



# ST. JOHN XXIII PARISH

The English-speaking Roman Catholic Parish in Geneva

## **Financial Statements**

For the years ended December 31, 2018 and 2017  
with Independent Auditor's Report

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# INDEPENDENT AUDITOR'S REPORT

The General Assembly  
St. John XXIII Parish, *an Association*  
The English-speaking Roman Catholic Parish of Geneva  
Rue de Montbrillant 57  
1202 Geneva, Switzerland

## Report on the Financial Statements

I have audited the accompanying financial statements of St. John XXIII Parish, *an Association* (a not-for-profit organization) established in conformity with Articles 52, 60 et. Se. of the Swiss Civil Code (the "Parish"). These financial statements comprise the statement of financial position as of December 31, 2018 and 2017, and the related statements of activities and cash flows for the years then ended, and the related notes to the financial statements.

## The Parish Administrative Council's Responsibility for the Financial Statements

As outlined in the Statutes of the Parish, the Parish Administrative Council is the executive committee of the Parish. It is responsible for the preparation and fair presentation of the financial statements in accordance with generally accepted accounting principles. This responsibility includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

## Auditor's Responsibility

As the Independent Auditor appointed by the General Assembly of the Parish, my responsibility is to express an opinion, based on my audit, as to the fair presentation of these financial statements.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, I express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by the Parish Administrative Council, as well as evaluating the overall presentation of the financial statements

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

## **Opinion**

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Parish as of December 31, 2018 and 2017, and the changes in its net assets and cash flows for the years then ended in accordance with generally accepted accounting principles.

## **Emphasis of Certain Matters**

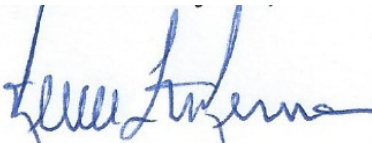
As discussed in Note 2 to the financial statements, a private initiative by certain parishioners to provide educational support to students in Turkana, Kenya - the Turkana Education Fund - will be subsumed into the Parish's Global Outreach Committee from 2019. The financial statements for 2018 and 2017 have been amended to reflect the charitable activities and the cash balances of the Turkana Education Fund for those years.

As discussed in Note 3 to the financial statements, the accumulated amortization of improvements made to the church premises was changed based on a revised estimate of the useful life of these improvements. This change in estimate resulted in additional amortization of CHF 680,246 in the current year. This change in accounting estimate is accounted for prospectively.

My audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The schedule of functional expenses in Note 6 to the financial statements are presented for purposes of additional analysis and are not a required part of the financial statements. Such information is the responsibility of the Parish Administrative Council and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with generally accepted auditing standards.

In my opinion, the schedule of functional expenses is fairly stated in all material respects in relation to the financial statements as a whole.

Geneva, May 29, 2019



Kevin L. McKenna  
Independent Auditor

**St. John XXIII Parish**  
**Statement of Financial Position**  
**as of 31 December 2018 and 2017**  
**(in Swiss francs)**

<b>ASSETS</b>		<b><u>2018</u></b>	<b><u>2017</u></b>
Current assets:			
Cash	[ Note 2 ]	504,095	518,487
Receivables		11,970	8,796
Prepaid expenses		-	1,400
Property improvements, fixtures and equipment, net	[ Note 5 ]	3,654,593	4,380,492
<b>Total Assets</b>		<b>CHF <u><u>4,170,659</u></u></b>	<b>CHF <u><u>4,909,175</u></u></b>
<b>LIABILITIES AND NET ASSETS</b>			
Current liabilities:			
Amounts payable to suppliers		22,216	28,989
Accrued expenses and deferred support fees		46,726	43,356
Allocated grants payable		8,636	10,565
Loans payable within one year		139,700	120,000
Loans payable	[ Note 4 ]	877,750	1,098,500
Total Liabilities		<u>1,095,028</u>	<u>1,301,410</u>
Net assets:	[ Note 2 ]		
Net assets without donor restrictions		(562,900)	(804,786)
Net assets with donor restrictions		3,638,531	4,412,551
Total Net Assets		<u>3,075,631</u>	<u>3,607,765</u>
<b>Total Liabilities and Net Assets</b>		<b>CHF <u><u>4,170,659</u></u></b>	<b>CHF <u><u>4,909,175</u></u></b>

The accompanying notes are an integral part of these financial statements.

