

Financial Report

(Reviewed)

St. Elizabeth Foundation

June 30, 2018

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St. Elizabeth Foundation
Baton Rouge, Louisiana

June 30, 2018

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INDEPENDENT ACCOUNTANT'S REVIEW REPORT

To the Board of Directors,
St. Elizabeth Foundation,
Baton Rouge, Louisiana.

We have reviewed the accompanying financial statements of St. Elizabeth Foundation (the "Foundation") (a nonprofit organization), which comprise the statement of assets, liabilities, and net assets - modified cash basis as of June 30, 2018, the related statements of revenues, expenses, and changes in net assets - modified cash basis and functional expenses - modified 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 modified cash basis of accounting; this includes determining that the modified 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 modified 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 modified cash basis of accounting.

Basis of Accounting

We draw attention to Note 2b of the financial statements, which describes the basis of accounting. The financial statements are prepared in accordance with the modified 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.

Bougeois Bennett, L.L.C.

Certified Public Accountants.

New Orleans, Louisiana,
January 29, 2019.

STATEMENT OF ASSETS, LIABILITIES, AND
NET ASSETS - MODIFIED CASH BASIS

St. Elizabeth Foundation
 Baton Rouge, Louisiana

June 30, 2018

See Independent Accountant's Review Report

Assets

Cash and cash equivalents:	
Cash in bank	\$ 681,308
Grant account	12,054
Investments	562,152
Property and equipment, net	2,135
Other	400
	<hr/>
Total assets	\$ 1,258,049
	<hr/>

Liabilities

Payable - credit card	\$ 16,163
Payroll withholdings payable	2,532
Deposits	500
	<hr/>
Total liabilities	19,195

Net Assets (Unrestricted)	<hr/> 1,238,854
	<hr/>
Total liabilities and net assets	\$ 1,258,049
	<hr/>

See notes to financial statements.

STATEMENT OF REVENUES, EXPENSES, AND CHANGES
IN NET ASSETS - MODIFIED CASH BASIS

St. Elizabeth Foundation
 Baton Rouge, Louisiana

For the year ended June 30, 2018

See Independent Accountant's Review Report

Support and Revenues

Support:

Contributions	\$ 177,315
Special events	105,216

Revenues:

Adoption fees	474,916
Application and other placement fees	35,375
Dividends and interest, net of investment fees	11,335
Realized gain on sales of investments	6,480
Miscellaneous income	8,793

Total support and revenues	819,430
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Expenses

Program services	714,586
Supporting services:	
Management and general	105,656
Fundraising	42,472

Total expenses	862,714
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Decrease in Net Assets	(43,284)
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Net Assets (Unrestricted)

Beginning of year	1,282,138
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End of year	\$ 1,238,854
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See notes to financial statements.

**STATEMENT OF FUNCTIONAL EXPENSES -
MODIFIED CASH BASIS**

St. Elizabeth Foundation
Baton Rouge, Louisiana

For the year ended June 30, 2018

See Independent Accountant's Review Report

	<u>Program Services</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Totals</u>
Depreciation	\$ 680	\$ 454	\$ -	\$ 1,134
Hospitals and clinics	730	-	-	730
Insurance	23,658	15,772	-	39,430
Lease expense - office equipment	2,955	1,970	-	4,925
Living expenses	32,124	-	-	32,124
Miscellaneous	19,266	6,958	-	26,224
Office expenses	6,632	2,708	-	9,340
Outreach	135,352	-	-	135,352
Physicians	1,698	-	-	1,698
Placement expenses	17,141	-	-	17,141
Professional - legal and accounting fees	16,986	-	-	16,986
Professional services	87,116	-	-	87,116
Rent expenses - office and support payments	73,635	17,325	-	90,960
Salaries, payroll taxes, and employee benefits	226,434	52,154	-	278,588
Special events	-	-	42,472	42,472
Travel expenses	46,895	-	-	46,895
Utilities and telephone	23,284	8,315	-	31,599
	<u>\$ 714,586</u>	<u>\$ 105,656</u>	<u>\$ 42,472</u>	<u>\$ 862,714</u>
Total expenses	<u>\$ 714,586</u>	<u>\$ 105,656</u>	<u>\$ 42,472</u>	<u>\$ 862,714</u>

See notes to financial statements.

