

CHURCH OF SAINT THOMAS MORE

Oceanside, California



Annual Financial Report

September
2004

Table of Contents

| | |
|---|----|
| Pastoral Letter to Parishioners | 2 |
| Finance Council's Discussion of Financial Condition | 3 |
| <i>Parish Balance Sheet</i> | 4 |
| <i>Fiscal Year 2004 Review</i> | 5 |
| <i>Fiscal Year 2005 Budget</i> | 6 |
| <i>Comparison of Fiscal Year 2005 to Fiscal Year 2004</i> | 7 |
| <i>Fiscal Year 2005 Staffing Plan</i> | 8 |
| <i>Capital Campaign Status</i> | 9 |
| Concluding Remarks and Acknowledgements | 12 |

PARISH MISSION STATEMENT

*"To worship God, teach and live the Gospel of Jesus Christ,
and serve his people in word and deed."*

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, as we begin the new Capital Campaign, **"Our Journey Into The Future . . . Together."***

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,

*Rev. Michael Ratajczak
Pastor*

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 9 years, the Finance Council has worked closely with the pastor 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 2004, in the budget for Fiscal Year 2005, and in the future parish expansion/building plans, there is good news and there are opportunities for improvement.

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 parish center, and looks forward to a balanced budget for the coming fiscal year.

As for opportunities, the parish will kick-off "*Our Journey Into The Future . . . Together*" Capital Campaign in November 2004 to fund the building of the church/sanctuary, youth center and administrative offices, the purchase of the adjacent 5 acre parcel of land, retirement of our debt, and our support of the Secondary Education Initiative. Also, the parish needs to continue to build its reserve for large-ticket facility maintenance and refurbishment items. 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

The parish balance sheet as of June, 2004, is healthy. It shows a respectable debt to total capitalization ratio of approximately 12%.

| | | |
|------------------------------|-------------|--------------------|
| CASH | | |
| Union Bank | \$32,031 | |
| Parish Reserves | \$51,180 | |
| Bell Tower | \$155,595 | |
| Altar & Other Furnishings | \$100,573 | |
| Courtyard Fountains | \$55,533 | |
| TOTAL CASH | | \$394,912 |
| CASH RESERVES | | |
| Other Funds | \$15,946 | |
| TOTAL CASH RESERVES | | \$15,946 |
| 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 | | \$7,601,512 |
| LIABILITIES | | |
| Long-Term Debt | \$914,234 | |
| TOTAL LIABILITIES | | \$914,234 |
| EQUITY | | |
| Unrestricted Fund Balance | \$6,687,278 | |
| TOTAL EQUITY | | \$6,687,278 |
| TOTAL LIABILITIES AND EQUITY | | \$7,601,512 |

Fiscal Year 2004 Review

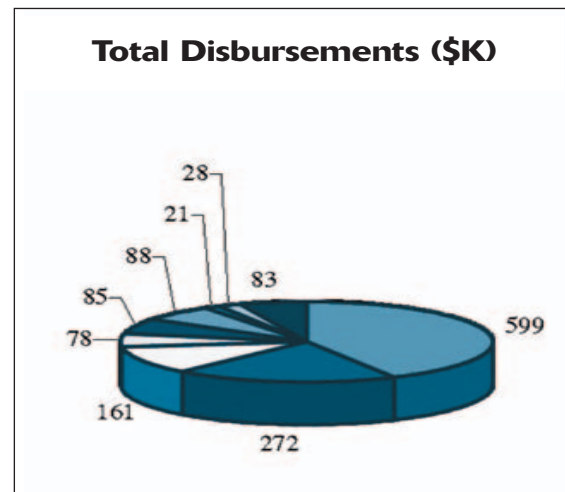
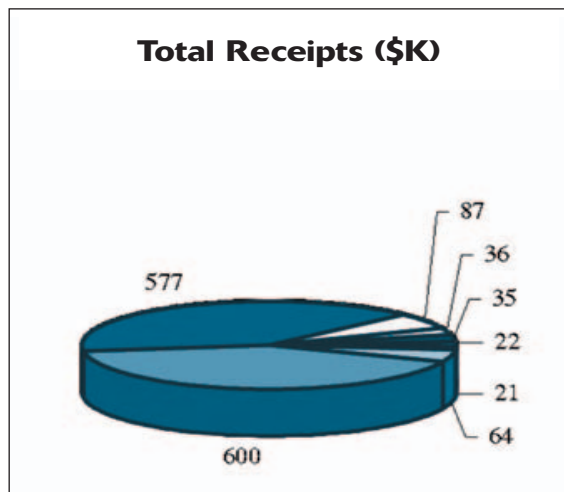
For this previous fiscal year, parish financial performance was favorable compared to budget and the prior year's results. Excess cash receipts over cash disbursements amounted to \$26,254, which represents 1.8% of the parish's total receipts of \$1,441,437. Offertory income of \$593,433 (41.2%) and building fund collections of \$576,522 (40.0%) were the two largest components of total receipts.

