

St. Vincent de Paul Society

District Council of Marin County

Financial Statements &

Independent Auditor's Report

for the Year Ended

September 30, 2016

**COOK &
COMPANY**

A PROFESSIONAL ACCOUNTANCY CORPORATION

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COOK & COMPANY

A PROFESSIONAL ACCOUNTANCY CORPORATION

Independent Auditor's Report

To the Board of Directors
St. Vincent de Paul Society - District Council of Marin County
San Rafael, California

We have audited the accompanying financial statements of St. Vincent de Paul Society - District Council of Marin County (a nonprofit organization), which comprise the statement of financial position as of September 30, 2016, the related statements of activities and changes in net assets, 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 an assessment of the risks of the 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 St. Vincent de Paul Society - District Council of Marin County 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.

Report on Summarized Comparative Information

We have previously audited the September 30, 2015, financial statements of St. Vincent de Paul Society - District Council of Marin County and our report dated April 19, 2016, 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 September 30, 2015, is consistent, in all material respects, with the audited financial statements from which it has been derived.



A Professional Accountancy Corporation
April 6, 2017

St. Vincent de Paul Society
District Council of Marin County

Statement of Financial Position
September 30, 2016
with Comparative Totals for September 30, 2015

	<u>Undesignated</u>	<u>Board Designated</u>	<u>Total Unrestricted</u>	<u>Temporarily Restricted</u>	<u>9/30/16 Total</u>	<u>9/30/15 Total (Note 2)</u>
ASSETS						
Current Assets:						
Cash & cash equivalents	\$ 322,037	\$ 1,045,577	\$ 1,367,614	\$ 848,275	\$ 2,215,889	\$ 1,876,297
Investments, current (Note 3)	710,773	3,094,966	3,805,739		3,805,739	1,727,443
Contributions receivable	102,375		102,375	272,300	374,675	232,632
Prepaid expenses & other current assets	15,422		15,422		15,422	47,541
Total current assets	1,150,607	4,140,543	5,291,150	1,120,575	6,411,725	3,883,913
Beneficial interest in assets held by Marin Community Foundation (Notes 2,3)	226,527		226,527		226,527	211,449
Investments in long-term certificates of deposit	-		-	62,288	62,288	2,062,174
Deposits	2,716		2,716		2,716	4,716
Property & equipment, net (Note 4)	1,244,725		1,244,725		1,244,725	1,233,732
TOTAL ASSETS	\$ 2,624,575	\$ 4,140,543	\$ 6,765,118	\$ 1,182,863	\$ 7,947,981	\$ 7,395,984
LIABILITIES & NET ASSETS						
Current Liabilities:						
Accounts payable	\$ 53,575		53,575		\$ 53,575	\$ 64,030
Accrued vacation & payroll liabilities	52,818		52,818		52,818	71,580
Total current liabilities	106,393	-	106,393	-	106,393	135,610
Tenant security deposits	12,335		12,335		12,335	10,236
Long-term debt (Note 5)	15,714		15,714		15,714	14,921
TOTAL LIABILITIES	134,442	-	134,442	-	134,442	160,767
NET ASSETS (Notes 6, 7)	2,490,133	4,140,543	6,630,676	\$ 1,182,863	7,813,539	7,235,217
TOTAL LIABILITIES & NET ASSETS	\$ 2,624,575	\$ 4,140,543	\$ 6,765,118	\$ 1,182,863	\$ 7,947,981	\$ 7,395,984

See accompanying notes to financial statements and independent auditor's report.

