SACRED HEART COMMUNITY SERVICE
(A California Nonprofit Public Benefit Corporation)

***

FINANCIAL STATEMENTS

AND

SUPPLEMENTARY INFORMATION

Year Ended June 30, 2013 with Comparative Totals
for the Year Ended June 30, 2012

SACRED HEART COMMUNITY SERVICE
(A California Nonprofit Public Benefit Corporation)

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Sacred Heart Community Service
(A California Nonprofit Public Benefit Corporation)
San Jose, California

Report on the Financial Statements

We have audited the accompanying financial statements of Sacred Heart Community Service (a California nonprofit public benefit corporation), which comprise the statement of financial position as of June 30, 2013, and the related statements of activities, functional expenses, and cash flows 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.

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 and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. 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 auditor's 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 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.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Sacred Heart Community Service as of June 30, 2013, 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.

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We have previously audited Sacred Heart Community Service's financial statements for the year ended June 30, 2012, and our report dated October 23, 2012, expressed an unmodified opinion on those audited financial statements. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2012, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying supplemental statements of revenue and expenditures, as required by the California Department of Community Services and Development (CSD), are presented for purposes of additional analysis and are not a required part of the financial statements. Also, the accompanying schedule of expenditures of federal and other governmental awards, as required by Office of Management and Budget Circular A-133,
, is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole.

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As described in Note 20, during the year ended June 30, 2013 management discovered that grant revenue for the year ended June 30, 2012 was overstated by $185,693. As a result the Organization has restated the accompanying financial statements as of and for the year ended June 30, 2012 to reflect the correct grant revenue for that year. Our opinion is not modified with respect to that matter.

"

In accordance with , we have also issued our report dated October 17, 2013, on our consideration of Sacred Heart Community Service's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with in considering Sacred Heart Community Service's internal control over financial reporting and compliance.

BERGER LEWIS ACCOUNTANCY CORPORATION
San Jose, California
October 17, 2013

SACRED HEART COMMUNITY SERVICE
(A California Nonprofit Public Benefit Corporation)

STATEMENT OF FINANCIAL POSITION

June 30, 2013 with Comparative Totals as of June 30, 2012

	2013	(Restated) 2012
!		
Cash and Cash Equivalents	$ 116,415	$ 42,717
Grants Receivable	1,392,108	1,325,509
Inventory	265,792	185,252
Prepaid Expenses and Other	148,973	107,872
Total Current Assets	1,923,288	1,661,350
" " # $ % &"' (	4,607,504	4,757,673
) !		
Unconditional Promises to Give, Net	1,424	3,392
Restricted Cash for Facility Improvements	547,747	570,586
Deposits	-	9,874
Investments Held for Endowment Purposes	792,379	733,026
Total Other Assets	1,341,550	1,316,878
*	$ 7,872,342	$ 7,735,901

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Accounts Payable	$ 129,349	$ 291,420
Accrued Liabilities	462,329	346,856
Deferred Revenue	273,744	234,258
Line of Credit	500,000	275,000
Total Current Liabilities	1,365,422	1,147,534
!		
Unrestricted Net Assets:		
Board Designated Operating Reserve Fund	150,045	217,754
Board Designated Endowment Fund	234,989	217,387
Property and Equipment Fund	4,607,504	4,757,673
Total Unrestricted Net Assets	4,992,538	5,192,814
Temporarily Restricted Net Assets	1,052,937	934,108
Permanently Restricted Net Assets	461,445	461,445
Total Net Assets	6,506,920	6,588,367
* *& +&*& & $	$ 7,872,342	$ 7,735,901

The Accompanying Notes are an Integral Part of these Financial Statements.

SACRED HEART COMMUNITY SERVICE
(A California Nonprofit Public Benefit Corporation)

STATEMENT OF ACTIVITIES

Year Ended June 30, 2013 with Comparative Totals for the Year Ended June 30, 2012

	2013				(Restated) 2012
	Unrestricted	Temporarily Restricted	Permanently Restricted	TOTAL	TOTAL
" " $, !					
Contributions In-Kind	$ 9,592,398	$ -	$ -	$ 9,592,398	$ 9,665,503
Government Grants - Cash	5,029,116	-	-	5,029,116	5,851,980
Contributions	2,146,294	403,023	-	2,549,317	2,516,771
Government Grants - Food	1,664,385	-	-	1,664,385	1,448,149
United Way	125,118	-	-	125,118	93,453
Endowment Investment Income, Net	17,602	41,751	-	59,353	12,996
Operating Interest Income	6,789	-	-	6,789	7,241
Miscellaneous Income	1,500	-	-	1,500	2,387
Total Support and Revenue	18,583,202	444,774	-	19,027,976	19,598,480
Net Assets Released from Restrictions	325,945	(325,945)	-	-	-
Total Support, Revenue and Net Assets Released from Restrictions	18,909,147	118,829	-	19,027,976	19,598,480
- " !					
Program Services:					
Essential Services	12,262,999	-	-	12,262,999	12,107,260
Self-Sufficiency	1,287,368	-	-	1,287,368	1,346,095
Policy and Organizing	343,147	-	-	343,147	269,066
Community Outreach and Education	369,644	-	-	369,644	371,085
Financial and Energy Assistance	3,589,817	-	-	3,589,817	4,576,606
Total Program Services	17,852,975	-	-	17,852,975	18,670,112
Supporting Services:					
Management and General	821,688	-	-	821,688	1,073,630
Fundraising	434,760	-	-	434,760	336,351
Total Supporting Services	1,256,448	-	-	1,256,448	1,409,981
Total Expenses	19,109,423	-	-	19,109,423	20,080,093
) . & / 01	(200,276)	118,829	-	(81,447)	(481,613)
(+ 2 # (/ 341	5,192,814	934,108	461,445	6,588,367	7,069,980
(2 #	$ 4,992,538	$ 1,052,937	$ 461,445	$ 6,506,920	$ 6,588,367

The Accompanying Notes are an Integral Part of these Financial Statements.

SACRED HEART COMMUNITY SERVICE
(A California Nonprofit Public Benefit Corporation)

STATEMENT OF FUNCTIONAL EXPENSES

Year Ended June 30, 2013 with Comparative Totals for the Year Ended June 30, 2012

