

SAINT BONIFACE CHURCH

FINANCIAL STATEMENTS

For the Year Ended December 31, 2016

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CERTIFIED PUBLIC ACCOUNTANTS

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INDEPENDENT AUDITORS' REPORT

The Vestry
Saint Boniface Church
Sarasota, Florida

We have audited the accompanying financial statements of Saint Boniface Church (a Florida nonprofit organization), which comprise the statement of financial position as of December 31, 2016, and the related statements of activities, cash flows and expenses for the year then ended, and the related notes to the financial statements.

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.

Auditors' 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 from 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 auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider 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 Saint Boniface Church as of December 31, 2016, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Pellegrino Honick McFarland & Miller, P.A.

Pellegrino Honick McFarland & Miller, P.A.
June 15, 2017

FINANCIAL STATEMENTS

SAINT BONIFACE CHURCH
Statement of Financial Position
December 31, 2016

ASSETS

Current Assets

Cash and cash equivalents	\$ 194,777
Restricted cash	28,685
Investments	1,619,955
Inventory	1,351
Prepaid expenses	19,105
Accounts receivable, net of allowance	<u>2,966</u>

Total Current Assets 1,866,839

Property and equipment, net of accumulated depreciation 1,162,522

Other Assets

Investments - permanently restricted	<u>208,415</u>
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Total Assets \$ 3,237,776

LIABILITIES AND NET ASSETS

Current Liabilities

Accounts payable	\$ 3,948
Accrued expenses	29,620
Other liabilities	<u>30,008</u>

Total Current Liabilities 63,576

NET ASSETS

Unrestricted	2,850,626
Temporarily restricted	115,159
Permanently restricted	<u>208,415</u>

Total Net Assets 3,174,200

Total Liabilities and Net Assets \$ 3,237,776

The accompanying notes are an integral part of these financial statements.

SAINT BONIFACE CHURCH
Statement of Activities
For the Year Ended December 31, 2016

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total All Funds</u>
CHANGES IN NET ASSETS				
Public Support:				
Offering revenue	\$ 848,616	\$ -	\$ -	\$ 848,616
Other designated revenue	93,010	-	-	93,010
Other income	21,420	5,159	-	26,579
Net assets released from restrictions	15,468	(15,468)	-	-
Total Public Support	978,514	(10,309)	-	968,205
Other Revenue:				
Preschool tuition	162,322	-	-	162,322
Other revenues	130,641	-	-	130,641
Investment income (loss)	118,107	3,142	-	121,249
Total Other Revenues	411,070	3,142	-	414,212
Total Public Support and Other Revenue	1,389,584	(7,167)	-	1,382,417
Expenses:				
Operating expenses	1,145,354	-	-	1,145,354
Work outside parish	124,868	-	-	124,868
Total Expenses	1,270,222	-	-	1,270,222
Change in Net Assets	119,362	(7,167)	-	112,195
Net Assets at Beginning of Year	2,731,264	122,326	208,415	3,062,005
Net Assets at End of Year	\$ 2,850,626	\$ 115,159	\$ 208,415	\$ 3,174,200

The accompanying notes are an integral part of these financial statements.

SAINT BONIFACE CHURCH
Statement of Cash Flows
For the Year Ended December 31, 2016

CASH FLOWS FROM OPERATING ACTIVITIES	
Increase (decrease) in net assets	\$ 112,195
Adjustments to reconcile changes in net assets to net cash provided by operating activities:	
Depreciation	131,091
Contribution of investments	(88,730)
Realized (gain) loss on investments	(56,007)
Unrealized (gain) loss on investments	(33,978)
(Increase) decrease in operating assets:	
Accounts receivable	4,407
Inventory	(358)
Prepaid expenses	(10,815)
Deposits	1,542
Increase (decrease) in operating liabilities:	
Accounts payable	(2,067)
Other liabilities	(10,100)
Designated for outreach	(66)
	<hr/>
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES	47,114
CASH FLOWS FROM INVESTING ACTIVITIES	
Purchase of fixed assets	(42,826)
Purchase of investments	(1,813,436)
Proceeds from sale of investments	1,946,557
	<hr/>
NET CASH PROVIDED BY (USED IN) INVESTING ACTIVITIES	90,295
CASH FLOWS FROM FINANCING ACTIVITIES	
	<hr/> -
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	137,409
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	<hr/> 86,053
CASH AND CASH EQUIVALENTS AT END OF YEAR	<hr/> \$ 223,462 <hr/>
SUPPLEMENTARY INFORMATION	
Interest paid	<hr/> <hr/> \$ -
Income taxes paid	<hr/> <hr/> \$ -
Fair value of contributed investments	<hr/> <hr/> \$ 88,730 <hr/>

