

Sister Carmen Community Center, Inc.

Financial Statements

At June 30, 2015 and for the Year then Ended

With

Report of Independent Auditor

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Independent Auditor's Report

Board of Directors
Sister Carmen Community Center, Inc.

Report on the Financial Statements

I have audited the accompanying financial statements of Sister Carmen Community Center, Inc. (a nonprofit corporation) which comprise the statement of financial position as of June 30, 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. The prior year summarized comparative information has been derived from the Organization's 2014 financial statements and, in my report dated December 19, 2014, I expressed an unqualified opinion on those 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.

Auditor's Responsibility

My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that I 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 amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making 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, I express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant estimates made by management, as well as evaluating the overall of the financial statements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Opinion

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Sister Carmen Community Center, Inc. as of June 30, 2015 and the results of their changes in net assets and their cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Paul L. Smith, P.C.

Paul L. Smith, P.C.
Denver, Colorado
December 18, 2015

Sister Carmen Community Center, Inc.
Statement of Financial Position
June 30, 2015
(With Summarized Comparative Information for 2014)

	Assets	
	<u>2015</u>	<u>Comparative 2014</u>
Current assets:		
Cash	\$ 313,728	\$ 349,830
Short term portion of pledges receivable	10,000	-
Accounts receivable	123,644	138,062
Prepaid expenses	20,333	17,862
Inventory	429,618	193,540
	<u>897,323</u>	<u>699,295</u>
 Fixed Assets:		
Land	393,617	393,617
Buildings	2,353,169	2,333,344
Leasehold improvements	269,201	269,201
Furniture and equipment	282,108	277,381
Vehicles	104,894	98,993
	<u>3,402,989</u>	<u>3,372,536</u>
Accumulated depreciation	509,921	436,394
	<u>2,893,068</u>	<u>2,936,142</u>
 Other assets		
Endowment	25,204	-
Deferred loan fees	3,597	3,870
	<u>28,801</u>	<u>3,870</u>
 Total assets	<u>\$ 3,819,193</u>	<u>\$ 3,639,307</u>
	Liabilities and Net Assets	
Liabilities:		
Accounts and accrued expenses	\$ 85,120	\$ 77,537
Short-term portion of mortgage payable	41,721	37,467
	<u>126,840</u>	<u>115,004</u>
Long-term portion of mortgages	677,399	749,531
Total liabilities	<u>804,240</u>	<u>864,535</u>
 Net assets:		
Temporarily restricted	1,520,050	1,275,246
Unrestricted	1,494,903	1,499,526
	<u>3,014,953</u>	<u>2,774,772</u>
 Total liabilities and net assets	<u>\$ 3,819,193</u>	<u>\$ 3,639,307</u>

The accompanying notes are an integral part of the financial statements.

Sister Carmen Community Center, Inc.
Statement of Activities
Year Ended June 30, 2015
(With Summarized Comparative Information for 2014)

	Unrestricted	Temporarily Restricted	Total 2015	Comparative 2014
Revenues, Support and Earnings:				
Contributions				
Donations	\$ 481,183	\$ -	\$ 481,183	\$ 449,178
In-kind food and personal items	-	2,900,988	2,900,988	2,612,968
In-kind thrift store items	40,000		40,000	137,967
In-kind donation of rent, Thrift Store location	-	127,500	127,500	127,500
Boulder County fees for services	368,212	-	368,212	373,031
Grant income county & foundations	204,136	299,206	503,342	464,911
Sales of contributed thrift items	548,094	-	548,094	400,345
Fundraising revenue (net)	59,791	-	59,791	22,990
Other support and income	14,173	-	14,173	10,997
Net assets released from restrictions	3,082,890	(3,082,890)	-	-
 Total Support, Revenue and Earnings	 4,798,478	 244,804	 5,043,282	 4,599,887
Expenses:				
General and administrative	174,615	-	174,615	101,929
Fundraising costs	130,553	-	130,553	140,549
Basic services	3,952,169	-	3,952,169	3,936,666
Thrift store	545,764	-	545,764	512,549
 Total Expenses	 4,803,101	 -	 4,803,101	 4,691,693
 Change in net assets	 (4,623)	 244,804	 240,181	 (91,806)
 Net assets at beginning of year	 1,499,526	 1,275,246	 2,774,772	 2,866,578
 Net assets at end of year	 <u>\$ 1,494,903</u>	 <u>\$1,520,050</u>	 <u>\$ 3,014,953</u>	 <u>\$ 2,774,772</u>

The accompanying notes are an integral part of the financial statements.