Offertory income actually increased \$49,590 (9.1%) over the prior year's results. The growth in the number of registered parishioners increased 2.3% (from 1,065 to 1,089).

Total cash disbursements amounted to \$1,415,184. The largest components are as follows: payments made on parish debt of \$599,255 (42.3%), salaries and benefits of \$272,478 (19.2%), diocesan tax of \$85,466 (6.0%), and repairs and maintenance of \$71,396 (5.0%).

In summary, the collection income has increased at a greater rate and amount than the costs of operating the parish. The financial success of operating a parish is the result of the continuing support and generosity of its parishioners.

St. Thomas More Total Receipts and Disbursements Fiscal Year (FY) 2004



| Category | Amount |
|-------------------------------|---------------------|
| Total Offering | \$ 599,613 |
| Building Fund Collections | \$ 576,523 |
| Restricted Gifts | \$ 86,741 |
| Faith Formation | \$ 35,553 |
| Annual Catholic Appeal Rebate | \$ 35,383 |
| Special Collections | \$ 22,476 |
| Parish Events | \$ 21,290 |
| Other Receipts | \$ 63,859 |
| Total Income | \$ 1,441,437 |

Excess of
Cash Receipts
over Cash
Disbursements
\$ 26,254

| Category | Amount |
|-------------------------|---------------------|
| Payments on Parish Debt | \$ 599,255 |
| Salaries & Benefits | \$ 272,479 |
| Facility Expenses | \$ 160,707 |
| Furniture & Equipment | \$ 77,942 |
| Diocesan Tax | \$ 85,467 |
| Supplies & Services | \$ 87,759 |
| Parish Events | \$ 20,888 |
| Faith Formation | \$ 28,168 |
| Other Expenses | \$ 82,519 |
| Total Expenses | \$ 1,415,184 |

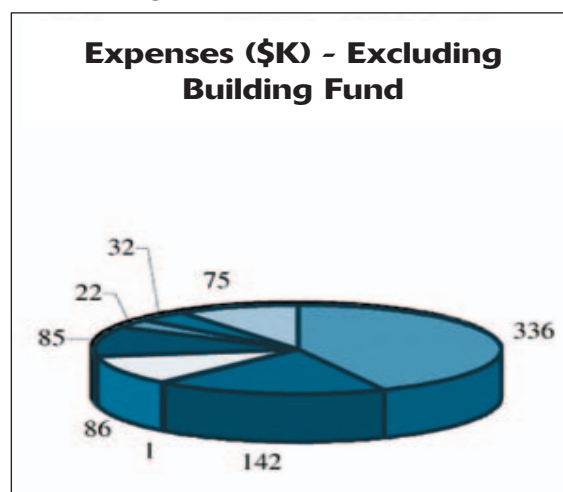
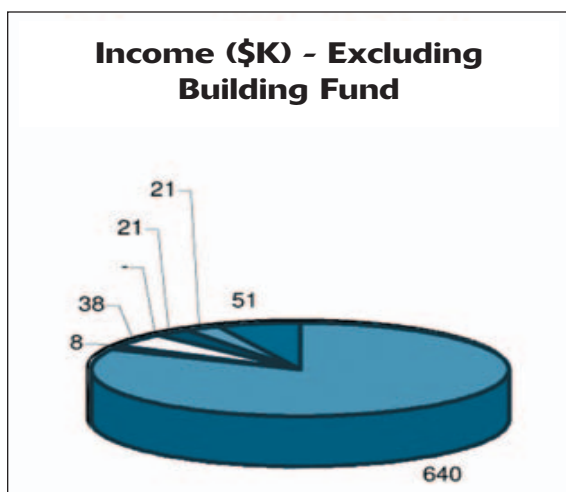
Fiscal Year 2005 Budget

For the upcoming fiscal year, the Finance Council has been able to balance the parish budget. The budget figures exclude building fund collections and payments on parish debt, as these figures will depend on the results of the capital campaign.