NOTES TO FINANCIAL STATEMENTS

St. Elizabeth Foundation
Baton Rouge, Louisiana

June 30, 2018

See Independent Accountant's Review Report

Note 1 - NATURE OF ACTIVITIES

St. Elizabeth Foundation (the "Foundation") was formed to earnestly seek and promote the support for women in need, especially those who are pregnant and/or have small children, and to find, through adoption or other appropriate means, future alternatives for their welfare.

Note 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**a. Organization and Income Taxes**

The Foundation is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code and from state income tax under the authority of the Louisiana Revised Statutes of 1950 - R.S. 47:121(5).

Accounting standards provide detailed guidance for financial statement recognition, measurement, and disclosure of uncertain tax positions recognized in an entity's financial statements. It requires an entity to recognize the financial statement impact of a tax position when it is more likely than not that the position will not be sustained on examination. Tax years ended June 30, 2015 and later remain subject to examination of taxing authorities. As of June 30, 2018, management of the Foundation believes that it has no uncertain tax positions that qualify for either recognition or disclosure in the financial statements.

b. Basis of Accounting

The financial statements of the Foundation have been prepared on the basis of cash receipts and disbursements, with the following exceptions:

- Property and equipment are capitalized and depreciated as described in Note 2h.

Note 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

b. Basis of Accounting (Continued)

- Securities transactions which are reported as of the trade date rather than the settlement date.

The modified cash basis of accounting differs from accounting principles generally accepted in the United States of America primarily because investments are carried at cost and changes in the fair value of securities are recognized when realized, interest, and dividends are reported when received, and trade accounts payable and receivables are not recorded.

c. Financial Statement Presentation

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

Unrestricted Net Assets - Net assets that are not subject to donor-imposed stipulations.

Temporarily Restricted Net Assets - Contributions specifically authorized by the grantor or donor to be used for a certain purpose or to benefit a specific accounting period. These restrictions are considered to expire when payments for restricted purposes are met. The Foundation does not have any temporarily restricted net assets as of June 30, 2018.

Permanently Restricted Net Assets - Net assets that are subject to donor-imposed stipulations that the principal not be expended, but rather invested to provide a permanent source of income for the Foundation. The Foundation does not have any permanently restricted net assets as of June 30, 2018.

d. Use of Estimates

The preparation of financial statements in conformity with the modified cash basis of accounting requires the use of management's estimates. Actual results could differ from those estimates.

Note 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

e. Cash and Cash Equivalents

The Foundation considers money market funds and time deposits with initial maturities of three months or less to be cash equivalents. The grant account consists of amounts credited to the Foundation's bank accounts due to be expended under grant agreements which are being retained until payments are made.

f. Certificates of Deposit

A certificate of deposit with a face value of \$210,760 and a maturity date of November 29, 2018 was held by the Foundation as of June 30, 2018 at Peoples Bank. The certificate bears interest at 1.08%.

g. Investments

Investments, consisting of common stocks, mutual funds, exchange traded funds, and certificates of deposit, are recorded at cost.

h. Property and Equipment

Property and equipment are recorded at cost when purchased or fair market value on the date of donation. Repairs and maintenance are charged to expense as incurred; major renewals and improvements are capitalized. Depreciation is computed using the straight-line method over the estimated useful lives of the assets, which range from three to seven years. The cost and accumulated depreciation of assets sold or retired are removed from the respective accounts and any resulting gain or loss is reflected in the change in net assets.

i. Contributions and Revenue Recognition

Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support, depending on the existence and/or nature of any donor restrictions when received.

