



Pinellas-Pasco  
**Heart Gallery**  
Every Child Deserves a Home



# The Heart Gallery of Pinellas & Pasco, Inc.

## 2016 Financial Highlights

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# Auditor's Report

## Financial Statements - Unmodified Opinion

# 2016 Financial Highlights



## Overall Operations:

- ◆ Cash and cash equivalents of \$190,647 decreased \$30,425 or 14% from the prior year. This is mostly due to the decrease in grant revenue.
  
- ◆ Total support and revenue of \$331,454 decreased \$95,582 or 22% from the prior year.
  - Contributions of \$20,490 decreased \$2,593 or 11% from the prior year.
  - In-kind revenue of \$110,795 decreased \$61,028 or 36% from the prior year. This is mostly due to a decrease in marketing revenue (two months of advertising in the prior year vs. one month in the current year).
  - Grant revenue of \$97,877 decreased \$32,615 or 25% from the prior year.
  - Special events revenue (net of direct expenses) of \$102,292 was consistent with the prior year.
  
- ◆ Total expenses of \$361,361 decreased \$78,787 or 18% from the prior year. This is mostly due to a decrease in in-kind expenses - total in-kind of \$110,651 decreased \$61,172 or 36% from the prior year.
  - Salaries and related expenses of \$167,607 decreased \$32,981 or 16% from the prior year, this is due to salary for an employee in the prior year whose position was terminated.

# Summary Financial Position

## December 31, 2016 and 2015



### ASSETS

	<u>2016</u>	<u>2015</u>	<u>Change</u>	
<b>Current assets</b>				
Cash and cash equivalents	\$ 190,647	\$ 221,072	\$ (30,425)	-14%
Prepaid expenses	2,493	2,069	424	20%
<b>Total current assets</b>	193,140	223,141	(30,001)	-13%
Property and equipment, net	4,182	3,275	907	28%
<b>Total Assets</b>	<u>\$ 197,322</u>	<u>\$ 226,416</u>	<u>\$ (29,094)</u>	<u>-13%</u>

### LIABILITIES AND NET ASSETS

<b>Current liabilities</b>				
Accounts payable and accrued expenses	\$ 1,813	\$ 1,000	\$ 813	81%
<b>Total liabilities</b>	1,813	1,000	813	81%
<b>Net assets - unrestricted</b>	195,509	225,416	(29,907)	-13%
<b>Total Liabilities and Net Assets</b>	<u>\$ 197,322</u>	<u>\$ 226,416</u>	<u>\$ (29,094)</u>	<u>-13%</u>

# Summary Statements of Activities

## December 31, 2016 and 2015



	<u>2016</u>	<u>2015</u>	<u>Change</u>	
<b>Support and Revenue</b>				
Contributions	\$ 20,490	\$ 23,083	\$ (2,593)	-11%
In-kind revenue	110,795	171,823	(61,028)	-36%
Grant revenue	97,877	130,492	(32,615)	-25%
Special events, net of direct expense of \$18,649 and \$16,947 in 2016 and 2015, respectively	102,292	101,638	654	1%
<b>Total support and revenue</b>	<u>331,454</u>	<u>427,036</u>	<u>(95,582)</u>	<u>-22%</u>
<b>Expenses</b>				
Program services	209,729	274,440	(64,711)	-24%
Supporting services				
Management and general	85,409	90,918	(5,509)	-6%
Fundraising	66,223	74,790	(8,567)	-11%
<b>Total expenses</b>	<u>361,361</u>	<u>440,148</u>	<u>(78,787)</u>	<u>-18%</u>
<b>Change in Net Assets</b>	(29,907)	(13,112)	(16,795)	128%
<b>Net Assets at Beginning of Year</b>	<u>225,416</u>	<u>238,528</u>	<u>(13,112)</u>	<u>-5%</u>
<b>Net Assets at End of Year</b>	<u>\$ 195,509</u>	<u>\$ 225,416</u>	<u>\$ (29,907)</u>	<u>-13%</u>

# Expense Comparison

## December 31, 2016 and 2015



	Total		Change	
	2016	2015		
Salaries and related expenses	\$ 167,607	\$ 200,588	(32,981)	-16%
In-kind professional services	56,601	66,636	(10,035)	-15%
In-kind marketing	44,650	94,250	(49,600)	-53%
Website	16,674	11,706	4,968	42%
Rent, parking, and utilities	15,850	17,269	(1,419)	-8%
Program services	15,519	6,292	9,227	147%
In-kind goods and materials	9,400	1,937	7,463	385%
Professional fees	9,262	8,392	870	10%
Supplies	4,020	3,292	728	22%
Telephone	3,681	2,833	848	30%
Insurance	3,217	1,551	1,666	107%
Travel and meals	3,166	3,364	(198)	-6%
Depreciation	2,848	2,457	391	16%
Miscellaneous	2,365	3,142	(777)	-25%
Conferences and meetings	1,637	969	668	69%
Subscriptions, dues, and fees	1,614	835	779	93%
Computer	1,124	1,644	(520)	-32%
Postage	964	517	447	86%
Advertising and promotion	845	2,181	(1,336)	-61%
Printing and publications	317	1,293	(976)	-75%
In-kind storage	-	9,000	(9,000)	-100%
<b>Total Expenses</b>	<b>\$ 361,361</b>	<b>\$ 440,148</b>	<b>(78,787)</b>	<b>-18%</b>
<b>Total all in-kind expenses</b>	<b>110,651</b>	<b>171,823</b>	<b>(61,172)</b>	<b>-36%</b>

# Auditor's Responsibilities



We are responsible for:

- Performing an audit under US GAAS
- Forming and expressing an opinion about whether the financial statements prepared
  - are materially correct
  - are fairly presented
  - are in conformity with US GAAP
- Communicating specific matters to you

An audit provides reasonable, not absolute, assurance that the financial statements do not contain material misstatements due to fraud or error. It does not relieve management of its responsibilities.

# Those Charged with Governance and Management Responsibilities



## Those Charged with Governance (Board Members)

Those charged with governance are responsible for:

- Overseeing the financial reporting process
- Setting a positive tone at the top
- Discussing significant accounting and internal control matters with management
- Informing the auditors about fraud or suspected fraud, including its views about fraud risks
- Informing the auditors about other matters that are relevant to the audit

## Management

Management is responsible for:

- Preparing and fairly presenting the financial statements in conformity with US GAAP
- Designing, implementing, evaluating, and maintaining effective internal control over financial reporting
- Communicating significant accounting and internal control matters to those charged with governance
- Providing the auditors with unrestricted access to all information relevant to the audit
- Informing the auditors about fraud, illegal acts, significant deficiencies, and material weaknesses
- Adjusting the financial statements to correct material misstatements
- Informing the auditors of subsequent events
- Provide the auditors with certain written representations



# Required Communications



- Responsibility Under Auditing Standards
- Significant Accounting Policies - summarized in **Note B**
- Accounting Estimates - allocation of costs by function
- Sensitive Disclosures - none
- Passed Audit Adjustments - none
- Audit Adjustments - three total adjustments, one of these was a reclassification
- Disagreements with Management - none
- Consultations with Other Accountants - none
- Difficulties Encountered During Audit - none
- Management Letter - none

## Suggestion for Strengthening Internal Controls



- PDR noted there was no process in place for allocating expenses by function. It is also noted that their full-time employees do not track their hours.
  - We recommend that key employees perform a time study for 6-8 weeks in 2017 to determine the best allocation methodology for functional expenses.
  - We recommend that full-time employees implement a time tracking system to ensure a better understanding of how their time is spent.