



The Cathedral of the Sacred Heart Foundation

Financial Statements (Reviewed)

June 30, 2018

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, 2018, 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 2017 financial statements and in our conclusion dated September 6, 2017, stated that based on our review, we were not aware of any material modifications that should be made to the 2017 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, 2017, for it to be consistent with the reviewed financial statements from which it has been derived.

Mitchell Wiggins

Richmond, Virginia
November 21, 2018

The Cathedral of the Sacred Heart Foundation

Statement of Assets, Liabilities, and Net Assets – Cash Basis June 30, 2018, with Comparative Totals as of June 30, 2017

Assets	2018	2017
Current Assets		
Cash and cash equivalents	\$ 124,222	\$ 241,983
Investments	381,054	-
Total current assets	505,276	241,983
Total assets	\$ 505,276	\$ 241,983
Liabilities and Net Assets		
Net Assets		
Unrestricted	\$ 90,804	\$ 87,332
Temporarily restricted	414,472	154,651
Total net assets	505,276	241,983
Total liabilities and net assets	\$ 505,276	\$ 241,983

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, 2018, with Comparative Totals for the Year Ended June 30, 2017

	Unrestricted	Temporarily Restricted	Totals	
			2018	2017
Revenues				
Contributions	\$ 42,331	\$ 300,000	\$ 342,331	\$ 307,222
Investment income	(7)	1,327	1,320	92
Total revenues	42,324	301,327	343,651	307,314
Net Assets Released from Restrictions				
Satisfaction of program restrictions	41,506	(41,506)	-	-
Total support and revenues	83,830	259,821	343,651	307,314
Expenses				
Program services				
Bell tower project	41,088	-	41,088	137,182
Museum restoration	517	-	517	966
Building restoration	30,353	-	30,353	-
Administrative	8,400	-	8,400	6,571
Total expenses	80,358	-	80,358	144,719
Change in net assets	3,472	259,821	263,293	162,595
Net assets, beginning	87,332	154,651	241,983	79,388
Net assets, ending	\$ 90,804	\$ 414,472	\$ 505,276	\$ 241,983

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, 2018, with Comparative Totals for the Year Ended June 30, 2017

	Program Services				Totals	
	Bell Tower Project	Museum Restoration	Building Restoration	Administrative	2018	2017
Renovation costs	\$ 41,088	\$ 517	\$ -	\$ -	\$ 41,605	\$ 138,148
Hospitality	-	-	-	1,904	1,904	-
Security system	-	-	30,353	-	30,353	-
Professional fees	-	-	-	5,925	5,925	5,675
Information technology	-	-	-	310	310	-
Investment fees	-	-	-	236	236	228
Administrative fees	-	-	-	25	25	425
Office supplies	-	-	-	-	-	243
	\$ 41,088	\$ 517	\$ 30,353	\$ 8,400	\$ 80,358	\$ 144,719

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, 2018

Cash Flows from Operating Activities	
Change in net assets	\$ 263,293
<i>Adjustments to reconcile change in net assets to net cash and cash equivalents provided by operating activities</i>	
Net unrealized loss on investments	6,512
Loss on disposal of investments	18
Net cash and cash equivalents provided by operating activities	<u>269,823</u>
Cash Flows from Investment Activities	
Proceeds from sale of investments	6,273
Purchase of investments	<u>(393,857)</u>
Net cash and cash equivalents (used in) investing activities	<u>(387,584)</u>
Net change in cash and cash equivalents	(117,761)
Cash and cash equivalents, beginning	<u>241,983</u>
Cash and cash equivalents, ending	<u>\$ 124,222</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, 2018

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:

Unrestricted net assets include unrestricted and board designated funds. The unrestricted and board designated funds include revenue and expenses that can be used currently for the general operations and programs of the Foundation.

Temporarily restricted net assets include contributions restricted by donor designation and are reported as increases in temporarily restricted net assets. When a restriction expires either with the passage of time or accomplishment of the purpose, temporarily restricted net assets are released and reclassified to unrestricted net assets.

Permanently restricted net assets include contributions restricted by donor imposed stipulations that they be maintained permanently by the Foundation. At June 30, 2018, there were no permanently 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

The Cathedral of the Sacred Heart Foundation

Notes to Financial Statements

June 30, 2018

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

insured limits. The Foundation's cash is in institutions whose credit ratings are monitored by management to minimize the concentration of credit risk.

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, 2015 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, 2018.

Note 2. Temporarily Restricted Net Assets

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

Museum restoration	\$ 8,660
Organ project	100,094
General preservation	305,718
	<u>\$ 414,472</u>

The Cathedral of the Sacred Heart Foundation

Notes to Financial Statements

June 30, 2018

Note 3. Investments

Certain investments are reported at fair value. The cost and fair value of these investments at June 30, 2018 are as follows:

	<u>Cost</u>	<u>Fair Value</u>
Mutual Funds	\$ 387,566	\$ 381,054
	<u>\$ 387,566</u>	<u>\$ 381,054</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 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 methodologies used for assets measured at fair value. There have been no changes in the methodologies used at June 30, 2018.

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.

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Notes to Financial Statements

June 30, 2018

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

The following tables summarize the valuation of the Foundation's financial assets measured at fair value on a recurring basis as of June 30, 2018, based on the level of input utilized to measure fair value.

Measurement at fair value on a recurring basis:

	2018			Total
	Level 1	Level 2	Level 3	
Asset Valuation Inputs				
Investments				
Mutual Funds				
International equity	\$ 40,132	\$ -	\$ -	\$ 40,132
Investment grade bond	138,275	-	-	138,275
Equity opportunities	40,382	-	-	40,382
Value & income	80,155	-	-	80,155
Core	82,110	-	-	82,110
Total investments	<u>\$ 381,054</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 381,054</u>

Note 5. Subsequent Events

Management has evaluated subsequent events through November 21, 2018, the date which the financial statements were available for issue.

Note 6. 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, 2017, from which the summarized information was derived.