

St. John the Evangelist

ANNUAL FINANCIAL REPORT



October, 2018

My dear friends in Christ,

Having just finished my second year as pastor of St. John's, I am filled with hope and enthusiasm for our continued growth in our Gospel mission both as a parish and as a collaborative. Last week, over one thousand parishioners from St. John's and St. Paul's gathered for our inaugural Collaborative Outdoor Mass at the Wellesley High School Football Stadium. The joyful spirit of faith and solidarity was palpable. Our liturgies, with excellent and diverse music and the active participation of so many parishioners in various ministries, are inspiring and life giving. Our service ministries include our annual Christmas Wish, our Lenten Gift and St. Francis House Coat Drive to name a few. Exciting initiatives within the collaborative include a newly forming St. Vincent de Paul Society and Ministry to Refugees Committee. These ministries are bringing the comfort and compassion of Christ to the needy in our community and beyond, even as we educate ourselves about the needs of those around us. Many orphaned or abandoned children in Latin America have been provided with a loving home and education through the sponsorship of our parishioners of the children of NPH. We are growing in faith together through Bible studies and faith sharing groups. In the first few weeks of our new, Mass-centered Collaborative Confirmation Program, hundreds of teens and their families have been gathering on Sunday evenings for beautiful liturgies in which the young people serve as lectors, Eucharistic Ministers, greeters, instrumentalists and singers. Our parish continues to be there for you in life's joyous celebrations and times of loss and grief. I am so grateful that you have made St. John's your spiritual home. Even with the challenges that come with leading a large collaborative, it is truly a joy to be your pastor!

I began my letter with some highlights of the *mission* of our parish and it is to support this mission that we rely on your continued generous support. The good news is that in fiscal year 2018, the total of our weekly Offertory and Annual Appeal collections increased slightly over the total received during the prior year. This modest increase, combined with the staff's continued diligence in managing costs, allowed the parish to once again record a small operating surplus. However, as operating expenses are projected to continue to rise, we do need your assistance in growing both our weekly Offertory and our Annual Appeal collections. Increasing these collections will allow us to maintain a balanced budget and to position St. John Parish to fulfill its mission well into the future.

Thank you for all that you do to make St. John's the vibrant community of faith that it is.

Sincerely yours in Christ,

A handwritten signature in black ink, appearing to read "James J. Laughlin".

Reverend James J. Laughlin
Pastor

October 2018

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, 2018

Dear Father Laughlin,

We present the following PARISH unaudited financial statements as of June 30, 2018:

1. **Statement of Revenue and Expenditures** (actual results for the fiscal years ended June 30, 2017 and 2018; and budgets for the June 30, 2018 and 2019 fiscal years)
2. **Statement of Financial Position** or balance sheet (as of June 30, 2017 and 2018)

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

- **For the fiscal year ended June 30, 2018**, the Parish reported an operating surplus of \$9,002 when excluding payments on pledges to the Capital Campaign and excluding expenditures from the Capital Campaign to repair the Parish buildings.
- **Revenue** sources are grouped together at the top of the Statement of Revenue and Expenditures. Total Revenue for fiscal year ended June 30, 2018 almost equaled that of the year ended June 30, 2017. The Offertory collection exceeded prior year receipts by \$24,526. Together with a slight decrease of \$2,860 in Annual Appeal receipts, total collection receipts increase by \$21,666. The Parish's Catholic Appeal Rebate, however, decreased by \$20,934, and this decrease offset most of the gains in Offertory and Annual Appeal collections.
- **Operating Expenses** increased by \$24,242, for the year ending June 30, 2018 as compared to spending for the year ended June 30, 2017. This change was primarily driven by increased property repairs and maintenance costs, including utility, insurance, and cleaning costs, as well as the costs of roof inspection and repairs. These were treated as non-capital items and paid for out of operating revenue rather than capital campaign funds. There was also an increase in book expenses for the Religious Education program, but we understand the program hopes to leverage this investment in the coming years.
- **Capital Campaign.** The final total of financial commitments to the Capital Campaign equaled \$1,569,592. Those commitments can be paid over time and as of June 30, 2018 we have received \$1,524,041. From the funds contributed to the Capital Campaign, we have spent (over the course

of several years) \$985,208 through June 30, 2018. Work funded by the Capital Campaign in fiscal year 2018 included updating the HVAC in the rectory and contributing to the cost of the boiler replacement at Saint John School. The boiler expenditure was approximately 70% of the capital expense for the year. We expect to receive payment of the remaining commitments to the Capital Campaign in the coming years and will use the money received exclusively to pay for capital expenditures and repairs to our buildings and properties.