The accompanying notes are an integral part of these financial statements.

SAINT BONIFACE CHURCH
Statement of Expenses
For the Year Ended December 31, 2016

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
OPERATING EXPENSES				
Staff compensation	\$ 503,671	\$ -	\$ -	\$ 503,671
Employee costs	151,364	-	-	151,364
Depreciation	131,091	-	-	131,091
Building and property	138,472	-	-	138,472
General	86,926	-	-	86,926
Program expense	52,586	-	-	52,586
Office and communications	43,062	-	-	43,062
Other preschool expense	27,081	-	-	27,081
Educational materials	6,003	-	-	6,003
Other expenses	5,098	-	-	5,098
	<hr/>	<hr/>	<hr/>	<hr/>
TOTAL OPERATING EXPENSES	1,145,354	-	-	1,145,354
	<hr/>	<hr/>	<hr/>	<hr/>
WORK OUTSIDE PARISH				
Diocesan fair share	116,735	-	-	116,735
Outreach	8,133	-	-	8,133
	<hr/>	<hr/>	<hr/>	<hr/>
TOTAL WORK OUTSIDE PARISH	124,868	-	-	124,868
	<hr/>	<hr/>	<hr/>	<hr/>
TOTAL EXPENSES	\$ 1,270,222	\$ -	\$ -	\$ 1,270,222
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

The accompanying notes are an integral part of these financial statements.

SAINT BONIFACE CHURCH
NOTES TO FINANCIAL STATEMENTS
For the Year Ended December 31, 2016

NOTE 1 - ORGANIZATION

Saint Boniface Church of Siesta Key, Florida is a parish in the Episcopal Diocese of Southwest Florida. It was established in 1954. Its purpose is to serve the spiritual needs of the community. Saint Boniface Church has a membership of approximately 1,200.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING PRINCIPLES

A. Basis of Presentation

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

B. Allowance for Doubtful Accounts

The allowance for doubtful accounts is based on management's evaluation of outstanding accounts receivable at the end of the year. Management considers accounts receivable to be fully collectible; accordingly, no allowance for doubtful accounts was considered necessary.

C. Investments

Saint Boniface Church reports investments in equity securities with readily determinable fair values and all investments in debt securities at fair value in the balance sheet. The unrealized gain or loss on investments is reflected in the statement of activities. Investment income and gains restricted by a donor are reported as increases in unrestricted net assets if the restrictions are met (either by passage of time or by use) in the reporting period in which the income and gains are recognized.

D. Financial Statement Presentation

Saint Boniface Church reports 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.

E. Cash Flows

For purposes of the statement of cash flows, Saint Boniface Church considers all highly liquid investments with an original maturity of three months or less to be cash equivalents. Restricted cash is included in cash equivalents.

SAINT BONIFACE CHURCH
NOTES TO FINANCIAL STATEMENTS
For the Year Ended December 31, 2016

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING PRINCIPLES - CONTINUED

F. Contributions

Saint Boniface Church reports gifts of cash and other assets as unrestricted support unless they are received with donor stipulations that limit the use of the donated assets.

Saint Boniface Church reports gifts of land, buildings, and equipment as unrestricted support unless explicit donor stipulations specify how the donated assets must be used. Gifts of long-lived assets with explicit restrictions that specify how the assets are to be 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 stipulations about how long those long-lived assets must be maintained, Saint Boniface Church reports expirations of donor restrictions when the donated or acquired long-lived assets are placed in service.