St. Vincent de Paul Society
District Council of Marin County

Statement of Activities and Changes in Net Assets
for the Year Ended September 30, 2016
with Comparative Totals for the Year Ended September 30, 2015

	<u>Undesignated</u>	<u>Board Designated</u>	<u>Total Unrestricted</u>	<u>Temporarily Restricted</u>	<u>9/30/16 Total</u>	<u>9/30/15 Total (Note 2)</u>
SUPPORT & REVENUE						
Support						
Grants & contributions	\$ 1,877,995		\$ 1,877,995	\$ 712,078	\$ 2,590,073	\$ 2,583,180
Net assets released from restriction:						
Satisfaction of donor requirements	598,607		598,607	(598,607)	-	-
Legacies & bequests	158,100		158,100		158,100	87,152
In-kind support	557,154		557,154		557,154	763,063
Special events, net of direct donor benefits of \$20,362 in 15/16 and \$20,920 in 14/15	<u>115,177</u>		<u>115,177</u>	<u>110,300</u>	<u>225,477</u>	<u>239,199</u>
Total support	3,307,033	-	3,307,033	223,771	3,530,804	3,672,594
Revenue						
Rental income	93,794		93,794		93,794	59,264
Share of income from thrift sales	18,000		18,000		18,000	18,000
Auto & boat sales, net of direct expenses of \$97,850 in 15/16 and \$74,672 in 14/15	72,255		72,255		72,255	70,149
Investment income (Note 3)	44,670	135,994	180,664		180,664	(10,662)
Miscellaneous	<u>490</u>		<u>490</u>		<u>490</u>	<u>820</u>
Total revenue	229,209	135,994	365,203	-	365,203	137,571
TOTAL SUPPORT & REVENUE	3,536,242	135,994	3,672,236	223,771	3,896,007	3,810,165
EXPENSES						
Program services	2,809,622		2,809,622		2,809,622	2,585,717
General & administrative	249,688		249,688		249,688	237,131
Fundraising	<u>258,375</u>		<u>258,375</u>		<u>258,375</u>	<u>262,328</u>
TOTAL EXPENSES	3,317,685	-	3,317,685	-	3,317,685	3,085,176
CHANGE IN NET ASSETS	218,557	135,994	354,551	223,771	578,322	724,989
NET ASSETS, beginning of year	<u>2,271,576</u>	<u>4,004,549</u>	<u>6,276,125</u>	<u>959,092</u>	<u>7,235,217</u>	<u>6,510,228</u>
NET ASSETS, end of year	<u>\$ 2,490,133</u>	<u>\$ 4,140,543</u>	<u>\$ 6,630,676</u>	<u>\$ 1,182,863</u>	<u>\$ 7,813,539</u>	<u>\$ 7,235,217</u>

See accompanying notes to financial statements and independent auditor's report.

**St. Vincent de Paul Society
District Council of Marin County**

**Statement of Functional Expenses
for the Year Ended September 30, 2016
with Comparative Totals for the Year Ended September 30, 2015**

	PROGRAM SERVICES				SUPPORTING SERVICES			
	Council Activities	Free Dining Room	Conferences	Total Programs	General & Administrative	Fundraising	9/30/16 Total	9/30/15 Total
Salaries, payroll taxes & benefits	\$ 546,079	\$ 269,556	\$ -	\$ 815,635	\$ 120,621	\$ 120,606	\$ 1,056,862	\$ 978,355
Client assistance	110,667	29,411	842,607	982,685	-	-	982,685	734,403
Food	1,023	504,562	34,168	539,753	-	-	539,753	725,328
Professional fees	21,977	-	-	21,977	64,723	45,600	132,300	79,667
Security	-	67,741	-	67,741	-	-	67,741	67,264
Utilities	8,603	35,347	-	43,950	6,363	-	50,313	45,402
Communications and technology	7,418	989	-	8,407	17,662	12,669	38,738	29,787
Insurance	19,719	8,302	-	28,021	6,227	346	34,594	34,610
Supplies	14,517	40,789	-	55,306	2,268	933	58,507	70,978
Equipment repairs & maintenance	1,397	10,335	-	11,732	5,733	-	17,465	19,484
Building repairs & maintenance	3,227	5,692	-	8,919	1,253	-	10,172	18,748
Printing & postage	2,008	-	-	2,008	2,368	56,754	61,130	62,368
Conventions and meetings	4,964	-	-	4,964	654	307	5,925	3,419
Travel & transportation	85,348	277	-	85,625	3,461	22	89,108	27,943
Dues & subscriptions	327	485	-	812	1,455	-	2,267	2,449
Taxes, licenses & fees	6,814	5,303	-	12,117	4,425	6,302	22,844	27,793
Special events	-	-	-	-	-	13,537	13,537	12,481
Vehicle repairs	9,324	654	-	9,978	-	-	9,978	9,503
Depreciation expense	31,810	39,514	-	71,324	9,526	-	80,850	99,956
Miscellaneous expense	10,875	5,113	22,680	38,668	2,949	1,299	42,916	35,238
TOTAL	\$ 886,097	\$ 1,024,070	\$ 899,455	\$ 2,809,622	\$ 249,688	\$ 258,375	\$ 3,317,685	\$ 3,085,176

See accompanying notes to financial statements and independent auditor's report.

