

St. John the Evangelist

ANNUAL FINANCIAL REPORT



September, 2016

Dear Parishioner,

Thank you for your warm welcome since my arrival in July. I feel very blessed to be pastor of such a vibrant community of faith. I look forward to knowing you better as we journey together in Christ in the coming years.

Enclosed are the annual financial reports for St. John the Evangelist Parish, prepared by our Parish Finance Council. I encourage you to review the Finance Council's cover letter and the accompanying financial statements. In the interest of transparency, the Finance Council has also included the financial results for Saint John School and its 2017 budget although they are separate from our parish financials. The money raised in the Capital Campaign is included on our parish balance sheet as "Restricted Capital Campaign". These monies are spent exclusively on the necessary repairs and needed upkeep of our parish buildings and grounds. As always, you are welcome to contact our Operations and Finance Director, Tricia Fraser, at the parish office, or a member of our Finance Council with any questions.

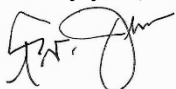
Our Parish operates on a fiscal year that begins July 1 and ends June 30. For the fiscal year ended June 30, 2016, our weekly Offertory and Annual Appeal (formerly called the Grand Annual) collections provided over 78% of total revenue. You will notice as you review the Finance Council's report that last year our revenues were down and our expenses higher than the prior year, leading to a budget deficit. With the guidance and expertise of the Finance Council, we have reduced overall spending in the fiscal year 2017 budget and anticipate that giving to the Annual Appeal and weekly offertory will return to prior year levels. Our relationship with St. Paul Parish in a collaborative will allow the ministries of the wider community to thrive as we organize under a single leadership team. However, the facilities and finances of St. John Parish will continue to be managed and maintained separately from St. Paul Parish.

St. John the Evangelist Parish has been blessed with tremendous stability in its leadership and thrived as a community of faith with Fr. Tom Powers as pastor and Sr. Evelyn Ronan as pastoral associate for 22 years. I am the second pastor in less than a year since the retirement of Fr. Tom and Sr. Evelyn, and the parish is clearly in a time of transition. In my experience in working with two parishes in Wayland for ten years, there is no doubt in my mind that change is very difficult for a parish community. The upset that people feel also inevitably affects the parish's financial situation. I pledge to do everything in my power to give my full support both to our excellent staff and leaders among our parishioners to restore stability and put our focus going forward on the mission of the parish.

The parish needs your financial support in order that our ministries within the parish and many outreach efforts beyond our parish can continue to thrive and to grow. Although we will be reaching out for your financial support, we ask you to support the good works of the parish in whatever way you can. We have many ministries and ways to be involved. Please stay informed by reading the bulletin and regularly checking our website www.stjohnwellesley.org for parish news and service opportunities.

I am excited as we begin a new year and embark on the journey of faith together. Thank you for your continued support of St. John the Evangelist Parish!

Sincerely yours in Christ,



Reverend James J. Laughlin, Pastor

September 25, 2016

Reverend James Laughlin
Pastor
St. John the Evangelist Parish
9 Glen Road
Wellesley, MA 02481

PARISH Financial Report for the Fiscal Year Ended June 30, 2016

Dear Father Laughlin,

We present the following PARISH unaudited financial statements as of June 30, 2016:

1. **Statement of Revenue and Expenditures** (actual results for the fiscal years ended June 30, 2015 and 2016; and budgets for the June 30, 2016 and 2017 fiscal years)
2. **Statement of Financial Position** or balance sheet (as of June 30, 2015 and 2016)

Highlights and explanatory comments for our Parish financials are listed below.

