

Annual Financial Report

Fiscal Year Ending 2014



Annual Financial Report

Fiscal Year Ending 2014

Table of Contents

Pastor's Letter to Parishioners	4
Finance Council's Discussion of Financial Condition	6
Income and Expense Trends	7
FYE2014* Review (07/01/13 to 06/30/14)	8
FYE2015 Budget (07/01/14 to 06/30/15)	9
Comparison of FYE15 Budget to FYE14 Results.	10
FYE2015 Staffing Plan	11
Balance Sheet as of 06/30/14	12
Build Out Activity	13
Capital Campaign Status as of 12/31/12	14
Mortgage/Building Completion Fund as of 06/30/14	16
"Did You Know?" Campaign Status	16
Treasures (Flea Market) Proceeds Review	16
Vehicle Donation Program Status	17
Gala Proceeds Review	17
Golf Classic Proceeds Review	18
Other Income Status	18
Concluding Remarks and Acknowledgements	20

*Note: "FYE" means Fiscal Year Ending

Pastor's Letter to Parishioners

October 2014

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 FYE2014

The Budget for FYE2015

An Overview of the "Did You Know?" Campaign

An Overview of the Golf Classics

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."

An Update on our ***Mortgage/Building Completion Fund***

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

Thanks to a slightly increased Offertory Collection this past year and 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 end the year with a small surplus of \$570.

The challenge continues, though! We need to continue to increase our Offertory Income through tithing and sacrificial giving, keeping in mind that we soon will have three buildings to maintain.

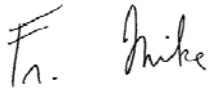
We also need to depend less on the “extracurricular” activities to balance the Operations Budget, and instead, direct the income from these activities to the Mortgage Offering/Building Completion Fund.

Your generosity of time, talent, and treasure is needed more than ever as we find ourselves in the midst of the construction of our Permanent Church and Parish Offices.

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 "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 18 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.

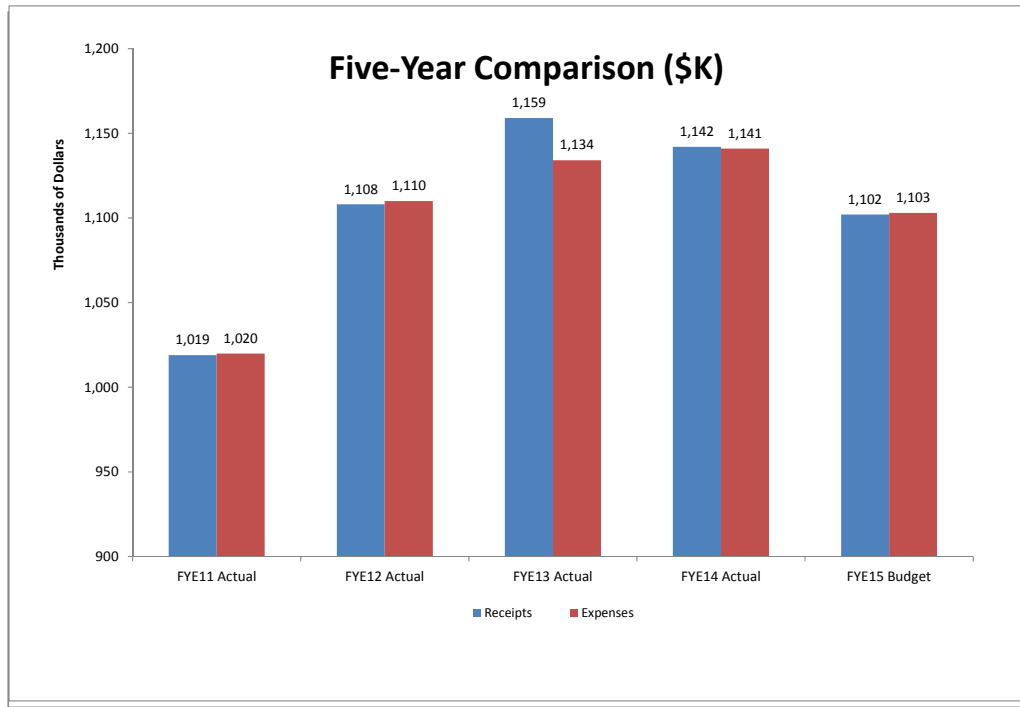
In this Financial Report for FYE2014, in the budget for FYE2015, and in the future Parish expansion/building plans, there is a great deal of good news, and there are still some opportunities for improvement. Fortunately, there is much more good news than the latter, and the latter items are financially manageable at this time.

