

St. Vincent and Sarah Fisher Center

**Financial Statements
December 31, 2017**

**With Comparative Totals
For the Year Ended December 31, 2016**

St. Vincent and Sarah Fisher Center
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December 31, 2017

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Independent Auditors' Report

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

We have audited the accompanying financial statements of St. Vincent and Sarah Fisher Center (a nonprofit corporation), which comprise of the statement of financial position as of December 31, 2017, and the related statements of activities and changes in net assets, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

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 internal control relevant to the preparation and fair presentation of the financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' 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 statements. The procedures selected depend on the auditors' 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, we express no such opinion. An audit also includes evaluating 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 audit opinion.

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, 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.

Report on Summarized Comparative Information

We have previously audited the St. Vincent and Sarah Fisher Center 2016 financial statements, and our report dated August 30, 2017, expressed an unmodified opinion on those audited financial statements. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2016, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Cole Newton & Duran

Cole, Newton & Duran
Livonia, Michigan
September 4, 2018

St. Vincent and Sarah Fisher Center
Statements of Financial Position
December 31, 2017
With Comparative Totals for the Year Ended December 31, 2016

ASSETS		
	2017	2016
CURRENT ASSETS		
Cash	\$ 246,386	\$ 243,431
Interest receivable	3,109	7,228
Accounts receivable	17,852	1,665
Prepaid expenses	56,358	67,851
Total Current Assets	323,705	320,175
FIXED ASSETS, NET OF ACCUMULATED DEPRECIATION		
	2,566	1,241
OTHER ASSETS		
Investments	8,457,789	8,232,226
Total Assets	\$ 8,784,060	\$ 8,553,642
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts payable	\$ 12,830	\$ 9,827
Accrued expenses	56,114	61,246
Total Current Liabilities	68,944	71,073
NET ASSETS		
Unrestricted:		
Unrestricted	3,800,407	3,904,140
Board designated for operations	2,968,428	2,594,917
Board designated endowment	1,941,489	1,941,489
Total unrestricted	8,710,324	8,440,546
Temporarily restricted	4,792	42,023
Total Net Assets	8,715,116	8,482,569
Total Liabilities and Net Assets	\$ 8,784,060	\$ 8,553,642

St. Vincent and Sarah Fisher Center
Statements of Activities and Changes in Net Assets
December 31, 2017
With Comparative Totals for the Year Ended December 31, 2016

	2017			2016
	Unrestricted	Temporarily Restricted	Totals	Totals
SUPPORT AND REVENUE				
Contributions	\$ 181,328	\$ -	\$ 181,328	\$ 192,505
Other income	83,041	-	83,041	57,060
Subtotal	264,369	-	264,369	249,565
Net assets released from restrictions	37,231	(37,231)	-	-
Total Support and Revenue	301,600	(37,231)	264,369	249,565
FUNCTIONAL EXPENSES				
Program	969,877	-	969,877	843,187
Management and general	48,795	-	48,795	65,421
Fundraising	95,146	-	95,146	84,378
Total Expenses	1,113,818	-	1,113,818	992,986
Changes in Net Assets from Operations	(812,218)	(37,231)	(849,449)	(743,421)
Investment income (loss)	1,081,996	-	1,081,996	1,026,680
Increase (Decrease) in Net Assets	269,778	(37,231)	232,547	283,259
Net Assets at Beginning of Year	8,440,546	42,023	8,482,569	8,199,310
Net Assets at End of Year	\$ 8,710,324	\$ 4,792	\$ 8,715,116	\$ 8,482,569

See Notes to the Financial Statements

**St. Vincent and Sarah Fisher Center
Statements of Functional Expenses
December 31, 2017
With Comparative Totals for December 31, 2016**