**St. John XXIII Parish**  
**Statement of Activities**  
**for the years ended 31 December 2018 and 2017**  
**(in Swiss francs)**

	<u>2018</u>	<u>2017</u>
<b><u>Net Assets Without Donor Restrictions:</u></b>		
Contributions and Other Support:		
Weekly offertory collections	256,653	235,742
Annual pledges received	205,975	209,173
Proceeds from fundraising events, primarily Kermesse	77,289	67,515
Parishioner support for ministries	36,906	30,851
Donations, gifts and bequests	9,421	10,159
Other receipts, primarily fees for Centre use	79,892	82,247
Released from Net Assets With Donor Restrictions [ Note 2 ]	187,805	181,693
Total Contributions and Other Support	<u>853,942</u>	<u>817,380</u>
Expenses:		
Parish ministries	75,849	50,641
Outreach programs	168,656	188,894
Parish facilities	155,084	150,951
Parish administration	258,782	265,850
Total Expenses	<u>658,371</u>	<u>656,336</u>
Increase (Decrease) in Net Assets Without Donor Restrictions	<u>195,571</u>	<u>161,044</u>
<b><u>Net Assets With Donor Restrictions:</u></b>		
Contributions and Other Support:		
Support for Growing in Faith Initiative	90,600	99,111
Support for Global Outreach initiatives, primarily Turkana [ Note 2 ]	67,010	63,280
Special Outreach collections	30,195	19,302
Released from Net Assets With Donor Restrictions	(187,805)	(181,693)
Total Contributions and Other Support	<u>-</u>	<u>-</u>
Expenses:		
Amortization of premises [ Note 3 ]	727,705	47,459
Total Expenses	<u>727,705</u>	<u>47,459</u>
Increase (Decrease) in Net Assets With Donor Restrictions	<u>(727,705)</u>	<u>(47,459)</u>
<b>Total Change in Net Assets</b>	<b>(532,134)</b>	<b>113,585</b>
Net Assets, Beginning of Year	<u>3,607,765</u>	<u>3,494,180</u>
Net Assets, End of Year	<b>CHF <u>3,075,631</u></b>	<b>CHF <u>3,607,765</u></b>

**The accompanying notes are an integral part of these financial statements.**



**St. John XXIII Parish**  
**Statement of Cash Flows**  
**for the years ended 31 December 2018 and 2017**  
**(in Swiss francs)**

	<u>2018</u>	<u>2017</u>
<b>Cash Flows from Parish Operating Activities</b>		
Change in net assets	(532,134)	113,585
Adjustments to reconcile change in net assets to net cash from operating activities:		
Depreciation and amortization	733,451	52,108
Effect of change in operating assets and liabilities		
Receivables	(3,175)	(8,386)
Prepaid expenses	1,400	657
Accounts payable to suppliers	(6,773)	18,154
Accrued expenses and deferred support fees	3,370	(13,691)
Allocated grants payable	(1,929)	10,565
Net cash provided (used) by Parish operating activities	194,211	172,992
<b>Cash Flows from Parish Investing Activities</b>		
Purchase of fixtures and equipment	(7,552)	-
Net cash provided (used) by Parish investing activities	(7,552)	-
<b>Cash Flows from Parish Financing Activities</b>		
Principal payments on loans payable	[ Note 4 ] (201,050)	(180,000)
Net cash provided (used) by Parish financing activities	(201,050)	(180,000)
<b>Net increase (decrease) in cash</b>	(14,391)	(7,008)
<b>Cash, beginning of year</b>	518,487	525,495
<b>Cash, end of year</b>	CHF 504,096	CHF 518,487

**The accompanying notes are an integral part of these financial statements.**

**St. John XXIII Parish**  
**Notes to Financial Statements**  
**for the years ended 31 December 2018 and 2017**

**NOTE 1. AUTHORITY AND PURPOSE**

St. John XXIII Parish is an *association* ( a not-for-profit organization ) established in conformity with Article 52, 60 et. Seq. of the Swiss Civil Code (the "Parish"). The Parish is composed of brothers and sisters in Christ committed to working together to advance the mission of the Holy Roman Catholic Church.

