

St. Vincent and Sarah Fisher Center

Financial Statements

Year Ended December 31, 2010

**With Comparative Totals for
Year Ended December 31, 2009**

COLE, NEWTON & DURAN

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MICHIGAN ASSOCIATION OF
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INDEPENDENT AUDITOR'S REPORT

To the Board of Trustees
St. Vincent and Sarah Fisher Center
Detroit, Michigan

We have audited the accompanying statement of financial position of St. Vincent and Sarah Fisher Center as of December 31, 2010, and the related statements of activities and changes in net assets and functional expenses and cash flows for the year then ended. These financial statements are the responsibility of the center's management. Our responsibility is to express an opinion on these financial statements based on our audit. The prior year summarized comparative information has been derived from St. Vincent & Sarah Fisher Center's 2009 financial statements and in our report dated June 16, 2010, we expressed an unqualified opinion on those financial statements.

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 includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of St. Vincent and Sarah Fisher Center as of December 31, 2010, 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.

COLE, NEWTON & DURAN

Cole, Newton & Duran

June 2, 2011

St. Vincent and Sarah Fisher Center

Statement of Financial Position

December 31, 2010 and 2009

ASSETS

	<u>2010</u>	<u>2009</u>
CURRENT ASSETS		
Cash	\$ 255,792	\$ 378,237
Prepaid expenses and other	53,033	53,648
TOTAL CURRENT ASSETS	<u>308,825</u>	<u>431,885</u>
FURNITURE AND EQUIPMENT- net of accumulated depreciation	<u>1,858</u>	<u>4,628</u>
OTHER ASSETS		
Investments	7,889,663	7,650,992
Investments designated to purchase buildings and equipment	<u>-</u>	<u>69,150</u>
TOTAL OTHER ASSETS	<u>7,889,663</u>	<u>7,720,142</u>
TOTAL ASSETS	<u>\$ 8,200,346</u>	<u>\$ 8,156,655</u>

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES		
Accounts payable	\$ 4,706	\$ 23,727
Accrued expenses	48,628	38,623
Deferred revenue	<u>3,001</u>	<u>2,573</u>
TOTAL CURRENT LIABILITIES	<u>56,335</u>	<u>64,923</u>
NET ASSETS		
Unrestricted:		
Unrestricted for operations	\$ 6,108,041	
Board designated endowment	<u>1,941,489</u>	
Total Unrestricted	8,049,530	6,040,774
Temporarily restricted	94,481	109,469
Permanently restricted	<u>-</u>	<u>1,941,489</u>
TOTAL NET ASSETS	<u>8,144,011</u>	<u>8,091,732</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 8,200,346</u>	<u>\$ 8,156,655</u>

See Accompanying Notes to Financial Statements.

St. Vincent and Sarah Fisher Center

Statement of Activities and Changes in Net Assets

For the Year Ended December 31, 2010

With Comparative Totals for the Year Ended December 31, 2009

	2010			Total	2009
	Unrestricted	Temporarily Restricted	Permanently Restricted		Totals
SUPPORT AND REVENUE					
United Way allocation	\$ -	\$ -	\$ -	\$ -	\$ 12,114
Contributions and bequests	222,826	-	-	222,826	119,186
Other income	-	-	-	-	12
Subtotal	<u>222,826</u>	<u>-</u>	<u>-</u>	<u>222,826</u>	<u>131,312</u>
Net assets released from temporary restrictions	<u>16,327</u>	<u>(16,327)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Support and Revenue	<u>239,153</u>	<u>(16,327)</u>	<u>-</u>	<u>222,826</u>	<u>131,312</u>
FUNCTIONAL EXPENSES					
Program	582,828	-	-	582,828	610,104
Management and general	44,586	-	-	44,586	51,137
Fund raising	<u>7,313</u>	<u>-</u>	<u>-</u>	<u>7,313</u>	<u>7,382</u>
Total Expenses	<u>634,727</u>	<u>-</u>	<u>-</u>	<u>634,727</u>	<u>668,623</u>
Change in net assets from operations	(395,574)	(16,327)	-	(411,901)	(537,311)
Investment income	<u>462,841</u>	<u>1,339</u>	<u>-</u>	<u>464,180</u>	<u>1,733,043</u>
INCREASE (DECREASE) IN NET ASSETS	67,267	(14,988)	-	52,279	1,195,732
NET ASSETS-BEGINNING OF YEAR	<u>7,982,263</u>	<u>109,469</u>	<u>-</u>	<u>8,091,732</u>	<u>6,896,000</u>
NET ASSETS-END OF YEAR	<u>\$ 8,049,530</u>	<u>\$ 94,481</u>	<u>\$ -</u>	<u>\$ 8,144,011</u>	<u>\$8,091,732</u>

See Accompanying Notes to Financial Statements.