	PROGRAM SERVICES						SUPPORTING SERVICES			TOTALS	
	Essential Services	Self-Sufficiency	Policy and Organizing	Community Outreach and Education	Financial and Energy Assistance	Total	Management and General	Fundraising	Total	2013	2012
- " !											
Salaries	$ 643,219	$ 858,152	$ 235,392	$ 227,815	$ 1,493,604	$ 3,458,182	$ 401,938	$ 244,211	$ 646,149	$ 4,104,331	$ 3,918,618
Employee Benefits	105,214	140,372	38,504	37,265	244,315	565,670	65,746	39,947	105,693	671,363	697,462
Payroll Taxes	47,859	63,851	17,514	16,951	111,131	257,306	29,906	18,170	48,076	305,382	288,538
Total Salaries and Related Expenses	796,292	1,062,375	291,410	282,031	1,849,050	4,281,158	497,590	302,328	799,918	5,081,076	4,904,618
Donated Food	6,760,593	-	-	-	-	6,760,593	-	-	-	6,760,593	6,496,057
Donated Clothing	4,099,751	-	-	-	-	4,099,751	-	-	-	4,099,751	4,161,277
LIHEAP and Weatherization	-	-	-	-	891,371	891,371	-	-	-	891,371	953,455
Assistance to Individuals	183,537	42,065	8,792	22,128	419,898	676,420	-	-	-	676,420	769,748
Donated Toys, Bedding, Educational Materials and Gift Cards	322,276	-	-	-	-	322,276	-	-	-	322,276	457,718
Professional Services	-	17,707	4,006	-	93,245	114,958	96,697	4,605	101,302	216,260	170,893
Temporary Help	-	8,145	-	-	63,791	71,936	52,801	-	52,801	124,737	37,088
Office Expenses	11,170	15,529	4,123	3,985	39,882	74,689	6,856	4,166	11,022	85,711	83,565
Supplies	8,314	34,534	1,383	3,188	19,584	67,003	3,866	1,310	5,176	72,179	80,571
Utilities	9,785	13,055	3,581	3,466	22,722	52,609	6,114	3,715	9,829	62,438	65,039
Repairs and Maintenance	17,499	10,769	2,954	2,859	18,743	52,824	5,043	3,065	8,108	60,932	87,704
Printing and Publications	-	-	511	1,014	-	1,525	1,896	55,620	57,516	59,041	74,340
Postage and Shipping	-	200	-	540	17,248	17,988	822	39,548	40,370	58,358	67,345
Telephone	8,651	11,541	3,166	3,064	20,087	46,509	5,406	3,284	8,690	55,199	70,936
Bad Debt	-	-	-	-	-	-	38,754	-	38,754	38,754	-
Insurance	4,258	5,681	1,558	1,508	9,889	22,894	11,068	1,617	12,685	35,579	42,087
Bank Charges	-	-	-	-	-	-	32,129	-	32,129	32,129	25,335
Office Rent	4,872	6,500	1,783	1,726	11,313	26,194	3,044	1,850	4,894	31,088	60,865
Volunteer Expenses	-	-	-	29,432	-	29,432	-	-	-	29,432	52,294
Travel and Transportation	436	5,269	5,818	846	11,421	23,790	3,739	237	3,976	27,766	15,356
Professional Development	1,807	5,973	1,767	1,521	1,406	12,474	12,087	661	12,748	25,222	32,778
Subcontracts	-	-	-	-	24,435	24,435	-	-	-	24,435	1,094,192
Miscellaneous	1,009	4,334	310	737	(312)	6,078	13,244	321	13,565	19,643	35,716
Technology Support	2,730	3,642	999	967	6,339	14,677	1,705	1,036	2,741	17,418	27,427
Membership Dues	-	-	-	-	-	-	8,612	-	8,612	8,612	9,339
Conferences and Meetings	-	-	-	-	-	-	1,457	-	1,457	1,457	1,357
Total Expenses Before Depreciation	12,232,980	1,247,319	332,161	359,012	3,520,112	17,691,584	802,930	423,363	1,226,293	18,917,877	19,877,100
Depreciation	30,019	40,049	10,986	10,632	69,705	161,391	18,758	11,397	30,155	191,546	202,993
Total Functional Expenses	$ 12,262,999	$ 1,287,368	$ 343,147	$ 369,644	$ 3,589,817	$ 17,852,975	$ 821,688	$ 434,760	$ 1,256,448	$ 19,109,423	$ 20,080,093
Percentage of Total	64.2 %	6.7 %	1.8 %	1.9 %	18.8 %	93.4 %	4.3 %	2.3 %	6.6 %	100.0 %	

The Accompanying Notes are an Integral Part of these Financial Statements.

SACRED HEART COMMUNITY SERVICE
(A California Nonprofit Public Benefit Corporation)

STATEMENT OF FUNCTIONAL EXPENSES
(Continued)

Year Ended June 30, 2013 with Comparative Totals for the Year Ended June 30, 2012

	PROGRAM SERVICES						SUPPORTING SERVICES			TOTALS	
	Essential Services	Self-Sufficiency	Policy and Organizing	Community Outreach and Education	Financial and Energy Assistance	Total	Management and General	Fundraising	Total	2013	2012
Total Functional Expenses	$ 12,262,999	$ 1,287,368	$ 343,147	$ 369,644	$ 3,589,817	$ 17,852,975	$ 821,688	$ 434,760	$ 1,256,448	$ 19,109,423	$ 20,080,093
Donated Items Excluded	(11,182,620)	-	-	-	-	(11,182,620)	-	-	-	(11,182,620)	(11,115,052)
Total Functional Expenses Excluding Donated Items	$ 1,080,379	$ 1,287,368	$ 343,147	$ 369,644	$ 3,589,817	$ 6,670,355	$ 821,688	$ 434,760	$ 1,256,448	$ 7,926,803	$ 8,965,041
Percentage of Total	13.6 %	16.2 %	4.3 %	4.7 %	45.3 %	84.1 %	10.4 %	5.5 %	15.9 %	100.0 %	

The Accompanying Notes are an Integral Part of these Financial Statements.

SACRED HEART COMMUNITY SERVICE
(A California Nonprofit Public Benefit Corporation)

STATEMENT OF CASH FLOWS

Year Ended June 30, 2013 with Comparative Totals for the Year Ended June 30, 2012

	2013	(Restated) 2012
) * 5 ' " & . &,& & !		
Change in Net Assets	$ (81,447)	$ (481,613)
Adjustments to Reconcile Change in Net Assets to Net Cash Used by Operating Activities:		
Depreciation	191,546	202,993
Government Grants - Food	(1,664,385)	(1,448,149)
In-Kind Contributions of Food, Clothing, Toys, Bedding, Educational Materials and Gift Cards	(9,592,398)	(9,665,503)
Distribution of Donated Food, Clothing, Toys, Bedding, Educational Materials and Gift Cards	11,182,620	11,115,052
Net Realized and Unrealized (Gain) Loss on Investments	(41,556)	2,151
(Increase) Decrease in Assets:		
Grants Receivable	(66,599)	51,871
Inventory	(6,380)	74,968
Prepaid Expenses and Other	(41,101)	15,311
Unconditional Promises to Give	1,968	6,290
Deposits	9,874	(3,564)
Increase (Decrease) in Liabilities:		
Accounts Payable	(162,066)	(377,024)
Accrued Liabilities	115,473	23,197
Deferred Revenue	39,486	(20,713)
Net Cash Used by Operating Activities	(114,965)	(504,733)
) * 5 ' & , & . &,& & !		
(Increase) Decrease in Restricted Cash for Facility Improvements	22,839	(1,466)
Purchase of Property and Equipment	(41,379)	(5,972)
Proceeds from Sale of Endowment Fund Investments	169,893	165,836
Purchase of Endowment Fund Investments	(187,691)	(180,984)
Net Cash Used by Investing Activities	(36,338)	(22,586)
) * 5 ' & & . &,& & !		
Proceeds from Line of Credit	225,000	125,000
Net Cash Provided by Financing Activities	225,000	125,000
& /$ 1 &) $) % &, *	73,697	(396,534)
) $) % &, * (+ 2 #	42,717	439,251
) $) % &, * (2 #	$ 116,414	$ 42,717
""* ' * $& *) * 5 & ' & !		
Cash Paid for Interest	$ 4,857	$ 1,197

The Accompanying Notes are an Integral Part of these Financial Statements.

NOTE 1 - GENERAL INFORMATION:

Sacred Heart Community Service (the "Organization"), is a California nonprofit public benefit corporation founded in 1964 to provide assistance and support to the community in San Jose, California. The Organization offers essential services, including food and clothing, tools for developing self-sufficiency, such as education programs, employment support, and financial education, and opportunities for community engagement and action, including volunteer programs and community advocacy. The Organization provides these services free of charge to over 70,000 individuals each year. The Organization's vision is a community united to ensure that every child and adult is free from poverty.

NOTE 2 - PROGRAM SERVICES:

Sacred Heart Community Service offers the following program services:

& * , &

6 5 !Main registration area for the Organization, providing resource referral and information. The Welcome Center also distributes newborn layettes to pregnant customers.
6 * 7' !Named for the Organization's founder, provides a 3-day supplemental supply of food twice per month, to customers within specified zip code areas.
6 . 7 !Named for a long-time Clothes Closet volunteer, provides gently used clothing, blankets, and linens to customers, twice per month.