**St. Vincent de Paul Society
District Council of Marin County**

**Statement of Cash Flows
for the Year Ended September 30, 2016
with Comparative Totals for the Year Ended September 30, 2015**

	<u>9/30/16</u>	<u>9/30/15</u> <u>(Note 2)</u>
<i>Cash flows from operating activities:</i>		
Change in net assets	\$ 578,322	\$ 724,989
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:		
Depreciation expense	80,850	99,956
Change in fair value of beneficial interest in assets in assets held by Marin Community Foundation	(15,078)	6,137
Change in fair value of other investments	(109,936)	17,146
Amortization of imputed interest on note payable	793	793
Other non-cash items	-	1,385
Changes in assets and liabilities:		
(Increase) decrease in contributions receivable	(142,043)	(181,312)
(Increase) decrease in other receivables	21,250	(21,250)
(Increase) decrease in inventory	18,600	(1,000)
(Increase) decrease in prepaid expenses and deposits	(5,731)	724
Increase (decrease) in accounts payable	(10,455)	11,965
Increase (decrease) in accrued wages and vacation pay	(18,762)	23,758
Increase (decrease) in tenant security deposits	<u>2,099</u>	<u>3,321</u>
Cash provided (used) by operating activities:	399,909	\$686,612
<i>Cash flows from investing activities:</i>		
Redemptions (purchases) of investments	31,526	(3,312,674)
Purchase of fixed assets	<u>(91,843)</u>	<u>(105,599)</u>
Cash provided (used) by investing activities:	(60,317)	(3,418,273)
Cash provided (used) during year	339,592	(2,731,661)
Cash & cash equivalents:		
Beginning of year, October 1	<u>1,876,297</u>	<u>4,607,958</u>
End of year, September 30	<u>\$ 2,215,889</u>	<u>\$ 1,876,297</u>

See accompanying notes to financial statements and independent auditor's report.

St. Vincent de Paul Society District Council of Marin County

Notes to Financial Statements September 30, 2016

1. The Society

Nature of activities

St. Vincent de Paul Society – District Council of Marin County, commonly known as St. Vincent de Paul Society of Marin County (SVDP-MC or the Society), is a local affiliate of the Society of St. Vincent de Paul, an international, Catholic lay organization of men and women who voluntarily join together to grow spiritually and offer person-to-person service to the needy and people living in poverty.

The Society's goal is straightforward: to provide services to those in Marin County who are struggling to make ends meet and might not otherwise receive help. It offers compassionate, individualized assistance to help the neediest neighbors obtain nutritious food, affordable housing, meaningful employment and a voice in their own community.

SVDP-MC is independently incorporated, governed by its own volunteer board of directors and responsible for its own fundraising and programs.

Major programs consist of:

Council Activities – Trained volunteers meet with individuals and/or families in order to develop a trusting relationship and to ascertain how they can best be served. The assistance provided may take the form of direct aid, intervention, advocacy or moral support. This "neighbor helping neighbor" model holds "respect" as the dearest attribute: SVDP-MC respects those it serves for their many experiences, their struggles, their talents and their humanity.

Free Dining Room – Using the same volunteer-driven model, neighbors provide neighbors with hot food, a place for respite and a listening heart. The Society serves all who enter its doors, 365 days of the year.

Conferences – In most Catholic parishes within Marin County, small groups of men and women organize local volunteer efforts to assist neighbors in need. These groups, known as Conferences, provide help to people of all faiths and backgrounds. Some of the services offered include food pantries, overnight shelter vouchers, assistance with obtaining clothing and furniture, and emergency financial assistance for utilities and rent. While not social workers, volunteers also provide solace and comfort for people at risk of isolation and depression.

