

St. John the Evangelist

ANNUAL FINANCIAL REPORT



September 2013

Dear Parishioner,

Enclosed are the annual financial reports for St. John the Evangelist Parish, prepared by our Parish Finance Council. We encourage you to review the Finance Council's cover letter and the accompanying financial statements. In an effort for transparency, the Parish Finance Council has also included the financial results for St. John School and its 2014 budget, although they are separate from our Parish financials. As always, you are welcome to contact parish staff at the rectory 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, 2013, our weekly Offertory and Annual Appeal (formerly called the Grand Annual) collections again provided almost 90% of total revenue. Although our revenue was up slightly versus the previous year and very close to what was budgeted, we ended this past year with a deficit of \$41,586. This deficit is largely due to (1) emergency repairs to a broken sewer pipe to the Parish Center and subsequent related costs and (2) to HVAC system repairs that were more extensive than anticipated.

Now that we are over ten years beyond the church's renovation, there are many necessary repairs and renovations to the Church's interior, exterior and operating systems. Although the Finance Council has set aside funds each year to tackle the most urgent projects, the list continues to grow, while the Offertory and Annual Appeal has remained about the same for the past few years. As you are probably now aware, after careful deliberation by the Parish and Finance Councils and a Planning Study by a Cornerstone Fundraising, we will embark on a capital campaign later this year to raise over \$1 million. This much-needed funding will address the items identified in 2011 by the Buildings & Grounds Committee's extensive review of the parish's physical plant. Please note that the move toward a Parish Collaborative will not affect these capital improvements – the physical church and the Parish's finances will continue to be managed and maintained separate from St. Paul Parish. We look forward to telling you more about the campaign when it is launched this fall.

For the current 2013-14 fiscal year, our balanced budget assumes that the combined weekly Offertory and the Annual Appeal collections will remain basically the same versus last year and will cover the routine expenses that we, as a parish, incur. We anticipate that the funds raised by the capital campaign will be in addition to our usual Offertory and Annual Appeal collections, to be used exclusively for major capital improvements. As you plan for the year ahead, we encourage you to reflect carefully on what you are able to give to support St. John Parish and its ministries. We also ask you to consider enrolling in our Parish Pay program, our on-line payment system, as this helps our financial planning and mitigates significant declines in the weekly offertory associated with snow storms, holidays and summer vacations.

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 lots of 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. As St. Francis reminds us, it is in giving that we receive.

We look forward to the year ahead. Thank you for your continued support of St. John the Evangelist Parish!

Abundant blessings,

Reverend Thomas F. Powers, Pastor

September, 2013

Reverend Thomas F. Powers
Pastor
St. John the Evangelist Parish
9 Glen Road
Wellesley, MA 02481

PARISH Financial Report for the Fiscal Year Ended June 30, 2013

Dear Father Tom,

We have reviewed the following PARISH financial statements as of June 30, 2013:

1. **Statement of Revenues and Expenditures** (actual results for the fiscal years ended June 30, 2012 and 2013; and budgets for the June 30, 2013 and 2014 fiscal years)
2. **Statement of Financial Position** or balance sheet (as of June 30, 2012 and 2013)

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

- **For the fiscal year ended June 30, 2013**, the Parish reported a deficit of \$41,586 which is after \$62,870 of deferred capital projects and unexpected repairs (broken sewer pipe and HVAC repairs). The Parish still faces a significant amount of capital expenditures and the Finance Council fully supports the initiation of the capital campaign this fall.
- **Revenue** sources are grouped together at the top of the Statement of Revenues and Expenditures. Both the weekly Offertory and the Annual Appeal came in slightly higher than budgeted and +2% vs. FY2012 actual -- a true testament to the generosity of our parishioners and the strength of the Parish. Specifically, the weekly Offertory contributed \$433,662, which was \$3,300 above our fiscal year 2013 Offertory budget, and almost \$10,000 above FY2012 actual. The Annual Appeal (contributing \$449,953 last year) was slightly above our 2013 Annual Appeal budget (+\$6,200) and \$11,000 above the FY2012 actual.
- **Operating Expenses** increased by \$37,248, or 4.0%, in the 12-month period ending June 30, 2013 compared to actual spending for the same period in 2012. Almost \$10,000 related to higher property maintenance costs in FY2013, almost \$11,000 related to higher administrative costs, and almost \$14,000 related to higher compensation-related costs compared to FY2012.
- **Capital Expenditures** of \$62,870 for last year were significantly higher than budgeted due to unforeseen broken sewer pipe and HVAC repairs. The Parish Finance Council has continued to fund certain major capital projects identified in the Buildings & Grounds report from 2011, however, additional capital projects remain and will be addressed through the funding raised in the capital campaign.

