

## **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, 2019, and the related statements of activities and cash flows for the years then ended, and the related notes to the financial statements.

The financial statements for the years ended 31 December 2018 and 2017 were audited by another auditor who expressed an unqualified opinion on those financial statements in their report dated May 29, 2019.

### **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.

However, I identified certain deficiencies in internal control that I consider to be significant deficiencies, and communicated them in writing to the Parish Administrative Council on 24 June 2020. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

My consideration of internal control was for the limited purpose described in the first paragraph and was not designed to identify all deficiencies in internal control that might be deficiencies, significant deficiencies, or material weaknesses.

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, 2019, and the changes in its net assets and cash flows for the years then ended in accordance with generally accepted accounting principles.

### **Emphasis of Matter**

The audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The schedule of functional expenses in Note 5 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, July 6, 2020  
Beryl Oriaro  
Independent Auditor

**St. John XXIII Parish**  
**Statement of Financial Position**  
**as of 31 December 2019**  
**(in Swiss francs)**

	<u>2019</u>	<u>2018</u>
<b>ASSETS</b>		
<u>Current Assets:</u>		
Cash	458,602	504,095
Receivables	4,690	11,970
Prepaid expenses	4,995	-
Property and equipment, net of accumulated depreciation	[Note 4] 3,482,932	3,654,593
<b>Total Assets</b>	<b>3,951,220</b>	<b>4,170,659</b>
 <b>LIABILITIES AND NET ASSETS</b>		
<u>Current Liabilities:</u>		
Amount payable to suppliers	10,337	22,216
Accrued expenses and deferred support fees	42,068	46,726
Allocated Grants Payable	11,551	8,636
Loans payable within one year	59,490	139,700
Loans payable	[Note 3] 758,470	877,750
Total Liabilities	<u>881,915</u>	<u>1,095,028</u>
Net Assets:	[Note 2]	
Net assets without donor restrictions	(379,390)	(562,900)
Net assets with donor restrictions	3,448,694	3,638,531
Total Net Assets	<u>3,069,304</u>	<u>3,075,631</u>
<b>Total Liabilities and Net Assets</b>	<b>CHF <u>3,951,220</u></b>	<b><u>4,170,659</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 2019**  
**(in Swiss francs)**

	<u>2019</u>	<u>2018</u>
<b><u>Net Assets with Donor Restrictions</u></b>		
Contributions and Other Support:		
Weekly offertory collections	261,213	256,653
Annual Pledges received	189,274	205,975
Proceeds from fundraising events, mainly Kermesse	63,094	77,289
Parishioner support for ministries	56,137	36,906
Donations, gifts and bequests	23,599	9,421
Other, primarily fees from Centre use	82,058	79,892
Net Assets Released from Other Support [ Note 2]	137,577	187,805
Total Contributions and Other Support:	812,953	853,942
<b>Expenses:</b>		
Parish ministries and programs	86,724	75,849
Outreach programs	147,074	168,656
Parish facilities	164,244	155,084
Parish administration	231,402	258,782
Total Expenses	629,444	658,371
Increase (Decrease) in Net Assets without Donor Restrictions	183,509	195,571
<b><u>Net Assets with Donor Restrictions</u></b>		
Contributions and Other Support:		
Support for Growing in Faith	76,306	90,600
Support for Global Outreach initiatives, primarily Turkana		67,010
Special Outreach collections, including Turkana	61,272	30,195
Net Assets Released from Restrictions	(137,577)	(187,805)
	-	-
<b>Expenses:</b>		
Amortization of premises	189,836	727,705
Total Expenses	189,836	727,705
Increase (Decrease) in Net Assets With Donor Restrictions	(189,836)	(727,705)
<b>Total Change in Net Assets</b>	(6,327)	(532,134)
Net Assets, Beginning of Year	3,075,631	3,607,765
Net Assets, End of Year	3,069,304	3,075,631

**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 2019**  
**(in Swiss francs)**

	<u>2019</u>	<u>2018</u>
<b>Cash Flows from Parish Operating Activities</b>		
Change in net assets	(6,327)	(532,134)
Adjustments to reconcile change in net assets to net cash from operating activities:		
Depreciation and amortization	195,667	733,451
Effect of change in operating assets and liabilities		
Receivables	7,281	(3,175)
Prepaid expenses	(4,995)	1,400
Accounts payable to suppliers	(11,879)	(6,773)
Accrued expenses and deferred support fees	(4,658)	3,370
Allocated grants payable	2,915	(1,929)
	178,003	194,210
<b>Cash Flows from Parish Investing Activities</b>		
Purchase of fixtures and equipment	(24,006)	(7,552)
	(24,006)	(7,552)
<b>Cash Flows from Parish Financing Activities</b>		
Principal payments on loans payable	(199,490)	(201,050)
	(199,490)	(201,050)
<b>Net increase (decrease) in cash</b>	(45,493)	(14,391)
<b>Cash, beginning of year</b>	504,095	518,487
<b>Cash, end of year</b>	458,602	504,096

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

**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 years (25) 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.

