



## Audited Financial Statements

December 31, 2015

## **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, 2015, 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.

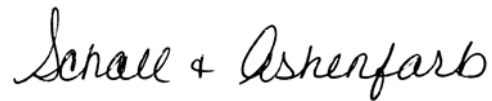
We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

***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, 2015, 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 Center's 2014 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated May 26, 2015. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2014 is consistent, in all material respects, with the audited financial statements from which it has been derived.



Schall & Ashenfarb  
Certified Public Accountants, LLC

May 31, 2016

**FRANCISCAN COMMUNITY CENTER**  
**STATEMENT OF FINANCIAL POSITION**  
**AS OF DECEMBER 31, 2015**  
(With comparative totals as of December 31, 2014)

	<u>12/31/15</u>	<u>12/31/14</u>
<b>Assets</b>		
Cash and cash equivalents	\$15,456	\$26,103
Prepaid expenses and other assets	3,288	2,203
Inventory	48,989	28,823
Fixed assets - net (Note 3)	<u>71,509</u>	<u>115,876</u>
 Total assets	 <u><u>\$139,242</u></u>	 <u><u>\$173,005</u></u>
 <b>Liabilities and Net Assets</b>		
Liabilities:		
Accounts payable and accrued expenses	<u>\$70,091</u>	<u>\$11,914</u>
Total liabilities	<u>70,091</u>	<u>11,914</u>
Net assets:		
Unrestricted	62,981	117,398
Temporarily restricted (Note 4)	<u>6,170</u>	<u>43,693</u>
Total net assets	<u>69,151</u>	<u>161,091</u>
 Total liabilities and net assets	 <u><u>\$139,242</u></u>	 <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, 2015**  
(With comparative totals for the year ended December 31, 2014)

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total 12/31/15</u>	<u>Total 12/31/14</u>
Public support and revenue:		(Note 4)		
Public support:				
Contributions	\$176,808	\$15,000	\$191,808	\$103,529
In-kind contributions (Note 5)	427,000		427,000	438,000
Special events income (Note 7)	50,824		50,824	26,622
Total public support	<u>654,632</u>	<u>15,000</u>	<u>669,632</u>	<u>568,151</u>
Revenue:				
Thrift store income	454,797		454,797	461,661
Program fees	75,949		75,949	58,009
Building rental income	81,745		81,745	14,420
Interest and other income	3,205		3,205	703
Total revenue	<u>615,696</u>	<u>0</u>	<u>615,696</u>	<u>534,793</u>
Net assets released from restrictions	<u>52,523</u>	<u>(52,523)</u>	<u>0</u>	<u>0</u>
Total public support and revenue	<u>1,322,851</u>	<u>(37,523)</u>	<u>1,285,328</u>	<u>1,102,944</u>
Expenses				
Program services:				
Counseling	50,998		50,998	315,201
Food pantry	315,110		315,110	164,001
Performing arts	43,156		43,156	42,372
Senior services	79,021		79,021	187,140
Youth and family services	352,421		352,421	327,562
Total program services	<u>840,706</u>	<u>0</u>	<u>840,706</u>	<u>1,036,276</u>
Supporting services:				
Management and general	505,532		505,532	387,241
Fundraising	31,030		31,030	44,592
Total supporting services	<u>536,562</u>	<u>0</u>	<u>536,562</u>	<u>431,833</u>
Total expenses	<u>1,377,268</u>	<u>0</u>	<u>1,377,268</u>	<u>1,468,109</u>
Change in net assets	(54,417)	(37,523)	(91,940)	(365,165)
Net assets - beginning of year	<u>117,398</u>	<u>43,693</u>	<u>161,091</u>	<u>526,256</u>
Net assets - end of year	<u>\$62,981</u>	<u>\$6,170</u>	<u>\$69,151</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, 2015**  
(With comparative totals for the year ended December 31, 2014)

	Program Services					Supporting Services			Total Expenses 12/31/15	Total Expenses 12/31/14	
	Counseling	Food Pantry	Performing Arts	Senior Services	Youth and Family Services	Total	Management and General	Fundraising			Total
Salaries	\$22,647	\$91,384	\$20,300	\$35,859	\$164,019	\$334,209	\$181,067	\$11,588	\$192,655	\$526,864	\$527,858
Payroll taxes and benefits	5,353	21,602	4,799	8,476	38,771	79,001	42,802	2,739	45,541	124,542	137,483
Total salaries and related expenses	28,000	112,986	25,099	44,335	202,790	413,210	223,869	14,327	238,196	651,406	665,341
Professional fees (including in-kind)(Note 5)	4,000					4,000	113,451		113,451	117,451	314,047
Occupancy (including in-kind)(Note 5)	13,969	56,368	12,522	22,119	101,171	206,149	111,688	7,148	118,836	324,985	308,680
Senior center supplies				4,605		4,605			0	4,605	20,016
Food pantry supplies (including in-kind)(Note 5)		125,463				125,463			0	125,463	11,132
Youth services materials					11,622	11,622			0	11,622	7,026
Other program expenses			1,027		415	1,442			0	1,442	10,857
Thrift store supplies						0	16,314		16,314	16,314	17,758
Office expenses	949	3,831	851	1,503	6,876	14,010	7,592	486	8,078	22,088	16,982
Fundraising event expenses						0		6,981	6,981	6,981	4,734
Insurance	987	3,981	884	1,562	7,146	14,560	7,888	505	8,393	22,953	16,358
Repairs and maintenance	815	3,289	731	1,290	5,902	12,027	6,516	417	6,933	18,960	24,394
Total expenses before depreciation	48,720	305,918	41,114	75,414	335,922	807,088	487,318	29,864	517,182	1,324,270	1,417,325
Depreciation	2,278	9,192	2,042	3,607	16,499	33,618	18,214	1,166	19,380	52,998	50,784
Total expenses	\$50,998	\$315,110	\$43,156	\$79,021	\$352,421	\$840,706	\$505,532	\$31,030	\$536,562	\$1,377,268	\$1,468,109