St. Vincent and Sarah Fisher Center

Statement of Functional Expenses

For the Year Ended December 31, 2010

With Comparative Totals for the Year Ended December 31, 2009

	2010				2009
	Programs	Management and General	Fund Raising	Total	Totals
Salaries	\$ 333,877	\$ 15,130	\$ -	\$ 349,007	\$ 353,469
Employee health and retirement benefits	58,685	3,299	-	61,984	60,666
Payroll taxes and workers' compensation	21,605	1,308	-	22,913	23,502
Total salaries and related expenses	414,167	19,737	-	433,904	437,637
Occupancy	65,750	7,302	-	73,052	135,624
Supplies	9,264	575	29	9,868	7,743
Professional fees	57,544	11,252	2,858	71,654	33,269
Local transportation	7,322	376	-	7,698	5,179
Telephone	3,699	371	-	4,070	3,884
Specific assistance to individuals	3,933	-	-	3,933	7,060
Subscriptions and publications	189	11	-	200	93
Membership fees	355	10	-	365	365
Postage and shipping	448	1,404	1,533	3,385	2,915
Outside printing	-	1,229	2,893	4,122	4,962
Bonds and insurance	17,100	1,900	-	19,000	19,917
Miscellaneous	563	142	-	705	422
Total before depreciation	580,334	44,309	7,313	631,956	659,070
Depreciation	2,494	277	-	2,771	9,553
TOTAL EXPENSES	\$ 582,828	\$ 44,586	\$ 7,313	\$ 634,727	\$ 668,623

See Accompanying Notes to Financial Statements.

St. Vincent and Sarah Fisher Center

Statement of Cash Flows

For the Years Ended December 31, 2010 and 2009

	2010	2009
CASH FLOWS FROM OPERATING ACTIVITIES		
Increase (decrease) in net assets	\$ 52,279	\$ 1,195,732
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation	2,771	9,553
Decrease (increase) in operating assets:		
Prepaid expenses and other	615	59,073
(Decrease) increase in operating liabilities:		
Accounts payable	(19,021)	12,908
Accrued expenses	10,005	5,088
Deferred revenue	427	(550)
Total Adjustments	(5,203)	86,072
Net Cash Provided By (Used In) Operating Activities	47,076	1,281,804
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of equipment	-	-
Increase in investments designated to purchase buildings and equipment	69,150	(11,554)
Net purchases and sales of pooled investments	(238,671)	(1,166,125)
Net Cash Provided By (Used In) Investing Activities	(169,521)	(1,177,679)
NET INCREASE IN CASH AND CASH EQUIVALENTS	(122,445)	104,125
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	378,237	274,112
CASH AND CASH EQUIVALENTS AT END OF YEAR	\$ 255,792	\$ 378,237
Supplemental Cash Flows Disclosures:		
Cash paid for interest	\$ -	\$ -
Cash paid for income taxes	\$ -	\$ -

See Accompanying Notes to Financial Statements.

St. Vincent and Sarah Fisher Center

Notes to Financial Statements

December 31, 2010 and 2009

NOTE A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Activities

The St. Vincent and Sarah Fisher Center (the Center) is a nonprofit entity whose mission is to provide education and skill development opportunities for at risk children and families in the City of Detroit.

Basis of Accounting

The financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America.

Financial Statement Presentation

Financial statement presentation follows requirements of the Not-for-Profit Entities Topic of the Accounting Standards Codification. Net assets of the Center are classified as unrestricted, temporarily restricted, or permanently restricted. Contributions and income received by the Center are held in various funds which are classified as follows:

Unrestricted net assets consist of resources that are neither permanently restricted nor temporarily restricted by donor-imposed stipulations.

Temporarily restricted net assets consist of resources of which the use by the Foundation is limited by donor imposed stipulations that either expire by the passage of time or can be fulfilled and removed by actions of the Center pursuant to those stipulations. As of December 31, 2010, the Center had \$94,481 in net assets temporarily restricted for educational enrichment supplies, activities for children or technology upgrades.

Permanently restricted net assets consist of beneficial interest in perpetual trusts and funds created by donors. Earnings on permanently restricted net assets are classified as temporarily restricted until appropriated for expenditure.

