

***Sacred Heart Center, Inc.***

***Financial Statements***

***Year Ended  
June 30, 2018***

*Sacred Heart Center, Inc.*

*Contents*

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**Fiduciary Financial Ltd.**

1913 Stuart Avenue  
Richmond, Virginia 23220

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Telephone (804) 657-7889

***Report of Independent Auditors***

To the Board of Directors  
***Sacred Heart Center, Inc.***  
Richmond, Virginia

We have audited the accompanying financial statements of **Sacred Heart Center, Inc.**, which comprise the statement of financial position and the related statements of activities, functional expenses, and cash flows for the year then ended.

**Management's Responsibility for the Financial Statements**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of the 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**

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statement. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement in 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 consolidated financial statement 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, we express no such opinion. An audit also includes evaluation the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

**Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of **Sacred Heart Center, Inc.** as of June 30, 2018 and the changes in its net assets and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

*Fiduciary Financial Ltd.*

Fiduciary Financial Ltd.  
Richmond, Virginia  
November 12, 2018

*Sacred Heart Center, Inc.*  
*Statement of Financial Position*

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**June 30, 2018**

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**Assets**

**Current Assets**

Cash and cash equivalents	\$ 742,435
Pledges receivable	<u>61,901</u>
<b>Total current assets</b>	<b>804,336</b>

**Property and equipment**

Furniture and fixtures	13,316
Leasehold improvements	360,449
Equipment	<u>212,419</u>
	586,184
Less - accumulated depreciation	<u>(417,542)</u>
<b>Property and equipment - net</b>	<b>168,642</b>

**Total Assets** \$ 972,978

**Liabilities and Net Assets**

**Current Liabilities**

Accounts payable	18,822
Accrued salaries	<u>15,220</u>
<b>Total current liabilities</b>	<b>34,042</b>

**Net Assets**

Unrestricted	633,607
Temporarily restricted	<u>305,329</u>
<b>Total net assets</b>	<b>938,936</b>

**Total liabilities and net assets** \$ 972,978

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

*Sacred Heart Center, Inc.*

*Statement of Activities*

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**Year Ended June 30, 2018**

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	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
<b>Support and Revenue</b>			
Business & Corporate	27,089	26,221	53,310
Churches & Civic Support	48,316	1,150	49,466
Foundations	241,581	238,490	480,071
Governmental Grants	17,530	15,970	33,500
Inkind Contributions	20,625	-	20,625
Individuals	173,098	-	173,098
United Way	9,624	23,498	33,122
Employee Organizations	13,786	-	13,786
Interest Income	2,121	-	2,121
Miscellaneous Income	219	-	219
Program Fees	27,123	-	27,123
Gains (Losses) on Investments	(311)	-	(311)
Rental Income	2,750	-	2,750
Released from Restrictions	378,302	(378,302)	-
<b>Total support and revenue</b>	<u>961,853</u>	<u>(72,973)</u>	<u>888,880</u>
<b>Expenses</b>			
Program services	662,383	-	662,383
Administrative	108,771	-	108,771
Development/Fundraising	119,617	-	119,617
<b>Total expenses</b>	<u>890,771</u>	<u>-</u>	<u>890,771</u>
<b>Change in Net Assets</b>	71,082	(72,973)	(1,891)
<b>Net assets, beginning of year</b>	562,525	378,302	940,827
<b>Net assets, end of year</b>	<u>\$ 633,607</u>	<u>\$ 305,329</u>	<u>\$ 938,936</u>

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

*Sacred Heart Center, Inc.*

*Statement of Cash Flows*

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**Year Ended June 30, 2018**

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<b>Cash flows from operating activities:</b>	
Change in net assets	\$ (1,891)
Adjustments to reconcile to net cash from operating activities:	
Depreciation	69,313
Change in:	
Pledges receivable	(55,651)
Accounts payable	2,128
Accrued salaries	10,031
<b>Net cash from operating activities</b>	<u>23,930</u>
<b>Cash flows from investing activities:</b>	
Purchase of property and equipment	<u>(57,592)</u>
<b>Net cash from investing activities</b>	<u>(57,592)</u>
<b>Net change in cash and cash equivalents</b>	(33,662)
<b>Cash and cash equivalents - beginning of year</b>	<u>776,097</u>
<b>Cash and cash equivalents - end of year</b>	<u>\$ 742,435</u>

