



Annual Report

For the fiscal year ending June 30, 2008

St. Francis by the Sea Catholic Church

Pastor's Remarks

Dear parishioners,

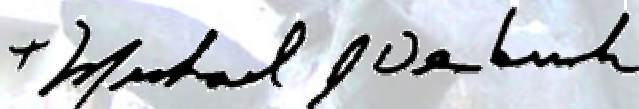
Each year it is my pleasure to provide you a report on the past year's financial stewardship. The fiscal year July 1, 2007 – June 30, 2008 was a very challenging year as the parish committed the financial assets of our parish to ministries that foster Christian Formation, Prayer & Worship, Stewardship, Evangelization, Building Community, and Social Outreach. Our ability to maintain and increase our ministries is always dependent on the individual parishioner's sacrifice of his/her time, talent and treasure.

I am very encouraged and thankful for each and every personal sacrifice that enabled the parish to sustain and meet the growing needs of our parish. Even though we have been in a period of a slowing economy with additional sacrifices necessary to sustain the obligations of our current capital campaign "Sharing our Blessings, Building our Future", you have remained committed. Your good and faithful stewardship allowed us to make tremendous progress in meeting the building needs of our capital campaign, while still meeting the planned needs, and some additional unplanned needs, of our parish. I am also happy to report that this past year was the first full year of our 10% planned giving program and a detailed Pastoral Council summary of that program can be found in this report along with financial summaries on our Church, School, Thrift Shop, and Capital Campaign.

I want to thank the parish staff, Pastoral Council, Finance Council, School Board, and Thrift Shop Advisory Board for their efforts to ensure that we are good stewards of the financial resources entrusted to our care as we work together to support the work of our many ministries in pursuit of our mission statement "To build a Catholic Community that makes present the Gospel of Christ through Worship, Discipleship and Evangelization." We still have much work to do!

I pray that as God blesses you individually this year, you will seek to glorify Him with your personal sacrifice of time, talent and treasure. May your goodness and generosity be rewarded by Almighty God and may you grow closer to Christ and His body, the Church, throughout this year.

In Christ – United in faith, love and service.



Fr. Mike
Pastor

Leadership's Remarks

We are pleased to produce this Annual Report to highlight the past 12 months for the St. Francis family. The parish had an outstanding year with the implementation of several new parish programs; the opening of the new Fine Arts Center, the successful conclusion of Phase I and Phase II of our Capital Campaign and the beginning of our 25th Anniversary celebration.

Brad Simpson, Facilitator Parish Council	Leigh Bullen, Chairman Finance Council	Steve Riley, Facilitator School Council	Bart Burnell, Chairman Thrift Shop Council
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The Church

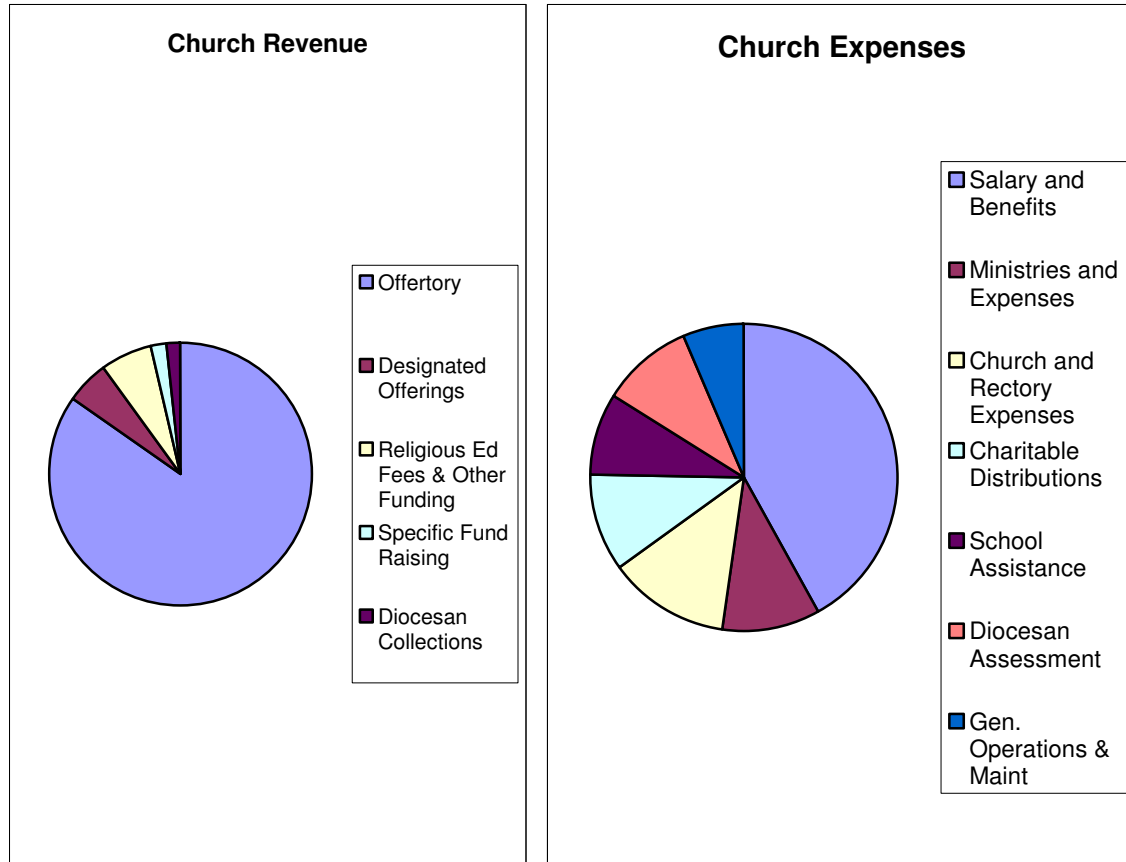
The St. Francis Church community will be celebrating its 25th Anniversary in 2009. Over the past twenty-five years, the church has grown into a community of over 1,900 families and offers more than 50 different ministries.

