



# **The Cathedral of the Sacred Heart Foundation**

## **Financial Report**

June 30, 2024

# 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 (a nonprofit organization), which comprise the statement of assets, liabilities, and net assets – cash basis as of June 30, 2024, 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 AICPA. 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.

We are required to be independent of The Cathedral of the Sacred Heart Foundation and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements related to our review.

### **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 2023 financial statements and, in our conclusion dated November 6, 2023, stated that based on our review, we were not aware of any material modifications that should be made to the 2023 financial statements in order for them to be in accordance with 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, 2023, for it to be consistent with the reviewed financial statements from which it has been derived.

*Brown, Edwards & Company, S. L. P.*

CERTIFIED PUBLIC ACCOUNTANTS

Richmond, Virginia  
October 28, 2024



# **Financial Statements**

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**The Cathedral of the Sacred Heart Foundation**  
**Statement of Assets, Liabilities, and Net Assets – Cash Basis**  
June 30, 2024, with Comparative Totals as of June 30, 2023

	<u>2024</u>	<u>2023</u>
<b>ASSETS</b>		
Cash and cash equivalents	\$ 640,756	\$ 692,075
Investments (Notes 3 & 4)	<u>377,122</u>	<u>370,368</u>
Total assets	<u><u>\$ 1,017,878</u></u>	<u><u>\$ 1,062,443</u></u>
<b>LIABILITIES AND NET ASSETS</b>		
<b>NET ASSETS</b>		
Without donor restrictions	\$ 55,188	\$ 57,553
With donor restrictions (Note 2)	<u>962,690</u>	<u>1,004,890</u>
Total net assets	<u>1,017,878</u>	<u>1,062,443</u>
Total liabilities and net assets	<u><u>\$ 1,017,878</u></u>	<u><u>\$ 1,062,443</u></u>

# The Cathedral of the Sacred Heart Foundation

## Statement of Revenues, Expenses, and Other Changes in Net Assets – Cash Basis

Year Ended June 30, 2024, with Comparative Totals for the Year Ended June 30, 2023

	Without Donor Restrictions	With Donor Restrictions	Totals	
			2024	2023
REVENUES				
Contributions	\$ 10,870	\$ 270,573	\$ 281,443	\$ 274,205
Gain (loss) on foreign currency exchange	-	(15,428)	(15,428)	18,431
Investment income, net	-	44,010	44,010	25,805
Total revenues	10,870	299,155	310,025	318,441
NET ASSETS RELEASED FROM RESTRICTIONS				
Satisfaction of program restrictions	341,355	(341,355)	-	-
Total support and revenues	352,225	(42,200)	310,025	318,441
EXPENSES				
Program services				
Direct support to The Cathedral of the Sacred Heart	341,355	-	341,355	734,703
Administrative	13,235	-	13,235	14,546
Total expenses	354,590	-	354,590	749,249
Change in net assets	(2,365)	(42,200)	(44,565)	(430,808)
NET ASSETS, BEGINNING	57,553	1,004,890	1,062,443	1,493,251
NET ASSETS, ENDING	<u>\$ 55,188</u>	<u>\$ 962,690</u>	<u>\$ 1,017,878</u>	<u>\$ 1,062,443</u>

*See Independent Accountant's Review Report.*

*The Notes to Financial Statements are an integral part of this statement.*

# The Cathedral of the Sacred Heart Foundation

## Statement of Functional Expenses – Cash Basis

Year Ended June 30, 2024, with Comparative Totals for the Year Ended June 30, 2023

	Program Services Preservation	Projects	Administrative	Totals	
				2024	2023
Direct support to The Cathedral of the Sacred Heart	\$	341,355	\$	-	\$ 734,703
Hospitality	-	-	781	781	654
Supplies	-	-	25	25	36
Professional fees	-	-	7,725	7,725	7,550
Postage and mailing	-	-	66	66	63
Information technology	-	-	2,643	2,643	4,354
Advertising	-	-	-	-	500
Administrative fees	-	-	200	200	275
Bank fees	-	-	1,770	1,770	1,035
Subscriptions	-	-	25	25	79
	<b>\$</b>	<b>341,355</b>	<b>\$</b>	<b>13,235</b>	<b>\$ 749,249</b>

See Independent Accountant's Review Report.

The Notes to Financial Statements are an integral part of this statement.



