

St. Vincent De Paul Place Norwich, Inc.

Financial Statements

For the Year Ending June 30, 2017

Aldrich, Mulcahy & Associates, LLC – Certified Public Accountants

St. Vincent De Paul Place Norwich, Inc.

June 30, 2017

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ALDRICH, MULCAHY & ASSOCIATES, LLC

CERTIFIED PUBLIC ACCOUNTANTS INDEPENDENT AUDITOR'S REPORT

Board of Directors
St. Vincent De Paul Place Norwich, Inc
120 Cliff Street
Norwich, Ct. 06360

We have audited the accompanying financial statements of St. Vincent De Paul Place Norwich, Inc which comprise the statement of financial position as of June 30, 2017, and the related statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the financial statements and supplemental information.

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

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

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of St. Vincent De Paul Place Norwich, Inc. as of June 30, 2017, and the changes in its net assets and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

ALDRICH, MULCAHY & ASSOCIATES, LLC

Waterford, CT

September 28, 2017

St. Vincent De Paul Place, Norwich, Inc.
Statement of Financial Position
June 30, 2017

ASSETS

Current Assets	
Cash - Operations	\$ 209,742
Cash - Community Ministries	17,461
Total Cash	227,203
Accounts receivable	12,700
Inventory	36,944
Total Current Assets	276,847
Property & Equipment	
Property and equipment	60,767
Less: Accumulated depreciation	17,449
Property and Equipment - Net	43,318
Total Assets	\$ 320,165

LIABILITIES AND NET ASSETS

Current Assets	
Accounts payable	\$ 7,887
Total Current Liabilities	7,887
Net Assets	
Unrestricted	281,670
Temporarily restricted	30,608
Total Net Assets	312,278
Total Liabilities and Net Assets	\$ 320,165

See accompanying notes and auditor's report

St. Vincent De Paul Place, Norwich, Inc.
Statement of Activities
For The Year Ended June 30, 2017

	<u>Total</u>	<u>Unrestricted</u>	<u>Temporarily Restricted</u>
SUPPORT, REVENUE & RECLASSIFICATIONS			
Support & Revenues:			
Diocesan subsidy	\$ 128,000	\$ 128,000	\$ -
Grants	95,190	29,250	65,940
Contributions	265,640	263,355	2,285
Donated food received for distribution and in-kind services	951,524	951,524	-
Other	310	310	-
Reclassifications:			
Released from restriction	-	76,778	(76,778)
 SUPPORT AND REVENUE & RECLASSIFICATIONS	 <u>1,440,664</u>	 <u>1,449,217</u>	 <u>(8,553)</u>
 EXPENSES			
Program expenses:			
Food Program	1,348,305	1,348,305	-
Community Ministry	13,828	13,828	-
TOTAL PROGRAM EXPENSES	<u>1,362,133</u>	<u>1,362,133</u>	<u>-</u>
Supporting services:			
General and administrative expenses	41,079	41,079	-
Total Expenses	<u>1,403,212</u>	<u>1,403,212</u>	<u>-</u>
 CHANGE IN NET ASSETS	 37,452	 46,005	 (8,553)
 NET ASSETS - BEGINNING OF YEAR	 274,826	 235,665	 39,161
 NET ASSETS - END OF YEAR	 <u>\$ 312,278</u>	 <u>\$ 281,670</u>	 <u>\$ 30,608</u>

See accompanying notes and auditor's report

St. Vincent De Paul Place, Norwich Inc.
Schedule to Statement of Functional Expenses
For The Year Ended June 30, 2017

	<u>Food Program</u>	<u>Community Service</u>	<u>General & Administrative</u>	<u>Total Expenses</u>
Food	\$ 881,137	\$ -	\$ -	\$ 881,137
Subcontracted labor and benefits	283,635	2,985	11,943	298,563
Community Ministry	-	10,843	-	10,843
Depreciation	4,784	-	885	5,669
Kitchen supplies	15,810	-	-	15,810
Rent	96,900	-	5,100	102,000
Utilities	25,990	-	1,368	27,358
Insurance	13,810	-	727	14,537
Repairs	16,237	-	855	17,092
Vehicle expenses	4,049	-	-	4,049
Office supplies	-	-	1,082	1,082
Operating expenses	5,952	-	5,952	11,904
Postage	-	-	490	490
Printing & copying	-	-	3,002	3,002
Telephone	-	-	2,580	2,580
Computer expenses	-	-	1,027	1,027
Dues and subscriptions	-	-	344	344
Professional services and fees	-	-	5,725	5,725
	<u>\$ 1,348,305</u>	<u>\$ 13,828</u>	<u>\$ 41,079</u>	<u>\$ 1,403,212</u>

See accompanying notes and auditor's report

St. Vincent De Paul Place, Norwich, Inc.
Statement of Cash Flows
For The Year Ended June 30, 2017

Cash flows from operating activities

Change in net assets	\$ 37,452
Adjustments to reconcile net change in assets to net cash provided by operating activities	
Depreciation	5,669
Increase in accounts receivable	(4,156)
Increase in inventory	(20,909)
Increase in accounts payable	635
Net cash provided by operating activities	<u>18,691</u>

Cash flows from investing activities

Purchase of equipment	<u>(1,258)</u>
Net cash used by investing activities	(1,258)

Increase in cash and cash equivalents	17,433
Cash and cash equivalents - beginning of year	209,770
Cash and cash equivalents - end of year	<u><u>\$ 227,203</u></u>

See accompanying notes and auditor's report

St. Vincent De Paul Place Norwich, Inc.
Notes to Financial Statements
June 30, 2017

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Activities

St. Vincent De Paul Place, Norwich, Inc was organized without capital stock on December 12, 1989. It serves as a ministry of the Diocese of Norwich. St. Vincent De Paul Place, Norwich, Inc. provides various services to the poor in the Norwich Connecticut area and its surrounding community. Services range from serving hot meals, a food pantry and other community services.

