

January 12, 2007

Dear Parishioner:

I would like to thank all of our parishioners for their generous financial support and for their significant participation in parish activities and functions during this past year. Without each of you, St. Leo's would not be as successful as it is today.

Attached is a statement summarizing our 2006 Operating income and expenses and our proposed budget for the year 2007. I hope you find this material helpful and insightful as to the financial condition of the parish of St Leo the Great. The complete statements are on our website (www.stleothegreat.org) and on the bulletin boards in the church.

The more significant aspects of the attached financial 2007 operating information are as follows:

- Rental income is budgeted lower due to needed adjustments to maintain rentals.
- Staff salaries increased with a 3.6% COLA (Cost of Living Adjustment) for some employees.
- Staff benefits increased due to increased costs in medical/dental insurance, workers comp, long term disability and life insurance, and greater pension responsibilities.
- Estimated taxes and insurance costs increased significantly.
- Building maintenance increased substantially with the inclusion of a budgeted reserve for this item.

From a financial point of view, the results for the year 2006 were adequate for us to pay our expenses and fulfill our various responsibilities. The \$30,684.47 surplus for the year returns a modest capital cushion to our operating funds after a number of years of very tight budgets. As you will note from the attached, however, we were quite close in achieving our goals and did not have anything extra to add to a much needed replacement reserve.

As to our budget for the year 2007, we anticipate a rise in certain expenses and with some much needed maintenance and repair items to deal with, we will only be able to meet our expenses and other obligations if our collections rise. We have, therefore, budgeted an increase in collections of approximately 6.5%.

We do appreciate that many of you are extremely generous to the Church and usually increase your contributions as years go on. However, a good portion of our parishioners have not been as generous. In order to continue to thrive, we need the contributions of everyone in the parish. It would be extremely helpful if everyone could increase their weekly contribution as much as possible and, at least, to the extent of the 6.5% noted above.

Oftentimes, parishioners ask, "What is my fair share of contribution to the parish operation?" This question is predicated on a "dues model" of everyone paying a same, set fee for membership. The Church operates on a faithful stewardship of time, talent and treasure model for giving. This model is predicated on the Biblical tithe of 5% of your time, talent, and treasure returned in gratitude to God to your local Church and another 5% to other charity. In this model, there is no comparison with others' donations! The challenge is with **yourself** and **your family**. We are a long way from implementing this model, but it is the challenge/the ideal we ought to strive for.

Please See Other Side

As you consider your contribution planning, it would be helpful to have as many parishioners as possible sign up for Electronic Funds Transfer (EFT) – Automatic Donations. Under this system your checking or savings account is charged either monthly or twice a month in the amount of your stated contribution. An EFT form is attached –if you would like to implement EFT the form should be completed and returned to us at the rectory or just drop it in the Sunday collection basket. If you have any questions, please call Charlotte Sagouspe at the parish office at 654-6177.

If you would like to continue to make your contributions at Mass each week and would like a supply of church envelopes – please check the box on the attached EFT form, drop it in the collection basket or at the rectory, and we will have them sent to you every other month. The advantage of the use of EFT or the envelope system is that we will be able to provide you with substantiation of the amount of contributions you make in the year 2007. This will facilitate the preparation of your 2007 Federal and state income tax returns, if you choose to itemize your deductions rather than taking the standard deduction.

It should be noted from a Federal income tax point of view that tighter substantiation rules enacted in 2006 provide that itemized deductions for cash contributions made in 2007 and beyond will not be allowed unless the donor has a bank record or receipt or other written communication from the charitable organization that shows the name of the charity, as well as the date and amount of the contribution. Although prior law allowed a written log on which you listed cash contributions under \$250 to serve as sufficient substantiation, this new provision does not. These new substantiation requirements apply to all monetary contributions, regardless of amount. So, for example, cash contributions to a collection basket will not be deductible unless you get a receipt from the charity with the date and amount detailed. You may find it more practical to make contributions by check and/ or use our envelope or EFT system. We encourage you to do so, and it will prove helpful to you when your 2007 income tax returns are prepared.

