

8TH DAY CENTER FOR JUSTICE

FINANCIAL STATEMENTS

SEPTEMBER 30, 2016



ROSALIE J. FREIDLIN LTD.

Certified Public Accountants

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Independent Auditor's Report

To the Coordinating Council of 8th Day Center for Justice
Chicago, IL

We have audited the accompanying financial statements of 8th Day Center for Justice, which comprise the statement of financial position as of September 30, 2016, 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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including 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.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of 8th Day Center for Justice as of September 30, 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.

Rosalie J. Freidlin Ltd.
Rosalie J. Freidlin Ltd.
Cicero, Illinois
November 16, 2016

**8TH DAY CENTER FOR JUSTICE
STATEMENT OF FINANCIAL POSITION
SEPTEMBER 30, 2016**

	<u>Unrestricted</u>	Temporarily <u>Restricted</u>	<u>Total</u>
ASSETS			
Current Assets			
Cash checking	\$ 85,280	\$ 1,500	\$ 86,780
Cash savings	517,870		517,870
Donations receivable	415		415
Loan receivable	25,000		25,000
Inventory for sale	1,604		1,604
Prepaid expenses	6,367		6,367
Deposit	<u>250</u>	=	<u>250</u>
	<u>636,786</u>	<u>1,500</u>	<u>638,286</u>
Property and Equipment			
Equipment	113,705		113,705
Less accumulated depreciation	<u>(113,692)</u>		<u>(113,692)</u>
	<u>13</u>		<u>13</u>
Total Assets	<u>\$ 636,799</u>	<u>\$ 1,500</u>	<u>\$ 638,299</u>
LIABILITIES AND NET ASSETS			
Current Liabilities			
Accounts payable and accrued exp. \$	3,733		\$ 3,733
Prepaid membership fees	<u>16,725</u>		<u>16,725</u>
Total Liabilities	<u>20,458</u>		<u>20,458</u>
Net Assets	<u>616,341</u>	<u>1,500</u>	<u>617,841</u>
Total Liabilities and Net Assets	<u>\$ 636,799</u>	<u>\$ 1,500</u>	<u>\$ 638,299</u>

See accompanying notes and independent auditor's report.

**8TH DAY CENTER FOR JUSTICE
STATEMENT OF ACTIVITIES
YEAR ENDED SEPTEMBER 30, 2016**

	<u>Unrestricted</u>	Temporarily <u>Restricted</u>	<u>Total</u>
Public Support			
Grants	\$ 5,500	\$ 1,500	\$ 7,000
Donations for services	422		422
Donations - appeal and others	<u>559,342</u>	-	<u>559,342</u>
Total public support	<u>565,264</u>	<u>1,500</u>	<u>566,764</u>
Revenue			
Sponsors - membership fees	65,500		65,500
Friends - membership fees	38,025		38,025
Contributors - membership fees	14,400		14,400
Program fees	11,343		11,343
Interest	571		571
Educational materials and T-shirt sales	<u>3,722</u>		<u>3,722</u>
Total revenue	<u>133,561</u>		<u>133,561</u>
Total public support & revenue	<u>698,825</u>	<u>1,500</u>	<u>700,325</u>
Expenses			
Program services	162,644		162,644
Management and general	22,345		22,345
Fundraising	<u>63,523</u>		<u>63,523</u>
Total expenses	<u>248,512</u>		<u>248,512</u>
Change in net assets	450,313	1,500	451,813
Net assets, beginning of year	<u>166,028</u>	<u>0</u>	<u>166,028</u>
Net assets, end of year	<u>\$ 616,341</u>	<u>\$ 1,500</u>	<u>\$617,841</u>

See accompanying notes and independent auditor's report.

**8TH DAY CENTER FOR JUSTICE
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED SEPTEMBER 30, 2016**

	<u>Support Services</u>			Total
	Program Services	Mgmt & General	Fundraising	
Salaries and stipends	\$ 74,207	\$ 7,801	\$ 36,000	\$ 118,008
Employee benefits	4,549	439	5,375	10,363
Payroll taxes	3,060	306	2,754	6,120
Total salaries and related expenses	81,816	8,546	44,129	134,491
Audit		4,800		4,800
Travel	281			281
Supplies	3,804	423	6,557	10,784
Program expenses	5,686			5,686
Telephone	2,957	522		3,479
Postage	5,067	28		5,095
Occupancy	41,548	4,617		46,165
Insurance	1,520	169		1,689
Printing	9,118	104		9,222
Publications	531			531
Donations and membership	1,870			1,870
Equipment maintenance	5,304	936		6,240
Inservice training	1,648			1,648
Conferences and meetings	1,429	2,059	456	3,944
Special events			11,785	11,785
Administrative expense		134	596	730
Total expenses before depreciation	162,579	22,338	63,523	248,440
Depreciation	65	7		72
Total expenses	<u>\$ 162,644</u>	<u>\$ 22,345</u>	<u>\$ 63,523</u>	<u>\$ 248,512</u>

**8TH CENTER FOR JUSTICE
STATEMENT OF CASH FLOWS
YEAR ENDED SEPTEMBER 30, 2016**

CASH FLOWS FROM OPERATING ACTIVITIES	
Change in net assets	\$ 451,813
Adjustment to reconcile change in net assets to net cash provided by operating activities:	
Depreciation	72
Changes in operating assets and liabilities:	
Decrease in donations receivable	535
Increase in inventory for sale	(1,484)
Increase in prepaid expenses	(1,729)
Increase in deposit	(250)
Decrease in accounts payable	(2,207)
Decrease in prepaid membership fees	<u>(8,100)</u>
 NET CASH PROVIDED BY OPERATING ACTIVITIES	 <u>438,650</u>
 CASH FLOWS FROM FINANCING ACTIVITIES	
Loan made to other nonprofit organization	<u>(25,000)</u>
 NET CASH USED IN FINANCING ACTIVITIES	 <u>(25,000)</u>
 NET INCREASE IN CASH	 <u>413,650</u>
 Cash and cash equivalents at beginning of year	 <u>191,000</u>
 Cash and cash equivalents at end of year	 <u>\$ 604,650</u>

See accompanying notes and independent auditor's report.