Cash and cash equivalents

Cash and cash equivalents are defined as cash on hand and demand deposits in banks, plus short-term investments that are readily convertible to cash as well as investments with original maturities of three months or less. However, short-term investments with maturities at the date of purchase of three months or less, which are subject to investment management direction, are treated as investments rather than cash.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of support and expenses during the period. Actual results could differ from those estimates.

Accounts Receivable

The Center currently provides all services free of charge. At December 31, 2010 and 2009, there were no accounts receivable.

St. Vincent and Sarah Fisher Center

Notes to Financial Statements

December 31, 2010 and 2009

NOTE A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Property and Equipment

Property is stated at fair market value and equipment at cost. All equipment expenditures are capitalized at cost, and donated equipment is recorded at fair market value. Depreciation is provided using the straight-line method over the estimated useful lives of the assets. Property and equipment purchased with temporarily restricted funds are released from restriction as depreciation is recognized over the estimated useful lives of the assets. Expenditures for normal repairs and maintenance are charged to expense as incurred.

Investments

Investments in equity securities with readily determinable fair values and all investments in debt securities are measured at fair value that is determined based on quoted market prices. Investment income is reported below operating income based on the particular classification of the asset – unrestricted or temporarily restricted.

Contributions

All contributions are considered to be available for unrestricted use unless specifically restricted by the donor. All donations are recorded at fair value when received. Donor restricted balances are associated with resources contributed by donors, and the Center is obligated to use these funds for purposes designated by them.

In-kind donations of materials are recorded as both contributions and expenditures at fair value when received and aggregated during the years ended December 31, 2010 and 2009 were \$3,918 and \$4,955, respectively.

The Center, on occasion, is the beneficiary under various wills, the amounts of which cannot be estimated. The Center's share of such bequests is recorded when the proceeds are determinable.

NOTE B. LEASES

On October 1, 2009, the Center entered into a new lease for its operating facilities in the City of Detroit. The lease was for a one-year agreement, an option to renew the lease for one additional year was exercised. Future minimum payments due in 2011 are \$40,500. The amounts charged to occupancy under this lease during the years ended December 31, 2010 and 2009 were \$54,000 per year.

NOTE C. RETIREMENT PLAN

On January 1, 2001, the Center started a Safe Harbor 401(k) Pension Plan (the 401(k) plan), which covers substantially all employees. The Center matches one half of employee contributions to the 401(k) plan up to 5% of employee wages. The Center also contributes 3% of each participating employee's wages to the Plan. The total contributions charged to expense during the years ended December 31, 2010 and 2009 were \$18,307 and \$18,442, respectively.

The Center remits to the Daughters of Charity retirement payments on behalf of Sisters employed by the Center at a rate equivalent to the payment for lay employees. The costs for this plan during the years ended December 31, 2010 and 2009 were \$1,054 and \$1,086, respectively.

St. Vincent and Sarah Fisher Center

Notes to Financial Statements

December 31, 2010 and 2009

NOTE D. CONCENTRATIONS AND CREDIT RISK

The Federal Deposit Insurance Corporation (FDIC) insures up to \$250,000 in any one financial institution. There were no uninsured balances as of December 31, 2010 and 2009.

NOTE E. FURNITURE AND EQUIPMENT

The following is a summary of furniture and equipment as of December 31, 2010 and 2009:

	<u>2010</u>	<u>2009</u>
Furniture and office equipment	\$30,152	\$30,152
Automotive equipment	<u>43,605</u>	<u>43,605</u>
Total	73,757	73,757
Less accumulated depreciation	<u>71,899</u>	<u>69,129</u>
Net furniture and equipment	<u>\$ 1,858</u>	<u>\$ 4,628</u>

NOTE F. FUNCTIONAL ALLOCATION OF EXPENSES

The cost of providing the program and support services are reported in the statement of functional expenses. Indirect costs have been allocated between the various programs and supporting services based on estimates by management.

NOTE G. INVESTMENTS

Ascension Health, an organization sponsored in part by the Daughters of Charity, administered the investments that were held in an investment pool together with investments of non-healthcare affiliated Daughters of Charity organizations through March, 2010. The pooled assets were invested in money market instruments, commercial paper, domestic and international equity holdings, and bond funds and were stated at fair value. Ascension Health recorded interest income within the respective accounts on either a monthly or quarterly basis based upon the type of investment. In March, 2010, per board of director's resolution, all investments were moved to a brokerage account managed by an independent investment manager.