* 8 & & # " . '

Youth Education
6 / 1 !Preschool classes for children 3 to 5 years of age; parents of ECE children are usually enrolled in POPS or other adult education classes.
6) 9 : !After school learning, outreach and enrichment program for children from grades 1-8; tutoring and homework time; organized activities and field trips; protein and fruit snacks provided each day.
6 $! Summer Camp with an academic focus for children entering grades 4-8; designed to enrich their summer with learning and prepare them for the coming school year; weekly field trips; afternoon enrichment activities.

Adult Education
6 Cl!asses taught at varied skill levels are offered in both English and Spanish.
6 " 2" /" " 18 * " Classes that teach parents of young children different approaches to parenting and child development with a focus on teaching basic English skills that parents need to communicate with their child's physician, teacher, etc.
6 / 9 1!national best practice curriculum developed by Mexican America Legal Defense & Education Fund (MALDEF), the series of 12 parent workshops help parents learn how to navigate the public school system and to become an effective advocate for their child’s education. Parents whose children attend Sacred Heart Community Service's Homework Club are required to complete the series.

NOTE 2 - PROGRAM SERVICES (Continued):

Economic and Family Self-Sufficiency

6 !Provides one-on-one mentoring/coaching, advocacy, and direct services to facilitate leadership development and empower low-income families to achieve healthy relationships with self, family, and community. Services include case management and home visitation, educational workshops and parent support groups.

6 ; * : < Assists job-seekers to secure employment by providing them with support and resources that empower them to become economically self-sufficient. Services include individualized assessment, job readiness and skills development workshops, vocational counseling, financial education, and a job interview clothes closet.

6 * ' , !Works with low-income families to build organic home gardens to grow healthy food.

• + 2 & Provides individuals and families with concrete pathways to economic self sufficiency through financial educational classes, individualized coaching, and income tax assistance. Programs include: Volunteer Income Tax Assistance (VITA), financial education workshops, public benefits eligibility screening and enrollment, Individualized Development Accounts (IDAs), and individualized credit coaching.

6 < * Identify, train and deploy leaders from within the community of people receiving services from the Organization in order to build stronger families that become advocates for their children's and their own education, create teachers for urban organic gardening techniques, and train mentors for financial success.

& & * $.# & " . '

• * 98&) " !Provides assistance to help pay utility bills and avoid energy-related crises for households that are experiencing financial hardship.

• 5 = " !Promotes energy-efficiency in dwellings occupied by low-income households in order to reduce their monthly energy bill. Weatherizes homes by replacing old appliances, upgrading insulation and venting, installing low-flow shower heads and weather stripping windows and doors.

6 Provides one-time financial assistance for security deposits, past due rent or other emergency needs to stabilize housing and prevent homelessness.

" *& # $. &>& .

6 Promotes leadership development and civic engagement to help low-income residents become effective advocates for themselves and their community; engages public officials, neighbors, and community allies in actions that address the root causes of poverty.

'' & #) $ $ &

6 , 22 Engages community members and customers in structured volunteer service at Sacred Heart Community Service.

6 Reaches out to the community to engage and educate people about poverty and potential solutions to poverty in Santa Clara County. Includes educational classes and immersion programs.

NOTE 3 - CHANGE IN NET ASSETS:

During the year ended June 30, 2013, Sacred Heart Community Service experienced an operational loss of $200,276 as noted in the "Unrestricted" column of the Statement of Activities. A significant amount of the loss can be attributed to depreciation.

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Change in Net Assets	$ (200,276)	$ 118,829	$ -	$ (81,447)
Add Depreciation Expense	191,546	-	-	191,546
Change in Net Assets Excluding Depreciation	$ (8,730)	$ 118,829	$ -	$ 110,099

NOTE 4 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

Basis of Accounting - The financial statements of Sacred Heart Community Service have been prepared on the accrual basis of accounting.

Basis of Presentation - The Organization follows standards of accounting and financial reporting for voluntary health and welfare organizations. In accordance with generally accepted accounting principles, the Organization reports its financial position and operating activities in three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets.

Unrestricted net assets include those assets over which the Board of Directors has discretionary control in carrying out the operations of the Organization. Under this category, the Organization maintains an operating fund, property and equipment fund plus any net assets designated by the Board for specific purposes. The Organization has elected to report as an increase in unrestricted net assets any restricted support received in the current period for which the restrictions have been met in the current period.

Temporarily restricted net assets include those assets which are subject to donor restriction and for which the applicable restriction was not met as of the year end of the current reporting period.

Permanently restricted net assets include those assets which are subject to a non-expiring donor restriction, such as endowments.

Comparative Financial Information - The financial statements include certain prior-year summarized comparative information in total but not by net asset class or functional expense categories. Such information does not include sufficient detail to constitute a presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with the Organization's financial statements for the year ended June 30, 2012, from which the summarized information was derived.

NOTE 4 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued):

Use of Estimates - The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of support, revenue and expenses during the period. Accordingly, actual results could differ from those estimates.

Cash and Cash Equivalents - Cash and cash equivalents include highly liquid investments and investments with a maturity of three months or less, and exclude donor restricted receipts and amounts designated for long-term purposes. The Organization maintains its cash in bank deposit accounts which, at times, may exceed Federally insured limits. The Organization has not experienced any losses in such accounts. Management believes it is not exposed to any significant risk on cash accounts.

Investments - Investments in marketable securities with readily determinable fair values and all investments in debt securities are reported at their fair values in the statement of financial position. Unrealized gains and losses are included in the change in net assets.

Fair Value Measurements - Fair value is defined 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."

A hierarchy has been established to prioritize the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest ranking to fair values determined using unadjusted quoted prices in active markets for identical assets (Level 1) and the lowest ranking to fair values determined using methodologies and models with unobservable inputs (Level 3). Observable inputs are those that market participants would use in pricing the asset based on market data obtained from sources independent of the Organization. Unobservable inputs reflect the Organization's assumption about the inputs market participants would use in pricing the asset or liability developed based on the best information available in the circumstances.

The fair value hierarchy is categorized into three levels based on the inputs as follows:

> Level 1 - Values are unadjusted quoted prices for identical assets and liabilities in active markets accessible at the measurement date.
>
> Level 2 - Inputs include quoted prices for similar assets or liabilities in active markets, quoted prices from those willing to trade in markets that are not active, or other inputs that are observable or can be corroborated by market data for the term of the instrument. Such inputs include market interest rates and volatilities, spreads and yield curves.
>
> Level 3 - Certain inputs are unobservable (supported by little or no market activity) and significant to the fair value measurement. Unobservable inputs reflect the Organization's best estimate of what hypothetical market participants would use to determine a transaction price for the asset or liability at the reporting date.

Grants Receivable - The Organization considers all grants receivable to be fully collectible; accordingly, no allowance for doubtful accounts is considered necessary. Grants receivable include both billed receivables and unbilled receivables (see Note 5).

NOTE 4 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued):

Promises to Give - Unconditional promises to give, less an allowance for doubtful amounts, are recognized as contribution support in the period received and as assets, decreases of liabilities, or expenses depending on the form of the benefits received. A provision for losses on receivables is made when considered necessary to maintain an adequate allowance to cover bad debts. Receivables are charged against the allowance when the Organization determines that payments will not be received. Any subsequent receipts are credited to the allowance. The Organization estimates the allowance for uncollectible amounts as of June 30, 2013 and 2012, to be $4,450 and $510, respectively. Promises are recorded at net realizable value if expected to be collected in one year and at fair value if expected to be collected in more than one year. Conditional promises to give, if any, are recognized only when the conditions on which they depend are substantially met and the promises become unconditional.

Inventory - Inventory consists primarily of donated food and clothing. Donated food was valued at $1.69 per pound and $1.66 per pound for the years ended June 30, 2013 and 2012, respectively. This valuation is based on a cost study conducted for Feeding America (formerly America's Second Harvest). Donated clothing was valued based on published studies performed on eBay sales of used clothing, toys and other household items titled "It's Deductible - Tax Year 2013 and 2012 Software" (see Note 15).