The year 2006 was also a very successful year for St Leo's from a spiritual, social and charitable point of view. During 2006 we issued our parish directory with the names and pictures of our many parishioners who participated in the directory project. The directory was a wonderful keepsake to commemorate the 95th anniversary of the Parish. We also had approximately 85 new parishioners registered in the parish and welcomed through the Sacraments of Initiation 33 newly baptized Catholics into the St Leo the Great family.

We continue to support worthy organizations including our sister parish San Martin de Sacatapequez in Guatemala, the St Vincent de Paul society, the Oakland Catholic Worker and many others.

On the weekend of **January 27 and 28**, we will once again invite you **to walk up the main aisle of the Church with your family and to deposit the “Commitment Card”** (attached to the enclosed **“Planning Guide”**) **in the basket that Fr. Tim will be holding**. This card will indicate the amount of money that you and your family feel that you should/can give to support your parish for each week of 2007. Please pray about this important matter and come to church on **January 27 and 28** prepared to state your intentions.

We do appreciate both your overall support, and I want to thank each of you for being such a great asset to our parish community.

Sincerely,

Rev. Timothy K. Johnson
Pastor

**PARISH OF ST. LEO THE GREAT
OPERATING STATEMENT SUMMARY
FOR 2006 ACTUAL & 2007 BUDGET**

	2006 Actual	2007 Budget
REVENUE		
Collections (Sundays, Christmas, Easter)	\$321,504.69	\$339,254.00
Catholic Voice	\$812.00	\$887.00
Sacramental Services	\$5,750.00	\$5,900.00
Gifts & Bequests	SEE CHURCH RENOVATION/DEBT REDUCTION FUNDS BELOW *	
Other Ministries	\$220.00	\$220.00
Interest	\$3,514.93	\$4,170.00
Rental Income	\$51,256.25	\$46,000.00
Other Income (Facilities Use Donations)	\$23,277.80	\$22,200.00
TOTAL REVENUE	\$406,335.67	\$418,631.00

EXPENSES

Staff Salaries	\$163,158.79	\$169,638.00
Staff Benefits (employment taxes, pension, insurances: unemployment, medical & dental, workers comp)	\$49,387.93	\$58,633.00
Utilities	\$25,160.39	\$25,366.00
Taxes & Insurance	\$22,056.23	\$30,600.00
Building Maintenance	\$28,564.90	\$39,275.00
Operating Supplies and Expenses	\$48,018.93	\$50,261.00
Diocesan Assessment	\$34,624.03	\$32,687.00
Catholic Voice	\$4,680.00	\$4,680.00
Bishop's Appeal Goal Differential	\$0.00	\$7,491.00
TOTAL EXPENSES	\$375,651.20	\$418,631.00

NET SURPLUS (DEFICIT)	\$30,684.47	\$0.00
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Hoped for GOAL for each Sunday collection in 2007 = \$6,083.00

For more information, please see the detailed 2007 budget report on our website (<http://www.churchofstleothegreat.org/BulletinsCalendarsEvents/documents/2007budget.pdf>) or on the bulletin boards in the church. If you have any questions, please call the parish office.

CHURCH RENOVATION/DEBT REDUCTION FUNDS

Final cost of Church renovation.	\$3,348,422.01
Loan interest expense <u>Paid in 2006.*</u>	\$85,741.63
<u>Paid on principal in 2006.*</u>	\$300,427.67
Total collected: Church Renovation/Int. on Debt (12-31-06).	\$2,463,439.04
Our indebtedness to the Diocese (01-01-07).	\$1,137,708.33

Please See Other Side.

Parish of St. Leo the Great
Authorization Form for Checking or Savings Automatic Debit (EFT)

Please Print

Parishioner's Information:

Name: _____

Street: _____

City/State/Zip: _____

Daytime Telephone Number: (_____) _____ - _____

I. For Regular Contributions to the Church of St. Leo the Great OPERATIONS (EFT)

Please enter amount to be deducted from your account.

\$ _____ Monthly (transferred on the 5th or the 20th – ***circle one***)

\$ _____ Twice Monthly (transferred on the 5th and the 20th)

Type of Account: (Please check one.)

