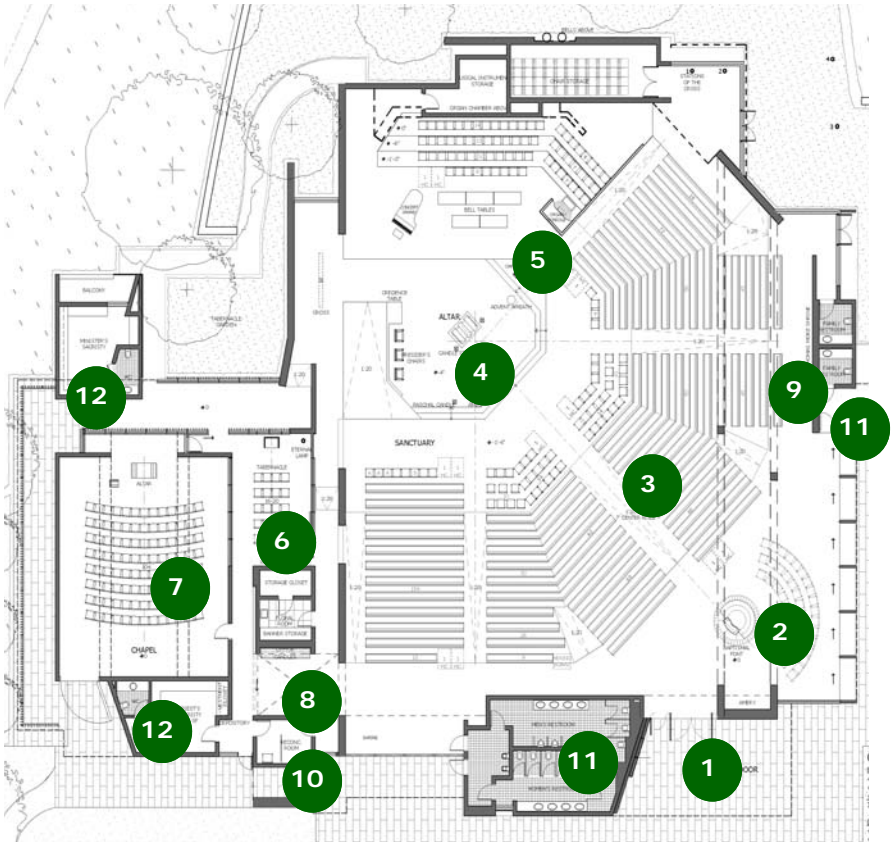
Two Year Pledge Term, January 2010 — December 2011

\$1,568,000	Pledged
\$1,282,000	Paid to date
\$ 71,000	Monthly income average
\$ 338,144	Expenses to date
\$ 240,000	Projected expenses through December 2011
\$ 88,741	Secondary Education Initiative Payments
\$ 461,491	Secondary Education Initiative cumulative total over the last five years.
\$4,086,000	Funds on deposit at the Diocese

66% Pledge Participation

85% Total/Overall Donation Participation

Floor Plan of Our Church



- | | |
|--------------------------------|-------------------------------|
| 1. Main Entrance | 8. Shrine for Mary |
| 2. Baptismal Font | 9. Shrine for St. Thomas More |
| 3. Seating | 10. Reconciliation Room |
| 4. Sanctuary/Altar/Ambo | 11. Restrooms |
| 5. Choir Area | 12. Sacristy |
| 6. Tabernacle/Adoration Chapel | |
| 7. Daily Chapel | |

“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
Cumulative Total	\$296,686

Vehicle Donation Program

This program officially began in 2006 and has netted \$21,088 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
Cumulative Total	\$21,088

Treasures 2010 (Flea Market)

FYE2011	\$8,708
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Aegis Dinner Fundraiser

FYE2011	\$3,200
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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!

Nov. 1999	\$51,000
Nov. 2000	\$57,000
Nov. 2001	\$24,000
Nov. 2002	\$38,000
Nov. 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

Cumulative Total **\$512,500**

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

Restaurant Fundraisers

FYE10	\$2,862 (12/2009-06/2010)
FYE11	\$5,025

Cumulative Total **\$7,887**

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 black ink, appearing to read "Fr. Mike".

Rev. Michael Ratajczak

Pastor

Church of St. Thomas More

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