Major Funding

The majority of the Society's funding is received in the form of contributions from individuals and local charities.

2. Summary of Significant Accounting Policies

Basis of Accounting

The accompanying financial statements are prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America. Under the accrual basis of accounting, support is recognized when it is awarded, revenue is recognized when it is earned and expenses are recognized when they are incurred.

Basis of Presentation

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

Unrestricted net assets, which includes resources not subject to donor-imposed restrictions.

Temporarily restricted net assets, which includes resources subject to donor-imposed stipulations that may or will be met either by actions of the Society and/or the passage of time.

Permanently restricted net assets, which includes resources subject to donor-imposed restrictions that they be maintained permanently by the Society. The Society does not currently have any permanently restricted net assets.

Accounting for Restricted Support

The Society reports gifts of cash and other assets as restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

(continued)

**St. Vincent de Paul Society
District Council of Marin County**

**Notes to Financial Statements
September 30, 2016**

(continued)

If restricted donations are made and restrictions satisfied during the same fiscal year, activity is reported as unrestricted in the statement of activity. If restrictions are not satisfied at fiscal-year-end, donations are recorded as temporarily restricted.

Gifts of fixed assets are reported 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 assets must be maintained, expirations of donor restrictions are reported when the donated or acquired assets are placed in service.

Cash and Cash Equivalents

Cash and cash equivalents consist of a bank checking and savings accounts, as well as cash funds held with investment brokerage firms.

Investments

Investments consist of marketable securities held with a brokerage firm, as well as certificates of deposit with an initial maturity period greater than three months. Marketable securities are classified as current assets and recorded at prices quoted daily by a national exchange. Certificates of deposit that mature within one year are classified as current assets, while those with a maturity from one to five years are classified as long-term assets. All certificates of deposit are recorded at face value.

Contributions Receivable

Contributions receivable are recorded based on written promises received from donors. All amounts are deemed fully collectible with one year of the balance sheet date.

Beneficial Interest in Assets Held by Marin Community Foundation

Beneficial interest in assets held by Marin Community Foundation (MCF) consists of assets transferred by SVDP-MC to MCF for investment purposes, with the understanding that the income pertaining to these assets is available for distribution to SVDP-MC. This is a fully expendable fund whereby the principal can be distributed, upon request, if needed.

The Board of Trustees of Marin Community Foundation shall have the power to modify any restriction or condition of funds for any specified charitable purposes or to a specified organization, if, in the sole judgment of its Board, such restriction or condition becomes, in effect, unnecessary, incapable of fulfillment, or inconsistent with the needs of the community served by the Foundation.

Fair Value of Financial Instruments

The carrying amounts of cash and cash equivalents, receivables, and accounts payable approximate fair value because of the short maturity of these instruments.

Property & Equipment

Fixed assets with an initial cost of at least \$2,500 are capitalized and stated at cost. Donated fixed assets are stated at their fair market value at the time of donation. Depreciation is computed using the straight-line method over the estimated useful lives of the respective assets, which range from 3 to 37.5 years for fixed assets currently on the books.

In-kind Support

In-kind support consists primarily of donated food and is reflected in the financial statements at the estimated fair market value at the date of receipt.

Share of Income from Thrift Sales

SVDP-MC does not operate a thrift store. Instead, it allows St. Vincent de Paul Society of Sonoma County, for a monthly fee, to collect thrift donations in Marin County.

Functional Expenses

Expenses are allocated on a functional basis among program and support services. Expenses that can be identified with a specific activity or support service are allocated directly. Personnel expenses that are common to several functions are allocated based on the estimated amount of staff time spent on each function. Shared facility costs are allocated to functions based on square footage.