To do this, and to provide the parish employees a "Cost Of Living Adjustment" to their wages and salaries, and to establish reserve funds for large maintenance items (e.g. painting, parking lot surfacing, and repairs) the following steps were taken:

- An increase in income over the prior year of 6.3% of the normal offering was budgeted.
- Expenditures for certain programs, sponsored meetings and parish events have a cycle beyond one year and have been deferred until Fiscal Year 2006.

St. Thomas More Income Statement - Excluding Building Fund Fiscal Year (FY) 2005 - Budget



| Category | Amount |
|-------------------------------|-------------------|
| Total Offering | \$ 640,418 |
| Restricted Gifts | \$ 8,100 |
| Faith Formation | \$ 37,610 |
| Annual Catholic Appeal Rebate | \$ - |
| Special Collections | \$ 20,850 |
| Parish Events | \$ 20,839 |
| Other Receipts | \$ 50,655 |
| Total Income | \$ 778,472 |

SURPLUS
\$ -

| Category | Amount |
|-----------------------|-------------------|
| Salaries & Benefits | \$ 336,125 |
| Facility Expenses | \$ 141,984 |
| Furniture & Equipment | \$ 1,150 |
| Diocesan Tax | \$ 85,800 |
| Supplies & Services | \$ 84,663 |
| Parish Events | \$ 21,910 |
| Faith Formation | \$ 31,990 |
| Other Expenses | \$ 74,850 |
| Total Expenses | \$ 778,472 |

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:

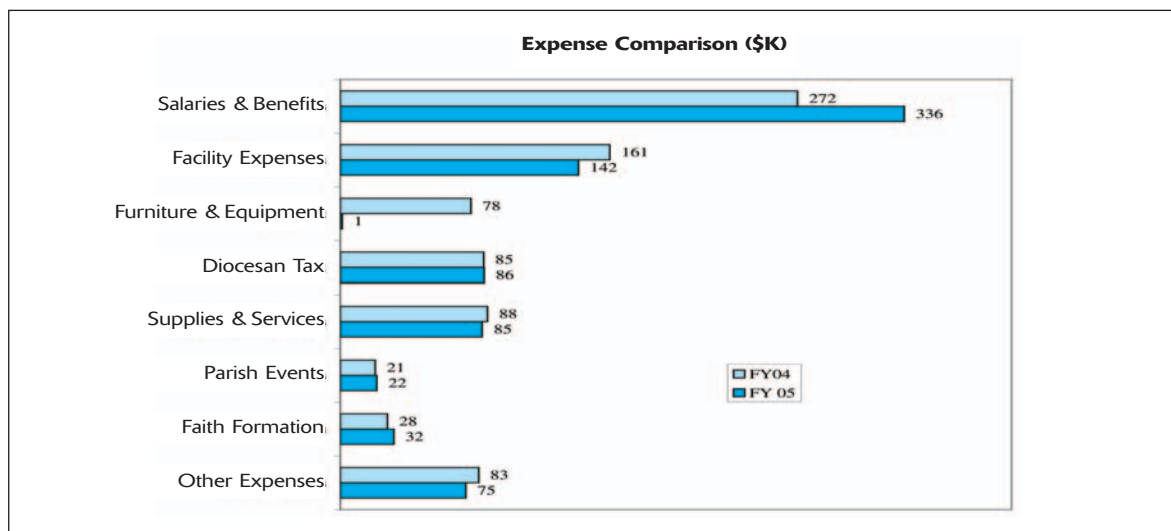
- Managing the amount of these cost increases
 - Planning for necessary and unavoidable increases
 - Reducing or eliminating “less necessary” costs
- Anticipating and appropriately planning for increases in our collection / offering and other sources of income.

