



The Cathedral of the Sacred Heart Foundation

Financial Statements (Reviewed)

June 30, 2019

The Cathedral of the Sacred Heart Foundation

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Independent Accountant's Review Report

Board of Directors
The Cathedral of the Sacred Heart Foundation
Richmond, Virginia

We have reviewed the accompanying financial statements of The Cathedral of the Sacred Heart Foundation, which comprise the statement of assets, liabilities, and net assets – cash basis as of June 30, 2019, the related statements of revenues, expenses, and other changes in net assets – cash basis, functional expenses – cash basis, and cash flows – cash basis for the year then ended, and the related notes to the financial statements. A review includes primarily applying analytical procedures to management's financial data and making inquiries of management. A review is substantially less in scope than an audit, the objective of which is the expression of an opinion regarding the financial statements as a whole. Accordingly, we do not express such an opinion.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the cash basis of accounting; this includes determining that the cash basis of accounting is an acceptable basis for the preparation of financial statements in the circumstances. Management is also responsible for 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.

Accountant's Responsibility

Our responsibility is to conduct the review engagement in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the American Institute of Certified Public Accountants. Those standards require us to perform procedures to obtain limited assurance as a basis for reporting whether we are aware of any material modifications that should be made to the financial statements for them to be in accordance with the cash basis of accounting. We believe that the results of our procedures provide a reasonable basis for our conclusion.

Accountant's Conclusion

Based on our review, we are not aware of any material modifications that should be made to the accompanying financial statements in order for them to be in accordance with the cash basis of accounting.

Basis of Accounting

We draw attention to Note 1 of the financial statements, which describes the basis of accounting. The financial statements are prepared in accordance with the cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. Our conclusion is not modified with respect to this matter.

Summarized Comparative Information

We previously reviewed The Cathedral of the Sacred Heart Foundation's 2018 financial statements and in our conclusion dated November 21, 2018, stated that based on our review, we were not aware of any material modifications that should be made to the 2018 financial statements in order for them to be in accordance with the cash basis of accounting. We are not aware of any material modifications that should be made to the summarized comparative information presented herein as of and for the year ended June 30, 2018, for it to be consistent with the reviewed financial statements from which it has been derived.

Mitchell Wiggins

Richmond, Virginia
October 23, 2019

The Cathedral of the Sacred Heart Foundation

Statement of Assets, Liabilities, and Net Assets – Cash Basis June 30, 2019, with Comparative Totals as of June 30, 2018

Assets	2019	2018
Current Assets		
Cash and cash equivalents	\$ 749,893	\$ 124,222
Investments	515,962	381,054
Total current assets	1,265,855	505,276
Total assets	\$ 1,265,855	\$ 505,276
Liabilities and Net Assets		
Net Assets		
Without donor restrictions	\$ 39,587	\$ 90,804
With donor restrictions	1,226,268	414,472
Total net assets	1,265,855	505,276
Total liabilities and net assets	\$ 1,265,855	\$ 505,276

See Notes to Financial Statements and Independent Accountant's Review Report

The Cathedral of the Sacred Heart Foundation

**Statement of Revenues, Expenses, and Other Changes in Net Assets - Cash Basis
Year Ended June 30, 2019, with Comparative Totals for the Year Ended June 30, 2018**

	Without Donor Restrictions	With Donor Restrictions	Totals	
			2019	2018
Revenues				
Contributions	\$ 40,258	\$ 976,965	\$ 1,017,223	\$ 342,331
Investment income, net	-	42,082	42,082	1,084
Total revenues	40,258	1,019,047	1,059,305	343,415
Net Assets Released from Restrictions				
Satisfaction of program restrictions	207,251	(207,251)	-	-
Total support and revenues	247,509	811,796	1,059,305	343,415
Expenses				
Program services				
Organ project	282,810	-	282,810	41,088
Museum restoration	1,050	-	1,050	517
Building restoration	-	-	-	30,353
Administrative	14,866	-	14,866	8,164
Total expenses	298,726	-	298,726	80,122
Change in net assets	(51,217)	811,796	760,579	263,293
Net assets, beginning	90,804	414,472	505,276	241,983
Net assets, ending	\$ 39,587	\$ 1,226,268	\$ 1,265,855	\$ 505,276

See Notes to Financial Statements and Independent Accountant's Review Report

The Cathedral of the Sacred Heart Foundation

Statement of Functional Expenses - Cash Basis

Year Ended June 30, 2019, with Comparative Totals for the Year Ended June 30, 2018