Basis of Accounting

The accompanying financial statements have been prepared on the accrual method of accounting in accordance with accounting principles generally accepted in the United States of America. The Organization reports information according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets.

All donor restricted contributions are reported as increases in temporarily or permanently restricted net assets, depending on the nature of the restriction. When a restriction 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 asset released from restrictions.

Date of Managements Review

Management has evaluated subsequent events through September 28, 2017, the date on which the financial statements were available to be issued.

Cash Equivalents

For purposes of the statement of cash flows, the Organization considers all highly liquid instruments purchased with a maturity of three months or less to be cash equivalents.

Contributions and promises to give

Contributions are recognized when the donor makes a promise to give to the Organization that is, in substance, unconditional. All donor-restricted contributions are reported as increases in temporarily or permanently restricted net assets depending on the nature of the restrictions. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets.

Contributed property is recorded at fair value at the date of the donation. If the donors stipulate how long the assets must be used, the contributions are recorded as restricted support. In the absence of such stipulations, property and equipment are recorded as unrestricted support.

St. Vincent De Paul Place, Norwich, Inc.
Notes to Financial Statements (Continued)
June 30, 2017

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont.)

Property and Equipment

The Organization never maintained records of property and equipment with all acquisitions being expensed when acquired. Management believes that equipment acquired prior to July 1, 2012 is old and if records had been maintained would have an insignificant net book value after depreciation.

Effective July 1, 2012 the Organization has adopted a policy of capitalizing all property and equipment with a cost exceeding \$200. Depreciation is computed using the straight-line method over estimated useful lives ranging from 5 to 20 years.

Inventory

Inventories consist of food and pantry supplies that are stated at the lower of cost or market. Cost is determined principally by the first-in, first-out method.

Income Taxes

The Organization operates under an exemption from federal income tax under Section 501(c) (3) of the Internal Revenue Code that falls under the Diocese of Norwich organization. The Organization has also been classified as an entity that is not a private foundation within the meaning of Section 509(a) and qualifies for deductible contributions as provided in Section 170(b) (1) (a) (vi).

Use of Estimates

In preparing financial statements in conformity with accounting principles generally accepted in the United States of America, 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 and expenses during the reporting period. Actual results could differ from those estimates.

In-Kind Donations

The Organization receives donations of food and use of facilities that are recognized as contributions in accordance with generally accepted accounting standards. The Organization recognizes donated services only if they create or enhance a nonfinancial asset, or require a specialized skill and would typically be purchased if not provided by donation. Volunteer services are generally not recorded even though a substantial number of volunteers have donated significant amounts of their time to the Organization's programs.

St. Vincent De Paul Place, Norwich, Inc.
Notes to Financial Statements (Continued)
June 30, 2017

NOTE 2: PROPERTY AND EQUIPMENT

Components of property and equipment are as follows:

Building improvements	\$ 17,716
Furniture and equipment	<u>43,051</u>
	60,767
Less: accumulated depreciation	<u>17,449</u>
	<u>\$ 43,318</u>

The financial statements reflect depreciation expense of \$5,669 for the year ended June 30, 2017.

NOTE 3: RELATED PARTY TRANSACTIONS

Diocese of Norwich

The Organization is an incorporated entity that is run under the auspices of the Diocese of Norwich. The Diocese is committed to funding a portion of the payroll for the Organization and related payroll taxes, medical insurance and pension contributions. During the year, the Diocese has provided a subsidy to the Organization that is has applied toward these costs. For the year ended June 30, 2017, the annual subsidy was \$128,000.

Workers of St. Vincent De Paul Place, Norwich, Inc are subcontracted employees of the Diocese of Norwich. For the year ended June 30, 2017, the subcontracted labor & benefits including pension amounted to \$298,563.

Pension Plan

Workers of St. Vincent De Paul Place, Norwich, Inc are covered as employees under the pension plan sponsored by the Diocese of Norwich. The plan covers all full-time lay employees. The amount paid out for full-time lay employees to the pension plan was \$13,900 for the year ended June 30, 2017.

Facilities Use

The building that St. Vincent De Paul Place, Norwich, Inc. occupies is located on the parish campus of St. Joseph's Polish Roman Catholic Congregation. This parish is part of the Diocese of Norwich. The Organization is allowed use of a portion of the building. The Organization pays for its upkeep with no rent payable. The facility use in-kind value was \$102,000. This value was estimated by the organization based on square footage values at the organization's previous location. It does not reflect a property appraisal, the current condition of the building, or the suitability of the facility.

St. Vincent De Paul Place, Norwich, Inc.
Notes to Financial Statements (Continued)
June 30, 2017

NOTE 3: IN-KIND REVENUE / EXPENSES

In-kind revenue and expenses are included in these financial statements in the following amounts:

Food donations	\$ 849,524
Facilities use	<u>102,000</u>
	<u>\$ 951,524</u>

Food donations include \$353,677 worth of food received from The Gemma Moran United Way Food Center. Volunteer services, which have not been recognized, but have been valued at \$288,583.

NOTE 4: CONCENTRATIONS

The Organization maintains their cash balances with a single financial institution. At various times during the year the cash balances may exceed the insured limits. At June 30, 2017 there was no cash in excess of insured limits.

The Diocese of Norwich provided 16% of the Organizations revenue with contributions of \$128,000 and the donated use of facilities.

The Gemma Moran United Way Food Center provided 25% of the Organizations revenue through food donations.

The organization relies significantly on donated services and food.

NOTE 5: LITIGATION

The Organization has reached a settlement to operate in its current facility.