- The **FY2014 Budget** projects breakeven results and assumes a modest decrease in FY2014 spending of 2.14% compared to actual spending in FY2013, but no material change in spending when compared to the FY2013 budget – a \$384 reduction. This level of spending includes a capital expenditure and reserve allowance of \$45,000 and assumes a 1.2% decrease in the combined weekly Offertory collection and the Annual Appeal compared to actual contributions in FY2013. In summary, most budgeted items are remaining the same as budgeted for spending in FY2013 with the exception of two items. With the implementation of the Archdiocese’s new financial model, the Parish’s contribution to the School will decrease by \$48,000 (to a new annual level of \$50,000), which largely offsets an increase in payments to the Archdiocese by \$38,974. This is a permanent change in how our expenses are allocated.
- **Statement of Financial Position as of June 30, 2013.** 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 and the Parish Center. 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, 2013

We present the following SCHOOL unaudited financial statements as of June 30, 2013:

3. **Statement of Revenues and Expenditures** (actual results for the fiscal years ended June 30, 2012 and 2013; and budgets for the June 30, 2013 and 2014 fiscal years)
4. **Statement of Financial Position** or balance sheet (as of June 30, 2012 and 2013)

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

- **For the fiscal year ended June 30, 2013**, the School reported a surplus of \$144,781, which is before spending \$10,632 on capital improvements to the facilities. The \$134,149 surplus was put toward the School's Reserve account, which represents funds typically designated for future capital expenditures and unplanned maintenance and repairs.
- **Revenue** sources are grouped together at the top of the Statement of Revenues and Expenditures and totaled \$1,336,778 for the 12-month period ending June 30, 2013. 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 \$1,005,535, or over 75% of total revenues, (ii) School fund raising, which amounted to \$75,000, or over 5.6%, and (iii) the Parish's subsidy of \$98,000, or over 7%. The 2014 School budget shows the Parish's subsidy at \$50,000, a reduction of \$48,000.
- **Operating Expenses** were under budget by \$21,199, or 1.7%, in the 12-month period ending June 30, 2013 but is not expected to be repeated in fiscal year 2014.
- **Capital Expenditures** were \$10,632 for the 12-month period ending June 30, 2013 to cover bathroom renovations to accommodate 3-4 year olds, replace bell-clock system, and new refrigerator replacement. The looming capital expenditure for the School is the replacement of the two boilers that heats the building. The replacement of the boilers is not budgeted to occur in the coming year but the school has been accruing funds to cover a portion of the cost.

So concludes the financial review for the Parish's financial statements and the School's financial statements. Attached are the actual and 2014 budgeted financial statements for the Parish and the actual and 2014 budgeted financial statements for the School.

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

Stephen St. Thomas, Chair

Parish Finance Council Members:

