

**BISHOP SULLIVAN CENTER, INC.**

**FINANCIAL STATEMENTS**

**JUNE 30, 2018**

**Bishop Sullivan Center, Inc.**  
**Financial Statements**  
**June 30, 2018**

Accountant's Review Report	1
Statement of Financial Position	2
Statement of Activity	3
Statement of Cash Flows	4
Statement of Functional Expenses	5
Notes to Financial Statements	6



**Board of Directors**

**Bishop Sullivan Center, Inc.**

**Kansas City, Missouri**

**Independent Accountant's Review Report**

We have reviewed the accompanying financial statements of Bishop Sullivan Center, Inc. (a nonprofit organization), which comprise the statement of financial position as of June 30, 2018, and the related statements of activities, functional expenses, and cash flows 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 company 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 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.

**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 accounting principles generally accepted in the United States of America. 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 accounting principles generally accepted in the United States of America.

*Samyn & Martin, LLC*

Samyn & Martin, LLC  
Overland Park, Kansas  
August 20, 2018

**Bishop Sullivan Center, Inc.**  
**Statements Of Financial Position**  
**June 30, 2018**

	Operations Fund	Designated Fund	Endowment Fund	Capital Fund	Total
<b>Assets</b>					
Current assets					
Cash and cash equivalents	\$ 1,443,216	\$ 152,178	\$ 204,125	-	\$ 1,799,519
Investments - short-term	-	-	4,538,208	-	4,538,208
Pledges receivable	-	165,310	-	-	165,310
Loans receivable	670	2,620	-	-	3,290
Due (to) from other funds	(33,750)	33,750	-	-	-
Total current assets	<u>1,410,136</u>	<u>353,858</u>	<u>4,742,333</u>	-	<u>6,506,327</u>
Fixed assets					
Furniture and fixtures	-	-	-	144,745	144,745
Buildings and improvements	-	-	-	801,370	801,370
Automobiles	-	-	-	61,209	61,209
Accumulated depreciation	-	-	-	(445,897)	(445,897)
Total fixed assets	-	-	-	<u>561,427</u>	<u>561,427</u>
Investments - long-term	-	-	-	-	-
Total assets	<u>\$ 1,410,136</u>	<u>\$ 353,858</u>	<u>\$ 4,742,333</u>	<u>\$ 561,427</u>	<u>\$ 7,067,754</u>
<b>Liabilities and net assets</b>					
Current liabilities					
Accrued liabilities	\$ 35,146	\$ -	\$ -	\$ -	\$ 35,146
Total current liabilities	<u>35,146</u>	-	-	-	<u>35,146</u>
Net assets					
Unrestricted	1,374,990	-	4,742,333	561,427	6,678,750
Restricted	-	353,858	-	-	353,858
Total net assets	<u>1,374,990</u>	<u>353,858</u>	<u>4,742,333</u>	<u>561,427</u>	<u>7,032,608</u>
Total liabilities and net assets	<u>\$ 1,410,136</u>	<u>\$ 353,858</u>	<u>\$ 4,742,333</u>	<u>\$ 561,427</u>	<u>\$ 7,067,754</u>