Sister Carmen Community Center, Inc.
Statement of Cash Flows
(With Summarized Comparative Information for 2014)
Year Ended June 30, 2015

	<u>2015</u>	<u>Comparative 2014</u>
Cash flows from operating activities		
Change in net assets:	\$ 240,181	\$ (91,806)
Adjusting to reconcile change in net assets to net cash provided (used) by operating activities:		
Depreciation	84,435	108,553
Amortization of deferred loan costs	273	2,980
Gain on sale of assets	(809)	-
Accretion of long-term discounted mortgages	722	1,669
Contributed food and related items distributed	2,664,910	2,757,363
Contributed food and related items received	(2,900,988)	(2,612,968)
Change in accounts & pledges receivable	4,418	(26,005)
Change in prepaid expenses	(2,471)	4,042
Change in accounts payable and accrued expenses	7,583	4,126
Net cash provided by operating activities	<u>98,255</u>	<u>147,954</u>
Cash flows from investing activities:		
Deferred loan costs	-	(4,098)
Proceeds from sale of vehicle	1,760	-
Investment in endowment	(25,204)	-
Purchase of property and equipment	<u>(42,313)</u>	<u>(20,149)</u>
Net cash used in investing activities	<u>(65,756)</u>	<u>(24,247)</u>
Cash flows from financing activities:		
Repayment of mortgage debt	<u>(68,600)</u>	<u>(23,422)</u>
Net cash applied to financing activities	<u>(68,600)</u>	<u>(23,422)</u>
Net increase in cash and cash equivalents	(36,102)	100,285
Cash and cash equivalents at beginning of period	<u>349,830</u>	<u>249,545</u>
Cash and cash equivalents at end of year	<u>\$ 313,728</u>	<u>\$ 349,830</u>
Supplemental disclosure of cash flow information:		
Interest incurred	\$ 39,393	\$ 44,715
Interest paid	38,671	44,023

The accompanying notes are an integral part of the financial statements.

Sister Carmen Community Center, Inc.
Statement of Functional Expenses
Year Ended June 30, 2015
(With Summarized Comparative Information for 2014)

	Basic Services	Thrift Store	Fund Raising	Administrative	2015 Totals	Comparative 2014 Total
Salaries & Wages	\$ 590,211	\$ 274,191	\$ 107,794	\$ 50,522	\$ 1,022,718	\$ 924,536
Payroll taxes	51,463	23,908	9,399	4,405	89,174	77,791
Employee benefits	67,116	31,180	12,258	5,745	116,298	122,951
	<u>708,789</u>	<u>329,278</u>	<u>129,451</u>	<u>60,673</u>	<u>1,228,191</u>	<u>1,125,277</u>
Other expenses						
Direct services						
In-kind food	2,664,910	-	-	-	2,664,910	2,757,363
Purchased food	13,960	-	-	-	13,960	14,789
Housing financial assistance	99,147	-	-	-	99,147	91,981
Utilities financial assistance	93,541	-	-	-	93,541	98,925
Other financial assistance	26,839	-	-	-	26,839	10,073
Family resource programs	91,967	-	-	-	91,967	48,832
Advertising	-	967	-	-	967	4,445
Board development	-	-	-	450	450	7,609
Dues and subscriptions	9,075	1,218	630	2,650	13,573	9,235
Fundraising	-	-	33	-	33	10,362
Insurance	17,458	9,227	2,262	1,293	30,240	27,345
Interest	31,120	-	5,121	3,151	39,393	44,715
Legal and accounting	-	-	-	39,340	39,340	26,227
Maintenance & repair	34,242	5,219	5,635	3,468	48,563	43,792
Other expenses	317	5,020	-	-	5,337	752
Postage	2,359	-	2,238	882	5,479	2,544
Printing	8,638	-	8,194	3,232	20,064	14,807
Rent (in-kind)	-	127,500	-	-	127,500	127,500
Staff appreciation	3,646	1,694	666	312	6,318	4,466
Staff training	4,266	1,982	779	365	7,392	10,851
Sub grants	3,550	-	-	-	3,550	-
Supplies	7,783	1,962	-	4,589	14,334	6,553
Telephone	7,607	3,534	1,389	651	13,181	14,673
Uncollected pledges	-	-	-	-	-	2,776
Utilities	20,459	12,239	3,367	2,072	38,137	33,682
Vehicle expenses	12,667	5,961	-	-	18,627	22,981
Volunteer expenses	3,465	1,631	-	-	5,096	4,777
Waste removal	2,568	24,670	-	-	27,239	15,808
	<u>3,868,373</u>	<u>532,101</u>	<u>159,765</u>	<u>123,128</u>	<u>4,683,367</u>	<u>4,583,140</u>
Depreciation	83,796	13,663	14,850	7,425	119,734	108,553
	<u>\$ 3,952,169</u>	<u>\$ 545,764</u>	<u>\$ 174,615</u>	<u>\$ 130,553</u>	<u>\$ 4,803,101</u>	<u>\$ 4,691,693</u>