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 Fiscal Year 2004 to 2005

There are some notable changes in the Fiscal Year 2005 budget as compared to Fiscal Year 2004 actual results:

- Salaries and Benefits are projected to increase due to
 - planned Cost Of Living Adjustment (COLA)
 - increased health insurance and benefits costs
 - the addition of two new positions, Director of Stewardship and Development, and Pastoral Associate/Bereavement Facilitator.
- 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 2005 Staffing Plan

The Parish Staffing Plan for fiscal year 2005 is to have a total of 22 people. Only 5 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 Faith Formation | – 1 |
| Director of Music and Liturgy | – 1 |
| Director of Stewardship and Development | – 1 |
| Receptionist / Secretary | – 1 |

Part Time

| | |
|--|-----------------|
| Weekend Associate Priest | – 1 |
| Deacon | – 0 * |
| Pastoral Associate / Bereavement Facilitator | – 1 |
| High School Youth Ministers | – 2 |
| Middle School Youth Ministers | – 2 * |
| Assistant Director of Music | – 1 |
| Bookkeeper | – 1 |
| Office Technician | – 1 |
| Assistant to Director of Stewardship | – 1 (Temporary) |
| Maintenance Director | – 1 |
| Maintenance Assistant | – 1 |
| Sacristans | – 7 |
| Rectory Housekeeper | – 1 |

Note: "*" denotes unpaid staff.

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 the ministry of 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*

* This report information dated 9-15-2004

"Our Journey Into The Future . . . Together"

We are ready to begin our new Capital Campaign. The good news is that it is time to build our Church/Sanctuary! Our two previous Capital Campaigns, ***"Standing on Holy Ground I"*** and ***"Standing on Holy Ground II"*** were very successful. To date, combined contributions to these campaigns are at nearly \$5.1 million. Many thanks to our dedicated parishioners for their outstanding and ongoing generosity toward the build out of our Parish Campus!

Nearly 85% of registered households contributed to these two campaigns. Final pledge payments for our ***"Standing on Holy Ground II"*** campaign are due by December 31, 2004. Our current debt is \$874,000, with \$127,000 remaining to be paid in pledges. Overpayments continue to come in and are in excess of 15% of amounts pledged. The remaining debt on this campaign is anticipated to be approximately \$750,000, which will roll over into our next campaign beginning January 1, 2005.

We already have \$1.6 million in committed donations that have been secured to go toward ***"Our Journey Into The Future . . . Together"*** Capital Campaign. We are off to a great start!

In the year since Fr. Mike arrived, he has worked closely with Parish Leadership. Two joint council meetings (Pastoral, Finance and Development) were held with the chairpersons, committee chairs, members and staff attending. The purpose of these meetings was to come to a consensus as to what our future build out should entail. The main leadership then met with Fr. Mike, as well as Bishop Brom and representatives from the Diocese of San Diego, to finalize the decisions resulting from these meetings.

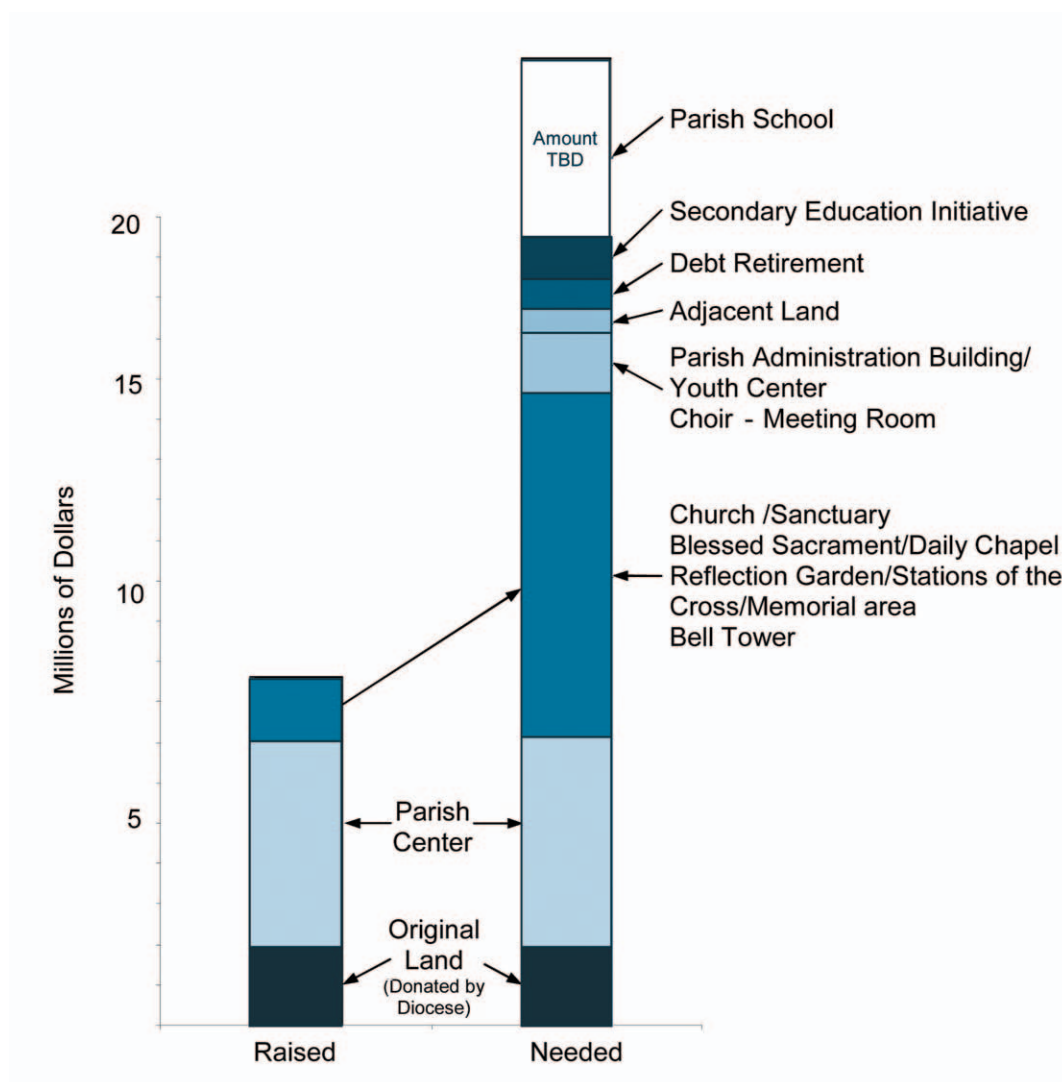
The following outlines our latest plan of record for parish expansion and development:

| | |
|---|------------------------------|
| • Church/Sanctuary | \$8.5 million |
| – Blessed Sacrament/Daily Chapel | |
| – Reflection Garden/Stations of the Cross/Memorial area | |
| – Bell Tower | |
| • Parish Administration Building/Youth Center | \$1.5 million |
| – Choir - Meeting Room | |
| • Five Acre Adjacent Land Acquisition | \$585,000 |
| • Debt Retirement | \$750,000 |
| • Secondary Education Initiative/New Catholic High Schools | \$1 million |
| – Pax Christi in Oceanside, Cathedral High in Carmel Valley and Mater Dei in Otay Mesa | |
| (contributions may be directed to Pax Christi upon request) | |
| <u>Total</u> | <u>\$12.4 million</u> |

At the beginning of our ***"Standing on Holy Ground I"*** Capital Campaign in 1998, we had 638 registered households. We now have 1,104 registered households, which shows a 72% increase in Parish households in six years. With the recent opening of College Boulevard, and the upcoming opening of Melrose Drive in 2005, our projected growth is very positive. ***"Our Journey Into The Future...Together"*** Capital Campaign will officially kick off during Stewardship Awareness/Renewal month in November. Information will be mailed out to all registered households and the details of the campaign will be verbally addressed throughout the month. Pledges will be offered in three and five year options, and payments for the new campaign will begin in January, 2005.

Informational Town Hall Meetings were held in recent months to share the results of the joint Council meetings pertaining to our future campus build out and Sacrificial Giving/Tithing options at St. Thomas More. These meetings were very well received and answered many questions that have been raised over the last year.