# The Cathedral of the Sacred Heart Foundation

## Statement of Cash Flows – Cash Basis

Year Ended June 30, 2024

### OPERATING ACTIVITIES

Change in net assets	\$ (44,565)
Adjustments to reconcile change in net assets to net cash and cash equivalents used in operating activities:	
Unrealized gains on investments	(36,119)
Realized losses on sale of investments	<u>7,637</u>
Net cash and cash equivalents used in operating activities	<u>(73,047)</u>

### INVESTMENT ACTIVITIES

Proceeds from sale of investments	37,500
Purchase of investments	<u>(15,772)</u>
Net cash and cash equivalents provided by investing activities	<u>21,728</u>

Net decrease in cash and cash equivalents	(51,319)
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CASH AND CASH EQUIVALENTS, Beginning	<u>692,075</u>
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CASH AND CASH EQUIVALENTS, Ending	<u><u>\$ 640,756</u></u>
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*See Independent Accountant's Review Report.*

*The Notes to Financial Statements are an integral part of this statement.*

# The Cathedral of the Sacred Heart Foundation

## Notes to Financial Statements

June 30, 2024

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### Note 1 – Nature of Organization and Summary of Significant Accounting Policies

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#### *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*

The Foundation reports information regarding its financial position and activities according to two classes of net assets: net assets without donor restrictions and net assets with donor restrictions. 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 net assets 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.

During 2019, the Foundation opened a multi-currency account with Truist to assist with the flow of funds related to the construction of an organ in Canada. Assets denominated in foreign currencies are translated into United States dollar amounts using year-end exchange rates. Adjustments arising from foreign currency transactions are reflected in the statement of revenues, expenses, and other changes in net assets - cash basis. The Foundation has not utilized any derivative instruments to hedge against foreign currency exchange rate exposure.

# The Cathedral of the Sacred Heart Foundation

## Notes to Financial Statements

June 30, 2024

### *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.

Management has 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 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, 2024.

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### **Note 2 – With Donor Restricted Net Assets**

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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, 2024, are as follows:

Organ project	\$	585,465
Anita & Hal Purcell fund		377,225
	<b>\$</b>	<b>962,690</b>

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### **Note 3 – Investments**

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Certain investments are reported at fair value. The cost and fair value of these investments at June 30, 2024, are as follows:

	<b>Cost</b>	<b>Fair Value</b>
Mutual Funds	\$ 317,085	\$ 377,122

Net investment return consists of the following for the year ended June 30, 2024:

Realized losses	\$	(7,637)
Unrealized gains		36,119
Interest and dividend income		15,528
	<b>\$</b>	<b>44,010</b>

# The Cathedral of the Sacred Heart Foundation

## Notes to Financial Statements

June 30, 2024

### 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 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, 2024.

*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 method described above 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 method is 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 following table summarizes the valuation of the Foundation's financial assets measured at fair value on a recurring basis as of June 30, 2024, based on the level of input utilized to measure fair value:

	Level 1	Level 2	Level 3	Total
Mutual Funds				
Large Cap	\$ 213,448	\$ -	\$ -	\$ 213,448
Mid Cap	52,467	-	-	52,467
International	34,300	-	-	34,300
Fixed Income	76,907	-	-	76,907
Total investments	<u>\$ 377,122</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 377,122</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, 2024

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### Note 6 – Liquidity and Availability of Financial Assets

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Financial assets available for general expenditure that is, without donor or other restrictions limiting their use, within one year of June 30, 2024, are:

Cash and cash equivalents	\$ 640,756
Investments	<u>377,122</u>
Total financial assets	1,017,878
Less donor restricted funds (Note 2)	(962,690)
Amount available for general expenditures within one year	<u><u>\$ 55,188</u></u>

\$962,690 of the financial assets are subject to donor stipulations that make them unavailable for general expenditure within one year of the balance sheet date. The restricted funds are described in Note 2. As part of its liquidity management, the Foundation holds a diversified portfolio of liquid assets including cash and mutual funds. Management and the Investment Committee regularly monitor liquidity needs of the Foundation.

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### Note 7 – Subsequent Events

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Management has evaluated subsequent events through October 28, 2024, the date which the financial statements were available for issue.

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### Note 8 – Prior Year Summarized Comparative Information

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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, 2023, from which the summarized information was derived.