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

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

| | 2012 Actual | 2013 Budget | 2013 Actual | 2014 Budget |
|--|-------------------------|-------------------------|-------------------------|-------------------------|
| <u>REVENUE</u> | | | | |
| Offertory | \$423,856 | \$430,300 | \$433,663 | \$428,702 |
| Annual Appeal | 438,986 | 443,700 | 449,953 | 444,399 |
| Sacramental Offerings | 12,806 | 14,200 | 11,140 | 14,000 |
| Gifts/Donations | 27,444 | 24,800 | 32,379 | 36,800 |
| Religious Education | 46,875 | 54,000 | 53,929 | 56,455 |
| Interest Income | 4,723 | 8,100 | 4,833 | 7,500 |
| Miscellaneous | 25,780 | 16,640 | 2,500 | 3,500 |
| TOTAL REVENUE | <u>\$980,470</u> | <u>\$991,740</u> | <u>\$988,397</u> | <u>\$991,356</u> |
| <u>OPERATING EXPENSES</u> | | | | |
| Salary and Salary Related: | | | | |
| Salary and Benefits | \$586,014 | 598,985 | \$600,240 | 603,794 |
| Total Salary and Salary Related | <u>\$586,014</u> | <u>\$598,985</u> | <u>\$600,240</u> | <u>\$603,794</u> |
| Other Operating Expenses | | | | |
| Administrative | \$38,002 | 37,800 | \$51,130 | 39,970 |
| Music & Liturgical | 19,675 | 20,200 | 19,586 | 20,100 |
| Religious Education | 19,439 | 20,300 | 21,753 | 22,480 |
| Rectory & Household | 30,900 | 32,620 | 34,967 | 35,200 |
| Property Maintenance | 111,705 | 112,775 | 121,717 | 112,890 |
| Cathadromatic/Parish Tithe | 4,000 | 4,000 | 0 | 46,272 |
| Chaplaincy | 5,681 | 6,500 | 5,895 | 0 |
| School | 98,000 | 98,000 | 98,000 | 50,000 |
| Miscellaneous | 16,449 | 15,560 | 13,825 | 15,650 |
| Total Other Operating Expense | <u>\$343,851</u> | <u>\$347,755</u> | <u>\$366,873</u> | <u>\$342,562</u> |
| TOTAL OPERATING EXPENSES | <u>\$929,865</u> | <u>\$946,740</u> | <u>\$967,113</u> | <u>\$946,356</u> |
| Balance before Capital Expenditures | 50,605 | 45,000 | 21,284 | 45,000 |
| Capital Expenditures | 52,366 | 45,000 | 62,870 | 45,000 |
| Balance after Capital Expenditures | (\$1,761) | \$0 | (\$41,586) | \$0 |
| Net Income/(Loss) | (\$1,761) | \$0 | (\$41,586) | \$0 |

**St. John the Evangelist Parish
Statement of Financial Position
June 30, 2013**

| | June 30, 2012 | June 30, 2013 |
|--|-------------------------|-------------------------|
| ASSETS | | |
| CASH AND CASH EQUIVALENTS | | |
| UNRESTRICTED | 605,676 | 542,669 |
| TEMPORARILY RESTRICTED | 145,875 | 148,381 |
| PERMANENTLY RESTRICTED | 31,068 | 31,129 |
| ACCOUNTS RECEIVABLE | 0 | 6,088 |
| DEPOSIT HELD FOR SCHOOL | <u>-15,000</u> | <u>-15,000</u> |
| TOTAL ASSETS | <u>\$767,619</u> | <u>\$713,267</u> |
| LIABILITIES | | |
| ACCOUNTS PAYABLE | 5,124 | -4,826 |
| OTHER CURRENT LIABILITIES | 4,798 | 8,818 |
| DEPOSITS FOR RELIGIOUS EDUCATION | <u>31,820</u> | <u>28,949</u> |
| TOTAL LIABILITIES | 41,742 | 32,941 |
| NET ASSETS | | |
| UNRESTRICTED | | |
| DESIGNATED FOR ORGAN | 68,528 | 69,319 |
| DESIGNATED FOR CAPITAL EXPENDITURES and MAJOR REPAIRS | 116,012 | 116,240 |
| UNDESIGNATED | <u>364,394</u> | <u>315,257</u> |
| TOTAL UNRESTRICTED | 548,934 | 500,816 |
| TEMPORARILY RESTRICTED | 145,875 | 148,381 |
| PERMANENTLY RESTRICTED | <u>31,068</u> | <u>31,129</u> |
| TOTAL NET ASSETS | <u>725,877</u> | <u>680,326</u> |
| TOTAL LIABILITIES & NET ASSETS | <u>\$767,619</u> | <u>\$713,267</u> |