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

**Sacred Heart Center, Inc.**

**Statement of Functional Expenses**

**Year Ended June 30, 2018**

	Program Services						Management and General	Fund-Raising	Total	
	Adult Literacy	Basic Needs Community Outreach	Family Resource Programming	Latino Leadership	Other Programs	Transportation				Facilities
<b>Expenses</b>										
Bank Charges	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,764	\$ -	\$ 2,764	
Computer	-	-	-	-	-	-	2,695	349	9,126	
Depreciation	-	-	-	-	-	52,892	16,421	-	69,313	
Employee Benefits	10,600	7,532	7,534	166	147	-	136	14,438	42,174	
Food	898	833	10,645	(233)	-	-	-	1,339	14,857	
Fund Raising	-	-	-	-	-	-	-	82	82	
Insurance	-	-	-	-	-	-	5,428	1,039	7,447	
Marketing	86	-	-	-	-	-	-	51	578	
Membership Dues	-	600	54	-	-	-	-	446	1,100	
Miscellaneous	124	515	501	1,571	-	2,020	466	5,347	16,014	
Occupancy	-	-	-	-	-	-	3,198	-	3,198	
Office Supplies	264	193	166	-	232	-	1,414	4,590	6,995	
Payroll Taxes	4,674	4,119	8,899	(8)	1,175	567	-	3,860	29,468	
Postage and Printing	-	33	-	147	1,209	-	150	4,453	7,596	
Professional Fees	22,965	52,705	25,507	1,917	-	-	-	50,800	155,249	
Programs Supplies	7,033	2,053	5,819	572	257	-	-	-	15,753	
Promotion & Advertising	825	-	-	-	-	-	-	4,931	6,454	
Rent	-	-	-	-	-	-	15,338	2,518	20,625	
Repairs and Maintenance	-	-	-	-	-	-	24,004	3,942	32,281	
Salaries and wages	75,161	62,594	116,689	(91)	16,430	7,409	-	15,764	379,815	
Specific Assistance	-	2,230	-	-	-	-	-	-	2,230	
Stipends	75	-	1,022	36,000	-	-	-	-	37,097	
Telephone	-	502	-	-	-	-	727	1,447	2,676	
Training	356	174	215	288	-	-	-	3,513	5,709	
Transportation	63	174	3,055	418	-	(2,395)	-	1,716	3,030	
Utilities	-	-	-	-	-	-	14,233	2,337	19,140	
<b>Total Functional Expenses</b>	<b>\$ 123,124</b>	<b>\$ 134,255</b>	<b>\$ 180,106</b>	<b>\$ 40,747</b>	<b>\$ 19,449</b>	<b>\$ 60,493</b>	<b>\$ 84,209</b>	<b>\$ 118,118</b>	<b>\$ 130,271</b>	<b>\$ 890,771</b>

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

# Sacred Heart Center, Inc.

## Notes to Financial Statements

June 30, 2018

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### 1. Organization and Nature of Activities

*The Sacred Heart Center, Inc.* (the Organization), founded in 1990, continues to provide hope in the impoverished communities of South Richmond. Responding to the changing demographics of the surrounding neighborhood and the changing demographics of the parish, the Center refocused in May 2011 on serving the needs of a growing Hispanic community. The new mission of the Center is to open opportunities for Richmond's Hispanic/Latino community for economic and social integration, self-realization, and community leadership. Since May 2011, programming has focused on adult education at many levels including literacy, English language, parenting and mother's groups, health advocacy, economic literacy, and other life skills.

### 2. Summary of Significant Accounting Policies

**Basis of Accounting:** The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States. Under this accounting method, income is recorded as earned and expenses are recorded as incurred.

**Basis of Presentation:** The Organization reports information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets and permanently restricted net assets. The financial statement report amounts separately by class of net asset, when applicable, as follows:

Unrestricted net assets – Unrestricted net assets are those currently available at the discretion of the Organization's Board of Directors for use in the Organization's operations and those resources invested in property or equipment. Donor restricted contributions; sponsorship and grants whose restrictions are met in the same reporting period are reported as unrestricted support.

Temporarily restricted net assets - Temporarily restricted net assets are those, which are stipulated by donors for a specific time period or operating purpose. When a donor restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

Permanently restricted net assets - Permanently restricted net assets are restricted to investments in perpetuity, the income from which is expendable in accordance with the conditions of each specific donation.

**Estimates:** The preparation of financial statements in accordance with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenues, and expenses and disclosure of contingent assets and liabilities for the reported periods. Actual results could differ from those estimates and assumptions.

**Cash and Cash Equivalents:** The Organization considers all highly liquid instruments purchased with maturities of three months or less to be cash equivalents. Cash and cash equivalents include cash on hand, cash in banks and the Organization's money market account. The Organization maintains deposit accounts at an institution that is insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000.



# Sacred Heart Center, Inc.

## Notes to Financial Statements

June 30, 2018

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**Investments:** Investments are exposed to various risks, such as interest rate, market, and credit. Due to the level of risk associated with certain investment securities and the level of uncertainty related to changes in the value of investment securities, it is at least reasonably possible that changes in the risks in the near term could materially affect amounts reported on the financial statements.

**Accounts Receivable:** Organization has determined that an allowance for doubtful accounts is not necessary based upon expected collectability of its fees, pledges and other receivables.

**Property and Equipment:** Property and equipment purchased by the Organization are stated at cost. Major repairs and betterments exceeding \$250 are capitalized and normal maintenance and repairs are charged to expense as incurred. Property and equipment received directly from donors are recorded at fair market value on the date of donation. Depreciation is provided for by the straight-line method over the useful lives ranging from three to 39 years.

**Donated Services:** The Center receives a significant amount of donated services from unpaid volunteers who assist in special programs. No amounts have been recognized in the statement of activities because the criteria for measurement have not been satisfied.

**Functional Expenses:** The costs of providing various programs and other activities have been summarized on a functional basis in the Statements of Activities and in the Statements of Functional Expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

**Income Taxes:** The Organization is a qualifying non-profit entity as defined under section 501(c)(3) of the Internal Revenue Code and the tax statutes of the Commonwealth of Virginia and is therefore exempt from federal and state income taxation except for that on unrelated business income.

### 3. Related Parties:

The Center's sole shareholder is the Bishop of the Catholic Diocese of Richmond (or his successor) and as such maintains all rights and privileges associated with that status. The sole shareholder delegates the management of the Center to a Board of Directors made up of community volunteers.