The accompanying notes are an integral part of the financial statements.

Sister Carmen Community Center
Notes to Financial Statements

June 30, 2015

1. Summary of Significant Accounting Policies

General

Sister Carmen Community Center, Inc. (Sister Carmen) is a community based non-profit agency located in Lafayette, Colorado. Sister Carmen provides assistance residents of Lafayette, Louisville, Superior and Erie, Colorado, who are in need without discrimination. Services include food, emergency services, educational services, counseling services and sales of contributed clothing and household items at its thrift store. In-kind contributions to Sister Carmen consist primarily of food, clothing, and household items from individuals, community groups and local businesses. The City of Lafayette has provided a facility for Sister Carmen to operate its thrift store from in the form of an in-kind donation.

The financial statements of the Sister Carmen Community Center, Inc. have been prepared on the accrual basis of accounting in accordance with U.S. generally accepted accounting principles for not-for-profit entities. Fees for services are recognized as they are earned.

Sister Carmen follows the provisions of generally accepted accounting principles to account for contributions received and contributions made. Under generally accepted accounting principles, contributions received are recorded as unrestricted, temporarily restricted or permanently restricted support depending on the existence or nature of any donor restrictions. Generally accepted accounting principles require that the financial statements report information regarding its financial position and activities separately by three classes of net assets.

A) Unrestricted Net Assets

Unrestricted net assets are net assets currently available at the discretion of the Board for use in Sister Carmen's operations.

B) Temporarily Restricted Net Assets

Temporarily restricted net assets are net assets which are stipulated by donors or grantors for specific operating purposes or future periods.

C) Permanently Restricted Net Assets

Permanently restricted net assets are to be maintained by Sister Carmen in perpetuity. Currently, there are no permanently restricted net assets.

Revenue Recognition

Sister Carmen reports gifts of cash and other assets as restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction stipulation 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.

Sister Carmen Community Center
Notes to Financial Statements

Gifts of land, buildings and equipment are recorded as unrestricted support unless explicit donor stipulations specify how the donated assets must be used. Gifts of long-lived assets with explicit restrictions that specify how the assets are to be used and gifts of cash or other assets that must be used to acquire long lived assets are reported as restricted support. Absent explicit donor stipulations about how long those long-lived assets must be utilized, Sister Carmen reports expirations of donor restrictions when the donated or acquired long-lived assets are placed in service

Functional Allocation of Expenses

Functional expenses have been allocated between general and respective program expenses based upon the following:

- A) Management and general expenses are allocated on the basis of estimated time spent in each area.
- B) Personnel expenses are allocated on the basis of direct salaries.
- C) Building and occupancy costs are allocated on the basis of square footage.

Description of Program and Supporting Services

Basic Services - Provides primarily food as well as dry goods and emergency assistance including utility and housing assistance to the economically deprived.

Thrift store - Sells contributed clothing and household items at discount prices.

Administrative - Includes functions to ensure an adequate working environment, prepare grant applications and manage financial responsibilities of Sister Carmen.

