

St. Vincent and Sarah Fisher Center

Financial Statements

December 31, 2020

With Comparative Totals

For the Year Ended December 31, 2019

St. Vincent and Sarah Fisher Center
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December 31, 2020

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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 the statement of financial position as of December 31, 2020, 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 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 auditors consider 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, 2020, 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 previously audited St. Vincent and Sarah Fisher Center's 2019 financial statements, and our report dated November 4, 2020, 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, 2019, 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
December 15, 2021

St. Vincent and Sarah Fisher Center
Statement of Financial Position
December 31, 2020
With Comparative Totals for December 31, 2019

ASSETS		
	2020	2019
CURRENT ASSETS		
Cash and cash equivalents	\$ 359,196	\$ 225,390
Interest receivable	2,473	3,090
Accounts receivable	73,872	20,054
Prepaid expenses	76,618	67,960
Total current assets	512,159	316,494
 PROPERTY AND EQUIPMENT, NET OF ACCUMULATED DEPRECIATION		
	5,585	6,598
 OTHER ASSETS		
Investments	7,768,768	7,853,001
TOTAL ASSETS	\$ 8,286,512	\$ 8,176,093
 LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts payable	\$ 51,812	\$ 7,251
Accrued expenses	141,869	74,687
Total current liabilities	193,681	81,938
 NET ASSETS		
Without donor restrictions		
Board designated	3,916,706	3,491,175
Undesignated	4,174,522	4,601,377
With donor restrictions	1,603	1,603
Total net assets	8,092,831	8,094,155
TOTAL LIABILITIES AND NET ASSETS	\$ 8,286,512	\$ 8,176,093

See Notes to the Financial Statements

St. Vincent and Sarah Fisher Center
Statement of Activities and Changes in Net Assets
For the Year Ended December 31, 2020
With Comparative Totals for the Year Ended December 31, 2019

	2020			2019
	Without Donor Restrictions	With Donor Restrictions	Totals	Totals
SUPPORT AND REVENUE				
Contributions	\$ 233,353	\$ -	\$ 233,353	\$ 225,498
Grants and contracts	502,839	-	502,839	290,315
Gain on asset disposal	-	-	-	776
Subtotal	736,192	-	736,192	516,589
Net assets released from restrictions	-	-	-	-
Total Support and Revenue	736,192	-	736,192	516,589
FUNCTIONAL EXPENSES				
Program	1,308,509	-	1,308,509	1,180,115
Management and general	61,039	-	61,039	54,577
Fundraising	163,651	-	163,651	189,031
Total Expenses	1,533,199	-	1,533,199	1,423,723
Changes in Net Assets from Operations	(797,007)	-	(797,007)	(907,134)
Investment income (loss)	795,683	-	795,683	1,570,977
Increase (Decrease) in Net Assets	(1,324)	-	(1,324)	663,843
Net Assets at Beginning of Year	8,092,552	1,603	8,094,155	7,430,312
Net Assets at End of Year	\$ 8,091,228	\$ 1,603	\$ 8,092,831	\$ 8,094,155

See Notes to the Financial Statements

St. Vincent and Sarah Fisher Center
Statement of Functional Expenses
For the Year Ended December 31, 2020
With Comparative Totals for the Year Ended December 31, 2019

	2020				2019	
	Child Services	Adult Services	Total Program Services	Management and General	Fundraising	Totals
Salaries and wages	\$ 238,092	\$ 540,700	\$ 778,792	\$ 40,537	\$ 84,162	\$ 903,491
Employee health benefits	26,318	51,064	77,382	5,193	6,101	88,676
Employee retirement benefits	20,318	37,705	58,023	2,758	10,629	71,410
Payroll taxes and workers' compensation	18,609	42,320	60,929	2,641	6,627	70,197
Total salaries and related expenses	303,337	671,789	975,126	51,129	107,519	1,133,774
Occupancy	50,758	43,807	94,565	2,557	6,122	103,244
Supplies	14,901	33,085	47,986	703	4,700	53,389
Professional fees	32,479	66,114	98,593	3,032	26,712	128,337
Local transportation	3,011	4,983	7,994	15	101	8,110
Telephone	5,459	12,695	18,154	1,137	1,287	20,578
Specific assistance to individuals	23,661	84	23,745	-	-	23,745
Subscriptions and publications	899	513	1,412	201	2	1,615
Conferences, conventions and meetings	652	3,409	4,061	185	50	4,296
Membership fees	325	782	1,107	-	50	1,157
Postage and shipping	124	344	468	36	5,781	6,285
Bonds and insurance	7,159	13,225	20,384	936	2,087	23,407
Outside printing	-	-	-	-	6,865	6,865
Miscellaneous	1,198	12,512	13,710	522	2,151	16,383
Depreciation	628	576	1,204	586	224	2,014
Total expenses	\$ 444,591	\$ 863,918	\$ 1,308,509	\$ 61,039	\$ 163,651	\$ 1,533,199
						\$ 1,423,723