See accountant's review report and notes to financial statements

**Bishop Sullivan Center, Inc.  
Statement Of Activities  
Year Ended June 30, 2018**

	Operations Fund (unrestricted)	Designated Fund (restricted)	Endowment Fund (unrestricted)	Capital Fund (unrestricted)	Total
Revenues and gains					
Contributions					
Individual	\$ 1,280,503	\$ -	\$ -	\$ -	\$ 1,280,503
Religious	34,466	-	-	-	34,466
Foundation	64,292	-	-	-	64,292
Government	1,700	-	-	-	1,700
Corporation	145,449	-	-	-	145,449
Community fund	17,765	-	-	-	17,765
Individual - restricted	-	236,935	-	-	236,935
Religious - restricted	-	12,431	-	-	12,431
Foundation - restricted	-	407,271	-	-	407,271
Government - restricted	-	82,059	-	-	82,059
Corporation - restricted	-	43,810	-	-	43,810
Community fund - restricted	-	20,040	-	-	20,040
Interest and dividend income	13,612	15	109,546	-	123,173
Realized gain/(loss) on investments	-	-	25,855	-	25,855
Unrealized gain/(loss) on investments	-	-	130,004	-	130,004
Transfers	(62,554)	-	-	62,554	-
Net assets released from restrictions	604,666	(604,666)	-	-	-
Total revenues and gains	2,099,899	197,895	265,405	62,554	2,625,753
Expenses and losses					
Program Development	64,827	-	-	-	64,827
Job placement	365,859	-	-	-	365,859
Pantry	294,899	-	-	-	294,899
Food kitchen	106,991	-	-	-	106,991
Social Services	410,020	-	-	-	410,020
Merrill program	150,247	-	-	-	150,247
Public information and fund raising	225,664	-	-	-	225,664
General and administrative	142,129	-	33,948	50,504	226,581
Total expenses and losses	1,760,636	-	33,948	50,504	1,845,088
Increase/(decrease) in net assets	339,263	197,895	231,457	12,050	780,665
Net assets - July 1, 2017	1,035,727	155,963	4,510,876	549,377	6,251,943
Net assets - June 30, 2018	\$ 1,374,990	\$ 353,858	\$ 4,742,333	\$ 561,427	\$ 7,032,608

See accountant's review report and notes to financial statements

**Bishop Sullivan Center, Inc.**  
**Statement Of Cash Flows**  
**Year Ended June 30, 2018**

	Operations Fund	Designated Fund	Endowment Fund	Capital Fund	Total
Cash flows from operating activities					
Changes in net assets	\$ 339,263	\$ 197,895	\$ 231,457	\$ 12,050	\$ 780,665
Adjustments to reconcile changes in net assets to net cash (used in) provided by:					
Operating activities					
Depreciation	-	-	-	47,642	47,642
Realized (gain)/loss on fixed assets	-	-	-	2,862	2,862
Realized (gain)/loss on investments	-	-	(25,855)	-	(25,855)
Unrealized (gain)/loss on investments	-	-	(130,004)	-	(130,004)
Change in assets and liabilities					
Pledges receivable	-	(165,310)	-	-	(165,310)
Loans receivable	140	(2,620)	-	-	(2,480)
Inventory	-	12,000	-	-	12,000
Prepaid assets	15,768	-	-	-	15,768
Due (to) from other funds	33,750	(33,750)	-	-	-
Accrued liabilities	7,992	-	-	-	7,992
Cash provided by ( used in ) operating activities	396,913	8,215	75,598	62,554	543,280
Investing Activities					
Proceeds (Purchases) of investments, net	-	-	89,802	-	89,802
Purchases of fixed assets	-	-	-	(62,554)	(62,554)
Cash provided by (used in) investing activities	-	-	89,802	(62,554)	27,248
Increase ( decrease ) in cash and cash equivalents	396,913	8,215	165,400	-	570,528
Cash at July 1, 2017	1,046,303	143,963	38,725	-	1,228,991
Cash at June 30, 2018	\$ 1,443,216	\$ 152,178	\$ 204,125	\$ -	\$ 1,799,519
Non-cash disclosures:					
Interest paid	\$ -	\$ -	\$ -	\$ -	\$ -
Income taxes paid	-	-	-	-	-