Since 1984, the church has welcomed 5-pastors, has constructed 6 buildings and raised over \$7.5 million to pay for these capital investments. Highlights of the past year include:

- The parish had net income this past fiscal year of approximately \$71,370. The total offertory of \$1,573,804 was short of our plan by \$65,000; however, the parish was able to achieve lower operating expenses to manage the reduced offertory. The church continues to maintain a strong financial position and the Finance Council charged with oversight of the church's financial affairs notes that they are pleased with the overall financial condition of the parish.
- We had some change in personnel with the arrival of Father Chris Smith in August 2008 and the departure of Father John Paul Pentareddy and Father Gerald Lutz.
- There are currently 8 full time and 5 part-time employees. This year, we added 2 additional employees, a full time youth minister and a part-time accounting assistant.
- The parish discontinued second collections and special envelopes. The focus is to facilitate a planned, prayerful approach to stewardship through the weekly offertory. In this first year the offertory was actually short of our plan by \$65,000.
- The parish continues to build its electronic giving program. Currently 169 parishioners participate in this program for approximately \$23,000 per month.
- The parish completed a long-term five-year plan for providing financial support to St. Francis School. The commitment is to provide affordable Catholic education to its parishioners by contributing 10% of its planned offertory to the school each year. This past year the parish contributed \$141,800 in a subsidy to the school.
- The Planned Charitable Giving Program was successfully launched, which provides 10% of our offertory collections to various charities. This totaled \$171,333 in 2008 and was split between CS&J and other organizations.

- We initiated Phase II of our capital campaign.
- The church investment funds became a part of the Diocesan Investment Program.
- The annual Diocesan assessment, as in the previous years, is 10% of our offertory collections.

Total Church Revenue of \$1,716,901 and Church Expenses of \$1,645,531.



The School

Since its inception twelve (12) years ago, St. Francis Catholic School has been an integral part of our parish community. Its mission is to nurture students' spiritual and intellectual growth in an authentically Catholic Community committed to academic excellence. The school's Catholic identity is evident in all aspect of the school and continues to be of primary importance. Highlights of the past year include:

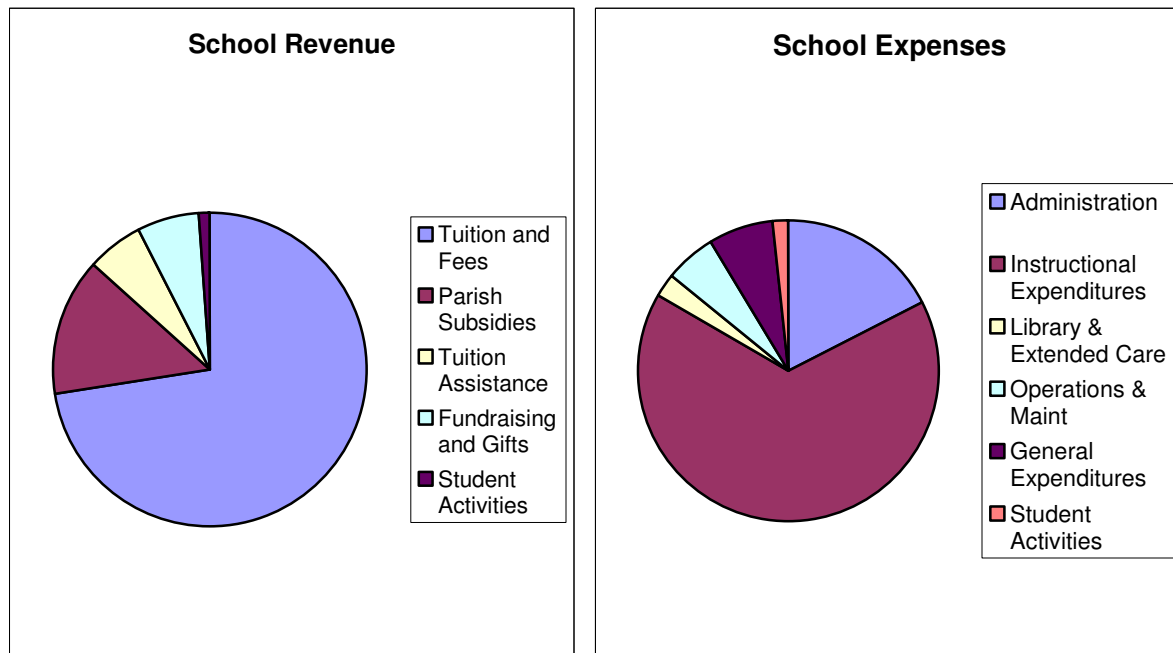
- 87% of all students scored at or above the national average (61% scored above grade level) in the ITBS national achievement test.

