

Sacred Heart Center, Inc.

Financial Statements

***Year Ended
June 30, 2017***

Sacred Heart Center, Inc.

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Fiduciary Financial Ltd.

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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, 2017 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
October 18, 2017

Sacred Heart Center, Inc.
Statement of Financial Position

June 30, 2017

Assets

Current Assets

Cash and cash equivalents	\$ 776,097
Pledges receivable	<u>6,250</u>
Total current assets	782,347

Property and equipment

Furniture and fixtures	13,316
Leasehold improvements	360,449
Equipment	<u>154,827</u>
	528,592
Less - accumulated depreciation	<u>(348,229)</u>
Property and equipment - net	180,363

Total Assets \$ 962,710

Liabilities and Net Assets

Current Liabilities

Accounts payable	16,694
Accrued salaries	<u>5,189</u>
Total current liabilities	21,883

Net Assets

Unrestricted	562,525
Temporarily restricted	<u>378,302</u>
Total net assets	940,827

Total liabilities and net assets \$ 962,710

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

Sacred Heart Center, Inc.

Statement of Activities

Year Ended June 30, 2017

Support and Revenue	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
Business & Corporate	17,302	50,000	67,302
Churches & Civic Support	25,810	9,500	35,310
Foundations	49,000	416,250	465,250
Governmental Grants	-	16,000	16,000
Inkind Contributions	20,625	-	20,625
Individuals	156,423	25,000	181,423
United Way	10,232	-	10,232
Interest Income	1,599	-	1,599
Miscellaneous Income	634	-	634
Program Fees	29,682	-	29,682
Gains (Losses) on Investments	2,346	-	2,346
Rental Income	490	-	490
Released from Restrictions	<u>198,010</u>	<u>(198,010)</u>	<u>-</u>
Total support and revenue	<u>512,153</u>	<u>318,740</u>	<u>830,893</u>
Expenses			
Program services	358,891	-	358,891
Administrative	59,312	-	59,312
Development/Fundraising	<u>105,624</u>	<u>-</u>	<u>105,624</u>
Total expenses	<u>523,826</u>	<u>-</u>	<u>523,826</u>
Change in Net Assets	(11,673)	318,740	307,067
Net assets, beginning of year	574,198	59,562	633,760
Net assets, end of year	<u>\$ 562,525</u>	<u>\$ 378,302</u>	<u>\$ 940,827</u>

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

Sacred Heart Center, Inc.

Statement of Cash Flows

Year Ended June 30, 2017

Cash flows from operating activities:	
Change in net assets	\$ 307,067
Adjustments to reconcile to net cash from operating activities:	
Depreciation	13,355
Change in:	
Pledges receivable	(5,850)
Accounts payable	8,240
Accrued salaries	<u>(4,200)</u>
Net cash from operating activities	<u>318,612</u>
Net change in cash and cash equivalents	318,612
Cash and cash equivalents - beginning of year	<u>457,485</u>
Cash and cash equivalents - end of year	<u>\$ 776,097</u>

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

Sacred Heart Center, Inc.

Statement of Functional Expenses

Year Ended June 30, 2017

	Program Services						Management and General	Fund- Raising	Total
	Adult Literacy	Basic Needs Community Outreach	Family Resource Programming	Latino Leadership	Youth Services	Facilities			
Expenses									
Bank Charges	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,044	\$ -	\$ 2,044
Computer	690	-	-	-	-	-	1,700	426	2,816
Depreciation	-	-	-	-	-	13,355	-	-	13,355
Employee Benefits	4,269	1,383	2,953	850	2,676	-	6,088	9,394	27,613
Food	238	293	33	-	2,324	-	287	830	4,004
Fund Raising	-	-	-	-	-	-	40	4,099	4,139
Insurance	-	-	-	-	-	7,508	1,798	-	9,306
Marketing	-	5,900	-	-	-	-	-	502	6,402
Membership Dues	50	1,100	-	-	-	-	398	3,537	5,085
Miscellaneous	-	32	-	-	40	15,041	895	362	16,369
Occupancy	-	79	-	-	-	3,485	-	-	3,564
Office Supplies	1,224	282	-	40	2,009	69	2,014	248	5,885
Payroll Taxes	3,806	484	1,180	966	3,625	(558)	1,594	5,453	16,551
Postage and Printing	119	-	-	168	-	-	4,146	1,606	6,038
Professional Fees	4,063	-	3,961	-	4,394	-	9,766	1,312	23,496
Programs Supplies	11,322	6,520	-	5,890	1,042	-	2,900	-	27,674
Promotion & Advertising	-	-	-	-	-	-	-	1,551	1,551
Rent	-	-	-	-	-	20,625	-	-	20,625
Repairs and Maintenance	-	-	-	-	-	23,370	-	-	23,370
Salaries and Wages	50,814	6,979	16,487	12,776	47,543	1,191	23,903	74,654	234,346
Stipends	20	-	-	36,000	-	-	60	-	36,080
Teachers	23,090	-	-	150	2,275	-	-	-	25,515
Telephone	-	-	-	-	-	4,391	822	-	5,213
Training	96	-	-	60	110	-	735	1,650	2,651
Transportation	-	81	-	(114)	44	-	121	-	133
Total Functional Expenses	\$ 99,800	\$ 23,132	\$ 24,614	\$ 56,786	\$ 66,081	\$ 88,478	\$ 59,312	\$ 105,624	\$ 523,826

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

Sacred Heart Center, Inc.

Notes to Financial Statements

June 30, 2017

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, 2017

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: The Organization maintains allowances for doubtful accounts 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.