See accountant's review report and notes to financial statements

**Bishop Sullivan Center, Inc.**  
**Statement Of Functional Expenses**  
**Year Ended June 30, 2018**

	Program						Supporting Services			Total
	Program Development	Job Placement	Pantry	Food Kitchen	Social Services	Merrill Program	Public Information & Fund Raising	Administration		
Expenses										
Salaries, wages and benefits	\$ 49,020	\$ 226,315	\$ 124,521	\$ 63,571	\$ 156,697	\$ 116,122	\$	\$ 66,882	\$ 147,412	\$ 950,540
Client's rent and household	-	10,780	-	-	69,837	-	-	-	-	80,617
Client's utilities and transportation	-	38,376	-	-	67,215	-	-	-	-	105,591
Client's medical	-	2,256	-	-	348	-	-	-	-	2,604
Auction	-	-	-	-	-	-	-	89,674	-	89,674
Golf tournament	-	-	-	-	-	-	-	29,360	-	29,360
Food services	-	-	123,721	8,851	-	-	-	-	5,908	138,480
Other program expenses	2,734	27,776	13,449	17,615	74,134	3,156	21,911	-	-	160,775
Endowment advisory fees	-	-	-	-	-	-	-	33,948	-	33,948
Postage and printing	184	851	468	239	589	437	252	554	554	3,575
Telephone	541	2,497	1,374	701	1,729	1,281	738	1,626	1,626	10,487
Technology	838	3,870	2,129	1,087	2,679	1,986	1,144	2,521	2,521	16,254
Utilities	2,105	9,721	5,348	2,730	6,730	4,988	2,873	6,332	6,332	40,827
Insurance	3,212	14,829	8,159	4,166	10,288	7,609	4,383	9,659	9,659	62,285
Office supplies	434	2,003	1,102	563	1,387	1,028	592	1,304	1,304	8,411
Professional services	1,012	4,672	2,570	1,312	3,235	2,397	1,381	3,043	3,043	19,621
Repairs and maintenance	1,517	7,004	3,854	1,967	4,850	3,594	2,070	4,562	4,562	29,418
Depreciation	2,457	11,343	6,241	3,186	7,854	5,820	3,352	7,388	7,388	47,642
Miscellaneous	772	3,566	1,962	1,002	2,469	1,830	1,054	2,323	2,323	14,979
<b>Total Expenses</b>	<b>\$ 64,827</b>	<b>\$ 365,859</b>	<b>\$ 294,899</b>	<b>\$ 106,991</b>	<b>\$ 410,020</b>	<b>\$ 150,247</b>	<b>\$</b>	<b>\$ 225,664</b>	<b>\$ 226,581</b>	<b>\$ 1,845,088</b>

See accountant's review report and notes to financial statements

**Bishop Sullivan Center, Inc.**  
**Notes to Financial Statements**  
**June 30, 2018**

**1. Summary of Significant Accounting Policies**

**Nature of Operations**

Inspired by Christian faith, Bishop Sullivan Center shows God's love to people in financial hardship by providing food, help in finding jobs, and other aid. Beyond material assistance, Bishop Sullivan Center strives to build relationships between those who live in poverty and those who do not, promoting mutual understanding and affirming the dignity of all. The Center has two locations in Kansas City, Missouri and one location in Kansas City, Kansas.

**Basis of Accounting**

The financial statements of the Center have been prepared on the accrual basis.

**Basis of Presentation**

Net assets and revenues, expenses, gains and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets of the Center and changes therein are classified and reported as follows:

- Unrestricted net assets – Net assets that are not subject to donor-imposed stipulations.
- Restricted net assets – Net assets subject to donor-imposed stipulations that may or will be met, either by actions of the Center and/or passage of time. Restricted net assets can be temporarily restricted or permanently restricted. The Center has \$353,858 of restricted net assets as of June 30, 2018. See note 2 for further details.

**Fund Accounting**

To ensure observance of limitations and restrictions placed on the use of the resources available to the Center, the accounts of the Center are maintained in accordance with the principles of fund accounting. Resources for various purposes are classified into funds established according to their nature and purposes. Separate accounts are maintained for each fund, however, in the accompanying financial statements, funds that have similar characteristics have been combined into fund groups. Accordingly, all transactions have been recorded by fund group.

The Operations Fund, which includes unrestricted resources, represents the portion of expendable funds that are available for support of Center operations.

The Designated Fund consists of funds subject to the restrictions of the donor.

The Endowment Fund includes unrestricted resources and represents the investments of the Center. Income from investments is utilized subject to the approval of the Board acting in accordance with original donor intent.



**Bishop Sullivan Center, Inc.**  
**Notes to Financial Statements**  
**June 30, 2018**

The Capital fund consists of the fixed assets of the Center and the depreciation of those assets.

**Cash and Cash Equivalents**

The Center considers cash, money market funds, and certificates of deposit with maturities of three months or less as cash equivalents.

**Concentration of Credit Risk**

Financial instruments that potentially subject the Center to concentration of credit risk consist primarily of cash and investments listed in Note 3. From time to time throughout the year, the Center had cash balances in financial institutions that exceeded the FDIC insured limits. As of June 30, 2018, the Center had approximately \$1,345,394 in excess of FDIC insured limits.