Among these pages, you should find the following good news: of the 1,090 registered households, 121 (11.1% 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 FYE2015 Budget:



It should be noted that growth in Parish income was just above Parish expenses for the year FYE2014.

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.

FYE2014 Review (07/01/13 to 06/30/14)

For this past fiscal year, Parish financial performance was positive. The Parish ended the year with net income from operations of \$570 with gross receipts of \$1,142,270 and total expenses of \$1,141,700. About 64% or \$733,150 of these receipts came from the offertory, special collections, or other gifts. Total income increased 0.6% from last year's income of \$1,135,164.

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

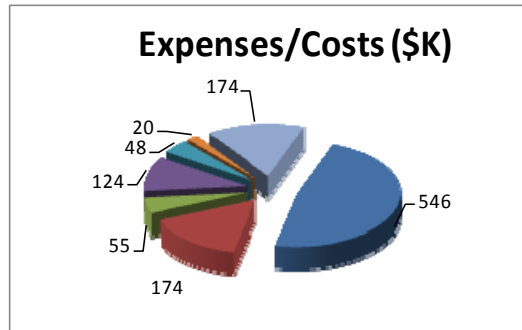
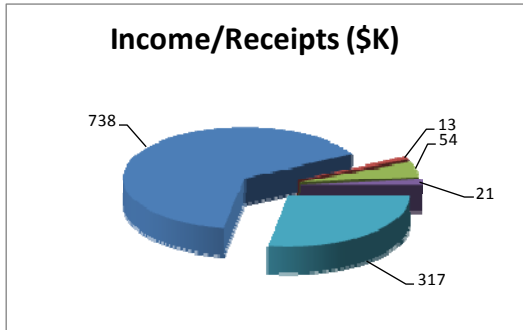
Here are some facts about the cost of running the Parish during the past fiscal year:

- Utilities alone for the Parish exceeded \$80,600, nearly 56% of which went for electricity.
- Landscaping (both gardening services and irrigation) cost the Parish over \$37,300 to maintain.
- Routine repair and maintenance for such things as janitorial services, pest control, waste removal, and elevator and HVAC maintenance exceeded \$62,800.
- 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 06/30/2014.

FYE2014 Actual



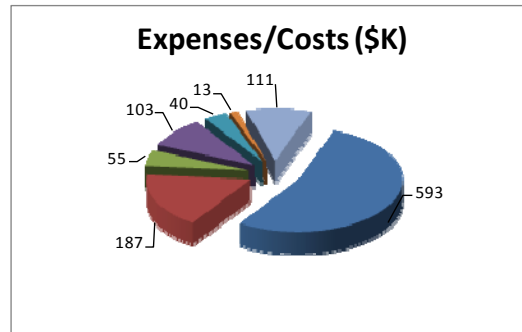
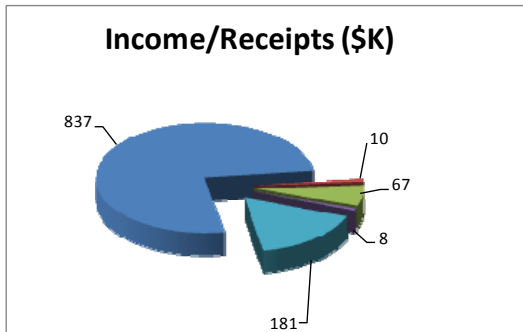
Total Offering & Gifts	737,779
Catholic Appeal Rebate	12,583
Faith Formation	54,149
Parish Events	20,594
Other Receipts	317,164
Total	1,142,269

Salaries & Benefits	545,611
Facility Expenses	173,872
Supplies & Services	55,455
Diocesan Tax	124,231
Faith Formation	48,251
Parish Events	20,170
Other Expenses	174,110
Total	1,141,700

FYE2015 Budget

(07/01/14 to 06/30/15)

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



Total Offering & Gifts	837,145
Catholic Appeal Rebate	10,000
Faith Formation	66,740
Parish Events	8,000
Other Receipts	180,600
Total	1,102,485

Salaries & Benefits	592,936
Facility Expenses	186,850
Supplies & Services	55,170
Diocesan Tax	103,400
Faith Formation	39,760
Parish Events	13,350
Other Expenses	111,250
Total	1,102,716