*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, 2015**  
(With comparative totals for the year ended December 31, 2014)

	<u>12/31/15</u>	<u>12/31/14</u>
Cash flows from operating activities:		
Change in net assets	(\$91,940)	(\$365,165)
Adjustments to reconcile change in net assets to net cash used for operating activities:		
Depreciation	52,998	50,784
Donated fixed assets	0	(5,000)
Changes in assets and liabilities:		
Prepaid expenses and other assets	(1,085)	(2,203)
Inventory	(20,166)	(26,823)
Accounts payable and accrued expenses	<u>58,177</u>	<u>5,221</u>
 Total adjustments	 <u>89,924</u>	 <u>21,979</u>
 Net cash used for operating activities	 (2,016)	 (343,186)
Cash flows from investing activities:		
Purchase of fixed assets	<u>(8,631)</u>	<u>0</u>
Net cash used for investing activities	<u>(8,631)</u>	<u>0</u>
 Net decrease in cash and cash equivalents	 (10,647)	 (343,186)
 Cash and cash equivalents - beginning of year	 <u>26,103</u>	 <u>369,289</u>
 Cash and cash equivalents - end of year	 <u><u>\$15,456</u></u>	 <u><u>\$26,103</u></u>
 Supplemental information:		
Taxes paid	<u>\$0</u>	<u>\$0</u>
Interest paid	<u>\$0</u>	<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, 2015**

**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, 2015 or 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. Comparative Financial Information

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 accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with the Center's financial statements for the year ended December 31, 2014, from which the summarized information was derived.

l. 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, 2012 and later are subject to examination by applicable taxing authorities.

m. Subsequent Events

Management has evaluated for potential recognition and disclosure events subsequent to the date of the balance sheet through May 31, 2016, 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:

	<u>12/31/15</u>	<u>12/31/14</u>
Building improvements	\$741,221	\$741,221
Furniture and fixtures	<u>127,997</u>	<u>119,366</u>
	869,218	860,587
Less: accumulated depreciation	<u>(797,709)</u>	<u>(744,711)</u>
Total fixed assets, net	<u>\$71,509</u>	<u>\$115,876</u>

**Note 4 - Temporarily Restricted Net Assets**

The following summarizes the activity of temporarily restricted net assets:

	December 31, 2015			
	Balance 1/1/15	Contributions	Released from Restrictions	Balance 12/31/15
Program restrictions:				
Youth and family services	\$43,693	\$0	(\$43,693)	\$0
STEM program	<u>0</u>	<u>15,000</u>	<u>(8,830)</u>	<u>6,170</u>
Total	<u>\$43,693</u>	<u>\$15,000</u>	<u>(\$52,523)</u>	<u>\$6,170</u>

	December 31, 2014			
	Balance 1/1/14	Contributions	Released from Restrictions	Balance 12/31/14
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:

	December 31, 2015			
	Total	Program Services	Management and General	Fundraising
Donated services:				
Professional fees	\$105,000	\$4,000	\$101,000	\$0
Occupancy (Note 6)	210,000	133,211	72,170	4,619
Food pantry supplies	<u>112,000</u>	<u>112,000</u>	<u>0</u>	<u>0</u>
Total in-kind contributions	<u>\$427,000</u>	<u>\$249,211</u>	<u>\$173,170</u>	<u>\$4,619</u>

	December 31, 2014			
	Total	Program Services	Management and General	Fundraising
Donated services:				
Professional fees	\$212,000	\$175,000	\$37,000	\$0
Occupancy (Note 6)	210,000	147,328	55,633	7,039
Repairs and maintenance	<u>11,000</u>	<u>7,717</u>	<u>2,914</u>	<u>369</u>
Total in-kind services	433,000	<u>\$330,045</u>	<u>\$95,547</u>	<u>\$7,408</u>
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 incurs a monthly fee from Holy Name Parish to cover the utilities and other facility related costs for the space that it uses. These expenses totaled \$100,000 in 2015 and \$90,000 in 2014.

**Note 7 - Special Events**

A summary of the special events proceeds is as follows:

	<u>December 31, 2015</u>			
	<u>Annual</u>	<u>Feed the</u>	<u>Other</u>	<u>Total</u>
	<u>Fundraiser</u>	<u>Hungry</u>	<u>Events</u>	
Event income	\$10,285	\$18,224	\$22,315	\$50,824
Event expenses	<u>(2,715)</u>	<u>0</u>	<u>(4,266)</u>	<u>(6,981)</u>
Total	<u>\$7,570</u>	<u>\$18,224</u>	<u>\$18,049</u>	<u>\$43,843</u>

	<u>December 31, 2014</u>		
	<u>Annual</u>	<u>Other</u>	<u>Total</u>
	<u>Fundraiser</u>	<u>Events</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 \$22,000 in 2015 and \$37,000 in 2014.