

SOCIETY OF ST. VINCENT DE PAUL
DISTRICT COUNCIL OF MARIN COUNTY
(A California Not-For-Profit Corporation)

CONSOLIDATED FINANCIAL STATEMENTS

SEPTEMBER 30, 2017



SOCIETY OF ST. VINCENT DE PAUL
DISTRICT COUNCIL OF MARIN COUNTY

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Independent Auditors' Report

The Board of Directors
Society of St. Vincent de Paul
District Council of Marin County

Report on the Financial Statements

We have audited the accompanying consolidated financial statements of the Society of St. Vincent de Paul, District Council of Marin County (a California not-for-profit corporation), which comprise the consolidated statement of financial position as of September 30, 2017 and the related consolidated statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the consolidated financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

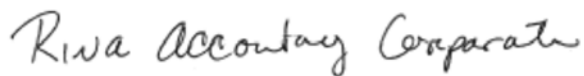
We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of the Society of St. Vincent de Paul, District Council of Marin County as of September 30, 2017 and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Report on Summarized Comparative Information

The financial statements of the Society of St. Vincent de Paul, District Council of Marin County as of September 30, 2016, were audited by other auditors whose report dated April 6, 2017 expressed an unmodified opinion on those statements. In our opinion, the summarized comparative information presented herein as of and for the year ended September 30, 2016, is consistent, in all material respects, with the audited consolidated financial statements from which it has been derived.

A handwritten signature in cursive script that reads "Riva Accountancy Corporation".

Certified Public Accountants

San Francisco, California
March 16, 2018

**SOCIETY OF ST. VINCENT DE PAUL
DISTRICT COUNCIL OF MARIN COUNTY**

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION - SEPTEMBER 30, 2017
(With comparative totals at September 30, 2016)

	<u>Undesignated</u>	<u>Board Designated</u>	<u>Total Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>	
					<u>2017</u>	<u>2016</u>
ASSETS						
Current Assets:						
Cash and cash equivalents	\$ 143,954	\$ 35,747	\$ 179,701	\$ 610,624	\$ 790,325	\$ 2,215,889
Investments	1,933,608	3,694,779	5,628,387	-	5,628,387	3,805,739
Contributions receivable	2,000	-	2,000	107,631	109,631	374,675
Prepaid expenses and other assets	10,400	-	10,400	-	10,400	15,422
Total current assets	2,089,962	3,730,526	5,820,488	718,255	6,538,743	6,411,725
Beneficial interest in assets held by						
Marin Community Foundation	123,874	-	123,874	-	123,874	226,527
Investments in certificates of deposit	-	-	-	47,288	47,288	62,288
Deposits	24,490	-	24,490	-	24,490	2,716
Intangible assets, net	28,806	-	28,806	-	28,806	-
Property & equipment, at cost, net	2,160,736	-	2,160,736	-	2,160,736	1,244,725
TOTAL ASSETS	\$ 4,427,868	\$ 3,730,526	\$ 8,158,394	\$ 765,543	\$ 8,923,937	\$ 7,947,981
LIABILITIES AND NET ASSETS						
Current Liabilities:						
Accounts payable	\$ 60,446	\$ -	\$ 60,446	\$ -	\$ 60,446	\$ 53,575
Accrued vacation and payroll liabilities	79,393	-	79,393	-	79,393	52,818
Total current liabilities	139,839	-	139,839	-	139,839	106,393
Tenant security deposits	29,083	-	29,083	-	29,083	12,335
Long-term debt	16,507	-	16,507	-	16,507	15,714
TOTAL LIABILITIES	185,429	-	185,429	-	185,429	134,442
NET ASSETS	4,242,439	3,730,526	7,972,965	765,543	8,738,508	7,813,539
TOTAL LIABILITIES AND NET ASSETS	\$ 4,427,868	\$ 3,730,526	\$ 8,158,394	\$ 765,543	\$ 8,923,937	\$ 7,947,981

See notes to consolidated financial statements.