**Use of Estimates**

In preparing financial statements, management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements and revenue collected and expenses paid during the reporting period. Actual results could differ from those estimates.

**Property and Equipment**

Property and equipment is carried at cost when purchased. Depreciation is provided on straight line and accelerated methods based on the useful lives, generally 3 to 39 years, of the assets. Repairs and maintenance expenditures are charged to operations as incurred. Major improvements and replacements, which extend the useful life of an asset, are capitalized and depreciated over the remaining estimated useful life of the asset. When assets are retired or sold, the costs and related accumulated depreciation and amortization are eliminated and any resulting gain or loss is reflected in operations. Any property and equipment donated to the Center is recorded at their fair market value at the time of receipt.

**Loans Receivable**

Loans receivable are stated at the amount the Center expects to collect from outstanding balances and do not bear interest. The Center provides for probable uncollectible amounts through an allowance for doubtful accounts, if an allowance is deemed necessary. The allowance for doubtful accounts is the Center's best estimate of the amount of probable losses in the Center's existing loans receivable, however, changes in circumstances relating to loans receivable may result in a requirement for additional allowances in the future. On a periodic basis, management evaluates its loans receivable and determines the requirement for an allowance for doubtful accounts based on its assessment of the current and collectible status of individual accounts with past due balances over 90 days. Account balances are charged against the allowance after all collection efforts have been exhausted and the potential for recovery is considered remote.

**Bishop Sullivan Center, Inc.**  
**Notes to Financial Statements**  
**June 30, 2018**

**Income Taxes**

The Center is a not-for-profit organization generally exempt from income taxes under section 501(c)(3) of the Internal Revenue Code. The Center is liable for federal income taxes at corporate income tax rates on gross unrelated business income in excess of \$1,000. The Center files information returns in the United States. Tax returns for the years ending June 30, 2018, 2017, 2016, and 2015 remain subject to examination by major tax jurisdictions.

For the year ended June 30, 2018, the Center has recorded no income tax expense because there was no unrelated business income.

**Contributions**

The Center records contributions and grants when they are received. Funds restricted by donors, grantors, or other outside parties for specific operating purposes or property acquisitions are recognized as revenue in the appropriate fund upon the Center's compliance with the specific restrictions. See Note 2 for further information on restricted assets.

**Functional Allocation of Expenses**

The costs of providing the various programs and activities have been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited based on payroll and payroll related expenses.

**Recent pronouncements**

Management has reviewed all recent accounting pronouncements issued by the FASB (including its Emerging Issues Task Force) and the AICPA and feel they did not or will not have a material impact on the Company's present or future financial statements.

**Year end**

The Company has adopted June 30 as its year end.

**2. Restricted Assets**

The Center 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 expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, restricted assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

The Center reports gifts of land, buildings, and equipment as unrestricted support unless explicit donor stipulations specify how the donor assets must be used. Gifts of long-lived assets with explicit restrictions that specify how the assets are to be

**Bishop Sullivan Center, Inc.**  
**Notes to Financial Statements**  
**June 30, 2018**

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 stipulation about how long those long-lived assets must be maintained, the Center reports expirations of donor restrictions when the donated or acquired long-lived assets are placed in service.

Restricted net assets are \$353,858 as of June 30, 2018. Of this amount, \$199,060 is restricted for the One City Café renovations and \$154,798 is restricted to provide an automobile program.

**3. Investments and Fair Value**

Investments in marketable securities with readily determinable fair market values are reported at their fair values in the statement of financial position. Unrealized gains and losses are included in the statement of activities. All investments in the endowment fund are unrestricted assets. The Center complies with the provisions of ASC 820-10, "Fair Value Measurements and Disclosures". ASC 820-10 relates to financial assets and financial liabilities. ASC 820-10 defines fair value, establishes a framework for measuring fair value and expands disclosures about fair value measurements.

ASC 820-10 defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. ASC 820-10 establishes a fair value hierarchy that distinguishes between (1) market participant assumptions developed based on market data obtained from independent sources and (2) an entity's own assumptions, about market participants assumptions, which are developed based on the best information available in the circumstances. The three levels of the fair value hierarchy under ASC 820-10-35 are described below:

Level 1. Valuations based on quoted prices in active markets for identical assets or liabilities that an entity has the ability to access.