Adoption, application, and other placement fees are recorded when received.

Note 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

i. Contributions and Revenue Recognition (Continued)

Support that is restricted by the donor is reported as an increase in unrestricted net assets if the restriction expired in the reporting period in which the support is recognized. All other donor-restricted support is reported as an increase 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 Revenues, Expenses, and Changes in Net Assets - Modified Cash Basis as net assets released from restriction.

j. Allocated Expenses

The costs of providing the programs and other activities are summarized in the Statement of Functional Expenses - Modified Cash Basis. Certain expenses have been allocated among the programs and supporting services based on management's estimates of the costs incurred.

k. Non-direct Response Advertising

The Foundation expenses advertising costs as incurred. There was no advertising expense for the year ended June 30, 2018.

l. Subsequent Events

Management evaluates events occurring subsequent to the date of the financial statements in determining the accounting for and disclosure of transactions and events that effect the financial statements. Subsequent events have been evaluated through January 29, 2019, which is the date the financial statements were available to be issued.

Note 3 - CONCENTRATIONS OF CREDIT RISK

Custodial credit risk is the risk that in the event of a bank failure, bank deposits may not be returned to the Foundation. The Federal Deposit Insurance Corporation (FDIC) insures the total balance of accounts up to \$250,000 per financial institution. The balances at times may exceed federally insured limits. As of June 30, 2018, the cash balances in excess of insured amounts were approximately \$304,000.9

Note 4 - INVESTMENTS

Marketable securities as of and for the year ended June 30, 2018 are summarized as follows:

Description	Market Values	Cost	Excess of Market Over Cost
Common stocks	\$ 273,673	\$ 130,755	\$ 142,918
Certificate of deposit	210,760	210,760	-
Mutual funds	220,188	214,907	5,281
Exchange traded funds	11,504	5,730	5,774
Totals	\$ 716,125	\$ 562,152	\$ 153,973
	Market Values	Cost	Excess of Market Over Cost
Balance at end of year	\$ 716,125	\$ 562,152	\$ 153,973
Balance at beginning of year	\$ 659,833	\$ 550,926	108,907
Increase in unrealized appreciation			45,066
Realized net gain for the year			6,480
Total investment gain for the year			\$ 51,546

Note 5 - PROPERTY AND EQUIPMENT

Property and equipment as of June 30, 2018 is summarized as follows:

Property and equipment	\$ 43,619
Less accumulated depreciation	(41,484)
Net	\$ 2,135

Depreciation expense for the year ended June 30, 2018 was \$1,134.

Note 6 - RISKS AND UNCERTAINTIES

In general, investment securities are exposed to various risks, such as interest rate, currency, credit, and market volatility. Due to the level of risk associated with certain investment securities, it is reasonably possible that changes in values of investments will occur in the near term and would materially affect the market value of investments held by the Foundation.

Note 7 - OPERATING LEASES

The Foundation leases office space under an operating lease on a month-to-month basis. Office rent expense, including various supporting services, for the year ended June 30, 2018 was \$17,325.

The Foundation leases certain office equipment under operating leases. The terms of the agreement, which began in August 2015, include monthly payments (including an insurance cost) of approximately \$230 (plus actual usage) for five years. Lease expense for the year ended June 30, 2018 was \$4,925.

During the year ended June 30, 2017, the Foundation entered into two leases for temporary housing for birthmothers. The terms of the agreements, which both began February 1, 2017, include 24 monthly payments of \$1,300. Lease expense for the year ended June 30, 2018 was \$6,500.

The future minimum lease payments as of June 30, 2018 are as follows:

<u>Year Ending</u> <u>June 30,</u>	<u>Amount</u>
2019	\$ 11,824
2020	2,724
2021	<u>227</u>
Total	<u>\$ 14,775</u>

Other rent expense incurred during the year ended June 30, 2018 was for temporary short term leases for birthmothers.