Building Fund Progress

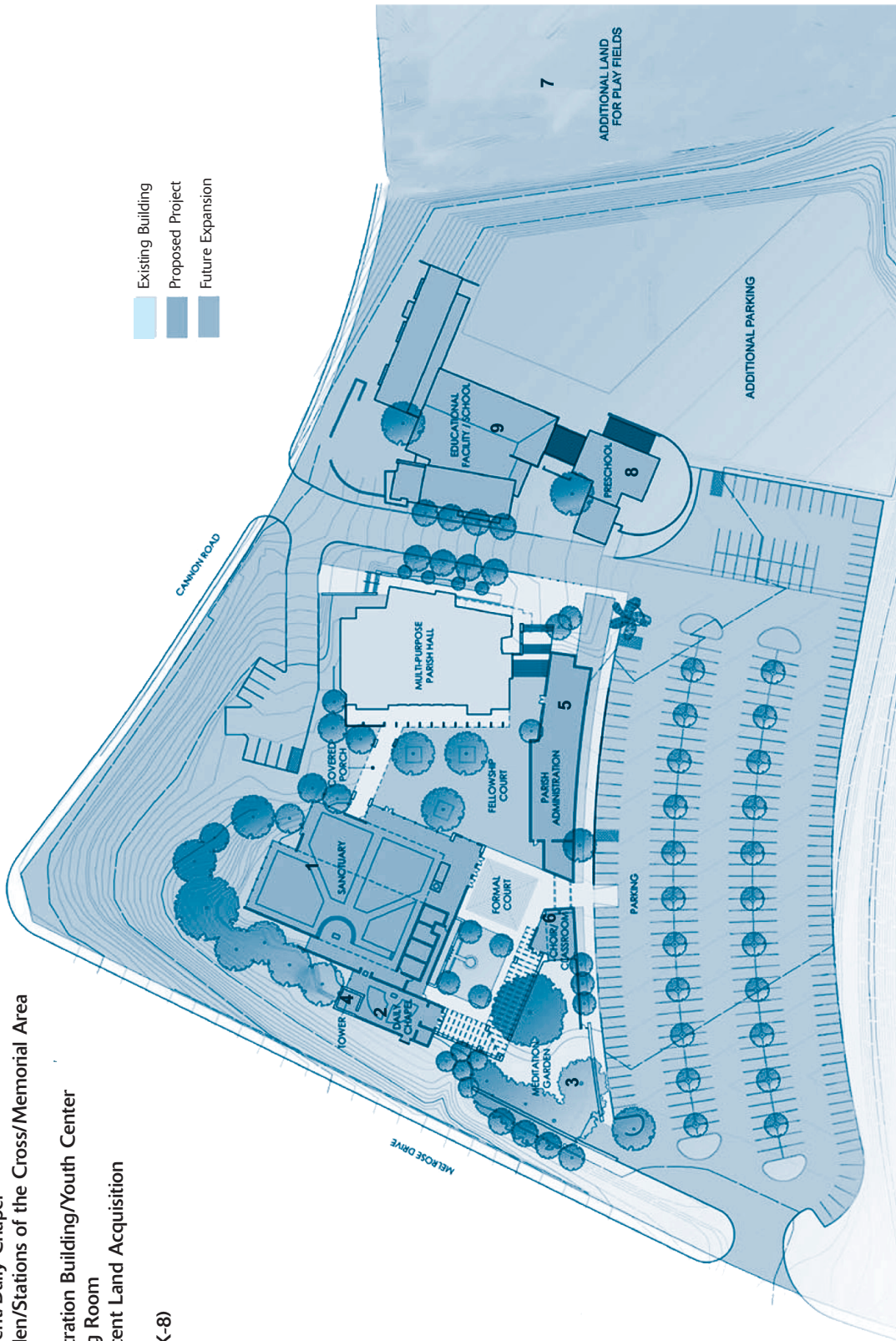


Planning for the future of the parish is challenging and exciting! Some uncertainty exists with respect to future parish needs, and different parishioners tend to have a variety of preferences and priorities when it comes to the services and support they would like to have. One role of the church councils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

The above graphic indicates “where we have been” and “where we are going.” While we have come a long way, we realize we still have a long way to go! Parishioner’s continued support to the Building Fund is still earnestly needed.

CHURCH OF SAINT THOMAS MORE: MASTER PLAN UPDATE 2004

- 1 - Sanctuary
- 2 - Blessed Sacrament/Daily Chapel
- 3 - Reflection Garden/Stations of the Cross/Memorial Area
- 4 - Bell Tower
- 5 - Parish Administration Building/Youth Center
- 6 - Choir - Meeting Room
- 7 - Five Acre Adjacent Land Acquisition
- 8 - Preschool
- 9 - Parish School (K-8)



This site map illustrates the planned layout of the Parish Campus

Concluding Remarks & Acknowledgements

Dear Parishioners,

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:

☆ *Don Eppich (Chair)*
☆ *Genevieve Green*
☆ *Paul Ibbetson*
☆ *Charles Salter*

☆ *Sally Fay*
☆ *John Hradnansky*
☆ *Wilma Rolland*
☆ *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,

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

*Rev Michael Ratajczak
Pastor*



CHURCH OF SAINT THOMAS MORE

1450 South Melrose Drive • Oceanside, CA 92056

Phone 760.758.4100 • Fax 760.758.4165

Website: www.stmoside.org • E-mail: parishoffice@stmoside.org