Property and Equipment - Property and equipment are recorded at cost or estimated fair value for donated items. Equipment purchases over $500 are capitalized. The cost of repairs and maintenance which do not improve or extend the lives of the respective assets are expensed currently. Depreciation is computed on the straight-line method based on the estimated useful lives of the assets, which range from 3 to 39 years. Depreciation is charged to the activity benefiting from the use of the property or equipment.

Accrued Vacation - Accrued vacation represents vacation earned, but not taken as of June 30, 2013 and 2012, and is included in "accrued liabilities" in the statement of financial position. The accrued vacation balance as of June 30, 2013 and 2012 was $145,527 and $138,920, respectively.

Revenue Recognition - The Organization recognizes support and revenue on the accrual basis of accounting. Revenue from grants which have been classified as "exchange transactions" are recognized as revenue in the period in which the service is provided.

Contributions - Contributions are recognized when the donor makes a pledge to give that is, in substance, an unconditional promise. Contributions are recorded as unrestricted, temporarily restricted, or permanently restricted depending on the nature of donor restrictions and depending on whether the restrictions are met in the current fiscal period. Restricted contributions are reported as increases in unrestricted net assets if the restrictions have been met in the current fiscal period. If the restriction has not been met by fiscal year end, the amount is reported as an increase in temporarily or permanently restricted net assets. When the restriction is finally met on a contribution received in a prior fiscal period, the amount is shown as a reclassification of restricted net assets to unrestricted net assets.

NOTE 4 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued):

Contributions In-Kind - Donated equipment and other donated goods are recorded at their estimated fair value as of the date of the donation (see Note 15). Contributed services, which require a specialized skill and which the Organization would have paid for if not donated, are recorded at the estimated fair value at the time the services are rendered. The Organization also receives donated services that do not require specific expertise but which are nonetheless central to the Organization's operations. While these contributed services are not reflected in the financial statements the estimated value of these services is disclosed in Note 15.

Expense Allocation - The costs of providing the various programs and other activities have been summarized on a functional basis in the statement of activities and in the statement of functional expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited. Indirect expense allocations are based on the related salary expense.

Income Taxes - Sacred Heart Community Service is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code and from state income taxes under Section 23701(d) of the California Revenue Taxation Code. Accordingly, no provision for income taxes has been made in the accompanying statements. In addition, the Organization qualifies for the charitable contribution deduction under Section 170(b)(1)(A) of the Internal Revenue Code and has been classified as an organization that is not a private foundation under Section 509(a)(1) of the Internal Revenue Code.

Uncertainty in Income Taxes - Generally accepted accounting principles provide accounting and disclosure guidance about positions taken by an organization in its tax returns that might be uncertain. Management has considered its tax positions and believes that all of the positions taken by the Organization in its federal and state exempt organization tax returns are more-likely-than-not to be sustained upon examination.

The Organization's federal returns for the years ended June 30, 2012, 2011 and 2010 could be subject to examination by federal taxing authorities, generally for three years after they are filed. The Organization's state returns for the years ended June 30, 2012, 2011, 2010 and 2009 could be subject to examination by state taxing authorities, generally for four years after they are filed.

Advertising - Advertising costs are charged to operations when incurred. There were no advertising costs for the years ended June 30, 2013 and 2012.

Reclassifications - Certain amounts in the prior year have been reclassified in order to be consistent with the current year presentation.

Subsequent Events - Management of the Organization has evaluated events and transactions subsequent to June 30, 2013 for potential recognition or disclosure in the financial statements. The Organization did not have subsequent events that required recognition or disclosure in the financial statements for the fiscal year ended June 30, 2013. Subsequent events have been evaluated through the date the financial statements became available to be issued, October 17, 2013.

NOTE 5 - GRANTS RECEIVABLE:

Grants receivable as of June 30, consisted of the following:

	2013	(Restated) 2012
Billed Receivables	$ 1,340,520	$ 1,171,961
Unbilled Receivables	51,588	153,548
Total Grants Receivable	$ 1,392,108	$ 1,325,509

NOTE 6 - INVENTORY:

Inventory consists of donated food and non-food items, and purchased non-food items. Goods donated to Sacred Heart Community Service are valued at their estimated fair value and recognized as support in the statement of activities. Donated goods remaining in inventory at year end are also recorded at their estimated fair value. The estimated fair value of contributed goods received for the years ended June 30, 2013 and 2012 was $11,256,783 and 11,113,652, respectively.

In accordance with generally accepted accounting principles all donated goods inventory is classified as Level 2 inventory and all purchased inventory is classified as Level 1 inventory (see Note 4).

Inventory as of June 30, consisted of the following:

	2013	2012
Donated Food - Government	$ 26,264	$ 15,389
Donated Food - Non-Government	93,119	54,563
Donated Clothing	86,311	61,560
Purchased Weatherization	53,030	40,112
Donated Gift Cards	7,068	8,504
Purchased Clothing	-	5,124
Total Inventory	$ 265,792	$ 185,252

NOTE 7 - PROPERTY AND EQUIPMENT:

The cost and related accumulated depreciation of the property and equipment as of June 30, consisted of the following:

	2013	2012
Building and Improvements	$ 4,571,164	$ 4,547,314
Land	1,694,354	1,694,354
Furniture and Equipment	405,533	388,004
Vehicles	163,495	163,495
	6,834,546	6,793,167
Less: Accumulated Depreciation	(2,227,042)	(2,035,494)
Property and Equipment, Net	$ 4,607,504	$ 4,757,673

Depreciation expense for the years ended June 30, 2013 and 2012 was $191,546 and $202,993, respectively.

NOTE 8 - RESTRICTED CASH FOR FACILITY IMPROVEMENTS:

Restricted cash for facility improvements at June 30, 2013 and 2012, consisted of contributions received for the construction and improvements of Sacred Heart Community Service's facility and are invested in short-term interest-bearing cash deposits. Under the terms of the related donations, these funds are considered temporarily restricted until they have been disbursed for facility improvements.

NOTE 9 - INVESTMENTS HELD FOR ENDOWMENT PURPOSES:

Investments held for endowment purposes consist of contributions to Sacred Heart Community Service's Board Designated and Donor Restricted Endowment Funds.

	2013	2012
Equity Securities	$ 389,349	$ 356,220
Corporate Debt Obligations	299,228	289,020
Cash Equivalents	103,802	87,786
Total Investments Held for Endowment Purposes at Fair Values	$ 792,379	$ 733,026

NOTE 9 - INVESTMENTS HELD FOR ENDOWMENT PURPOSES: (Continued):

Endowment investment income for the years ended June 30, consisted of the following:

	2013	2012
Endowment Investment Income, Net:		
Interest / Dividend Income	$ 23,542	$ 20,487
Net Realized and Unrealized Gain (Loss)	41,556	(2,152)
Fees	(5,745)	(5,339)
Endowment Investment Income, Net	$ 59,353	$ 12,996

NOTE 10 - LINE OF CREDIT:

The Organization has a $500,000 line of credit with Comerica Bank. The line of credit is due on demand and is secured by the Organization's money market account held in the same bank and bears interest at the bank's base rate minus 1% per annum. As of June 30, 2013 and 2012, $500,000 and $275,000 amounts were outstanding on the line of credit.

NOTE 11 - BOARD DESIGNATED NET ASSETS:

Board designated net assets as of June 30, consisted of the following:

	2013	(Restated) 2012
Board Designated Operating Reserve Fund	$ 150,045	$ 217,754
Board Designated Endowment Fund	234,989	217,387
Total Board Designated Net Assets	$ 385,034	$ 435,141

Board Designated Operating Reserve Fund - The Organization maintains a reserve to stabilize cash flow, cover unexpected support or revenue shortfalls, cover unexpected expenses, help fund significant equipment repairs and replacement as well as address future increased capacity or expansion.