- Accreditation through the South Carolina Independent School Association (SCISA) enables the School to participate in several co-curricular events throughout the school year with over 100 other schools.
- The School is working towards accreditation through the Southern Association of Colleges and Schools (SACS) and the Southern Association of Independent Schools (SAIS). Our site visit necessary for full accreditation will occur in March.
- The new Fine Arts Center opened on 8/29/08.

Student enrollment was at 221.

- The School currently has 20 full-time and 4 part-time employees.
- The majority of the students' parents made a pledge or 1 time gift to the Capital Campaign.
- The church provided a subsidy to the school in the amount of \$141,800
- The St. Francis Thrift Shop provided financial assistance in the amount of \$120,000.
- The school was able to cover all of its operating expenses this past year and still provide a small surplus of approximately \$20,000.
- The school's Educational Trust Fund now exceeds \$75,000.

Total School Revenue of \$1,165,187 and School Expenses of \$1,143,883



The Thrift Shop

The St. Francis Thrift Shop was founded in 1999 and over the past 10 years has contributed over \$1,043,000 to the Hilton Head Island community. In 2007, the Thrift Shop purchased the building they had been leasing, thus securing a favorable location for the ministry for the long term. Highlights of the past year include:

- The Thrift Shop is a successful ministry of the parish with over 100 volunteers. In addition to the volunteers, the shop currently operates with 2 full-time and 3 part-time employees.
- Total sales exceeded \$473,000, the second highest volume of sales in the shop's history.
- Donations of furniture, home furnishing and clothing were key factors to this year's success.
- The Thrift Shop provided \$120,000 to the St. Francis School.
- The Thrift Shop paid approximately \$30,000 on their long-term debt during the year and as of 6/30/08 the outstanding balance was \$1,256,000. The long-term debt was incurred when the parish purchased the Existing Thrift Shop building on Hwy 278.
- \$80,000 in grants were distributed by the Thrift Shop to local charities in the Hilton Head Island and Bluffton area, including Access Network, American Red Cross, Alzheimer's Respite, Bluffton Self Help, Boys & Girls Club, Citizens Opposed to Domestic Abuse, Heroes on Horseback, Hilton Head Citizens for Life, Hilton Head Heroes, Island Recreation Association, Latin American Council of South Carolina, Literacy Volunteers of the Low Country, Low Country Community Development Corp., Low Country Legal Aid, Marine Corps Scholarship Foundation, NAMI, Pregnancy Center and Clinic, Programs for Exceptional People, Sabor Latino of Hilton Head, Second Helpings, St. Vincent de Paul Society, The Children's Center, 1st Presbyterian Day School and Volunteers in Medicine.
- The Thrift Shop also donated approximately \$25,000 in home goods and clothing to several community-based charities, including the Salvation Army, etc.

Sharing our Blessings, Building Our Future Capital Campaign

The main purpose of the campaign was to add an Art/Music Center and Multipurpose Facility/Gymnasium to our parish campus, and complete the parish obligations to the "Our Heritage Our Hope" diocesan campaign. The campaign goal was \$5.6 million, and through the generosity of our parishioners, we have raised almost \$5.1 million (91%). This is wonderful progress and a testament to the spirit of giving here at St. Francis. Highlights of the past year include:

- We conducted a successful Phase II campaign from January through March of 2008, raising over \$2 million.
- A Memorial Recognition Program was established, which provides diverse opportunities to remember loved ones through several levels of tiered giving.