St. Vincent and Sarah Fisher Center
Statement of Cash Flows
For the Year Ended December 31, 2020
With Comparative Totals For the Year Ended December 31, 2019

	2020	2019
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ (1,324)	\$ 663,843
Adjustments to reconcile increase (decrease) in net assets to net cash provided by (used in) operating activities		
Depreciation	2,014	1,690
(Gain) loss on investments	(709,052)	(1,462,831)
(Gain) loss on asset disposal	-	(776)
(Increase) decrease in assets:		
Interest receivable	617	2,549
Accounts receivable	(53,818)	(17,868)
Prepaid expenses	(8,658)	(3,127)
Increase (decrease) in liabilities:		
Accounts payable	44,561	3,714
Accrued expenses	67,182	12,724
Net cash provided by (used in) operating activities	\$ (658,478)	\$ (800,082)
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of property and equipment	(1,000)	(2,240)
Proceeds from sales of property and equipment	-	3,010
Purchase of investments	(1,717,873)	(987,962)
Sale of investments	2,511,157	1,716,200
Net cash provided by (used in) investing activities	792,284	729,008
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	133,806	(71,074)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	225,390	296,464
CASH AND CASH EQUIVALENTS AT END OF YEAR	\$ 359,196	\$ 225,390
Supplemental disclosures		
Cash paid for interest	\$ -	\$ -
Cash paid for income taxes	\$ -	\$ -

See Notes to the Financial Statements

See Notes to the Financial Statements

St. Vincent and Sarah Fisher Center
Notes to the Financial Statements
December 31, 2020 and 2019

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 Metropolitan 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 (U.S. GAAP) 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 two classes of net assets as follows:

Net assets without donor restrictions consist of resources that are not restricted by donor-imposed stipulations.

Net assets with donor restrictions consist of resources of which the use by the Center is limited by donor-imposed stipulations.

Use of estimates – The preparation of financial statements in conformity with U.S. 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 donor 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 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 investment income without donor restrictions, unless the income is restricted by donor stipulations.

St. Vincent and Sarah Fisher Center
Notes to the Financial Statements
December 31, 2020 and 2019

NOTE 2 – Summary of Significant Accounting Policies (continued)

Contributions – All contributions are considered available for general 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 support without donor restrictions. When a donor restriction expires, that is when a stipulated time restriction ends or purpose restriction is accomplished, donor restricted net assets are classified as net assets without donor restrictions 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, 2020, and 2019 in-kind donations totaled \$26,285 and \$28,267, respectively.

Grants and contracts – The Center receives funding under grants and contracts from local government and other public grantors, for direct and indirect program costs. This funding is subject to contractual restrictions, which must be met through incurring qualifying expenses for particular programs.

Revenue from grants and contracts is recognized only when funds are utilized by the Center to carry out the activity stipulated in the grant or contract agreement.

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 Center presents their expenses by functional classification, which shows the amount spent for program-related activities. Expenses that can be identified with a specific program are charged directly to that program. Program expenses that cannot be identified with a specific program require allocation on a reasonable basis that is consistently applied. Expenses that are allocated are salaries and benefits which are allocated on the basis of estimates of time and effort, occupancy and depreciation which are allocated based on square footage, as well as supplies which are allocated by headcounts of the students, volunteers, and staff that use them. Management and general expenses include those costs that are not directly identifiable with any specific program, but which provide for the overall support and direction of the Center.

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 2017. 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. Uninsured balances as of December 31, 2020 were \$19,915. There were no uninsured balances at December 31, 2019. 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 years ended December 31, 2020, and 2019 were \$7,767,165 and \$7,353,001, respectively. The Center has not experienced any losses with respect to uninsured deposits.

St. Vincent and Sarah Fisher Center
Notes to the Financial Statements
December 31, 2020 and 2019

NOTE 3 – Concentration of Credit Risk and Contingencies (continued)

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. These grants accounted for approximately 56% and 59% of revenue for the years ended December 31, 2020, and 2019, respectively.

NOTE 4 – Property and Equipment

Furniture and equipment consisted of the following:

	<u>2020</u>	<u>2019</u>
Furniture and office equipment	\$ 13,824	\$ 12,822
Automotive equipment	-	43,605
	<u>13,824</u>	<u>56,427</u>
Less accumulated depreciation	8,239	49,829
Net furniture and equipment	<u>\$ 5,585</u>	<u>\$ 6,598</u>

Depreciation expense for the years ended December 31, 2020, and 2019 was \$2,014 and \$1,690, respectively.