Board Designated Endowment Fund - The Board of Directors has designated certain investments as an endowment fund. Each year, up to 5% of the annual investment earnings (based on the fund's fair market value at the beginning of the fiscal year) may be used to finance Sacred Heart Community Service's charitable activities.

Board designations do not meet the criteria for being classified as restricted net assets. Board designations are not donor-imposed restrictions and are subject to change at the Board's discretion.

NOTE 12 - TEMPORARILY RESTRICTED NET ASSETS:

Temporarily restricted net assets as of June 30, consisted of the following:

	2013	2012
Time Restriction:		
Grants Receivable	$ 50,000	$ 50,000
Uncollected Unconditional Promises to Give	1,424	3,392
Purpose Restriction:		
Restricted Cash for Facility Improvements	547,747	570,586
Self Sufficiency - Asset Development	135,630	53,352
Volunteer Office	125,000	-
Endowment Accumulated Earnings - Unappropriated	95,945	54,194
Pack-A-Back	58,787	48,204
Self Sufficiency - Education	15,000	29,788
Pantry - Protein	15,000	2,991
Housing Assistance	8,404	7,209
Welcome Center	-	20,000
La Mesa Verde	-	50,000
Essential Services	-	40,000
JobLink - Non Labor	-	2,168
JobLink Career Closet	-	1,491
Community Education	-	733
Total Temporarily Restricted Net Assets	$ 1,052,937	$ 934,108

NOTE 13 - NET ASSETS RELEASED FROM RESTRICTIONS:

Net assets were released from restrictions during the year by incurring expenses satisfying the restricted purpose or by the expiration of time as follows:

	2013
Purpose Restriction:	
Self Sufficiency - Asset Development	$ 53,352
Le Mesa Verde	50,000
Pack-A-Back	48,204
Essential Services	40,000
Self Sufficiency - Education	29,788
Restricted Cash for Facility Improvements	23,850
Welcome Center	20,000
Pantry - Protein	2,991
Housing Assistance	2,340
JobLink - Non Labor	2,168
JobLink Career Closet	1,491
Community Education	733
Time Restriction:	
Grants Receivable	50,000
Uncollected Unconditional Promises to Give	1,028
Total Net Assets Released from Restrictions	$ 325,945

NOTE 14 - PERMANENTLY RESTRICTED NET ASSETS:

Permanently restricted net assets as of June 30, 2013 and 2012 totaled $461,445, and consisted of amounts held in the Organization's donor restricted endowment fund whose usage is restricted by donors. Under no circumstances shall donor restricted endowment contributions be expended.

NOTE 15 - CONTRIBUTIONS IN-KIND:

Sacred Heart Community Service receives a significant amount of donated food, clothing, and household items from the community that are distributed as part of its essential services program. The estimated fair value of donated goods received are recorded as contributions.

Donated Food - Donated food was valued at $1.69 per pound and $1.66 per pound for the years ended June 30, 2013 and 2012, respectively. This valuation is based on a cost study conducted for Feeding America (formerly America's Second Harvest).

Donated Clothing -While the Organization provides a best effort estimate in valuing its donated clothing received the estimate is inherently imprecise due to the following factors:

Quantity Estimate - Donated clothing is tracked and valued based on the number of bags received during the year. The sizes of the bags are inconsistent ranging from large garbage bags to standard grocery bags. The variance in the size of the bags can result in inconsistencies in estimating the quantity of clothing received during the year.

Value Estimate - The dollar value per bag is estimated annually based on a statistical sampling of bags tested during the year using a published study performed on eBay sales of used clothing titled "It's Deductible - Tax Year 2013 and 2012 Software". The clothing items in each sampled bag as well as the size of the bag can vary significantly.

In summary, the inconsistencies in the size of the bags as well as the inconsistencies in the contents and quality of clothing in the bags can result in significant variances in the estimated value of donated clothing from year to year.

During the years ended June 30, the following in-kind contributions were received by the Organization:

	2013	2012
Contributions In-Kind - Government:		
Food - Government	$ 1,664,385	$ 1,448,149
Contributions In-Kind - Non-Government:		
Food	5,145,641	5,006,496
Clothing	4,125,446	4,162,221
Toys	175,320	301,740
Educational Materials	98,400	101,800
Gift Cards	27,711	41,566
Bedding, Linens and Other	19,880	51,680
Total Contributions In-Kind Non-Government	9,592,398	9,665,503
Total Contributions In-Kind	$ 11,256,783	$ 11,113,652

NOTE 15 - CONTRIBUTIONS IN-KIND (Continued):

The Organization also receives donated services that do not require specific expertise but which are nonetheless central to the Organization's operations. Much of this time is to assist Sacred Heart Community Service by performing a variety of tasks related to specific essential services, self-sufficiency programs, campaign solicitations, and various committee assignments. During the years ended June 30, 2013 and 2012, Sacred Heart Community Service received approximately 90,213 and 100,457 hours of volunteer time. The estimated value of these services for the years ended June 30, 2013 and 2012, respectively, based on the estimated dollar value of volunteer time calculated by Independent Sector, amounts to $1,997,315 and $2,188,958, respectively. The value of these services is not reflected in the financial statements.

NOTE 16 - EMPLOYEE PENSION PLAN:

Sacred Heart Community Service has a simplified employee pension plan and contributes up to 6% of eligible employees' salaries. Contributions for the years ended June 30, 2013 and 2012 totaled $0.

NOTE 17 - CONTINGENCIES:

In order to serve a broader group of constituents with more in-depth services including case management, Sacred Heart Community Service expanded its Housing Assistance services taking on new grants from new funders during the year ended June 30, 2010, including multiple large grants from federal funders. Consistent with its generally conservative approach to accounting matters, the risk of initiating new services and working with unfamiliar grantors, and the significant size of the funding in comparison to the Organization operating budget, the Organization has established a small reserve to cover the possibility of future disallowances such as may occur with any federal contract.

NOTE 18 - CONCENTRATIONS:

Government Grants - Cash - During the years ended June 30, 2013 and 2012 the Organization received approximately 65% and 69%, respectively, of its cash support and revenue (not including contributions in-kind) from various government grantors. Significant reductions in future funding from one or more of these government grantors could have an impact on the Organization's program service operations.

NOTE 19 - ENDOWMENT:

Sacred Heart Community Service's endowment consists of funds established for a variety of purposes. Its endowment includes both donor restricted endowment funds and funds designated by the Board of Directors to function as endowments. As required by Generally Accepted Accounting Principles (GAAP), net assets associated with endowment funds, including funds designated by the Board of Directors to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions.

Interpretation of Relevant Law - The Board of Directors of Sacred Heart Community Service has interpreted the California version of the Uniform Prudent Management of Institutional Funds Act (UPMIFA) as requiring the preservation of the fair value of the original gift as of the gift date of the donor restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, Sacred Heart Community Service classifies as permanently restricted net assets (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The remaining portion of the donor restricted endowment fund that is not classified in permanently restricted net assets is classified as temporarily restricted net assets until those amounts are appropriated for expenditure by the Organization in a manner consistent with the standard of prudence prescribed by the California version of UPMIFA. In accordance with the California version of UPMIFA, the Organization considers the following factors in making a determination to appropriate or accumulate donor restricted endowment funds:

(1) The duration and preservation of the fund
(2) The purposes of the Organization and the donor restricted endowment fund
(3) General economic conditions
(4) The possible effect of inflation and deflation
(5) The expected total return from income and the appreciation of investments
(6) Other resources of the Organization
(7) The investment policies of the Organization

Funds with Deficiencies - From time to time, the fair value of assets associated with individual donor restricted endowment funds may fall below the original contributed amount by the donor. There were no deficiencies of this nature that would be required to be reported in unrestricted net assets as of June 30, 2013 and 2012.