(continued)

St. Vincent de Paul Society
District Council of Marin County

Notes to Financial Statements
September 30, 2016

(continued)

Income Taxes

As a 501(c)(3) public charity, the Society is exempt from income taxes except on activities unrelated to its mission. As management believes that all of the Society's activities are directly related to its mission, no provision has been made for income tax expense. The Society's federal *Return of Organization Exempt from Income Tax* (Form 990) filings for the tax years ending in 2013 through 2016 are subject to examination by the Internal Revenue Service, generally for three years after they were filed. The Society's California *Exempt Organization Annual Information Return* (Form 990) filings for the tax years ending in 2012 through 2016 are subject to examination by the Franchise Tax Board, generally for four years after they were filed.

Use of 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.

Comparative Data

The financial statement information for the year ended September 30, 2015, presented for comparative purposes, is not intended to be a complete financial statement presentation. For a complete presentation, please refer to the financial statements for that fiscal year.

Reclassifications

Certain amounts in the September 30, 2015 financial statements have been reclassified to conform to the September 30, 2016 presentation.

3. Investments – Fair Value Measurements

The Society has valued its investments in accordance with FASB ASC #820, which establishes a framework for measuring fair value in accordance with generally accepted accounting principles. The ASC clarifies the definition of fair value, taking the position that fair value is the exchange price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the valuation date.

There are three defined levels in the fair value hierarchy:

- Level 1 – Unadjusted quoted prices for identical assets or liabilities in active markets that are accessible at the measurement date.
- Level 2 – Prices or valuations based on observable inputs other than quoted prices in active markets for identical assets and liabilities.
- Level 3 – Prices or valuation techniques that require inputs that are both significant to the fair value measurement and are unobservable (i.e. supported by little or no market activity).

(continued)

**St. Vincent de Paul Society
District Council of Marin County**

**Notes to Financial Statements
September 30, 2016**

(continued)

Fair values of assets measured on a recurring basis at September 30, 2016 are as follows:

	Fair Value	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Equities & equity mutual funds	\$1,449,162	1,449,162		
Bond funds	1,121,928	1,121,928		
Blended equity / bond fund	778,092	778,092		
U.S. Treasury bill	265,817	265,817		
Certificates of deposit, short-term	190,740	190,740		
Certificates of deposit, long-term	62,288	62,288		
Beneficial interest in assets held by Marin Community Foundation	<u>226,527</u>		<u>\$226,527</u>	
TOTAL	<u>\$4,094,554</u>	<u>\$3,868,027</u>	<u>\$226,527</u>	

Assets measured at fair value on a recurring basis using significant other observable inputs are as follows:

	Fair Value Measurements Using Significant Other Observable Inputs (Level 2)
October 1, 2015	\$211,449
Net gain (loss)	<u>15,078</u>
September 30, 2016	<u>\$226,527</u>

All investments have been valued using a market approach. Fair value of the Beneficial Interest in Assets of Marin Community Foundation (level 2), consisting of approximately 65% equities and 35% fixed income securities, is determined by the management of the underlying investment funds held at MCF. The total unrestricted gain for the year attributable to level 2 assets still held by the Society at year-end is \$15,078.

Components of investment income are as follows:

Change in value of beneficial interest in assets held by Marin Community Foundation	\$15,078
Realized & unrealized gains/losses on securities	109,936
Interest & dividends	<u>55,650</u>
Total investment income	<u>\$180,664</u>

4. Property & Equipment

Land	\$225,000
Buildings & improvements	1,918,506
Furnishings & equipment	197,640
Fleet vehicles	<u>74,242</u>
Subtotal	<u>\$2,415,388</u>
Less: accumulated depreciation	<u>(1,170,663)</u>
Property & equipment, net book value	<u>\$1,244,725</u>

**St. Vincent de Paul Society
District Council of Marin County**

**Notes to Financial Statements
September 30, 2016**

5. Long-Term Debt

In 2004, SVDP-MC received an \$80,000 interest-free loan from the City of San Rafael. The loan is secured by a Deed of Trust recorded as a lien against the Society's B Street, San Rafael, facility. Under the terms of the loan, all 8 of the apartments at the Society's facility must be used to house individuals with very low incomes. Repayment of the principal is scheduled to occur upon the earliest of the following three events: maturity of the note in 2044, transfer of the real property that is not authorized by the City, or default of the loan agreement.