G. Donated Services

Contributions of services are recognized if the services received (a) create or enhance nonfinancial assets or (b) require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by the donation.

Significant amounts of volunteer services are donated to Saint Boniface Church by various individuals. However, these services were not recognized in the financial statements because they did not meet the above criteria.

H. Property and Equipment

Property and equipment are recorded at cost or, if donated, estimated fair market value at the date of gift. Donations of property and equipment are recorded as contributions at their estimated fair value. Such donations are reported as unrestricted contributions unless the donor has restricted the donated asset to a specific purpose. Assets donated with explicit restriction regarding their use and contributions of cash that must be used to acquire property and equipment are reported as restricted contributions. Absent donor stipulations regarding how long those donated assets must be maintained, the Church reports expirations of donor restrictions when the donated or acquired assets are placed in service. The Church reclassifies temporarily restricted net assets to unrestricted net assets at that time. Depreciation is provided using the straight-line method over estimated useful lives ranging from five to fifty years.

I. Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

SAINT BONIFACE CHURCH
NOTES TO FINANCIAL STATEMENTS
For the Year Ended December 31, 2016

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING PRINCIPLES - CONTINUED

J. Fair Value Measurements

The Church adopted FASB Accounting Standards Codification 820-10 Fair Value Measurements, which defines fair value, expands disclosure requirements around fair value and specifies a hierarchy of valuation techniques. FASB ASC 820-10 applies to all assets and liabilities required to be measured and reported at fair value on a recurring and nonrecurring basis.

Level 1: Quoted prices for identical instruments in active markets.

Level 2: Quoted prices for similar or identical instruments in active markets or non-active markets or other significant observable inputs.

Level 3: Valuations derived from valuation techniques in which one or more significant inputs or significant value drivers are unobservable

K. Federal Income Tax

Saint Boniface Church is classified as a church and is tax exempt under Section 501(c)(3) of the Internal Revenue Code. The Church's status as a tax-exempt organization is considered a tax position subject to reporting requirements under FASB Accounting Standards Codification 740-10. Entities are required to examine all tax positions and determine if it is more likely than not that the positions would be sustained upon examination by taxing authorities. The Church has not recorded any accruals for uncertain income tax positions at December 31, 2016.

L. Functional Expenses

The Church reports expenses on a functional basis between various programs and supporting services. Saint Boniface considers all expenses to be program related.

NOTE 3 - INVENTORY

The inventory consists of columbarium urns valued at cost. At December 31, 2016, inventory was \$1,351.

SAINT BONIFACE CHURCH
 NOTES TO FINANCIAL STATEMENTS
 For the Year Ended December 31, 2016

NOTE 4 - PROPERTY AND EQUIPMENT

Property and equipment as of December 31, 2016, is summarized as follows:

Land, building and improvements	\$ 4,181,182
Furniture, fixtures and equipment	638,718
Organ and musical instruments	482,004
Art objects	51,848
Plant equipment and signs	<u>98,527</u>
	5,452,279
Less accumulated depreciation	<u>(4,289,757)</u>
	<u>\$ 1,162,522</u>

NOTE 5 - INVESTMENTS

At December 31, 2016, the investment securities portfolio was comprised of debt securities and investment securities which are carried at fair market value.

The amortized cost and fair value of investment securities at December 31, 2016, were as follows:

	<u>Cost</u>	Gross Unrealized <u>Gain</u>	Gross Unrealized <u>(Losses)</u>	<u>Fair Value</u>
Stock mutual funds	\$ 1,198,492	\$ 39,324	\$ -	\$ 1,237,816
Bond funds	<u>595,900</u>	<u>-</u>	<u>5,346</u>	<u>590,554</u>
	\$ 1,794,392	\$ 39,324	\$ 5,346	\$ 1,828,370
Investments – current				<u>(1,619,955)</u>
Investments – long-term, permanently restricted				<u>\$ 208,415</u>

SAINT BONIFACE CHURCH
NOTES TO FINANCIAL STATEMENTS
For the Year Ended December 31, 2016