Return Objectives and Risk Parameters - Sacred Heart Community Service has adopted investment and spending policies for endowment assets with the primary objectives of preservation of capital and purchasing power and the long-term growth of assets. Endowment assets include those assets of donor-restricted funds that the Organization must hold in perpetuity or for a donor-specified period(s) as well as board designated funds. Under this policy, as approved by the Board of Directors the endowment assets are invested in a manner that is intended to produce results that exceed the inflation risk as measured by the Consumer Price Index and/or exceed the return of the appropriate benchmark long-term indices (Equities S&P 500 Index, Fixed Income Merrill Lynch Intermediate-Term Index).

NOTE 19 - ENDOWMENT (Continued):

Strategies Employed for Achieving Objectives - To satisfy its long-term rate-of-return objectives, Sacred Heart Community Service relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). The Investment Committee does not believe it is necessary or desirable that securities held in the endowment fund represent a cross section of the economy. However, in order to achieve a prudent level of portfolio diversification, the securities of any one company or government agency should not exceed 5% of the total fund, and no more than 20% of the total fund should be invested in any one industry. Individual treasury securities may represent 10% of the total fund, while the total allocation to treasury bonds and notes may represent up to 100% of the endowment fund's aggregate bond position.

The Investment Committee will provide guidance and recommendation to the Board as to the asset allocation ranges. Such ranges will be reviewed at least annually by the Investment Committee and ratified by the Board.

Spending Policy and How the Investment Objectives Relate to Spending Policy - Sacred Heart Community Service has a policy of appropriating for distribution each year 5% of its endowment fund's fair market value of the fund as of the first day of the fiscal year. The payout on this basis may exceed current income. In establishing this policy, the Organization considered the long-term expected return on its endowment. Accordingly, over the long term, the Organization expects that the annual payout will constitute only a portion of the fund's total return (income and appreciation), thus building up the endowment over time, offsetting inflation, and preserving the purchasing power of the fund.

This is consistent with the Organization's objective to maintain the purchasing power of the endowment assets held in perpetuity or for a specified term as well as to provide additional real growth through new gifts and investment return. The recommended payout rate is reviewed annually by the Investment Committee, which will make recommendations to the Board of Directors.

Endowment net asset composition by type of fund as of June 30, 2013 consisted of the following:

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Donor Restricted Endowment Funds	$ -	$ 95,945	$ 461,445	$ 557,390
Board Designated Endowment Funds	234,989	-	-	234,989
Total Funds	$ 234,989	$ 95,945	$ 461,445	$ 792,379

NOTE 19 - ENDOWMENT (Continued):

Changes in endowment net assets for the fiscal year ended June 30, 2013 consisted of the following:

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Endowment Net Assets, Beginning of Year	$ 217,387	$ 54,194	$ 461,445	$ 733,026
Investment Income	19,306	45,792	-	65,098
Fees	(1,704)	(4,041)	-	(5,745)
Endowment Net Assets, End of Year	$ 234,989	$ 95,945	$ 461,445	$ 792,379

NOTE 20 - PRIOR PERIOD ADJUSTMENT:

Grant Revenue Adjustment - During the year ended June 30, 2013 management discovered that grant revenue for the year ended June 30, 2012 was overstated by $185,693. As a result the Organization has restated the accompanying financial statements as of and for the year ended June 30, 2012 to reflect the correct grant revenue for that year.

Adjustments related to net assets are summarized as follows:

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Change in Net Assets for the Year Ended June 30, 2012 Before Adjustment	$ (364,302)	$ 68,382	$ -	$ (295,920)
Less: Overstatement of Grant Revenue	(185,693)	-	-	(185,693)
Change in Net Assets for the Year Ended June 30, 2012, as Restated	(549,995)	68,382	-	(481,613)
Net Assets - June 30, 2011	5,742,809	865,726	461,445	7,069,980
Net Assets - June 30, 2012, as Restated	$ 5,192,814	$ 934,108	$ 461,445	$ 6,588,367

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SACRED HEART COMMUNITY SERVICE
(A California Nonprofit Public Benefit Corporation)

SUPPLEMENTAL STATEMENT OF REVENUE AND EXPENDITURES

CSD CONTRACT NO. 10B-5641

For the Period July 1, 2009 Through June 30, 2013

	LIHEAP EHA-16 July 1, 2009 through June 30, 2010	LIHEAP EHA-16 July 1, 2010 through June 30, 2011	LIHEAP Weatherization July 1, 2010 through June 30, 2011	Total July 1, 2010 through June 30, 2011	LIHEAP EHA-16 July 1, 2011 through June 30, 2012	LIHEAP Weatherization July 1, 2011 through June 30, 2012	Total July 1, 2011 through June 30, 2012	LIHEAP EHA-16 July 1, 2012 through June 30, 2013	LIHEAP Weatherization July 1, 2012 through June 30, 2013	Total July 1, 2012 through June 30, 2013	Total Audited Costs	Total Reported Expenses	Total Budget
Grant Revenue	$ 105,211	$ 158,508	$ 701,267	$ 859,775	$ 238,919	$ 869,679	$ 1,108,598	$ 49,914	$ (35,784)	$ 14,130	$ 2,087,714		$ 2,708,745
Administration													
Assurance 16 Activities	$ 18,207	$ 93,711	$ -	$ 93,711	$ 28,665	$ -	$ 28,665	$ 24,957	$ -	$ 24,957	$ 165,540	$ 165,540	$ 311,230
Administrative Costs	53,791	21,761	66,327	88,088	54,547	54,881	109,428	24,957	-	24,957	276,264	276,264	311,234
Total Administration Costs	71,998	115,472	66,327	181,799	83,212	54,881	138,093	49,914	-	49,914	441,804	441,804	622,464
Program													
Liability Insurance	-	-	745	745	15,010	24,176	39,186	-	-	-	39,931	39,931	50,000
Outreach	3,686	32,526	9,594	42,120	69,677	8,988	78,665	-	-	-	124,471	124,471	281,704
Training and Technical Assistance	2,909	-	23,786	23,786	675	5,238	5,913	-	-	-	32,608	32,608	155,324
Vehicle and Equipment Acquisition Cost	-	-	152,132	152,132	-	-	-	-	-	-	152,132	152,132	219,000
Worker's Compensation	-	-	-	-	15,000	19,326	34,326	-	-	-	34,326	34,326	30,000
Intake	26,618	10,510	13,686	24,196	28,175	10,703	38,878	-	-	-	89,692	89,692	112,681
Direct Program Activities	-	-	434,997	434,997	27,170	746,367	773,537	-	(35,784)	(35,784)	1,172,750	1,172,750	1,237,572
Total Program Costs	33,213	43,036	634,940	677,976	155,707	814,798	970,505	-	(35,784)	(35,784)	1,645,910	1,645,910	2,086,281
Total Expenditures	$ 105,211	$ 158,508	$ 701,267	$ 859,775	$ 238,919	$ 869,679	$ 1,108,598	$ 49,914	$ (35,784)	$ 14,130	$ 2,087,714	$ 2,087,714	$ 2,708,745

SACRED HEART COMMUNITY SERVICE
(A California Nonprofit Public Benefit Corporation)