- **Fiscal Year 2019 Budget.** While holding most operating expenses steady, modest increases in both Offertory and Annual Appeal will allow St. John Parish to operate within a break-even budget. The modest anticipated increases are generally in line with increases experienced in recent years.
- **Statement of Financial Position as of June 30, 2018.** 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, 2018

We present the following SCHOOL unaudited financial statements as of June 30, 2018:

3. **Statement of Revenue and Expenditures** (actual results for the fiscal years ended June 30, 2017 and 2018; and budgets for the June 30, 2018 and 2019 fiscal years)
4. **Statement of Financial Position** or balance sheet (as of June 30, 2017 and 2018)

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

- **For the fiscal year ended June 30, 2018**, the School reported an operating deficit of \$29,948 before capital expenditures of \$192,439. The deficit was primarily due to increased salary and benefit cost, particularly for health insurance and 401(k) employer contributions, which more than offset the increase in Total Revenue of \$117,046. Other Operating Expenses increased by \$45,726, which includes increased investments in Technology and Professional Development, as well as increased costs in the Marketing & Development area. The operating deficit was paid from the School's unrestricted Cash and Cash equivalents.
- **Revenue** sources are grouped together at the top of the Statement of Revenue and Expenditures and totaled \$1,991,824 for the fiscal year ended June 30, 2018. The School's major sources of revenue are: (i) funds for a child attending the School (tuition, registration, and after school programs), which totaled \$1,604,715 or 81% of total revenue, (ii) School fund raising, net of fundraising expenses, which totaled \$242,480, or 12% of total revenue, and (iii) the Parish's subsidy of \$50,000, or 3% of total revenue.
- **Operating Expenses** increased \$171,066 (9%) during fiscal year 2018, primarily due to increases in salary and benefit costs and investments in technology and professional development. The FY2019 budget for operating expenses is \$1,881,050, a decrease of \$44,344 (2%), due in large part to leveraging those investments made in past years for textbooks, technology, and professional development.
- **Capital Expenditures** were \$192,439, which consisted principally of spending \$149,655 to replace the school boiler and \$18,624 for classroom whiteboards and projectors. For fiscal year 2019 we have earmarked funds to upgrade security, renovate the Ledyard Street front entrance, and to repaint fourteen classrooms. The school has fully funded the fiscal year 2019 work due to successful fundraising efforts.
- **Fiscal Year 2019 Operating Budget** – The School is anticipating an operating deficit of \$53,770 for fiscal year 2019. The deficit is primarily due to a decline in enrollment, which occurred after staffing for the school year was finalized. We understand the School's administration will carefully monitor performance against budget during the year and continue to search for additional cost saving opportunities. We will also monitor this situation.

Attached are the 2017 and 2018 actual and 2018 and 2019 budgeted financial statements for the Parish and the School.

Respectfully submitted by the Finance Council, St. John the Evangelist Parish
Parish Finance Council Members: Joe Creonte, Lucy Kapples, and Bob McDonnell.

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

	2017 Actual	2018 Budget	2018 Actual	2019 Budget
REVENUE				
Offertory	\$433,184	\$455,000	\$457,710	\$469,000
Annual Appeal	351,238	369,000	348,378	351,000
Sacramental Offerings	23,371	23,000	21,347	24,000
Gifts/Donations	34,093	27,000	50,641	35,000
Religious Education	53,911	50,000	38,045	42,000
Interest Income	3,223	2,700	4,439	4,500
Miscellaneous	3,375	6,250	2,719	3,250
Catholic Appeal Rebate	38,422	25,736	17,488	14,000
TOTAL REVENUE	\$940,817	\$958,686	\$940,767	\$942,750
OPERATING EXPENSES				
Salary and Salary Related:				
Salary and Benefits	\$580,963	\$610,675	\$565,324	\$572,298
Total Salary and Salary Related	\$580,963	\$610,675	\$565,324	\$572,298
Other Operating Expenses				
Administrative	\$36,863	\$44,500	\$34,877	\$37,150
Music & Liturgical	15,297	15,600	14,335	18,700
Religious Education	12,925	7,550	20,216	18,650
Rectory & Household	25,658	25,224	25,942	25,150
Property Maintenance	145,365	155,055	167,572	169,588
Parish Tithe	46,196	43,787	43,786	42,511
School	50,000	50,000	50,000	50,000
Miscellaneous	9,895	6,295	9,713	8,703
Total Other Operating Expense	\$342,199	\$348,011	\$366,441	\$370,452
TOTAL OPERATING EXPENSES	\$923,162	\$958,686	\$931,765	\$942,750
OPERATING SURPLUS/(DEFICIT)	\$17,655	\$0	\$9,002	\$0
Capital Expenditures (1)	\$0	\$0	\$0	\$0
NET SURPLUS/(DEFICIT)	\$17,655	\$0	\$9,002	\$0

(1) Refer to Finance Council's letter to Reverend James Laughlin for discussion of Capital Campaign Expenditures.