NOTE 5 – Investments

Investments consisted of the following for the years ended December 31,

	<u>2020</u>	<u>2019</u>
Cash and money market funds	\$ 445,004	\$ 184,266
Fixed income	2,006,825	2,445,489
Equities	<u>5,316,939</u>	<u>5,223,246</u>
	<u>\$ 7,768,768</u>	<u>\$ 7,853,001</u>

Investment income (loss) for the years ended December 31,

	<u>2020</u>	<u>2019</u>
Interest and dividends	\$ 127,013	\$ 153,116
Realized gains (losses)	714,100	313,206
Unrealized gains (losses)	(5,048)	1,149,625
Investment fees	<u>(40,382)</u>	<u>(44,970)</u>
	<u>\$ 795,683</u>	<u>\$ 1,570,977</u>

St. Vincent and Sarah Fisher Center
Notes to the Financial Statements
December 31, 2020 and 2019

NOTE 5 – 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 6 – 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. In 2020 it was discovered that an error had been made in calculating the employer contributions from 2008-2019. The entity accrued this amount of \$40,153. The total contributions charged to expense during the years ended December 31, 2020, and 2019 were \$71,410 and \$27,974, respectively.

NOTE 7 – Commitments

Building – The Center leased space under an operating lease agreement with payments of \$5,700 which originally expired June 2020. The Center extended this lease agreement until June 2021 with monthly payments of \$6,458. Rent expense for the years ended December 31, 2020, and 2019 was \$ 70,719 and \$68,400, respectively. Future minimum lease payments are as follows:

December 31,	
2021	<u>\$ 38,750</u>

Equipment – The Center leased a copier under an operating lease agreement which expired September 2019. Monthly payments were \$336. Rent expense for this copier was \$2,688 for the year ended December 31, 2019.

NOTE 8 – Fair Value Measurements

Fair value is defined as the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date. U.S. GAAP requires the Center to disclose the fair value of each of its assets and liabilities based on the level of observable inputs. The three levels of the fair value hierarchy are as follows:

Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that a reporting entity has the ability to access at the measurement date or published net asset value for alternative investments with characteristics similar to a mutual fund.

Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3 inputs are unobservable inputs for the asset or liability.

The level in the fair value hierarchy within which a fair value measurement falls, in its entirety, is based on the lowest level input that is significant to the fair value measurement. As of December 31, 2020, and 2019, management considers all investments of the Center to be Level 1 in the fair value hierarchy. During the years ended December 31, 2020, and 2019 there were no transfers between levels.

St. Vincent and Sarah Fisher Center
Notes to the Financial Statements
December 31, 2020 and 2019

NOTE 9 – Donor Restrictions on Net Assets

Donor restricted net assets were restricted as follows as of December 31,

	2020	2019
Family Outreach	\$ 627	\$ 627
Other activities	976	976
	\$ 1,603	\$ 1,603

NOTE 10 – Board Designated Net Assets

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, 2020, and 2019 was \$3,916,706 and \$3,491,175, respectively.

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 held in perpetuity and manages them accordingly.

Board designated endowment fund activities for the years ended December 31,

	2020	2019
Investment return		
Investment income	\$ 95,260	\$ 114,920
Net appreciation (depreciation)	714,100	313,551
Total investment return	809,360	428,471
Amount appropriated for expenditure	(809,360)	(428,471)
Total change in endowment fund	\$ -	\$ -

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.

St. Vincent and Sarah Fisher Center
Notes to the Financial Statements
December 31, 2020 and 2019

NOTE 10 – Board Designated Net Assets (continued)

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.

NOTE 11 – Liquidity and Availability of Financial Assets

The following reflects the Center's financial assets as of the balance sheet date, reduced by amounts not available for general use within one year.

	2020	2019
Total assets at year-end	\$ 8,286,512	\$ 8,176,093
Less those unavailable for general expenditure within one year		
Donor restricted net assets	1,603	1,603
Net property and equipment	5,585	6,598
Board designated endowment	1,941,489	1,941,489
Board designated operating reserve	3,916,706	3,491,175
	5,865,383	5,440,865
Financial assets available to meet cash needs for general expenditure within one year	\$ 2,421,129	\$ 2,735,228

As part of the Center's liquidity management, it invests cash in excess of daily requirements in equities, mutual funds, and cash equivalents.

In addition to the financial assets and other resources available for general expenditure within one year, the Center has board-designated endowment net assets without donor restrictions of \$1,941,489 that, while the Center does not intend to spend, the amounts could be made available for current operations, with Board approval. Furthermore, an operating reserve of \$3,916,706 was established which requires board approval to access funds.

NOTE 12 – Covid-19

In December 2019, an outbreak of a novel strain of coronavirus (COVID-19) originated in Wuhan, China and has since spread to other countries, including the U.S. On March 11, 2020, the World Health Organization characterized COVID-19 as a pandemic. In addition, multiple jurisdictions in the U.S. have declared a state of emergency. It is anticipated that these impacts will continue for some time. The future effects of these issues are unknown.