Checking/Money Market Acct...**Please attach a voided check**

Savings Acct...**Please attach a savings deposit slip**

I authorize the Church of St. Leo the Great to process entries from my checking or savings account as noted above. This authority will remain in effect until I give reasonable notification to terminate this authorization.

Authorized signature on account: _____ Date: _____

II. For Regular Contributions to the Church of St. Leo the Great DEBT REDUCTION (EFT)

[For a form for an automatic deduction for our Debt Reduction, please call Charlotte Sagouspe at the parish office (654-6177).]

III. For Bi-Monthly Church Donation ENVELOPES

Please send me personalized, bi-monthly contribution envelopes.

Please return to Church Office or drop in collection basket.

Good Evening/Morning:

My name is Don Andres and I am a member of the St Leo Finance Committee. I have lived in California for about three years now. By way of background I was born and raised in Brooklyn, New York and I brought my Brooklyn accent all the way to California – and the test today is whether anyone will be able to understand me.

Father Tim asked me to say a few words about the financial state of the parish and Stewardship, discuss a bit about our budget and forecast for 2007, discuss with you the much needed assistance we will continue to require from each of you and lastly to focus on some easy and efficient ways of giving to the church and perhaps simplifying your financial life a bit. I have pondered all week, how to make this interesting – but I am not sure I came up with an answer.

As to the financial state of the parish for the year 2006 Fr Tim has sent you a copy of the 2006 operating statement which shows that we were able to meet all of our expenses in 2006 and end the year with a slight surplus which we were able to add to our replacement reserve. The surplus however was rather small

As to the year 2007, we anticipate an increase in our expenses for salaries, taxes, insurance and much needed maintenance and repairs and in order to balance the budget we have estimated an increase of approximately 6.5% in our collections – that is where we all come into the process. In order to keep St Leo's operating in a viable fashion we ask that each one of you try and increase the amount of your weekly contribution by a minimum of 6.5%. I remember a point made back east one Sunday from the local pastor - we just need more Alexander Hamilton's (\$10 bill), Andrew Jackson's (\$20 bill) and Ben Franklin's (\$100 bill) in the collection basket in place of the George Washington's (\$1 bill) we receive.

In the real world an increase of 6.5% is quite small. Just compare your contributions to the normal costs you incur – the cost of filling up your gas tank at the current inflated prices, the cost of an evening meal out, the cost of an appointment with the hairdresser, a day out in San Francisco, a round of golf, seeing a movie or the cost of lottery tickets. It seems we are all able to deal with the increases in costs and luxuries - but what about the Church?

The contribution base of St Leo's normally is in line with what is known as the 80/20 rule – 80% of the contributions come from 20% of the parishioners. In order to thrive we need the contributions of everyone in the parish. I leave it to the good judgment of each of you what you can do – it is not what others do, it is what each of you decide in a conversation with God what is really important and what you can do.

As you consider your contribution planning it would be helpful to have as many parishioners as possible sign up for Electronic Funds Transfer (EFT) – Automatic

Donations. Under this system your checking or savings account is charged either monthly or twice a month in the amount of your stated contribution. An EFT form is attached to Father Tim's letter –if you would like to implement EFT the form should be completed and returned to the rectory or just drop it in the Sunday collection basket.

If you would like to continue to make your contributions at Mass each week and would like a supply of church envelopes – please check the box on the EFT form, drop it in the collection basket or at the rectory and we will send you a supply. The advantage of the use of EFT or the envelope system is that we will be able to provide you with substantiation of the amount of contributions you make in the year 2007 and this will facilitate the preparation of your 2007 Federal and state income tax returns.

The tax rules regarding the substantiation of contributions have changed and this is discussed in the letter that was sent by Fr Tim.

On the weekend of January 27 and 28, Fr Tim will once again invite you to walk up the main aisle of the Church with your family and deposit The Commitment Card in the basket he will be holding. This card will indicate what you and your family feel that you are willing to give to support your parish each week of 2007. Please pray about this important matter, have a private conversation with God and come to church next week prepared to state your intentions.

I know to me giving is much more rewarding than receiving – I am energized when I give. I feel as Lew Gehrig, the pride of the NY Yankees, once said “like the luckiest man on the face of the earth”. Hopefully your continued Stewardship to St Leo's will help you feel the same way.