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

	June 30, 2017	June 30, 2018
ASSETS		
CASH & CASH EQUIVALENTS		
UNRESTRICTED CASH & CASH EQUIVALENTS	330,960	333,801
RESTRICTED - CAPITAL CAMPAIGN PROCEEDS	602,347	546,395
OTHER RESTRICTED CASH & CASH EQUIVALENTS	194,688	197,545
ACCOUNTS RECEIVABLE	<u>760</u>	<u>1,990</u>
TOTAL ASSETS	<u>\$1,128,755</u>	<u>\$1,079,731</u>
LIABILITIES		
ACCOUNTS PAYABLE & OTHER CURRENT LIABILITIES		
DEPOSITS	17,349	14,071
	<u>30,429</u>	<u>40,010</u>
TOTAL LIABILITIES	47,778	54,081
NET ASSETS		
UNRESTRICTED		
DESIGNATED FOR CAPITAL EXPENDITURES	117,117	117,618
UNDESIGNATED	<u>166,825</u>	<u>164,092</u>
TOTAL UNRESTRICTED NET ASSETS	283,942	281,710
RESTRICTED		
TEMPORARILY RESTRICTED - CAPITAL CAMPAIGN	602,347	546,395
OTHER TEMPORARILY RESTRICTED	163,324	166,047
PERMANENTLY RESTRICTED	<u>31,364</u>	<u>31,498</u>
TOTAL RESTRICTED NET ASSETS	797,035	743,940
TOTAL NET ASSETS	<u>1,080,977</u>	<u>1,025,650</u>
TOTAL LIABILITIES & NET ASSETS	<u>\$1,128,755</u>	<u>\$1,079,731</u>

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

	2017 Actual	2018 Budget	2018 Actual	2019 Budget
REVENUE				
Regular & Stay Day Tuition, net of Financial Aid	\$1,385,991	\$1,428,050	\$1,381,585	\$1,246,240
Registration Fees	87,300	\$90,000	100,900	\$79,000
After School & Athletics Programs	121,341	100,000	122,230	145,000
Interest Income & Market Gain	15,607	5,000	14,468	14,000
Fundraising & Other Donations	154,625	150,000	242,480	220,000
Parish Transfer	50,000	87,000	50,000	50,000
RCAB Support	13,787	10,000	47,479	47,542
Miscellaneous Income and Fees	46,127	25,000	32,682	26,000
TOTAL REVENUE	\$1,874,778	\$1,895,050	\$1,991,824	\$1,827,782
OPERATING EXPENSES				
Salary and Salary Related:				
Salary & Benefits	\$1,544,216	\$1,600,050	\$1,695,652	\$1,652,552
Nonemployee Compensation	33,220	\$30,000	17,235	\$24,000
Total Salary and Salary Related	\$1,577,436	\$1,630,050	\$1,712,887	\$1,676,552
Other Operating Expenses				
Administrative	\$29,667	\$27,000	\$24,979	\$23,000
Texts, Instructional & Teaching Supplies	39,321	35,000	34,419	20,000
After School & Athletics Programs	19,775	0	34,635	28,500
Property Maintenance	113,699	109,000	103,589	94,000
Technology & Professional Development	38,429	48,000	54,207	14,000
Miscellaneous	32,378	46,000	57,056	25,000
Total Other Operating Expense	\$273,269	\$265,000	\$308,885	\$204,500
TOTAL OPERATING EXPENSES	\$1,850,705	\$1,895,050	\$2,021,772	\$1,881,052
Operating Surplus/(Deficit)	\$24,073	\$0	(\$29,948)	(\$53,270)
Capital Expenditures	\$31,795	\$0	\$192,439	\$0
Net Surplus/(Deficit)	(\$7,722)	\$0	(\$222,387)	(\$53,270)

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

	June 30, 2017	June 30, 2018
ASSETS		
CASH & CASH EQUIVALENTS		
UNRESTRICTED	1,280,790	1,039,780
ACCOUNTS RECEIVABLE & OTHER CURRENT ASSETS	<u>10,613</u>	<u>4,713</u>
TOTAL ASSETS	<u><u>1,291,403</u></u>	<u><u>1,044,493</u></u>
 LIABILITIES		
ACCOUNTS PAYABLE	2,272	17,759
ACCRUED PAYROLL	110,035	135,924
DEPOSITS FOR TUITION/REGISTRATION	<u>502,438</u>	<u>436,539</u>
TOTAL LIABILITIES	614,745	590,222
 NET ASSETS		
UNRESTRICTED		
DESIGNATED FOR TREES & TRIMMINGS	68,955	0
DESIGNATED FOR SCRIP	3,710	0
DESIGNATED FOR CAPITAL EXPENSES & MAJOR REPAIRS	210,845	117,722
UNDESIGNATED	<u>393,148</u>	<u>336,549</u>
TOTAL UNRESTRICTED NET ASSETS	676,658	454,271
 TOTAL NET ASSETS	<u>676,658</u>	<u>454,271</u>
 TOTAL LIABILITIES & NET ASSETS	<u><u>1,291,403</u></u>	<u><u>1,044,493</u></u>