- **For the fiscal year ended June 30, 2016**, the Parish reported a deficit of \$224,033 when excluding contributions to the Capital Campaign and excluding expenditures from the Capital Campaign to repair the Parish buildings. Cash reserves accumulated over years of generous contributions and careful fiscal management were drawn down to fund the deficit.
- **Revenue** sources are grouped together at the top of the Statement of Revenue and Expenditures. Total Revenue declined sharply from 2015, as Grand Annual receipts were down \$108,000. The Offertory collection held up compared to 2015. In total, Revenue declined \$113,000.
- **Operating Expenses** increased by \$134,182, or 12.9%, in the 12-month period ending June 30, 2016 compared to actual spending for the same period in fiscal year 2015. This increase is primarily due to a combination of property repairs and maintenance and higher compensation costs.
- **Capital Campaign.** The final total of financial commitments to the Capital Campaign equaled \$1,571,092. Those commitments can be paid over time and as of June 30, 2016 we have received \$1,365,804. From the funds contributed to the Capital Campaign, we spent \$850,493 through June 30, 2016. We expect to receive payment of the remaining commitments in the coming years and will use the money received exclusively to pay for capital expenditures and repairs to our buildings and properties.

- The **FY2017 Budget** projects a deficit of \$26,558, while projecting a decline in expenses of \$187,293, and a significant increase in the Grand Annual back to \$390,000, or roughly the level in FY 2015. This budget relies upon an unusual increase in revenue and far greater attention to expense control than in FY 2016. Prudence requires preparing plans to reduce expenses if the revenue projections are not realized or expenses are not carefully controlled.
- **Statement of Financial Position as of June 30, 2016.** The financial statement of St. John the Evangelist Parish (the Parish) includes the accounts of the Central Office of the Parish, which include the operation of the Rectory, the Church, the Parish Center and funds raised (less any spent) for the Capital Campaign. St. John the Evangelist School (the School) is a mission of the Parish. The assets and liabilities of the School are not included in these financial statements and are attached separately and discussed in greater detail on subsequent pages. The unaudited financial statement of the Parish has been prepared on a basis of accounting that is not in accordance with generally accepted accounting principles, but is consistent with prior year presentations. The property, plant and equipment of the Parish are not reported on the books of the Parish, and all major improvements and repairs are expensed when incurred, which practice is not in accordance with generally accepted accounting principles. This has been done over the years to more accurately reflect the annual cash costs to maintain and upkeep the property and facilities in the Parish.

[Continued on the next page is a discussion
of the financial statements for the School at St. John]

SCHOOL Financial Report for the Fiscal Year Ended June 30, 2016

We present the following SCHOOL unaudited financial statements as of June 30, 2016:

3. **Statement of Revenue and Expenditures** (actual results for the fiscal years ended June 30, 2015 and 2016; and budgets for the June 30, 2016 and 2017 fiscal years)
4. **Statement of Financial Position** or balance sheet (as of June 30, 2015 and 2016)

Highlights and explanatory comments for the School financials are listed below.

- **For the fiscal year ended June 30, 2016**, the School reported an operating surplus of \$35,420 after capital expenditures of \$187,790. The surplus was primarily due to (i) an increase in tuition, primarily from increased enrollment following the closing of St Paul School, of \$321,000 and, (ii) an increase in Donations of \$121,000. Total Revenue increased by \$449,808. Expenses increased by \$206,021, primarily for salaries and benefits for additional staff and increased compensation for existing staff.
- **Revenue** sources are grouped together at the top of the Statement of Revenue and Expenditures and totaled \$1,749,086 for the 12-months ended June 30, 2016. The School's major sources of revenue are: (i) funds for a child attending the School (tuition, registration, and after school programs), which amounted to \$1,508,159, or 86% of total revenue, (ii) School fund raising, which amounted to \$171,217, or almost 10%, and (iii) the Parish's subsidy of \$50,000, or 2.9%.
- **Operating Expenses** increased \$207,339 (15.7%) because of additional classroom instruction and higher salaries and benefits. The FY2017 budget for operating expenses is \$1,676,407, an increase of \$150,711 (9%), attributed to additional increases in salary and benefits.
- **Capital Expenditures** were \$187,970, far in excess of the \$40,000 budget. Needed repairs for school windows, security systems and other items amounted to about \$92,000. An additional \$95,000 was for a new computer server and classroom tablet system which was not suitable for the School. The School is trying to recover some of this cost by re-selling the equipment or returning it to the vendor. Any recovery will offset capital expenditures at the time received.

Attached are the 2015 and 2016 actual and 2016 and 2017 budgeted financial statements for the Parish and the School.