**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. The Parish receives pledges from its members for operations of the Parish. The Parish treats these pledges as revenue when the cash is received.

**Depreciation and Amortization**

Parish equipment is depreciated over five (5) years for fixtures and three (3) for equipment 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. 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 June 30, 2020, the date on which the financial statements were made available to be issued.



**St. John XXIII Parish**  
**Notes to Financial Statements**  
**for the years ended 31 December 2019**

**NOTE 3. LOANS PAYABLE**

	Balance December 31 <u>2018</u>	2019 <u>Reductions</u>	Balance December 31 <u>2019</u>
Eglise Catholique Romaine- Geneve	780,000	120,000	660,000
Mission Interieure [EFOZ-08]	140,000	60,000	80,000
Mission Interieure [EKOZ-02]	97,450	19,490	77,960
	<u>1,017,450</u>		<u>817,960</u>
Amounts Due Within One Year	(139,700)		(59,490)
Long-term Loan Payable	<u>CHF 877,750</u>		<u>CHF 758,470</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. However, due to COVID, a loan extension has been granted and only interest will be paid in 2020. Interest expense was CHF 15,200 in 2019.

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 tranches of CHF 40,000 annually 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 4. PROPERTY IMPROVEMENTS, FURNISHINGS AND EQUIPMENT**

<b>2019</b>	Property Improvement	Fixtures	Equipment	Total
<b>COST</b>				
at January 1	4,745,910	32,887	4,277	4,783,074
Additions in 2019	-	11,836	12,170	24,006
at December 31	<u>4,745,910</u>	<u>45,057</u>	<u>16,447</u>	<u>4,807,080</u>
<b>ACCUMULATED DEPRECIATION</b>				
at January 1	1,107,379	17,798	3,305	1,128,482
Additions in 2019	189,838	4,511	1,317	195,666
at December 31	<u>1,297,217</u>	<u>22,309</u>	<u>4,621</u>	<u>1,324,148</u>
<b>NET BOOK VALUE</b>				
at December 31	CHF <u>3,448,693</u>	CHF <u>22,748</u>	CHF <u>11,826</u>	CHF <u>3,482,932</u>

**St. John XXIII Parish**  
**Notes to Financial Statements**  
**for the years ended 31 December 2019**  
**NOTE 5. STATEMENT OF FUNCTIONAL EXPENSES**

	<u>2019</u>	<u>2018</u>
Parish Ministries and Programs:		
Adult education program	821	2,179
Communications and printed material	224	112
Hospitality Committee	3,406	1,909
Liturgy Committee & Ministerial Support	43,223	40,276
Other parish ministries	1,146	2,173
Religious education program	37,904	29,200
Total Parish Ministries and Programs	<b>86,724</b>	<b>75,849</b>
Outreach:		
Global Outreach (previously - AAC)	20,000	20,000
Tertiary Education Support	2,405	9,346
Diocesan Projects	61,485	63,153
Local Welfare Support	75	1,694
Remittance of Special collections	13,088	25,195
Turkana projects	50,020	49,268
Total Outreach	<b>147,074</b>	<b>168,656</b>
Facilities:		
Priest Car	3,279	3,042
Fixtures and equipment expense	1,235	2,266
Insurance	12,269	12,143
Maintenance & repairs	93,691	92,539
Depreciation and amortization	5,830	5,747
Contribution for usage of Notre Dame	5,950	6,316
Telephones	9,416	6,001
Utilities	32,573	27,030
Total Facilities	<b>164,244</b>	<b>155,084</b>
Parish Administration:		
Bank charges	962	1,232
Fundraising and membership development	12,485	14,425
Maintenance of office equipment	2,001	1,191
Office supplies	6,006	4,788
Priests' expenses (recurring)	21,658	20,451
Personnel	169,416	197,237
Interest on Loan	15,200	17,600
Printing and photocopying	3,674	1,858
Total Parish Administration	<b>231,402</b>	<b>258,782</b>
Growing In Faith Initiative:		
Amortization of improvements to parish premises	189,836	727,705
Total Growing In Faith Initiative	<b>189,836</b>	<b>727,705</b>
 Total Functional Expenses	 <b>CHF 819,280</b>	 <b>1,386,076</b>