The church life and celebration of the Parish takes place at real property located at 57 rue de Montbrillant, 1202 Geneva, Switzerland (the "Montbrillant Property" or the "Premises"). The Parish has been granted exclusive and rent-free use of the Montbrillant Property for an initial period of twenty-five (25) years ending 2035 by the property's owner, La Paroisse Saint-Nicolas -de-Flue (the "Agreement").

**NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING PRACTICES AND REPORTING POLICIES**

**Basis of Presentation**

These financial statements have been prepared on the accrual basis in accordance with the AICPA Audit and Accounting Guide, "Not-for-Profit Organizations." The accounting principles used are consistent with those used in prior years except as disclosed below and in Note 3.

The significant accounting policies followed are described below.

**Contributions**

Contributions of cash and other assets are reported as revenue when received and are measured at fair value. Contributions with donor-imposed restrictions are reported as restricted revenue until donor-imposed restrictions are met. The Parish receives pledges from its members for operations of the Parish. The Parish records these pledges as revenue when the cash is received.

**Depreciation and Amortization**

Parish equipment is depreciated over five (5) years on a straight-line basis. Improvements to the church and parish house on the Montbrillant Property are depreciated over twenty-five (25) years on a straight-line basis.

**Classification of Net Assets**

Net assets of the Parish are classified based on the presence or absence of donor-imposed restrictions. Net assets of the Parish are comprised of two groups, as follows:

Net Assets Without Donor Restrictions: Amounts that are not subject to usage restrictions based on donor-imposed requirements. This class also includes assets previously restricted where restrictions have expired or have been met.

Net Assets with Donor Restrictions: Assets subject to usage limitations based on donor-imposed or grantor restrictions. These restrictions may be temporary or may be based on a particular use. Restrictions may be met by the passage of time or by actions of the Parish. When donor restrictions are met, the restricted net assets are transferred to normal Parish operations. Net assets of the Parish with donor restrictions relate primarily to property improvements undertaken as part of the Growing in Faith Campaign.

**Subsequent Events**

The Parish evaluates events and transactions occurring subsequent to the date of the financial statements for matters requiring recognition or disclosure in the financial statements. The accompanying financial statements consider events through May 29, 2019, the date on which the financial statements were made available to be issued.

The Turkana Education Fund began as a private initiative by parishioners to provide individual sponsorships for the education of promising students in Turkana. From 2019, this activity will be subsumed into the activities of the Global Outreach Committee. The financial statements for 2018 and 2017 have been amended to reflect the charitable activities and the cash balances of the Turkana Education Fund for those years.

**NOTE 3. CHANGE IN ACCOUNTING ESTIMATE**

The Agreement permits the Parish to make improvements to the Premises. The Parish started using the Premises in 2013, in which year an amortization charge was first applied. In the Agreement, the parties specify that investments, improvements and modifications to the Premises be amortized over a period of twenty-five (25) years on a straight-line basis. Accumulated amortization of improvements was adjusted to reflect the terms of the Agreement, and this a change in accounting estimated and accounted for prospectively. Additional amortization of CHF 680,246 was recorded in 2018 to reflect this change in accounting estimate.

**St. John XXIII Parish**  
**Notes to Financial Statements**  
**for the years ended 31 December 2018 and 2017**

**NOTE 4. LOANS PAYABLE**

	Balance December 31 <u>2016</u>	2017 <u>Reductions</u>	Balance December 31 <u>2017</u>	2018 <u>Reductions</u>	Balance December 31 <u>2018</u>
Eglise Catholique Romaine-Geneve	1,000,000	(100,000)	900,000	(120,000)	780,000
Mission Interieure	100,000	(40,000)	60,000	(60,000)	-
Mission Interieure [EFOZ-08]	200,000	(40,000)	160,000	(20,000)	140,000
Mission Interieure [EKOZ-02]	<u>98,500</u>	-	<u>98,500</u>	(1,050)	<u>97,450</u>
	1,398,500		1,218,500		1,017,450
Amounts Due Within One Year	(80,000)		(120,000)		(139,700)
Long-term Loan Payable	CHF <u>1,318,500</u>		CHF <u>1,098,500</u>		CHF <u>877,750</u>

The Eglise Catholique Romaine-Geneve ("ECR") administers the 51 parishes and linguistic missions meeting the needs of Catholics in Geneva. It has provided a loan to the Parish to finance improvements and renovations to the Parish.