SUPPLEMENTAL STATEMENT OF REVENUE AND EXPENDITURES

CSD CONTRACT NO. 11B-5741

For the Period July 1, 2010 Through June 30, 2013

	LIHEAP EHA-16 July 1, 2010 through June 30, 2011	LIHEAP Weatherization July 1, 2010 through June 30, 2011	Total July 1, 2010 through June 30, 2011	LIHEAP EHA-16 July 1, 2011 through June 30, 2012	LIHEAP Weatherization July 1, 2011 through June 30, 2012	Total July 1, 2011 through June 30, 2012	LIHEAP EHA-16 July 1, 2012 through June 30, 2013	LIHEAP Weatherization July 1, 2012 through June 30, 2013	Total July 1, 2012 through June 30, 2013	Total Audited Costs	Total Reported Expenses	Total Budget
, !												
Grant Revenue	$ 18,705	$ -	$ 18,705	$ 180,215	$ 862,949	$ 1,043,164	$ 317,762	$ 755,408	$ 1,073,170	$ 2,135,039		$ 2,705,211
- " $ & !												
Administration												
Assurance 16 Activities	$ 4,153	$ -	$ 4,153	$ 64,454	$ -	$ 64,454	$ 95,130	$ -	$ 95,130	$ 163,737	$ 163,737	$ 314,229
Administrative Costs	5,368	-	5,368	43,262	76,565	119,827	86,415	52,035	138,450	263,645	263,645	294,335
Total Administration Costs	9,521	-	9,521	107,716	76,565	184,281	181,545	52,035	233,580	427,382	427,382	608,564
Program												
Liability Insurance	-	-	-	875	10,253	11,128	697	9,514	10,211	21,339	21,339	31,000
Outreach	4,190	-	4,190	41,245	19,367	60,612	31,874	57,480	89,354	154,156	154,156	271,260
Training and Technical Assistance	-	-	-	379	22,585	22,964	9,933	57,746	67,679	90,643	90,643	156,729
Vehicle and Equipment Acquisition Cost	-	-	-	-	-	-	-	-	-	-	-	100,000
Worker's Compensation	-	-	-	-	21,579	21,579	10,080	61,965	72,045	93,624	93,624	175,000
Intake	4,994	-	4,994	30,000	6,504	36,504	18,093	12,606	30,699	72,197	72,197	108,504
Direct Program Activities	-	-	-	-	706,096	706,096	65,540	504,062	569,602	1,275,698	1,275,698	1,254,154
Total Program Costs	9,184	-	9,184	72,499	786,384	858,883	136,217	703,373	839,590	1,707,657	1,707,657	2,096,647
Total Expenditures	$ 18,705	$ -	$ 18,705	$ 180,215	$ 862,949	$ 1,043,164	$ 317,762	$ 755,408	$ 1,073,170	$ 2,135,039	$ 2,135,039	$ 2,705,211

SACRED HEART COMMUNITY SERVICE
(A California Nonprofit Public Benefit Corporation)

SUPPLEMENTAL STATEMENT OF REVENUE AND EXPENDITURES

CSD CONTRACT NO. 11C-1836

For the Period July 1, 2012 Through June 30, 2013

	July 1, 2012 through June 30, 2013	Total Audited Costs	Total Reported Expenses	Total Budget
, !				
Grant Revenue	$ 46,712	$ 46,712		$ 348,891
- " $ & !				
Administration				
Administrative Costs	$ 7,286	$ 7,286	$ 7,286	$ 20,703
Program				
Client Education	3,328	3,328	3,328	17,445
Liability Insurance	-	-	-	1,000
Outreach	1,202	1,202	1,202	17,445
Training and Technical Assistance	1,200	1,200	1,200	26,854
Minor Vehicle and Field Equipment	-	-	-	5,000
Vehicle Insurance	-	-	-	1,000
Worker's Compensation	-	-	-	2,500
Intake	1,107	1,107	1,107	17,445
Direct Program Activities	31,731	31,731	31,731	211,686
Health and Safety Activities	93	93	93	25,313
General and Operating Expenditures	765	765	765	2,500
Total Program Costs	39,426	39,426	39,426	328,188
Total Expenditures	$ 46,712	$ 46,712	$ 46,712	$ 348,891

SACRED HEART COMMUNITY SERVICE
(A California Nonprofit Public Benefit Corporation)

SUPPLEMENTAL STATEMENT OF REVENUE AND EXPENDITURES

CSD CONTRACT NO. 12B-5840

For the Period July 1, 2011 Through June 30, 2013

	LIHEAP EHA-16 July 1, 2011 through June 30, 2012	LIHEAP Weatherization July 1, 2011 through June 30, 2012	Total July 1, 2011 through June 30, 2012	LIHEAP EHA-16 July 1, 2012 through June 30, 2013	LIHEAP Weatherization July 1, 2012 through June 30, 2013	Total July 1, 2012 through June 30, 2013	Total Audited Costs	Total Reported Expenses	Total Budget
, !									
Grant Revenue	$ 70,618	$ 6,662	$ 77,280	$ 361,048	$ 1,020,719	$ 1,381,767	$ 1,459,047		$ 1,901,130
- " $ & !									
Administration									
Assurance 16 Activities	$ 35,355	$ -	$ 35,355	$ 122,377	$ -	$ 122,377	$ 157,732	$ 157,732	$ 210,475
Administrative Costs	15,115	3,650	18,765	89,493	78,540	168,033	186,798	186,798	227,087
Total Administration Costs	50,470	3,650	54,120	211,870	78,540	290,410	344,530	344,530	437,562
Program									
Liability Insurance	471	-	471	2,318	5,661	7,979	8,450	8,450	35,000
Outreach	11,695	-	11,695	83,251	51,368	134,619	146,314	146,314	203,877
Training and Technical Assistance	-	-	-	7,809	34,763	42,572	42,572	42,572	112,371
Vehicle and Equipment Acquisition Cost	-	216	216	-	(216)	(216)	-	-	20,000
Worker's Compensation	5,873	-	5,873	(833)	38,639	37,806	43,679	43,679	108,000
Intake	2,109	1,235	3,344	38,450	44,571	83,021	86,365	86,365	203,877
Direct Program Activities	-	1,561	1,561	18,183	767,393	785,576	787,137	787,137	780,443
Total Program Costs	20,148	3,012	23,160	149,178	942,179	1,091,357	1,114,517	1,114,517	1,463,568
Total Expenditures	$ 70,618	$ 6,662	$ 77,280	$ 361,048	$ 1,020,719	$ 1,381,767	$ 1,459,047	$ 1,459,047	$ 1,901,130

SACRED HEART COMMUNITY SERVICE
(A California Nonprofit Public Benefit Corporation)

SUPPLEMENTAL STATEMENT OF REVENUE AND EXPENDITURES

CSD CONTRACT NO. 12F-4442

For the Period July 1, 2011 Through June 30, 2013

	July 1, 2011 through June 30, 2012	July 1, 2012 through June 30, 2013	Total Audited Costs	Total Reported Expenses	Total Budget
, !					
Grant Revenue	$ 568,484	$ 568,547	$ 1,137,031		$ 1,137,031
- " $ & !					
Administration					
Salaries and Wages	$ 188,034	$ 168,642	$ 356,676	$ 356,676	$ 389,519
Fringe Benefits	64,780	58,344	123,124	123,124	137,890
Operating Expenses	53,838	81,820	135,658	135,658	37,500
Other Costs	-	-	-	-	35,100
Total Administration Costs	306,652	308,806	615,458	615,458	600,009
Program					
Salaries and Wages	192,934	192,582	385,516	385,516	394,795
Fringe Benefits	66,468	67,073	133,541	133,541	139,757
Operating Expenses	2,430	86	2,516	2,516	2,470
Total Program Costs	261,832	259,741	521,573	521,573	537,022
Total Expenditures	$ 568,484	$ 568,547	$ 1,137,031	$ 1,137,031	$ 1,137,031

SACRED HEART COMMUNITY SERVICE
(A California Nonprofit Public Benefit Corporation)

