



Audited Financial Statements

December 31, 2014



Independent Auditors' Report

To the Board of Trustees of
Franciscan Community Center

Report on the Financial Statements

We have audited the accompanying financial statements of Franciscan Community Center (the "Center"), which comprise the statement of financial position as of December 31, 2014, and the related statements of activities, 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 from 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 organization'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 organization'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 Franciscan Community Center as of December 31, 2014, 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.

Schall & Ashenfarb

Schall & Ashenfarb
Certified Public Accountants, LLC

May 26, 2015

**FRANCISCAN COMMUNITY CENTER
STATEMENT OF FINANCIAL POSITION
AS OF DECEMBER 31, 2014**

Assets

Cash and cash equivalents	\$26,103
Prepaid expenses and other assets	2,203
Inventory	28,823
Fixed assets - net (Note 3)	<u>115,876</u>
 Total assets	 <u><u>\$173,005</u></u>

Liabilities and Net Assets

Liabilities:	
Accounts payable and accrued expenses	<u>\$11,914</u>
Total liabilities	<u>11,914</u>
 Net assets:	
Unrestricted	117,398
Temporarily restricted (Note 4)	<u>43,693</u>
Total net assets	<u>161,091</u>
 Total liabilities and net assets	 <u><u>\$173,005</u></u>

The attached notes and auditors' report are an integral part of these financial statements.

**FRANCISCAN COMMUNITY CENTER
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2014**

	<u>Unrestricted</u>	<u>Temporarily Restricted</u> (Note 4)	<u>Total</u>
Public support and revenue:			
Public support:			
Contributions	\$83,529	\$20,000	\$103,529
In-kind services (Note 5)	438,000		438,000
Special events income (Note 7)	26,622		26,622
Total public support	<u>548,151</u>	<u>20,000</u>	<u>568,151</u>
Revenue:			
Thrift store income	461,661		461,661
Program fees	58,009		58,009
Building rental income	14,420		14,420
Interest and other income	703		703
Total revenue	<u>534,793</u>	<u>0</u>	<u>534,793</u>
Net assets released from restrictions	<u>352,219</u>	<u>(352,219)</u>	<u>0</u>
Total public support and revenue	<u>1,435,163</u>	<u>(332,219)</u>	<u>1,102,944</u>
Expenses			
Program services:			
Counseling	315,201		315,201
Food pantry	164,001		164,001
Performing arts	42,372		42,372
Senior services	187,140		187,140
Youth and family services	327,562		327,562
Total program services	<u>1,036,276</u>	<u>0</u>	<u>1,036,276</u>
Supporting services:			
Management and general	387,241		387,241
Fundraising	44,592		44,592
Total supporting services	<u>431,833</u>	<u>0</u>	<u>431,833</u>
Total expenses	<u>1,468,109</u>	<u>0</u>	<u>1,468,109</u>
Change in net assets	(32,946)	(332,219)	(365,165)
Net assets - beginning of year	<u>150,344</u>	<u>375,912</u>	<u>526,256</u>
Net assets - end of year	<u>\$117,398</u>	<u>\$43,693</u>	<u>\$161,091</u>

The attached notes and auditors' report are an integral part of these financial statements.

**FRANCISCAN COMMUNITY CENTER
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2014**

	Program Services					Supporting Services			Total Expenses	
	Counseling	Food Pantry	Performing Arts	Senior Services	Youth and Family Services	Total	Management and General	Fundraising		Total
Salaries	\$70,741	\$78,732		\$79,584	\$116,023	\$345,080	\$162,250	\$20,528	\$182,778	\$527,858
Payroll taxes & benefits	18,425	20,506		20,728	30,219	89,878	42,258	5,347	47,605	137,483
Total salaries and related expenses	89,166	99,238	0	100,312	146,242	434,958	204,508	25,875	230,383	665,341
Professional fees (including in-kind)(Note 5)	175,000		20,439	7,495	56,663	259,597	54,450		54,450	314,047
Occupancy (including in-kind)(Note 5)	35,654	39,681	10,301	43,888	87,034	216,558	81,776	10,346	92,122	308,680
Senior center supplies				20,016		20,016			0	20,016
Food pantry supplies		11,132				11,132			0	11,132
Youth services materials					7,026	7,026			0	7,026
Other program expenses	2,847		8,010			10,857			0	10,857
Thrift store supplies						0	17,758		17,758	17,758
Office expenses	1,961	2,183	567	2,415	4,788	11,914	4,499	569	5,068	16,982
Fundraising event expenses						0		4,734	4,734	4,734
Insurance	1,889	2,103	546	2,326	4,612	11,476	4,334	548	4,882	16,358
Repairs & maintenance (including in-kind)(Note 5)	2,818	3,136	814	3,468	6,878	17,114	6,462	818	7,280	24,394
Total expenses before depreciation	309,335	157,473	40,677	179,920	313,243	1,000,648	373,787	42,890	416,677	1,417,325
Depreciation	5,866	6,528	1,695	7,220	14,319	35,628	13,454	1,702	15,156	50,784
Total expenses	<u>\$315,201</u>	<u>\$164,001</u>	<u>\$42,372</u>	<u>\$187,140</u>	<u>\$327,562</u>	<u>\$1,036,276</u>	<u>\$387,241</u>	<u>\$44,592</u>	<u>\$431,833</u>	<u>\$1,468,109</u>