- Construction of the Art/Music Center was completed in time to support the opening of the 2008/2009 school year. Cost of the facility was within budget at \$1.3 million.
- A debt Reduction program was defined to raise the remaining \$500,000. The program will begin in November 2008 and utilize a monthly budget envelope system. The construction of the Multipurpose/Gymnasium should begin early next year with a completion planned for the fall 2009.

Planned Charitable Giving

Beginning this year, our Parish began setting aside 10% of our planned offertory to support charitable giving as a part of our mission. In an effort to simplify the process of charitable giving, the parish also discontinued all second collections and the extra envelopes in the bi-monthly envelope package. The only exceptions are the Bishop Stewardship Appeal, Holy Days of Obligation, Holiday Food Baskets, Easter and Christmas flowers and the new debt reduction program. Highlights of the past year include:

- Based on the planned offertory for 2007, the planned amount for charitable giving was \$157,000.
- The amount was used to support the various missions of our Diocese, our local social outreach to our community through CS&J (Christian Service and Justice), the vocations to religious life and to local ministries like the Pregnancy Center.
- The actual amount provided was \$171,333. The primary reason we exceeded our budget of \$157,000 was the additional requests we incurred through our ministry of CS&J.
- Our Parish Council determines the allocation of these funds, with input from Fr. Mike.
- The charitable giving is in addition to the various local community grants provided by our St. Francis Thrift Shop. The Council has developed a formula for this program to provide funding in 5 general areas: Life Issue (40%), Social Outreach (10%), Missions (30%), Ministries (5%) and Vocations (15%).
- The organizations scheduled to receive funds for the current annual program are: Habitat for Humanity, Catholic Heart Work Camp, NAMI, Mustard Seed, Kairos Prison Ministry, The Oratory, Dominican Sisters of Mary, Mother of the Eucharist, Sisters of Mary of Namur, Pregnancy Center & Clinic of the Lowcountry, South Carolina Citizens for Life, Society for the Propagation of the Faith, Family Honor, Family Promise, Franciscan Center, Latin American Council, Room at the Inn, St. Thomas Moore Center, St. Francis' Christian Service and Justice and Diocesan Special Collections.

St. Francis by the Sea Catholic Church Income Statement Year ended 6/30/08

Ordinary Income/Expense	
Income	
Offertory	1,455,991
Designated Offerings	87,763
Religious Ed Fees & Other Funding	111,838
Specific Fund Raising	31,258
Diocesan Collections	30,050
Total Income	1,716,900
Expenses	
Salary and Benefits	689,214
Ministries and Expenses	168,371
Church and Rectory Expenses	211,906
Charitable Distributions	171,333
School Assistance	141,800
Diocesan Assessment	157,142
Gen. Operations & Maint	105,765
Total Expense	1,645,531
Net Ordinary Income	71,369
Net Income	71,369

St. Francis by the Sea School Income Statement Year ended 6/30/08

Ordinary Income/Expense	
Income	
Tuition and Fees	844,220
Parish Subsidies	166,275
Tuition Assistance	68,735
Fundraising and Gifts	72,434
Student Activities	13,523
Total Income	1,165,187
Expense	
Administration	198,916
Instructional Expenditures	753,066
Library & Extended Care	30,536
Operations & Maint	62,082
General Expenditures	79,244
Student Activities	20,039
Total Expense	1,143,883
Net Ordinary Income	21,304
Net Income	21,304

If you would like more financial information, please contact the Parish Office.

Steward's Mission

Dear parishioners and benefactors of St. Francis by the Sea Catholic Church.

Throughout the Bible, from the first book of Genesis to Revelation, we discover God's will that we live as good and faithful stewards of his creation and blessings. Stewardship is an undeniable truth of the Bible. Our personal witness through stewardship both affirms our Christian discipleship and promotes the evangelization and hope of the world. May God give us the wisdom and grace to be true Christian stewards that we might one day hear him say to each of us "Well done, good and faithful servant; you have been faithful over a little ... enter into the joy of your master." (Matthew 25:23) [Fr. Mike]

- I am a steward of life. My purpose is to use God's gifts of time, talent, and treasure that others can come to know God through my life. In other words, I live my religion.
- I am a steward to my family, my relatives, my neighbors and fellowman everywhere. I give them my love and share my life and bounty with them.
- I am a steward to my church. I give it my time, and my best thoughts and talents. I support it financially. I extend to all the warmth of my love of God, whether members, or strangers. I pray that my church can be the conscience of the community, encouraging brotherhood and curbing inhumanity.
- I am a steward to my community and any agencies that serve it, to ensure that the authority it wields is God inspired.
- I am a steward over my corner of God's Earth. I seek to preserve its productivity and beauty for this and future generations.
- "First and last, I am a Steward. I am dedicated to a life of service to both God and man, for all of my days, in everything I do or say. And I thank God that this is my lot and portion."
[W. Coburn]