SUPPLEMENTAL STATEMENT OF REVENUE AND EXPENDITURES

CSD CONTRACT NO. 13B-5040

For the Period July 1, 2012 Through June 30, 2013

	LIHEAP EHA-16 July 1, 2012 through June 30, 2013	LIHEAP Weatherization July 1, 2012 through June 30, 2013	Total July 1, 2012 through June 30, 2013	Total Audited Costs	Total Reported Expenses	Total Budget
, !						
Grant Revenue	$ 111,661	$ 73,215	$ 184,876	$ 184,876		$ 1,952,812
- " $ & !						
Administration						
Assurance 16 Activities	$ 55,548	$ -	$ 55,548	$ 55,548	$ 55,548	$ 191,591
Administrative Costs	7,350	2,419	9,769	9,769	9,769	207,264
Total Administration Costs	62,898	2,419	65,317	65,317	65,317	398,855
Program						
Liability Insurance	-	-	-	-	-	7,500
Outreach	24,699	1,539	26,238	26,238	26,238	184,739
Training and Technical Assistance	2,222	1,328	3,550	3,550	3,550	107,252
Vehicle and Equipment Acquisition Cost	-	-	-	-	-	10,000
Worker's Compensation	-	-	-	-	-	20,000
Intake	21,842	1,336	23,178	23,178	23,178	295,581
Direct Program Activities	-	62,601	62,601	62,601	62,601	818,885
General and Operating Expenditures	-	3,992	3,992	3,992	3,992	60,000
Automation Supplemental	-	-	-	-	-	50,000
Total Program Costs	48,763	70,796	119,559	119,559	119,559	1,553,957
Total Expenditures	$ 111,661	$ 73,215	$ 184,876	$ 184,876	$ 184,876	$ 1,952,812

SACRED HEART COMMUNITY SERVICE
(A California Nonprofit Public Benefit Corporation)

SUPPLEMENTAL STATEMENT OF REVENUE AND EXPENDITURES

CSD CONTRACT NO. 13F-3042

For the Period July 1, 2012 Through June 30, 2013

	July 1, 2012 through June 30, 2013	Total Audited Costs	Total Reported Expenses	Total Budget
, !				
Grant Revenue	$ 663,815	$ 663,815		$ 1,299,349
- " $ & !				
Administration				
Salaries and Wages	$ 183,713	$ 183,713	$ 183,713	$ 354,348
Fringe Benefits	64,300	64,300	64,300	124,020
Operating Expenses	45,663	45,663	45,663	110,000
Other Costs	-	-	-	70,000
Total Administration Costs	293,676	293,676	293,676	658,368
Program				
Salaries and Wages	273,144	273,144	273,144	470,885
Fringe Benefits	95,600	95,600	95,600	164,810
Operating Expenses	1,395	1,395	1,395	4,286
Other	-	-	-	1,000
Total Program Costs	370,139	370,139	370,139	640,981
Total Expenditures	$ 663,815	$ 663,815	$ 663,815	$ 1,299,349

SACRED HEART COMMUNITY SERVICE
(A California Nonprofit Public Benefit Corporation)

SCHEDULE OF EXPENDITURES OF FEDERAL AND OTHER GOVERNMENTAL AWARDS

Year Ended June 30, 2013

Government Grantor Pass-through Grantor Program Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Award Amount	Total Expenditures
FEDERAL AWARDS				
U.S. Department of Health and Human Services				
Community Services Block Grant				
Passed through:				
State of CA Dept of Community Services and Development	93.569	12F-4442	$ 1,137,031	$ 568,547
State of CA Dept of Community Services and Development	93.569	13F-3042	1,299,349	663,815
Total Community Services Block Grant			2,436,380	1,232,362
Low-Income Home Energy Assistance				
Passed through:				
State of CA Dept of Community Services and Development	93.568	10B-5641	2,708,745	14,130
State of CA Dept of Community Services and Development	93.568	11B-5741	2,705,211	1,073,170
State of CA Dept of Community Services and Development	93.568	12B-5840	1,901,130	1,381,767
State of CA Dept of Community Services and Development	93.568	13B-5040	1,952,812	184,876
Total Low-Income Home Energy Assistance			9,267,898	2,653,943
Total U.S. Department of Health and Human Services			11,704,278	3,886,305
U.S. Department of Energy				
Weatherization Assistance for Low-Income Persons	81.042	11C-1836	348,891	46,712
Total U.S. Department of Energy			348,891	46,712
U.S. Department of Agriculture				
Emergency Food Assistance Program (Food Commodities)				
Passed through:				
State of California Department of Social Services	10.569	1026	1,664,385	1,664,385
Summer Food Service Program for Children				
Passed through:				
State of California	10.559	04122-SFSP-43	14,329	9,122
State of California	10.559	04122-SFSP-43	15,187	3,566
Total U.S. Department of Agriculture			1,693,901	1,677,073
U.S. Department of Homeland Security				
Emergency Food and Shelter National Board Program	97.024	088000-026	27,049	27,049
Corporation for National and Community Service				
Social Innovation Fund	94.019	45144-0001	119,740	66,170
Social Innovation Fund	94.019	45144-0002	110,531	45,871
Total Corporation for National and Community Service			230,271	112,041
U.S. Department of Housing and Urban Development				
Community Development Block Grants/Entitlement Grants				
Passed through:				
County of Santa Clara	14.218	PS-13-11	10,000	10,000
Total Community Development Block Grants/Entitlement Grants			10,000	10,000

See Accompanying Notes to Schedule of Expenditures of Federal and Other Governmental Awards.

SACRED HEART COMMUNITY SERVICE
(A California Nonprofit Public Benefit Corporation)

SCHEDULE OF EXPENDITURES OF FEDERAL AND OTHER GOVERNMENTAL AWARDS
(Continued)

Year Ended June 30, 2013

Government Grantor Pass-through Grantor Program Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Award Amount	Total Expenditures
ARRA - Homelessness Prevention and Rapid Re-Housing Program				
Passed through:				
County of Santa Clara	14.257	#S-09-UY-0007	662,150	145,563
State of California	14.257	09-HPRP-6138	1,667,498	42,083
City of San Jose	14.257	HPRP-09-003	1,088,281	166,633
Total ARRA - Homelessness Prevention and Rapid Re-Housing Program			3,417,929	354,279
Total U.S. Department of Housing and Urban Development			3,427,929	364,279
Total Federal Awards			17,432,319	6,113,459
OTHER GOVERNMENTAL AWARDS				
City of San Jose				
Safe Summer Initiative Grant		04122-SFSP-43	8,000	8,000
Homeless Family and Youth		ESG-12-002	85,362	85,362
Silicon Valley Community Foundation - Energy Championship Fund		006CECF	20,000	10,000
Total City of San Jose			113,362	103,362
Santa Clara County				
First 5 Santa Clara County		2012-900-002	299,925	299,925
Una Vida Mejor Para Mi Familia Parenting Education		4300008309	45,000	45,000
Homeless Fund		4300008413	30,000	30,000
Families First Program		4300008497	33,026	33,026
Community Food Program		4300008498	6,351	6,351
Total Santa Clara County			414,302	414,302
Other				
Occupational Training Institute		N/A	58,220	58,219
CDPH - Healthy Eating		12-10359	4,158	4,159
Total Other			62,378	62,378
Total Other Governmental Awards			590,042	580,042
Total Federal and Other Governmental Awards			$ 18,022,361	$ 6,693,501

See Accompanying Notes to Schedule of Expenditures of Federal and Other Governmental Awards.

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AND OTHER GOVERNMENTAL AWARDS

NOTE 1 - BASIS OF PRESENTATION:

The accompanying schedule of expenditures of federal and other governmental awards (the "Schedule") includes the federal and other governmental grant activity of Sacred Heart Community Service under programs of the federal, state and local government for the year ended June 30, 2013. The information in this Schedule is presented in accordance with the requirements of OMB Circular A-133, . Because the Schedule presents only a selected portion of the operations of Sacred Heart Community Service, it is not intended to and does not present the financial position, changes in net assets, or cash flows of Sacred Heart Community Service.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in OMB Circular A-122, " , wherein certain types of expenditures are not allowable or are limited as to reimbursement.

Pass-through entity identifying numbers are presented where available.

NOTE 3 - EMERGENCY FOOD ASSISTANCE PROGRAM (FOOD COMMODITIES):

Nonmonetary assistance is reported in the Schedule at the fair market value of the commodities received and disbursed. At June 30, 2013, the Organization had food commodities totaling $26,264 in inventory.

NOTE 4 - WEATHERIZATION ASSISTANCE FOR LOW-INCOME PERSONS:

At June 30, 2013, the Organization had Weatherization inventory totaling $53,030.