The loan from the ECR is due on 31 December 2020. The interest rate of loan is 2.0%, payable semi-annually. A contractual repayment of CHF 40,000 to reduce the loan balance is due annually. Early repayment of the loan is permitted. Interest expense was CHF 17,600 in 2018.

The Parish has obtained loans from Mission Interieure ("MI") to make improvements to the Premises. MI is an organization dedicated to promoting religious life in Switzerland. Among its activities, MI assists parishes in the preservation of church buildings to allow parish communities to flourish.

Loan MI - EFOZ-08 is interest-free for a term of ten years and payable in full by December 2022. The loan is repayable in five equal annually tranches of CHF 40,000 beginning in December 2018. Early repayment of the loan is permitted. The loan is unsecured. A covenant in the loan agreement includes an appeal to the Parish to conduct special collections twice a year, the proceeds of which are intended to support the work of MI.

Loan MI - EKOZ-02 is interest-free for a term of ten years and payable in full by December 2023. The loan is repayable in five equal annual tranches of CHF 19,700 beginning in December 2019. Early repayment of the loan is permitted. The loan is unsecured. A covenant in the loan agreement includes an appeal to the Parish to conduct special collections twice a year, the proceeds of which are intended to support the work of MI.

**NOTE 5. PROPERTY IMPROVEMENTS, FIXTURES AND EQUIPMENT**

	Property Improvement	Fixtures	Equipment	Total
<b>COST</b>				
at January 1	4,745,910	25,335	4,277	4,775,522
Additions in 2018	-	7,552	-	7,552
at December 31	<u>4,745,910</u>	<u>32,887</u>	<u>4,277</u>	<u>4,783,074</u>
<b>ACCUMULATED DEPRECIATION</b>				
at January 1	379,675	12,381	2,975	395,031
Additions in 2018	47,458	5,417	330	53,205
Change in Estimate	680,246	-	-	680,246
at December 31	<u>1,107,379</u>	<u>17,798</u>	<u>3,305</u>	<u>1,128,482</u>
<b>NET BOOK VALUE</b>				
at December 31	CHF <u>3,638,531</u>	CHF <u>15,089</u>	CHF <u>973</u>	CHF <u>3,654,593</u>

Property improvements were made as part of the Growing in Faith Campaign and have donor-imposed restrictions.

**St. John XXIII Parish**  
**Notes to Financial Statements**  
**for the years ended 31 December 2018 and 2017**

**NOTE 6. SCHEDULE OF FUNCTIONAL EXPENSES**

	<u>2018</u>	<u>2017</u>
Parish Ministries and Programs:		
Adult education program	2,179	-
Communications and printed material	112	1,333
Hospitality Committee	1,909	2,195
Liturgy Committee and ministerial support	40,276	24,278
Other parish ministries	2,173	935
Religious education program	29,200	21,900
Total Parish Ministries and Programs	<u>75,849</u>	<u>50,641</u>
Outreach:		
Assistance Abroad Committee	20,000	20,000
Tertiary education support	9,346	6,669
Diocesan projects	63,153	56,870
Local welfare support	1,694	921
Remittance of special collections	25,195	19,434
Turkana projects	49,268	85,000
Total Outreach	<u>168,656</u>	<u>188,894</u>
Parish Facilities:		
Priest's car	3,042	5,014
Fixtures and equipment expense	2,266	6,012
Insurance	12,143	12,236
Maintenance & repairs	92,539	82,658
Depreciation and amortization	5,747	-
Contribution for usage of Notre Dame	6,316	6,137
Telephones	6,001	6,289
Utilities	27,030	32,605
Total Parish Facilities	<u>155,084</u>	<u>150,951</u>
Parish Administration:		
Bank charges	1,232	1,160
Fundraising and membership development	14,425	1,342
Maintenance of office equipment	1,191	1,132
Office supplies	4,788	1,816
Priest expenses	20,451	19,787
Personnel	197,237	217,836
Interest on loan	17,600	18,911
Printing and photocopying	1,858	3,866
Total Parish Administration	<u>258,782</u>	<u>265,850</u>
Growing in Faith Initiative:		
Amortization of improvements to parish premises	<u>727,705</u>	<u>47,459</u>
Total Growing in Faith Initiative	<u>727,705</u>	<u>47,459</u>
<b>TOTAL FUNCTIONAL EXPENSES</b>	<b>CHF 1,386,076</b>	<b>CHF 703,795</b>