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

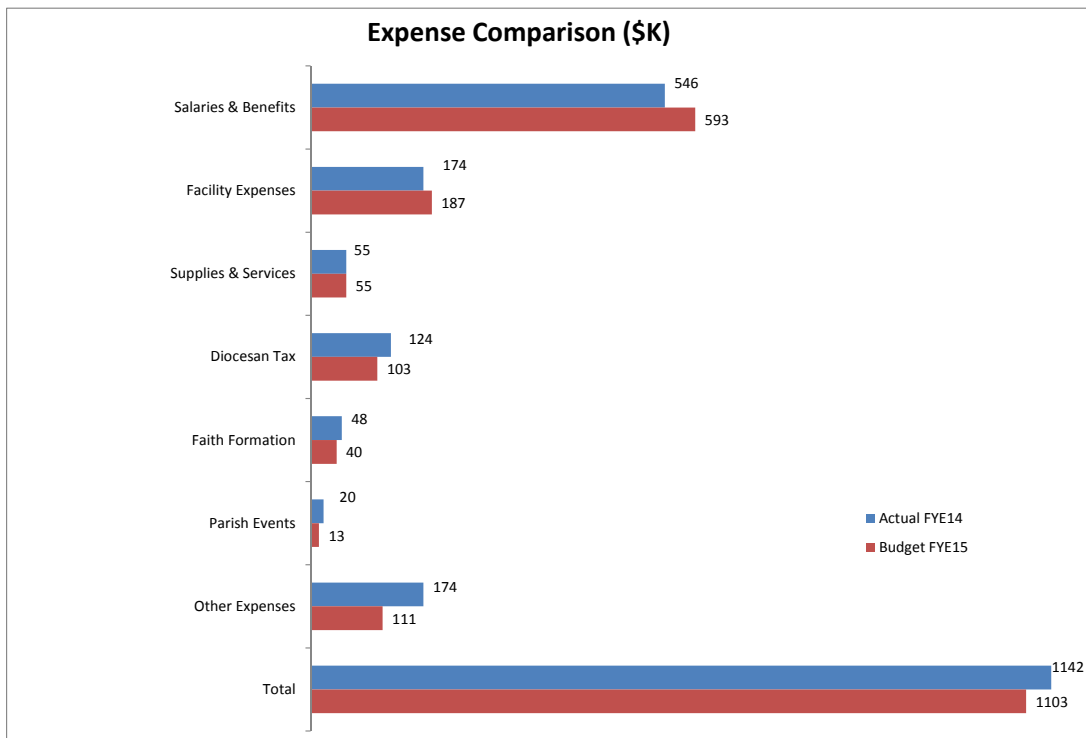
- Managing the amount of these cost increases
 - ◆ Planning for necessary as well as unavoidable increases
 - ◆ Reducing or eliminating “less necessary costs”
- Anticipating and appropriately planning for increases in our collection/offering and other sources of income.

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 FYE2015 Budget to FYE2014 Results

These are some notable changes in the FYE2015 budget compared to FYE2014 actual results:

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



FYE2015 Staffing Plan

The Parish Staffing Plan for FYE2015 is to have a total of 22 people. Only nine of these people hold full-time positions.

14 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 Faith Formation – 1
- Director of Stewardship & Development – 1
- Business Manager – 1
- Receptionist & Parish Secretary – 1
- Director of Construction - 1
- Director of Maintenance – 1
- Total – 9**

Part Time

- Deacon – 2 (Unpaid)
- Associate Director of Music – 1
- Choir Accompanist – 1
- Youth Advocate – 1
- Office Technician – 1
- Faith Formation Office Assistant – 1
- Sacristans – 6
- Rectory Housekeeper – 1
- Total – 14**

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, 2014

CASH

Union Bank	\$81,598
Parish Reserves	\$43,103
New Capital Campaign	\$825,900
Mortgage Offering	\$786,709

TOTAL CASH **\$1,737,309**

CASH RESERVES

Youth Group	\$2,363
Blessed Sacrament Chapel-Remodel	\$0
Get on the Bus	\$31
Just Faith Ministry	\$119
STM Men's Ministry	\$3,874
St. Bonaventure Mission Clothing Drive	\$959
Youth Justice Foundation	\$1,811

TOTAL CASH RESERVES **\$9,158**

FIXED ASSETS

Land	\$2,562,065
Buildings	\$5,067,245
Furniture & Equipment	\$147,978
Equipment	\$8,149
Real Property - Donated Rectory	\$206,857
Fixtures	\$602,941