Respectfully submitted by the Finance Council, St. John the Evangelist Parish

Stephen St. Thomas, Chair

Parish Finance Council Members:

Brian Boyce (Vice Chair), Joe Creonte, George Eldridge, Tom Fontaine, Rich Green, Lucy Kapples, Bob McDonnell, Anne Stabnick (secretary), and Stephen St. Thomas (Chair).

ST. JOHN THE EVANGELIST PARISH
Statement of Revenue and Expenditures
For the Year Ending June 30

	2015 Actual	2016 Budget	2016 Actual	2017 Budget
<u>REVENUE</u>				
Offertory	\$478,431	\$440,000	\$458,952	\$447,975
Annual Appeal	396,189	410,000	288,282	390,000
Sacramental Offerings	12,099	14,000	25,234	21,574
Gifts/Donations	52,981	29,000	48,359	32,000
Religious Education	46,882	48,000	37,336	34,902
Interest Income	4,109	3,550	4,133	3,589
Miscellaneous	67,967	3,100	67,411	16,250
Catholic Appeal Rebate	7,844	0	23,801	17,400
TOTAL REVENUE	<u>\$1,066,502</u>	<u>\$947,650</u>	<u>\$953,508</u>	<u>\$963,690</u>
<u>OPERATING EXPENSES</u>				
Salary and Salary Related:				
Salary and Benefits	\$616,786	\$595,380	\$655,608	\$608,110
Total Salary and Salary Related	<u>\$616,786</u>	<u>\$595,380</u>	<u>\$655,608</u>	<u>\$608,110</u>
Other Operating Expenses				
Administrative	\$76,286	65,100	\$76,644	57,025
Music & Liturgical	20,895	16,300	40,523	19,442
Religious Education	7,830	7,750	8,627	3,512
Rectory & Household	19,572	20,570	35,302	28,384
Property Maintenance	105,910	135,250	228,485	166,776
Parish Tithe	46,276	45,600	45,988	46,200
School	50,000	50,000	50,000	50,000
Miscellaneous	99,804	11,700	36,364	10,799
Total Other Operating Expense	<u>\$426,573</u>	<u>\$352,270</u>	<u>\$521,933</u>	<u>\$382,138</u>
TOTAL OPERATING EXPENSES	<u>\$1,043,359</u>	<u>\$947,650</u>	<u>\$1,177,541</u>	<u>\$990,248</u>
Balance before Capital Improvements	<u>\$23,144</u>	<u>0</u>	<u>(\$224,033)</u>	<u>(\$26,558)</u>
Capital Expenditures	<u>0</u>	<u>0</u>	<u>\$0</u>	<u>\$0</u>
Balance after Capital Expenditures	<u>\$23,144</u>	<u>\$0</u>	<u>(\$224,033)</u>	<u>(\$26,558)</u>
Surplus/(Deficit)	<u>\$23,144</u>	<u>\$0</u>	<u>(\$224,033)</u>	<u>(\$26,558)</u>

**St. John the Evangelist Parish
Statement of Financial Position**

	June 30, 2015	June 30, 2016
ASSETS		
CASH AND CASH EQUIVALENTS		
UNRESTRICTED	500,315	318,600
RESTRICTED - CAPITAL CAMPAIGN	464,771	515,311
RESTRICTED TEMPORARILY	190,380	151,310
RESTRICTED PERMANENTLY	31,223	31,280
ACCOUNTS RECEIVABLE	<u>6,450</u>	<u>6,450</u>
TOTAL ASSETS	<u>\$1,193,139</u>	<u>\$1,022,950</u>
LIABILITIES		
ACCOUNTS PAYABLE and OTHER CURRENT LIABILITIES		
DEPOSITS	19,583	15,554
	<u>28,110</u>	<u>24,029</u>
TOTAL LIABILITIES	47,693	39,583
NET ASSETS		
UNRESTRICTED		
DESIGNATED FOR CAPITAL EXPENDITURES	116,589	116,802
UNDESIGNATED	<u>342,483</u>	<u>168,664</u>
TOTAL UNRESTRICTED	459,072	285,466
RESTRICTED		
CAPITAL CAMPAIGN	464,771	515,311
TEMPORARILY	190,380	151,310
PERMANENTLY	<u>31,223</u>	<u>31,280</u>
TOTAL RESTRICTED	686,374	697,900
TOTAL NET ASSETS	<u>1,145,446</u>	<u>983,366</u>
TOTAL LIABILITIES & NET ASSETS	<u>\$1,193,139</u>	<u>\$1,022,950</u>