Investments, at fair value, consisted of the following for the years ended December 31, 2010 and 2009:

	<u>2010</u>	<u>2009</u>
Pooled account	\$ -0-	\$ 7,720,142
Cash and money market funds	904,490	-0-
Fixed income	1,566,630	-0-
Equities	<u>5,418,543</u>	<u>-0-</u>
Total	<u>\$ 7,789,663</u>	<u>\$ 7,720,142</u>

Total return on investments for 2010 is as follows:

Interest and dividends	\$ 121,623
Realized gains (losses)	(21,683)
Unrealized gains (losses)	390,180
Management fees	<u>(25,940)</u>
Total	<u>\$ 464,180</u>

St. Vincent and Sarah Fisher Center

Notes to Financial Statements

December 31, 2010 and 2009

NOTE G. INVESTMENTS, continued

Investment Risks – Investment securities 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 values in the near term could materially affect the amounts reported in the accompanying financial statements.

NOTE H. FAIR VALUE

The following methods were used to estimate the fair value of each class of financial instruments for which it is practicable to estimate fair value:

Cash and Cash Equivalents – The carrying amount approximates fair value because of the short maturity of those instruments.

Investments - Fair values are based on Level 1 inputs using quoted market prices in active markets for identical assets or liabilities.

Accounts Payable and Other Liabilities – The carrying amounts approximate their fair values.

NOTE I. TAX STATUS

The Center is a nonprofit corporation, exempt from income tax under Section 501(c)(3) of the U.S. Internal Revenue Code. The Internal Revenue Service has classified the Center as an organization that is not a private foundation.

NOTE J. DONATED SERVICES

A substantial number of volunteers have donated significant amounts of time to the Center's program services and to its fund-raising campaigns. No amounts have been reflected in the financial statements for those services since they do not meet the criteria for recognition under the Not for Profit Entities Topic of the FASB Accounting Standards Codification.

NOTE K. COMPARATIVE FINANCIAL STATEMENTS

The financial statements include certain prior year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with the Center's financial statements for the year ended December 31, 2009, from which the summarized information was derived.

NOTE L. EVENTS OCCURRING AFTER REPORTING DATE

The Center has evaluated events and transactions for potential recognition or disclosure through June 2, 2011, the date that the financial statements were available to be issued.

St. Vincent and Sarah Fisher Center

Notes to Financial Statements

December 31, 2010 and 2009

NOTE M. RESTATEMENT OF BEGINNING NET ASSETS

During the year ended December 31, 2010, it was determined through management review and the advice of legal counsel, that the balances in permanently restricted funds were not donor-restricted, but were instead a board designated endowment and the funds should be classified as unrestricted. Net assets have been restated as follows:

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
As originally reported	\$6,040,774	\$ 109,469	\$1,941,489	\$8,091,732
Reclassifications	1,941,489	-0-	(1,941,489)	-0-
As re-stated	<u>\$7,982,263</u>	<u>\$ 109,469</u>	<u>\$ -0-</u>	<u>\$8,091,732</u>

NOTE N. BOARD DESIGNATED ENDOWMENT

As discussed in Note M, the board of trustees has designated funds for endowment in the amount of \$1,941,489. FASB ASC Topic 948-205 provides guidance about an organization's endowment funds (both donor-restricted endowment funds and board-designated endowment funds). While not donor-restricted, the board of trustees intends the funds to be permanent and manages them accordingly.

Endowment investment and spending policies

The board of trustees has adopted investment and spending policies for endowment assets (and all its investments) so that a maximum total rate of return will be realized given a level of risk consistent with the preservation of capital and anticipated future cash flow requirements. The objectives of this policy are to be accomplished utilizing a balanced strategy of equities, fixed income securities and cash equivalents in a mix which is conducive to participation in rising markets while allowing for adequate protection in falling markets. Recommended portfolio asset allocation is as follows:

Equity Investments	55%
Fixed Income	40%
Cash	5%

The portfolio is diversified among economic sectors. No industry accounts for more than 20% and no issue accounts for more than 5% of the equity portfolio. No issue accounts for more than 5% of the fixed income portfolio, with the exception of U.S. Treasury and government agency securities.

Continuous portfolio management is facilitated by the investment manager and monitored by the investment committee.

The spending policy is based on a formal annual budget approved by the board of directors. As the Center does not charge for its services, and has limited revenue from contributions, it depends on investment earnings to provide a predictable stream of funding for its programs.

Board designated endowment fund activities for 2010 are as follows:

Investment return	
Investment income	\$ 18,408
Net appreciation	97,058
Total investment return	115,466
Amount appropriated for expenditure	(115,466)
Total change in endowment funds	<u>\$ -0-</u>