Level 2. Valuations based on quoted prices for similar assets or liabilities, quoted prices for identical assets or liabilities in markets that are not active, or other inputs that are observable or can be corroborated by observable data for substantially the full term of the assets and liabilities.

Level 3. Valuations based on inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities.

The Center utilizes the best available information in measuring fair value. The respective carrying value of certain on-balance-sheet financial instruments approximated their fair values. These financial instruments include cash, accounts receivable, and accounts payable. Fair values were assumed to approximate

**Bishop Sullivan Center, Inc.**  
**Notes to Financial Statements**  
**June 30, 2018**

carrying values because they are short term in nature and their carrying amounts approximate fair values or they are payable on demand.

Investments are carried at fair market value and consist of the following as of June 30, 2018. All investments are Level 1 as described above.

Equities	\$ 2,915,032
Fixed income	<u>1,623,176</u>
	<u>\$ 4,538,208</u>

A description of the valuation methodologies used for assets and liabilities measured at fair value is set forth below:

In general, fair value is based upon quoted market prices, where available. If such quoted market prices are not available, fair value is based upon internally developed models that primarily use, as inputs, observable market-based parameters. Valuation adjustments may be made to ensure that financial instruments are recorded at fair value. While management believes the Center's valuation methodologies are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine fair value of certain financial instruments could result in a different estimate of fair value at the reporting date.

Interest income, realized and unrealized gains and losses are reflected in the statement of activities. For the year ended June 30, 2018, interest and dividend income totaled \$109,546, realized gains on investments sold were \$25,855, unrealized gains on investments held were \$130,004, and expenses charged by the management company were \$33,948.

**4. Property, Equipment, and Improvements**

Property, equipment, and improvements consist of the following as of June 30, 2018:

Furniture and fixtures	\$ 144,745
Buildings and improvements	801,370
Automobiles	<u>61,209</u>
	1,007,324
Less: Accumulated depreciation & amortization	<u>(445,897)</u>
	<u>\$ 561,427</u>

Depreciation expense was \$47,642 for the year ended June 30, 2018.

**5. Contingencies**

The Center sold a triplex housing unit in April of 2012. The Center guaranteed the buyer's loan in the amount of \$47,500 as a condition of the sale. As of June 30, 2018, the loan was current and the balance on the loan was \$37,702. As of June

**Bishop Sullivan Center, Inc.**  
**Notes to Financial Statements**  
**June 30, 2018**

30, 2018, this guarantee is not reflected in these financial statements as the Center believes the buyer has the ability and desire to pay the loan off as scheduled. If the buyer cannot stay current on the loan, the Center will be impacted accordingly.

**6. Defined Contribution Pension Plan**

The Center maintains a defined contribution salary-deferral plan for the benefit of eligible employees. Participation is available to full-time employees. Participants are automatically fully vested in their elective deferrals and deferral matching contributions. Center contributions to the plan for the year ended June 30, 2018 were approximately \$14,050.

**7. Pledges Receivable**

Unconditional promises to give are recorded as receivables and revenue when promised. During the year ended June 30, 2018, the Center received \$165,310 of unconditional promises to give that had not been collected as of June 30, 2018. The promises are all restricted support and are, therefore, recorded as restricted net assets as of June 30, 2018. \$99,530 of the unconditional promises had been received subsequent to year-end as of the date of these financial statements.

**8. Commitments and Prepaid Assets**

The Center leases its Troost location. The lease runs through June 14, 2037. The Center has agreed to pay monthly rent in the amount equal to the monthly insurance premium for the property. For the year ended June 30, 2018, rent expense related to this lease was \$15,768. Future minimum lease payments will equal the annual insurance premiums. For the year ended June 30, 2019, the rental payment for the property increased 2.79% to \$16,208.

**9. Subsequent Events**

In preparing these financial statements, the Center has evaluated events and transactions for potential recognition or disclosure through August 20, 2018, the date the financial statements were issued. As of this date, nothing has happened that requires recognition or disclosure.