The attached notes and auditors' report are an integral part of these financial statements.

**FRANCISCAN COMMUNITY CENTER
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2014**

Cash flows from operating activities:	
Change in net assets	(\$365,165)
Adjustments to reconcile change in net assets to net cash used for operating activities:	
Depreciation	50,784
Donated fixed assets	(5,000)
Increase in assets:	
Prepaid expenses and other assets	(2,203)
Inventory	(26,823)
Decrease in liabilities:	
Accounts payable and accrued expenses	<u>5,221</u>
Total adjustments	<u>21,979</u>
Net cash used for operating activities/ Net decrease in cash and cash equivalents	(343,186)
Cash and cash equivalents - beginning of year	<u>369,289</u>
Cash and cash equivalents - end of year	<u><u>\$26,103</u></u>
Supplemental information:	
Taxes paid	<u>\$0</u>
Interest paid	<u>\$0</u>

The attached notes and auditors' report are an integral part of these financial statements.

**FRANCISCAN COMMUNITY CENTER
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2014**

Note 1 - Organization

Franciscan Community Center (the "Center") exists to serve the people of Manhattan's Upper West Side as an instrument of God's peace. In the spirit of St. Francis, the Center reaches out to all, in particular the poor, the alienated and immigrant populations. The Center develops, manages and supports educational, recreational and outreach programs that create positive change in the lives of those we serve. The Center is proud to have provided services to thousands of Upper West Side residents – young and old alike – over the past 20+ years.

The Center operates out of a building owned by the Church of the Holy Name of Jesus ("Holy Name Parish"). The Pastor of the Holy Name Parish serves as an executive advisor to the Center's Board of Trustees.

The Center is a not-for-profit organization exempt from federal income tax under 501(a), as an organization described in Section 501(c)(3) of the Internal Revenue Code and has not been determined to be a private foundation as defined in Section 509(a).

Note 2 - Summary of Significant Accounting Policies

a. Basis of Accounting

The financial statements have been prepared on the accrual basis of accounting, which is the process of recognizing revenue and expenses when earned or incurred rather than received or paid.

b. Basis of Presentation

The Center reports information regarding their financial position and activities according to the following classes of net assets:

- *Unrestricted* – represents all activity without donor imposed restrictions.
- *Temporarily restricted* – relates to contributions of cash and other assets with donor stipulations that make clear the assets restriction, either due to a program nature or by passage of time.
- *Permanently restricted* – relates to contributions of cash and other assets whereby the assets must remain intact due to restrictions placed by the donor. There was no permanently restricted activity or net assets at December 31, 2014.

c. Revenue Recognition

Contributions are recorded as unrestricted, temporarily restricted, or permanently restricted support, depending on the existence and/or nature of any donor restriction. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released

from restrictions. If a restricted contribution is satisfied within the same period it has been received, it is recorded as unrestricted. Pledges are recognized when they are considered unconditional in nature.

Program fees and other earned income are recorded on the accrual basis.

Revenue from the thrift store is recognized at the point of sale.

d. Cash and Cash Equivalents

The Center considers all highly liquid investments purchased with an original maturity of less than three months to be cash and cash equivalents.

e. Concentration of Credit Risk

Financial instruments which potentially subject the Center to concentration of credit risk consist of cash and money market accounts that are placed with financial institutions that management deems to be creditworthy. At times, balances may exceed federally insured limits. At year-end, there were no uninsured balances and the Center has not experienced any losses from these accounts due to bank failure.

f. Inventory

The Center receives donated items that are sold in the thrift store. These items are recorded at fair value as of the date of donation. Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability (i.e. exit price) in an orderly transaction between market participants at the measurement date.