TOTAL FIXED ASSETS **\$8,595,234**

OTHER ASSETS

TOTAL ASSETS **\$10,341,701**

CURRENT LIABILITIES

ACCRUED LIABILITIES

Accrued Vacation Liability	\$26,604
----------------------------	----------

LONG TERM LIABILITIES

TOTAL LIABILITIES **\$26,604**

EQUITY

Prior Year Fund Balance	\$12,777,866
Retained Earnings	(\$2,462,768)

TOTAL EQUITY **\$10,315,098**

TOTAL LIABILITIES AND EQUITY **\$10,341,701**

Build Out Activity



Capital Campaign and Mortgage/Building Completion Funds Status as of June 30, 2014

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 closed 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	Investment/Rectory 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	Total Payments Received <i>October 2004-December 2009</i>
\$ 76,000	Monthly pledge 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	Total Payments Received
\$ 22,300	Excess Pledge Payments/Donations received
\$ 66,300	Monthly pledge payment 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	Total Payments Received
\$ 5,000+	Excess Pledge Payments/Donations
\$ 48,000	Monthly pledge 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 December 2012**

\$7,100,000	Pledges/Special Gifts
\$ 600,000	Investment/Rectory Gifts <i>i.e., property, annuities, charitable remainder trusts, etc. reflect current market value. Amounts realized upon redemption may vary.)</i>
\$7,042,000	Total Payments Received
\$ 61,400	Monthly pledge payment average
\$ 230,000	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
\$ 565,074	Secondary Education Initiative*
\$4,300,000	Funds on deposit at the Diocese
80%	Pledge/Donation Participation average

Mortgage/Building Completion Fund: January through June 2013

As of January 1, 2013, we initiated the mortgage and building completion phase.

\$ 215,000	Donations
\$ 600,000	Investment/Rectory Gifts
\$ 35,000	Monthly payment average
\$ 434,000	Expenses
\$3,920,000	Funds on deposit at the Diocese
45%	Donation Participation average

****During our build out, we are not making payments on our \$1M pledge to the Secondary Education Initiative.***

Mortgage/Building Completion Fund: July 2013 through June 2014

\$ 440,000	Donations
\$ 36,700	Monthly payment average
\$3,747,060	Expenses
\$1,559,627	Funds on deposit at the Diocese
47%	Donation Participation average

“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
FYE2013	\$65,544
FYE2014	\$67,471
Cumulative Total	\$496,244

Treasures (Flea Market)

FYE2011	\$ 8,708
FYE2012	\$11,707
FYE2013	\$12,100
FYE2014	\$12,000
Cumulative Total	\$ 44,515

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	
FYE2013	\$10,427	
FYE2014	\$15,058	
Cumulative Total		\$ 50,058

Aegis Dinner Fundraiser

FYE2011	\$ 3,200	
---------	----------	--

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

FYE 2012	\$60,000	
FYE 2013	\$54,000	
FYE 2014	\$56,000	
Cumulative Total		\$170,000

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

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	
FYE13	\$ 6,773	
FYE14	\$ 7,036	
Cumulative Total		\$ 39,050

Restaurant Fundraisers

FYE10	\$ 2,862 (12/2009-06/2010)
FYE11	\$ 5,025
FYE12	\$ 4,415
FYE13	\$ 6,984
FYE14	\$ 6,170
Cumulative Total	\$ 25,456

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.

FYE07	\$ 85,028 designated to building fund
FYE08	\$151,171 designated to building fund
FYE10	\$ 2,999 designated to building fund
FYE11	\$ 83,763 designated to building fund
FYE12	\$ 5,831 designated to operations fund \$ 2,000 designated to building fund
FYE13	\$ 10,000 designated to operations fund \$176,146 designated to building fund
FYE14	\$ 79,999 designated to operations fund \$271,732 designated to building fund
Cumulative Total	\$895,670

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)

Nancy Busse (Secretary)

Don Eppich (Budget Review)

Irene Balli-Dumas (Inventory & Building Maintenance Review)

Brian Leahey (Director of Construction)

Bill Ipsen (Parish Financial Resources Liaison)

Charles Salter (Legal)

Nina Woodard (Personnel & Annual Financial Report)

Deacon John Fredette (Business Manager)

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.

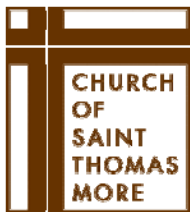
Should you have any questions about this report, or Parish Finances in general, please do not hesitate to ask me, or any of the Finance Council Members.

This Faith Community has been very generous and responsive, and I know it will continue to be so, especially now as we are in the midst of 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". The signature is written in a cursive, slightly slanted style.



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



StThomasMoreRCC



October 2014