	2017				2016		
	Child Services	Adult Services	Total Program Services	Management and General	Fundraising	Totals	Totals
Salaries and wages	\$ 185,788	\$ 379,439	\$ 565,227	\$ 28,015	\$ 43,853	\$ 637,095	\$ 575,302
Employee health benefits	26,421	46,245	72,666	2,661	651	75,978	62,685
Employee retirement benefits	7,826	16,889	24,715	1,624	511	26,850	27,025
Payroll taxes and workers' compensation	14,392	28,994	43,386	2,192	3,491	49,069	45,654
Total Salaries and Related Expenses	234,427	471,567	705,994	34,492	48,506	788,992	710,666
Occupancy	55,499	48,382	103,881	3,054	3,882	110,817	96,190
Supplies	27,359	16,929	44,288	2,110	12,291	58,689	34,595
Professional fees	29,335	37,077	66,412	5,338	17,560	89,310	87,482
Local transportation	4,288	5,526	9,814	382	519	10,715	11,705
Telephone	2,772	5,039	7,811	752	499	9,062	7,296
Specific assistance to individuals	718	5,271	5,989	-	-	5,989	4,540
Subscriptions and publications	21	21	42	200	-	242	385
Conferences, conventions and meetings	371	632	1,003	727	902	2,632	4,646
Membership fees	801	757	1,558	277	667	2,502	1,258
Postage and shipping	213	427	640	321	4,213	5,174	5,353
Bonds and insurance	7,963	12,818	20,781	1,079	1,547	23,407	23,289
Outside printing	-	-	-	-	4,470	4,470	4,291
Advertising	329	529	858	45	64	967	12
Miscellaneous	135	217	352	18	26	396	1,140
Depreciation	276	178	454	-	-	454	138
Total Expenses	\$ 364,507	\$ 605,370	\$ 969,877	\$ 48,795	\$ 95,146	\$ 1,113,818	\$ 992,986

See Notes to the Financial Statements

St. Vincent and Sarah Fisher Center
Statements of Cash Flows
December 31, 2017
With Comparative Totals for December 31, 2016

	2017	2016
CASH FLOWS FROM OPERATING ACTIVITIES		
Increase (decrease) in net assets	\$ 232,547	\$ 283,259
Adjustments to reconcile net assets to net cash from operating activities:		
(Gains) losses on investments	(982,048)	(729,300)
Depreciation	454	138
(Increase) decrease in assets:		
Interest receivable	4,119	331
Accounts receivable	(16,188)	49,681
Rent credit	-	57,043
Prepaid expenses	11,491	(3,778)
Increase (decrease) in liabilities:		
Accounts payable	3,003	1,930
Accrued expenses	(5,132)	2,733
Net Cash Provided By (Used In) Operating Activities	(751,754)	(337,963)
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from sales of investments	2,190,682	1,894,615
Purchase of investments	(1,434,195)	(1,633,476)
Purchase of equipment	(1,778)	(1,379)
Net Cash Provided By (Used In) Investing Activities	754,709	259,760
Net Increase (Decrease) in Cash and Cash Equivalents	2,955	(78,203)
Cash and Cash Equivalents at Beginning of Year	243,431	321,634
Cash and Cash Equivalents at End of Year	\$ 246,386	\$ 243,431
Supplemental disclosure:		
Cash paid for interest	\$ -	\$ -
Cash paid for income taxes	\$ -	\$ -

See Notes to the Financial Statements

St. Vincent and Sarah Fisher Center
Notes to the Financial Statements
December 31, 2017 and 2016

NOTE 1 – 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. The Center derives its revenue primarily from contributions and investment income.

NOTE 2 – Summary of Significant Accounting Policies

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 and, accordingly, reflect all significant receivables, payables, and other liabilities.

Basis of presentation – Financial statement presentation follows the requirements of the Not-for-Profit Entities Topic of the Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC). The Center is required to report information regarding its financial position and activities according to three classes of net assets 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 Center is limited by donor-imposed stipulations, which either expire by the passage of time or can be removed by meeting certain requirements.

Permanently restricted net assets consist of donor-imposed restrictions to hold assets indefinitely. Earnings on permanently restricted net assets are classified as unrestricted investment income unless specifically restricted by the donor. There were no permanently restricted net assets at the years ended December 31, 2017 and 2016.

Use of estimates – The preparation of financial statements in conformity with generally accepted accounting principles (GAAP) requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Fair value of financial instruments – FASB guidance on fair value measurement defines fair value, establishes a framework for measuring fair value, and expands disclosure of fair value measurements. The guidance applies to all assets and liabilities that are measured and reported on a fair value basis. The carrying amounts of financial instruments, including cash, cash equivalents, receivables, prepaids, accounts payable, and accrued liabilities approximate fair value due to the short-term maturity of these instruments.

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.

Accounts receivable – The Center currently provides all services free of charge. The Center occasionally records receivables from grants or other activities. Management is of the opinion that all receivables will be collected and as a result, there is no allowance for bad debt.

Furniture and equipment – All furniture and equipment expenditures over \$1,000 are capitalized at cost if purchased, or at the approximate fair value on the date of the donation if donated. Depreciation is provided using the straight-line method over the estimated useful lives of the assets. Furniture 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.

St. Vincent and Sarah Fisher Center
Notes to the Financial Statements
December 31, 2017 and 2016

NOTE 2 – Summary of Significant Accounting Policies (continued)

Investments – Investments are reported at their fair values in the statement of financial position in accordance with Not-for-Profit Entities Topic of the FASB ASC, *Accounting for Certain Investments Held by Not-for-Profit Organizations*. Investment income, including unrealized gains and losses, are included in the statement of activities and changes in net assets as unrestricted investment income, unless the income is restricted by donor stipulations.