Inventory is grouped into homogenous categories. Fair value of donated inventory is based on its estimated selling price of similar goods and is not materially different than the actual listed sales prices in the thrift store. This is considered type 2 on the fair value hierarchy.

g. Fixed Assets

Purchases of equipment and furniture as well as improvements to the building that have a useful life of greater than one year are capitalized in the year acquired and are carried at cost, if purchased, or fair value, if donated. Depreciation is provided on the straight-line method over the estimated useful lives of the assets.

The estimated useful lives are:

Building improvements – *15 years*

Furniture and equipment – *3 to 7 years*

h. In-kind Contributions

Donated goods and services are recognized in circumstances when they create or enhance non-financial assets or where those services require specialized skills, are provided by individuals possessing those skills and would typically need to be purchased if not provided in-kind. See Note 5 for the details of in-kind contributions recognized.

Board members and other individuals volunteer their time and perform a variety of tasks that assist the Center. These services have not been recorded in the financial

statements because they do not meet the criteria for recognition as outlined above.

i. Management Estimates

The preparation of financial statements in accordance with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Actual results could differ from those estimates.

j. Expense Allocation

The costs of providing various programs and other activities have been summarized on a functional basis in the financial statements. Accordingly, certain costs have been allocated among the programs and supporting services benefited. Management and general expenses include those expenses that are not directly identifiable with any other specific function but provide for the overall support and direction of the Center.

k. Accounting for Uncertainty of Income Taxes

The Center does not believe its financial statements include any material, uncertain tax positions. Tax filings for periods ending December 31, 2011 and later are subject to examination by applicable taxing authorities.

l. Subsequent Events

Management has evaluated for potential recognition and disclosure events subsequent to the date of the balance sheet through May 26, 2014, the date the financial statements were available to be issued. No events have occurred subsequent to the balance sheet date through our evaluation date that would require adjustment to or disclosure in the financial statements.

Note 3 - Fixed Assets

Fixed assets consist of the following:

Building improvements	\$741,221
Furniture and equipment	<u>119,366</u>
Total fixed assets at cost	\$860,587
Less: accumulated depreciation	<u>(\$744,711)</u>
Total fixed assets, net	<u>\$115,876</u>

Note 4 - Temporarily Restricted Net Assets

The following summarizes the activity of temporarily restricted net assets:

	Balance <u>1/1/14</u>	Contributions	Released from Restrictions	Balance <u>12/31/14</u>
Program restrictions:				
Youth and family services	\$295,989	\$20,000	(\$272,296)	\$43,693
Counseling	<u>79,923</u>	<u>0</u>	<u>(79,923)</u>	<u>0</u>
Total	<u>\$375,912</u>	<u>\$20,000</u>	<u>(\$352,219)</u>	<u>\$43,693</u>

Note 5 - In-Kind Contributions

The following summarizes the in-kind contributions recognized during the year:

	<u>Total</u>	<u>Program Services</u>	<u>Management and General</u>	<u>Fundraising</u>
Donated services:				
Professional fees	\$212,000	\$175,000	\$37,000	\$0
Occupancy (Note 6)	210,000	147,328	55,633	7,039
Repairs & maintenance	<u>11,000</u>	<u>7,717</u>	<u>2,914</u>	<u>369</u>
Total in-kind services	433,000	\$330,045	\$95,547	\$7,408
Donated assets	<u>5,000</u>			
Total in-kind contributions	<u>\$438,000</u>			

Note 6 - Space at Holy Name Parish

As described in Note 1, the Center is located on the grounds of Holy Name Parish. The Center utilizes approximately 24,000 square feet of space at Holy Name Parish. The space is donated in kind to the center as described in Note 5.

The Center pays a monthly fee to Holy Name Parish to cover the utilities and other facility related costs for the space that it uses. These payments totaled \$90,000 during the year ended December 31, 2014.

Note 7 - Special Events

A summary of the special events proceeds is as follows:

	<u>Annual Fundraiser</u>	<u>Other Events</u>	<u>Total</u>
Event income	\$17,189	\$9,433	\$26,622
Event expenses	<u>(3,650)</u>	<u>(1,084)</u>	<u>(4,734)</u>
Total	<u>\$13,539</u>	<u>\$8,349</u>	<u>\$21,888</u>

Note 8 - Retirement Plan

The Center's employees are covered under the retirement plan of Holy Name Parish. The Center reimburses Holy Name Parish for the employer contributions to this plan, which totaled \$37,000 during the year ended December 31, 2014.

Note 9 - Line of Credit

The Center has a line of credit of \$30,000 with a bank that is secured by all of the Center's assets. The full amount of the line of credit was available at December 31, 2014.