	Program Services			Totals	
	Organ Project	Museum Restoration	Administrative	2019	2018
Direct support to The Cathedral of the Sacred Heart	\$ 282,810	\$ 1,050	\$ -	\$ 283,860	\$ 41,605
Hospitality	-	-	2,397	2,397	1,904
Security system	-	-	-	-	30,353
Professional fees	-	-	6,200	6,200	5,925
Information technology	-	-	3,541	3,541	310
Advertising	-	-	1,000	1,000	-
Administrative fees	-	-	325	325	25
Business expense	-	-	753	753	-
Bank fees	-	-	603	603	-
Postage & mailing	-	-	47	47	-
	\$ 282,810	\$ 1,050	\$ 14,866	\$ 298,726	\$ 80,122

See Notes to Financial Statements and Independent Accountant's Review Report

The Cathedral of the Sacred Heart Foundation

Statement of Cash Flows – Cash Basis ***Year Ended June 30, 2019***

Cash Flows from Operating Activities	
Change in net assets	\$ 760,579
<i>Adjustments to reconcile change in net assets to net cash and cash equivalents provided by (used in) operating activities</i>	
Net unrealized gain on investments	(27,624)
Net realized loss on investments	29
Net cash and cash equivalents provided by operating activities	<u>732,984</u>
Cash Flows from Investment Activities	
Proceeds from sale of investments	31,935
Purchase of investments	(139,248)
Net cash and cash equivalents (used in) investing activities	<u>(107,313)</u>
Net change in cash and cash equivalents	625,671
Cash and cash equivalents, beginning	<u>124,222</u>
Cash and cash equivalents, ending	<u>\$ 749,893</u>

See Notes to Financial Statements and Independent Accountant's Review Report

The Cathedral of the Sacred Heart Foundation

Notes to Financial Statements

June 30, 2019

Note 1. Nature of Organization and Summary of Significant Accounting Policies

Nature of organization

The Cathedral of the Sacred Heart Foundation (the Foundation) is a nonprofit corporation organized under the laws of the Commonwealth of Virginia for the purpose of supporting the restoration and preservation of the Cathedral of the Sacred Heart and the Museum of Virginia Catholic History, located in Richmond, Virginia, and to educate the public about the benefits associated with and related to such preservation. The Foundation is supported primarily through contributions.

A summary of the Foundation's significant accounting policies are as follows:

Financial statement presentation

Under current accounting standards, the Foundation is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets. The net asset classes are summarized as follows:

Net assets without donor restrictions include revenue and expenses used currently for the general operations and programs of the Foundation.

Net assets with donor restrictions include contributions restricted by donor designation and are reported as increases in with donor restrictions. When a restriction expires either by the passage of time or accomplishment of the purpose, with donor restricted net assets are released and reclassified to without donor restricted net assets.

Basis of accounting

The Foundation prepares its financial statements on the cash basis of accounting. Under this method, revenues are recognized when received and expenses are recognized when paid rather than when incurred.

Consequently, pledges receivable are not included in the financial statements.

Cash and cash equivalents

For purposes of reporting the statement of cash flows – cash basis, the Foundation includes all cash accounts, which are not subject to withdrawal restrictions or penalties, certificates of deposit, and all highly liquid debt instruments purchased with a maturity of three months or less as cash and cash equivalents on the accompanying statement of assets, liabilities, and net assets – cash basis. The Foundation, at times, may have cash in excess of insured limits. The Foundation's cash is in institutions whose credit ratings are monitored by management to minimize the concentration of credit risk.

The Cathedral of the Sacred Heart Foundation

Notes to Financial Statements

June 30, 2019

Note 1. Nature of Organization and Summary of Significant Accounting Policies (continued)

Investments

Investments with readily determinable fair values are reported at market value based upon quoted market prices. Donated investments are recorded at fair value as of the date received. Investment income and realized and unrealized gains are included in the statement of revenues, expenses, and other changes in net assets – cash basis in the appropriate net asset class.

Income taxes

The Foundation is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code and is not classified as a Private Foundation. The Foundation is subject to tax on any unrelated business income that it may generate.

The Financial Accounting Standards Board issued guidance on accounting for uncertainty in income taxes. Management evaluated the Foundation's tax positions and concluded that the Foundation had taken no uncertain tax positions that require adjustment to the financial statements to comply with the provisions of this guidance. The tax years ended June 30, 2016 through the current year remain subject to examination by the taxing authorities.

The Foundation includes penalties and interest assessed by income taxing authorities in administrative expenses. The Foundation did not have any penalties and interest relating to income taxes for the year ended June 30, 2019.