Fundraising - Includes an allocation of the executive director's salary and supportive expenses for the purpose of preparing grant requests and meeting with community members for the purpose of educating the community and soliciting resources to support Sister Carmen's Mission statement.

Property & Equipment

Expenditures for property and equipment in excess of \$500 are capitalized and depreciated over estimated useful lives using the straight line method. Repairs and maintenance expenditures that do not improve or materially extend the life of fixed assets are charged to expense as they are incurred. Buildings will be depreciated over a 40 year life and other fixed assets are depreciated over a five year period.

Contributions

Noncash donations of food and dry goods, which Sister Carmen distributes to clients are recorded as contributions at their estimated fair values at the date of donation. Sister Carmen receives donated clothing and household items that are sold in its thrift store. The donated clothing and household items are of questionable value, therefore, the donations are not recorded as received but are recognized in two components when sold. A portion recognizing the value of sorting and thrift store costs is recorded as proceeds from retail sales and the remaining portion is recognized as a donation.

Sister Carmen Community Center
Notes to Financial Statements

The value of donated services is not recognized for financial reporting purposes because the criteria for recognition under generally accepted accounting principles have not been satisfied. Sister Carmen generally pays for services requiring specific expertise. However, individuals a variety of tasks that assist Sister Carmen in distributing food and operating the thrift store and those services are not recognized for financial reporting purposes.

Pledges Receivable

Sister Carmen reports unconditional promises to give as contributions. If pledges are expected to be collected in less than one year, they are recorded at the estimated amount to be ultimately realized. If pledges are to be paid to Sister Carmen over a period of years, they are recorded at the present value of their estimated cash flows using the prime rate as of the fiscal year-end in the year of the donation. At June 30, 2015, there were no pledges receivable.

Allowance for doubtful accounts receivable

Accounts receivable consist of amounts due from governments or other non-profit entities in addition to pledges receivable which are primarily from individuals. There is no history of bad debts associated with receivables from governments or other non-profit entities. Accordingly, no allowance for uncollectible receivables has been recognized.

Inventory

Donated food inventory is valued at an average of the national wholesale prices as determined using studies commissioned by Feeding America, the nation's largest nongovernmental food distribution program or at the cost of products purchased as determined by the first in, first out method. Donated commodities inventory from the U.S. Department of Agriculture is valued on prices provided by the U.S. Department of Agriculture. Inventory consists of dry goods and food available to distribute to community members who are economically deprived.

Income Taxes

Sister Carmen is exempt from Federal and State income taxes under Section 501(c)(c3) of the Internal Revenue Code and a similar provision of state law. However, Sister Carmen is subject to federal income tax on any unrelated business taxable income. Sister Carmen is not considered a private foundation. Sister Carmen is no longer subject to federal or state income tax examinations by taxing authorities for years before 2011. Sister Carmen had no unrelated business taxable income for the years ended June 30, 2015 and 2014.

Use of Estimates

Preparation of financial statements in conformity with generally accepted accounting principles requires the use of management estimates and assumptions that effect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and reported amounts of revenues and expenses during the reporting period. Actual results could vary from those estimates.

Cash Equivalents

Cash and cash equivalents are defined as cash and short-term investments with an original maturity of three months or less. At June 30, 2015, Sister Carmen Community Center Inc.'s cash was in the form of demand deposits, money market funds and cash on hand.

Advertising Costs

Advertising and marketing costs are expensed when incurred.

Reclassifications

Certain reclassifications have made to prior year information in order to conform with the current year presentation.

Concentration of Risk and Support

Sister Carmen operates its basic services program and its thrift store at separate locations in Lafayette, Colorado. Other agencies in the community provide similar services in some respects to the specific services Sister Carmen provides and there is no limitation on other providers competing with services that Sister Carmen provides in the community.

Comparative Financial Data

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 organization's financial statements for the year ended June 30, 2014, from which the summarized information was derived.

Additionally, certain information has been reclassified in the 2014 financial information in order to conform with the current year presentation.

Subsequent Events

In connection with the preparation of the financial statements and in accordance with generally accepted accounting principles, Sister Carmen evaluated subsequent events after the statement of financial position date of June 30, 2015 through December 18, 2015, which was the date the financial statements were available to be issued and determined there were no other items to be disclosed.