NOTE 5 – INVESTMENTS – CONTINUED

Investment income, net of investment fees of \$15,422, and gains for assets limited as to use, cash equivalents, and other investments are comprised of the following for the year ended December 31, 2016:

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total All Funds</u>
Investment income:				
Interest income	\$ 30,042	\$ 3,142	\$ -	\$ 33,184
Realized gains (losses) on investments	54,087	-	-	54,087
Unrealized gains (losses) on investments	<u>33,978</u>	<u>-</u>	<u>-</u>	<u>33,978</u>
	<u>\$ 118,107</u>	<u>\$ 3,142</u>	<u>\$ -</u>	<u>\$ 121,249</u>

NOTE 6 - RESTRICTED NET ASSETS

Temporarily restricted assets consist of cash and cash equivalents and various investments.

Temporarily restricted net assets at December 31, 2016, were as follows:

Best (Environmental)	\$ 1,709
Betty C Pancoast memorial	24,897
Boniface scholarship	21,105
Boniface Speakers Fund	10,421
Building fund	8,510
Counseling center outreach fund	1,685
Ditella seminary	2,000
Ditella interest	1,056
Family Promise project	1,987
Father's Day Tool fund	3,144
Memorial - designated	6,261
Pancoast interest	11,643
Preschool endowment fund	18,078
Scholarship interest	<u>2,663</u>
	<u>\$ 115,159</u>

Permanently restricted net assets at December 31, 2016, were as follows:

Foundation for Outreach	\$ 166,717
Capital Reserve	31,698
Cushman Fund	<u>10,000</u>
	<u>\$ 208,415</u>

SAINT BONIFACE CHURCH
NOTES TO FINANCIAL STATEMENTS
For the Year Ended December 31, 2016

NOTE 7 – DESIGNATED NET ASSETS

The Vestry has internally designated the following as of December 31, 2016:

Building funds	\$ 23,441
Bequest – to be designated	63,608
Browning fund	12,583
Church groups	13,941
Columbarium fund	27,285
Endowment fund	1,189,768
Foundation for outreach	36,004
Memorial funds	13,659
Special offerings	4,858
Other miscellaneous funds	<u>146,679</u>
	<u>\$1,531,826</u>

NOTE 8 - ACCOUNTS RECEIVABLE

Accounts receivable as of December 31, 2016, is summarized as follows:

Church	\$ 124
Preschool	<u>2,842</u>
	<u>\$ 2,966</u>

NOTE 9 - OTHER DESIGNATED REVENUE

Other designated revenue as of December 31, 2016, is summarized as follows:

Other designated revenue	<u>\$ 93,010</u>
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SAINT BONIFACE CHURCH
NOTES TO FINANCIAL STATEMENTS
For the Year Ended December 31, 2016

NOTE 10 – FAIR VALUE MEASUREMENTS

The Church’s assets measured at fair value by level in the fair value hierarchy described in Note 2 “Fair Value Measurements” consists of the following at December 31, 2016:

Description of asset	12/31/2016	Fair Value Measurements at Reporting Date		
		Using		
		Quoted Prices in Active Markets For Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Stock mutual funds	\$ 1,237,816	\$ 1,237,816	\$ -	\$ -
Bond funds	<u>590,554</u>	<u>590,554</u>	<u>-</u>	<u>-</u>
Total	\$ <u>1,828,370</u>	\$ <u>1,828,370</u>	\$ <u>-</u>	\$ <u>-</u>

NOTE 11 - DEFINED CONTRIBUTION PLAN

Saint Boniface has established a tax-deferred annuity plan under section 403(b) of the Internal Revenue Code for lay employees. The plan provides for the matching of amounts contributed by the employees up to certain percentages of gross wages. Contributions are fully vested in the first year. Saint Boniface’s contribution to this plan in 2016 was \$26,574. Saint Boniface’s contribution to Clergy pension was \$15,358.

NOTE 12 - EVALUATION OF SUBSEQUENT EVENTS

The Organization has evaluated subsequent events through June 15, 2017, the date which the financial statements were available to be issued.