As the loan is non-interest bearing, it was reduced to its present value at the time it was made, using an interest rate of 5.95%. The difference between the face value and the present value was recorded as a contribution. The loan is currently recorded on the books as follows:

Face value of note	\$80,000
Less: discount to present value	(64,286)
Present value of loan at September 30, 2016	\$15,714

6. Board-Designated Net Assets

In 2015, the Society received a special gift of approximately \$4 million. Although the gift was awarded without donor restrictions, SVDP-MC's Board of Directors elected to use the proceeds to establish a board-designated fund, which shall be used for a variety of purposes as discussed below:

<u>Component Name / Purpose</u>	<u>Designated Balance</u>
<u>Contingency Appropriations Fund</u> <i>Because our core mission is to prevent homelessness and to aid people experiencing crises, these funds shall be used for emergency client assistance aid to families, individuals, children, and to assure steady funding for the Children's Fund, as well as rainy day emergency needs.</i>	\$750,000
<u>Facilities Maintenance Fund</u> <i>Because our B Street building, which houses our offices, low-income housing and dining room, is a key asset to our mission, it is important that we maintain it in a safe and workable condition. These funds will be invested to generate income for its maintenance.</i>	1,000,000
<u>Staff & Programs Fund</u> <i>Because we highly value efficient and effective management, it is important to have the tools needed to adequately respond to operational needs. This fund will be used for major donor development, remodeling of the offices, or other deferred endeavors to improve operations.</i>	500,000
<u>Opportunity Fund</u> <i>Because we constantly strive to do more and to help more people, it is important to be able to take advantage of new opportunities, in alignment with our mission, which may present themselves. Some possible opportunities: additional affordable housing, partnering with others for large projects.</i>	1,750,000
Total principal	\$4,000,000
Accumulated earnings	<u>140,543</u>
Total board-designated net assets	\$4,140,543

In addition, the Society has enacted a policy whereby any release of the four funds must be carefully considered decisions which require the approval of the Board of Directors. Investment accounts will be reviewed periodically by the Finance Committee and yearly by the Board of Directors. Although the funds are grouped into four separate categories, the Board retains discretion to transfer money between funds, as voted by the majority of its members.

St. Vincent de Paul Society
District Council of Marin County

Notes to Financial Statements
September 30, 2016

7. Temporarily Restricted Net Assets

Temporarily restricted net assets represent donations and grants to the Society that have been restricted for a specific purpose or time period. Details are as follows:

REST program	\$510,000
Conferences	410,198
Dining room	110,300
Leadership campaign	88,079
Affordable housing	<u>64,286</u>
Total	\$1,182,863

8. Operating Leases

The Society rents a copier for \$300 per month under a 5-year operating lease that expires in May 2021. In addition, a vehicle is leased under a 39-month operating lease that expires in 2019. As of September 30, 2016, future minimum lease payments are as follows:

<u>Fiscal Year Ending September 30:</u>	
2017	\$5,940
2018	5,940
2019	4,965
2020	3,600
2021	<u>2,400</u>
Total	\$22,845

9. Contingencies

Investment Risk

The Society's investments in equity and debt securities (detailed in Note 3) are subject to fluctuation in fair value. Although this presents the possibility of loss, the Society believes its investments are adequately diversified to mitigate this risk.

Concentration of Cash Deposits

The Society's cash deposits exceed FDIC insurance limits by approximately \$1,050,000.

Satisfaction of Donor Requirements

The Society receives contributions and grants that are restricted for a specific program or purpose. If such restrictions are not met in accordance with the funding source agreement, there is the possibility that funds would have to be returned to the donor. It is management's opinion that all donor conditions have been met for grants and contributions that have been recorded directly to unrestricted net assets or released from temporarily restricted net assets.

10. Significant Estimates – In-kind Contributions

Due to the inherent difficulty of collecting information relating to the occurrence and valuation of in-kind contributions, it is at least reasonably possible that the actual dollar value of contributions received differs significantly from the amount recorded in these financial statements.

11. Management's Review of Subsequent Events

In preparing these financial statements, management has evaluated events for potential recognition or disclosure through April 6, 2017, the date the financial statements were available to be issued.