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

| | 2012 Actual | 2013 Budget | 2013 Actual | 2014 Budget |
|--|------------------------|------------------------|------------------------|------------------------|
| REVENUE | | | | |
| Tuition and Stay Day | \$915,361 | \$964,520 | \$1,005,535 | \$971,750 |
| Registration | 34,300 | 86,000 | 92,000 | 77,000 |
| After School Program | 35,449 | 38,000 | 32,694 | 34,000 |
| Fees - Miscellaneous | 3,760 | 2,600 | 4,050 | 3,600 |
| Gifts/Donations | 2,289 | 2,000 | 2,595 | 1,500 |
| Interest Income | 1,398 | 2,100 | 982 | 1,850 |
| Parish Transfer | 98,000 | 98,000 | 98,000 | 50,000 |
| School Council Fundraising Contribution | 75,000 | 75,000 | 75,000 | 125,000 |
| RCAB Support | 13,047 | 14,000 | 18,892 | 12,000 |
| Miscellaneous | 4,793 | 6,900 | 7,030 | 4,900 |
| TOTAL REVENUE | \$1,183,397 | \$1,289,120 | \$1,336,778 | \$1,281,600 |
| OPERATING EXPENSES | | | | |
| Salary and Salary Related: | | | | |
| Exempt | \$767,352 | \$870,245 | \$868,475 | \$931,115 |
| Non Exempt | 109,675 | 113,251 | 91,210 | 88,000 |
| Contract Labor | 13,472 | 12,500 | 15,496 | 14,000 |
| Total Salary and Salary Related | \$890,499 | \$995,996 | \$975,181 | \$1,033,115 |
| Other Operating Expenses | | | | |
| Administrative | \$16,033 | \$15,300 | \$14,114 | \$18,400 |
| Texts, Instructional & Teaching Supplies | 25,327 | 25,000 | 32,221 | 59,000 |
| Professional Memberships and Dues | 5,772 | 9,500 | 2,928 | 8,500 |
| Property Maintenance | 136,099 | 136,200 | 140,616 | 133,200 |
| Technology | 7,362 | 8,000 | 15,078 | 33,000 |
| Miscellaneous | 10,928 | 23,200 | 11,859 | 9,700 |
| School Council Expense | * | * | * | * |
| Total Other Operating Expense | \$201,521 | \$217,200 | \$216,816 | \$261,800 |
| TOTAL OPERATING EXPENSES | \$1,092,020 | \$1,213,196 | \$1,191,997 | \$1,294,915 |
| Balance before Capital Expenditures | 91,377 | 75,924 | 144,781 | -13,315 |
| Capital Expenditures | 7,454 | 25,000 | 10,632 | 25,000 |
| Balance after Capital Expenditures | \$83,923 | \$50,924 | \$134,149 | (\$38,315) |
| Net Income/(Loss) | \$83,923 | \$50,924 | \$134,149 | (\$38,315) |

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

June 30, 2013

| | June 30, 2012 | June 30, 2013 |
|---|----------------------|----------------------|
| ASSETS | | |
| CASH AND CASH EQUIVALENTS | | |
| UNRESTRICTED | 1,081,738 | 1,243,890 |
| ACCOUNTS RECEIVABLE & OTHER CURRENT ASSETS | 24,800 | 15,000 |
| TOTAL ASSETS | \$1,106,538 | 1,258,890 |
| LIABILITIES | | |
| ACCOUNTS PAYABLE | -1,455 | -4,303 |
| ACCRUED PAYROLL | 0 | 0 |
| DEPOSITS FOR TUITION/REGISTRATION(2013-2014) | 487,467 | 503,676 |
| TOTAL LIABILITIES | 486,012 | 499,373 |
| NET ASSETS | | |
| UNRESTRICTED | | |
| DESIGNATED FOR TREES & TRIMMINGS | 2,942 | 12,757 |
| DESIGNATED FOR SCRIP | 11,409 | 11,030 |
| DESIGNATED FOR CAPITAL EXP & MAJOR REPAIR | 232,563 | 232,586 |
| UNDESIGNATED | 373,612 | 503,144 |
| TOTAL UNRESTRICTED | 620,526 | 759,517 |
| TOTAL NET ASSETS | 620,526 | 759,517 |
| TOTAL LIABILITIES & NET ASSETS | 1,106,538 | 1,258,890 |