Change in accounting principles

The Foundation adopted FASB ASU No. 2016-14 in the year ended June 30, 2019. The new standards change the following aspects of the financial statements:

- The unrestricted net asset class has been renamed net assets without donor restrictions;
- The temporarily restricted and permanently restricted net asset classes have been combined into a single net asset class called net assets with donor restrictions;
- Investment expenses are reported net of investment returns;
- The financial statements include expenses by nature and function; and
- The financial statements include a disclosure about liquidity and availability of resources (Note 6).

The Cathedral of the Sacred Heart Foundation

Notes to Financial Statements

June 30, 2019

Note 2. With Donor Restricted Net Assets

As stated in Note 1, donor restricted net assets consist of contributions received from donors who have specified how the contributions will be utilized. Donor restricted net assets at June 30 were as follows:

Museum restoration	\$	7,610
Organ project		785,087
Anita & Hal Purcell fund		433,571
		<u>\$ 1,226,268</u>

Note 3. Investments

Certain investments are reported at fair value. The cost and fair value of these investments at June 30, 2019 are as follows:

	<u>Cost</u>	<u>Fair Value</u>
Mutual Funds	\$ 494,848	\$ 515,962
	<u>\$ 494,848</u>	<u>\$ 515,962</u>

Note 4. Fair-Value Measurements of Assets

The Foundation follows the provisions of guidance on fair value measurements, for financial assets measured at fair value. This statement requires fair value measurements be classified and disclosed in one of the following three categories (Fair Value Hierarchy):

Level 1: Financial instruments with unadjusted, quoted prices listed on active market exchanges.

Level 2: Financial instruments valued using inputs that include quoted prices for similar assets and liabilities in active markets, and inputs that are observable for the asset or liability, either directly or indirectly, for substantially the full term of the financial instrument.

Level 3: Financial instruments that are not actively traded on a market exchange and require using significant unobservable inputs in determining fair value.

The following methods described may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, although the Foundation 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 Cathedral of the Sacred Heart Foundation

Notes to Financial Statements

June 30, 2019

Note 4. Fair-Value Measurements of Assets (continued)

The asset's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs. The following is a description of the valuation methodology used for assets measured at fair value. There have been no changes in the methodology used at June 30, 2019.

Mutual Funds - Valued at the closing price reported on the active market on which the individual securities are traded. These assets are classified within Level 1 of the valuation hierarchy.

The following tables summarize the valuation of the Foundation's financial assets measured at fair value on a recurring basis as of June 30, 2019, based on the level of input utilized to measure fair value.

Measurement at fair value on a recurring basis:

	2019			
	Level 1	Level 2	Level 3	Total
Asset Valuation Inputs				
Investments				
Mutual Funds				
International equity	\$ 53,888	\$ -	\$ -	\$ 53,888
Investment grade bond	181,378	-	-	181,378
Equity opportunities	60,197	-	-	60,197
Value & income	107,063	-	-	107,063
Core	113,436	-	-	113,436
Total investments	<u>\$ 515,962</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 515,962</u>

Note 5. Functional Expenses

The cost of providing various programs and other activities are summarized on a functional basis in the statement of functional expenses - cash basis. Accordingly, certain categories of expenses are attributed to program services or supporting functions. All expenses are recorded on a direct basis.

The Cathedral of the Sacred Heart Foundation

Notes to Financial Statements

June 30, 2019

Note 6. Liquidity and Availability

Financial assets available for general expenditure that is, without donor or other restrictions limiting their use, within one year of June 30, 2019 are:

Cash and cash equivalents	\$	749,893
Investments		515,962
Total financial assets		<u>1,265,855</u>
Less donor restricted funds (Note 2)		<u>(1,226,268)</u>
Amount available for general expenditures within one year	\$	<u>39,587</u>

\$1,226,268 of the financial assets are subject to donor designations that make them unavailable for general expenditure within one year of the balance sheet date without board approval. These designations are in place in order to ensure the Foundations ongoing and future viability to achieve its mission. The designated funds are described in Note 2. As part of its liquidity management, the Foundation holds a diversified portfolio of liquid assets including cash, mutual funds and, equities. Management and the Investment Committee regularly monitor liquidity needs of the Foundation.

Note 7. Subsequent Events

Management has evaluated subsequent events through October 23, 2019, the date which the financial statements were available for issue.

Note 8. Prior Year Summarized Comparative 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 the cash basis of accounting. Accordingly, such information should be read in conjunction with the Foundation's financial statements for the year ended June 30, 2018, from which the summarized information was derived.