ST. JOHN THE EVANGELIST SCHOOL
Statement of Revenue and Expenditures
For the Year Ending June 30

	2015 Actual	2016 Budget	2016 Actual	2017 Budget
REVENUE				
Tuition and Stay Day	\$1,066,810	\$1,139,650	\$1,312,501	\$1,328,320
Registration	93,055	80,000	105,010	\$87,500
After School Program	15,290	20,000	90,648	75,000
Fees - Miscellaneous	3,500	10,000	9,047	10,000
Interest Income	2,349	2,000	-3,058	5,000
Parish Transfer	50,000	50,000	50,000	50,000
Doantions/Fundraising	49,736	75,000	171,217	125,000
RCAB Support	11,000	14,000	13,721	10,000
Miscellaneous	7,538	5,000	0	0
TOTAL REVENUE	\$1,299,278	\$1,395,650	\$1,749,086	\$1,690,820
OPERATING EXPENSES				
Salary and Salary Related:				
Exempt	\$971,863	\$994,095	\$1,098,958	\$1,256,407
Non Exempt	77,737	110,455	142,100	\$142,000
Contract Labor	19,540	11,000	33,715	26,000
Total Salary and Salary Related	\$1,069,140	\$1,115,550	\$1,274,773	\$1,424,407
Other Operating Expenses				
Administrative	\$23,927	\$19,500	\$39,983	\$22,000
Texts, Instructional & Teaching Supplies	33,312	32,000	37,726	35,000
Professional Memberships and Dues	9,172	6,000	5,674	10,000
Property Maintenance	142,893	138,000	129,506	135,000
Technology	10,409	12,000	2,123	20,000
Miscellaneous	29,505	19,000	35,911	30,000
Total Other Operating Expense	\$249,218	\$226,500	\$250,923	\$252,000
TOTAL OPERATING EXPENSES	\$1,318,357	\$1,342,050	\$1,525,696	\$1,676,407
Balance before Capital Expenditures	(\$19,079)	\$53,600	\$223,390	14,413
Capital Expenditures	\$105,644	\$40,000	\$187,970	\$14,413
Balance after Capital Expenditures	(\$124,724)	\$13,600	\$35,420	\$0
Surplus/(Deficit)	<u>(\$124,724)</u>	<u>\$13,600</u>	<u>\$35,420</u>	<u>\$0</u>

**St. John the Evangelist School
Statement of Financial Position**

	June 30, 2015	June 30, 2016
ASSETS		
CASH AND CASH EQUIVALENTS		
UNRESTRICTED	1,273,675	1,238,316
ACCOUNTS RECEIVABLE & OTHER CURRENT ASSETS	<u>17,720</u>	<u>39,777</u>
TOTAL ASSETS	<u><u>1,291,395</u></u>	<u><u>1,278,093</u></u>
 LIABILITIES		
ACCOUNTS PAYABLE	0	10,681
ACCRUED PAYROLL	67,218	101,048
DEPOSITS FOR TUITION/REGISTRATION	<u>588,569</u>	<u>485,787</u>
TOTAL LIABILITIES	655,788	597,515
 NET ASSETS		
UNRESTRICTED		
DESIGNATED FOR TREES & TRIMMINGS	5,657	158,831
DESIGNATED FOR SCRIP	1,359	1,668
DESIGNATED FOR CAPITAL EXP & MAJOR REPAIR	202,844	197,363
UNDESIGNATED	<u>425,748</u>	<u>322,717</u>
TOTAL UNRESTRICTED	635,607	680,578
TOTAL NET ASSETS	<u>635,607</u>	<u>680,578</u>
TOTAL LIABILITIES & NET ASSETS	<u><u>1,291,395</u></u>	<u><u>1,278,093</u></u>