Contributions – All contributions are considered available for unrestricted use unless specifically restricted by the donor. All donations are recorded at fair value when received. Contributions without donor-imposed restrictions and contributions with donor-imposed time or purpose restrictions that are met in the same period as the gift are reported as unrestricted support. When a donor restriction expires, that is when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are classified as unrestricted net assets and reported in the Statement of Activities as net assets released from restrictions. 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.

In-kind donations of materials are recorded as both contributions and expenditures at fair value when received. During the years ended December 31, 2017 and 2016, in-kind donations totaled \$1,604 and \$1,896, respectively.

Donated services – A substantial number of volunteers have donated significant amounts of time to the Center's program services. 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 ASC.

Statement of functional expenses – The costs of providing the program and supporting services have been reported on a functional basis in the statement of functional expenses. Indirect costs have been allocated between the program and supporting services based on estimates. Although the methods of allocation used are considered appropriate, other methods could be used that would produce different amounts.

Tax status – The Center is exempt from federal income taxes under §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. The Center is no longer subject to U.S. federal tax examinations by tax authorities for years before 2014. Management has evaluated FASB ASC 740, *Income Taxes*, and has concluded it has no uncertain tax positions.

Subsequent events – Management has evaluated events and transactions for potential recognition or disclosure through the date of the auditors' report, which is the date the financial statements were available to be issued.

NOTE 3 – Concentration of Credit Risk and Contingencies

Cash – The Center maintains its cash balances in several banks located in southeastern Michigan. The balances are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000 in any one bank. At times during the year, balances on deposit in any one bank may exceed the insured amount. There were no uninsured balances at December 31, 2017 and 2016. The Center has not experienced any losses with respect to uninsured cash balances.

Investments – Funds held in brokerage accounts are not covered by the FDIC, but are covered by the Securities Investor Protection Corporation (SIPC), which insures certain claims up to \$500,000, including a \$250,000 limit for cash. Uninsured balances in brokerage accounts at the year ended December 31, 2017 and 2016, was \$7,957,789 and \$7,732,226, respectively. The Center has not experienced any losses with respect to uninsured deposits.

Revenue – The Center receives a portion of its revenues from certain government grants that may be subject to audit. The ultimate determination of amounts received under these programs generally is based upon allowable costs reported to the government entity. Until the reported costs have been audited and final settlement reached, there exists a contingency to refund any amount received in excess of allowable costs. Management is of the opinion that no material liability will result from such audits.

St. Vincent and Sarah Fisher Center
Notes to the Financial Statements
December 31, 2017 and 2016

NOTE 4 – 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, 2016, from which the summarized information was derived.

NOTE 5 – Property and Equipment

At the years ended December 31, 2017 and 2016, furniture and equipment consisted of the following:

	<u>2017</u>	<u>2016</u>
Furniture and office equipment	\$ 21,731	\$ 25,840
Automotive equipment	43,605	43,605
	65,336	69,445
Less accumulated depreciation	<u>(62,770)</u>	<u>(68,204)</u>
Net furniture and equipment	<u>\$ 2,566</u>	<u>\$ 1,241</u>

NOTE 6 – Investments

Investments consisted of the following for the years ended December 31, 2017 and 2016:

	<u>2017</u>		<u>2016</u>	
	<u>Cost</u>	<u>FMV</u>	<u>Cost</u>	<u>FMV</u>
Cash and money market funds	\$ 722,807	\$ 722,807	\$ 158,333	\$ 158,333
Fixed income	2,283,287	2,252,111	2,534,886	2,509,688
Equities	3,580,754	5,482,871	3,693,485	5,564,205
	<u>\$ 6,586,848</u>	<u>\$ 8,457,789</u>	<u>\$ 6,386,704</u>	<u>\$ 8,232,226</u>

Investment income (loss) for the years ended December 31, 2017 and 2016, is as follows:

	<u>2017</u>	<u>2016</u>
Interest and dividends	\$ 147,577	\$ 194,292
Realized gains (losses)	984,774	148,481
Unrealized gains (losses)	(2,726)	729,300
Management fees	<u>(47,629)</u>	<u>(45,393)</u>
	<u>\$ 1,081,996</u>	<u>\$ 1,026,680</u>

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.

**St. Vincent and Sarah Fisher Center
Notes to the Financial Statements
December 31, 2017 and 2016**

NOTE 7 – Employee Benefit Plan

The Center maintains a Safe Harbor 401(k) (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 the employee's 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, 2017 and 2016, were \$26,850 and \$27,025, respectively.