8TH DAY CENTER FOR JUSTICE
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2016

Note 1.

Nature of Activities

8th Day Center for Justice (8th Day) was founded in 1974 as a joint effort by six Roman Catholic religious communities (with 36 affiliated communities in 2016) to promote justice through research and public education. 8th Day staff members organize themselves in issue groups in order to concentrate on priorities discerned through on-going social analysis and theological reflection. In 2016 the issue groups focused on social issues including support for increase in the minimum wage, immigration, racial justice, corporate responsibility and environmental justice and on feminist views of social, economic and political issues. The organization's major source of revenue is membership dues received from affiliated religious communities.

Note 2.

Significant accounting policies

Accounting method:

Assets and liabilities and revenue and expenses are recognized on the accrual basis. The organization's financial statements are prepared in accordance with the FASB Accounting Standards Codification of Not-For-Profit Entities' Presentation of Financial Statements regarding Expirations of Donor-Imposed Restrictions and of Not-For-Profit Entities' Receivables Recognition. The organization is thus required to report 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) based upon the existence or absence of donor-imposed restrictions. Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support, depending on the existence and/or nature of any donor restrictions. If a donor restricted contribution is expended in the year received, it is recorded as unrestricted support. As of September 30, 2016, temporarily restricted net assets consisted of a \$1,500 grant restricted for fiscal year 2017 printing costs of the organization's newsletter, *Centerings*.

Cash and cash equivalents:

For purposes of the statement of cash flows, cash and cash equivalents consist of cash held in one checking and two money market accounts and one certificate of deposit.

Inventory for sale:

Inventory is valued at the lower of cost or fair market value when received from donor. The organization's inventory for sale consists of \$82 of t-shirts purchased with the organization's logo for sale for fundraising activities and \$1,522 for 626 booklets, valued at the cost of printing, which are authored by the organization and regularly sold.

Equipment:

Equipment, consisting of office equipment, is stated at cost. Donated equipment is stated at fair market value. The organization capitalizes equipment purchases over \$1,500. Provision for depreciation is made over a five year useful life using the straight line method with a half year convention.

8TH DAY CENTER FOR JUSTICE
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER, 30, 2016
(CONTINUATION)

Note 2. Significant accounting policies(continued)

Prepaid membership fees:

Membership fees for the year beginning October 01, 2016, which were received prior to September 30, 2016, are shown as deferred revenue in these financial statements.

Functional allocation of expenses:

The costs of providing the various programs and other activities are summarized on a functional basis in the statement of functional expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefitted based on an analysis of personnel time and space utilized for the related activities.

Estimates:

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Income taxes:

The organization is a not-for-profit organization exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code and, therefore, there is no provision for federal income taxes in the accompanying financial statements. In addition, the organization is determined by the Internal Revenue Service not to be a "private foundation" within the meaning of Section 509 (a) of the Internal Revenue Code. The organization has exempt organization tax filings open to Internal Revenue Service audit for years ending September 30, 2013, 2014, 2015 and 2016.

Note 3. Loan Receivable

8th Day made a short-term non-interest bearing loan of \$25,000 in December 2015 to an organization for which it acts as fiscal agent (Note 6). The funds are expected to be repaid starting in Spring 2017 when the borrower organization receives reimbursements under a grant awarded by the City of Chicago. Since 8th Day is the fiscal agent for the borrower organization, the latter's receipts are deposited in the fiscal agency account administered by 8th Day.

Note 4. Lease Obligations

The organization occupies premises under the terms of a five year lease commencing April 01, 2003, and extended until March 31, 2013 until a new five year lease was executed on April 01, 2013, at a monthly rental of \$3,675 in the first year's term of the new lease. The new lease includes use of electricity and janitorial service in the monthly rent. Future lease obligations as of September 30, 2016 are: \$45,900 in fiscal year 2017 and \$22,950 in fiscal year 2018.

In fiscal year 2016 the organization paid \$45,900 in office rent.

8TH DAY CENTER FOR JUSTICE
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER, 30, 2016
(CONTINUATION)

- Note 4. Lease Obligations (continued)
The organization also started a five year operating lease for a new copier effective April 24, 2014, incurring rental expense of \$3,006 related to this lease in the fiscal year. Minimum future rentals as of September 30, 2016 are: \$2,978 in 2017, \$2,978 in 2018 and \$1,738 in 2019.
- Note 5. Contributed services
The organization benefits from the full-time employment of staff whose services are donated by religious orders which contribute to its support. The value of these contributions is not reflected in these statements since they are not subject to objective measurement or evaluation.
- Note 6. Contingent liability
The organization acts as fiscal agent for other organizations to administer one bank account with a balance of \$125,705 as of September 30, 2016. These funds are not reflected in these financial statements since the organization is acting as a fiscal agent, liable only for the safeguarding of such funds.
- Note 7. Subsequent events
Management of the organization has reviewed and evaluated subsequent events from September 30, 2016, the financial statement date, through November 16, 2016, the date the financial statements were available to be issued. No events have occurred in this period that would be required to be recognized and/or disclosed in these financial statements as required by Generally Accepted Accounting Principles (GAAP).