NOTE 8 – Commitments

Building – The Center leases space under an operating lease agreement which expires June 2019. Monthly lease payments are \$6,050, which includes monthly utilities of \$350. The Center is responsible for maintenance of the lawn and landscaping, the cost of which will be shared with the landlord 50/50. Rent expense for the both years ended December 31, 2017 and 2016, was \$68,400.

Equipment – The Center leases a copier under an operating lease agreement which expires September 2019. Monthly payments are \$336. Rent expense for this copier was \$4,032 and \$1,344 for the years ended December 31, 2017 and 2016, respectively.

Future minimum lease commitments for all leases as of December 31, 2017, are as follows:

December 31, 2018	\$ 72,432
2019	36,888
	<hr/>
	\$ 109,320
	<hr/> <hr/>

NOTE 9 – Fair Value Measurements

The Center's investments are reported at fair value in the accompanying statement of financial position. The methods used to measure fair value may produce an amount that may not be indicative of net realizable value or reflective of future fair values. Furthermore, although management believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

The fair value measurement accounting literature establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. This hierarchy consists of three broad levels:

Level 1 Fair Value Measurement inputs consist of unadjusted quoted prices in active markets for identical, actual assets or liabilities and have the highest priority.

Level 2 Fair Value Measurement inputs are inputs other than quoted prices included within Level 1 that are observable for the asset, either directly or indirectly. Level 2 inputs may include quoted prices for similar assets in active markets, quoted prices for identical or similar assets in markets that are quoted at prices that are not immediately current, or when price quotations vary substantially either over time or among market markers; for example, interest rates and yield curves observable at commonly quoted intervals, volatilities, prepayment speeds, loss severities, credit risks, and default rates.

Level 3 Fair Value Measurement inputs are unobservable inputs for the asset. Unobservable inputs will be used to measure fair value to the extent that observable inputs are not available, thereby allowing for situations in which there is little, if any, market activity for the asset at the measurement date.

**St. Vincent and Sarah Fisher Center
Notes to the Financial Statements
December 31, 2017 and 2016**

NOTE 9 – Fair Value Measurements (continued)

In instances where inputs used to measure fair value fall into different levels of the fair value hierarchy, fair value measurements in their entirety are categorized based on the lowest level input that is significant to the valuation. The Council's assessment of the significance of particular inputs to these fair value measurements requires judgment and considers factors specific to each asset.

As of December 31, 2017 and 2016, management considers all investments of the Center to be Level 1 in the fair value hierarchy. During the years ended December 31, 2017 and 2016, there were no transfers between levels.

NOTE 10 – Restrictions on Net Assets

Temporarily Restricted

As of December 31, 2017 and 2016, temporarily restricted net assets were restricted as follows:

	<u>2017</u>	<u>2016</u>
Sarah Fisher Auxillary	\$ 1,614	\$ 5,661
Mission Awareness	-	335
Educational Enrichment	-	32,385
Family Outreach	627	627
Volunteers	1,575	2,039
Other activities	976	976
	<u>\$ 4,792</u>	<u>\$ 42,023</u>

During the year ended December 31, 2017 and 2016, the Center expended the following net assets in accordance with donor restrictions:

	<u>2017</u>	<u>2016</u>
Sarah Fisher Auxillary	\$ 4,047	\$ 3,232
Mission Awareness	335	-
Educational Enrichment	32,385	-
Family Outreach	-	-
Volunteers	464	-
Other activities	-	17,039
	<u>\$ 37,231</u>	<u>\$ 20,271</u>

Board Designated Net Assets

The Board of Trustees has designated funds to be used, generally in unusual or emergency circumstances, to fund necessary operations (operating reserve). The amount designated as of December 31, 2017 and 2016, was \$2,968,428 and \$2,594,917, respectively.

**St. Vincent and Sarah Fisher Center
Notes to the Financial Statements
December 31, 2017 and 2016**

NOTE 10 – Restrictions on Net Assets (continued)

Board Designated Endowment

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.

Board designated endowment fund activities for 2017 and 2016, are as follows:

	<u>2017</u>	<u>2016</u>
Investment return		
Investment income	\$ 263,403	\$ 83,356
Net appreciation (depreciation)	<u>(73)</u>	<u>177,184</u>
Total investment return	263,330	260,540
Amount appropriated for (expenditure)	(263,330)	(260,540)
Amount designated for endowment fund	<u>-</u>	<u>-</u>
Total change in endowment funds	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>

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. The Center's investment policy recommends that no industry accounts for more than 20% and no issue accounts for more than 5% of the equity portfolio. In addition, the policy recommends that 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 trustees. 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.