**SOCIETY OF ST. VINCENT DE PAUL
DISTRICT COUNCIL OF MARIN COUNTY**

**CONSOLIDATED STATEMENTS OF ACTIVITIES – YEAR ENDED SEPTEMBER 30, 2017
(With summarized financial information for the year ended September 30, 2016)**

	Unrestricted	Board Designated	Total Unrestricted	Temporarily Restricted	Total	
					2017	2016
SUPPORT:						
Grants and contributions	\$ 2,523,090	\$ -	\$ 2,523,090	\$ 93,778	\$ 2,616,868	\$ 2,590,073
Legacies and bequests	890,000	-	890,000	-	890,000	158,100
In-kind support	611,351	-	611,351	-	611,351	557,154
Special events, net of direct donor benefits of \$24,071 and \$20,362, respectively	136,551	-	136,551	100,000	236,551	225,477
Net assets released from restriction	611,098	-	611,098	(611,098)	-	-
Total support	4,772,090	-	4,772,090	(417,320)	4,354,770	3,530,804
REVENUE:						
Rental income	237,853	-	237,853	-	237,853	93,794
Collection rights income	18,000	-	18,000	-	18,000	18,000
Auto & boat sales, net of direct expenses of \$0 and \$97,850, respectively	39,976	-	39,976	-	39,976	72,255
Investment income	85,476	289,983	375,459	-	375,459	180,664
Miscellaneous	5,970	-	5,970	-	5,970	490
Total revenue	387,275	289,983	677,258	-	677,258	365,203
TOTAL SUPPORT AND REVENUE	5,159,365	289,983	5,449,348	(417,320)	5,032,028	3,896,007
EXPENSES:						
Program services	3,579,153	-	3,579,153	-	3,579,153	2,809,622
General and administrative	302,771	-	302,771	-	302,771	249,688
Fundraising	225,135	-	225,135	-	225,135	258,375
TOTAL EXPENSES	4,107,059	-	4,107,059	-	4,107,059	3,317,685
OTHER CHANGES:						
Purchase of fixed assets from board designated reserve	700,000	(700,000)	-	-	-	-
INCREASE (DECREASE) IN NET ASSETS	1,752,306	(410,017)	1,342,289	(417,320)	924,969	578,322
NET ASSETS, beginning of year	2,490,133	4,140,543	6,630,676	1,182,863	7,813,539	7,235,217
NET ASSETS, end of year	\$ 4,242,439	\$ 3,730,526	\$ 7,972,965	\$ 765,543	\$ 8,738,508	\$ 7,813,539

See notes to consolidated financial statements.

**SOCIETY OF ST. VINCENT DE PAUL
DISTRICT COUNCIL OF MARIN COUNTY**

**CONSOLIDATED STATEMENTS OF FUNCTIONAL EXPENSES— YEAR ENDED SEPTEMBER 30, 2017
(With summarized financial information for the year ended September 30, 2016)**

	Program Services				Support Services		Total	
	Council	Free	Conferences	Total	General &	Fundraising	2017	2016
	Activities	Dining Room						
Client assistance	\$ 368,831	\$ 47,151	\$ 1,046,140	\$ 1,462,122	\$ 1,148	\$ -	\$ 1,463,270	\$ 982,685
Salaries, payroll taxes & benefits	624,684	321,961	-	946,645	153,576	88,525	1,188,746	1,056,862
Food	34	567,125	19,323	586,482	-	-	586,482	539,753
Professional fees	118,624	-	-	118,624	74,050	49,988	242,662	132,300
Depreciation expense	47,072	51,055	-	98,127	21,548	-	119,675	80,850
Supplies	45,363	33,199	-	78,562	5,784	1,329	85,675	58,507
Security	-	67,529	-	67,529	-	-	67,529	67,741
Printing & postage	455	-	-	455	1,631	58,108	60,194	61,130
Miscellaneous expense	15,656	5,939	31,195	52,790	3,494	2,106	58,390	42,916
Utilities	12,855	40,470	-	53,324	4,977	-	58,301	50,313
Insurance	18,253	8,422	-	26,675	6,079	609	33,363	34,594
Communications and technology	13,265	1,159	-	14,424	7,679	8,777	30,880	38,738
Taxes, licenses & fees	12,603	7,496	-	20,099	3,316	5,797	29,212	22,844
Equipment repairs & maintenance	1,359	15,691	-	17,050	4,249	-	21,299	17,465
Building repairs & maintenance	11,934	1,733	-	13,667	2,074	-	15,741	10,172
Travel & transportation	9,860	474	-	10,334	1,151	94	11,579	89,108
Investment expense	-	-	-	-	11,084	-	11,084	-
Special events	-	-	-	-	-	9,395	9,395	13,537
Vehicle repairs	6,186	382	-	6,568	103	-	6,671	9,978
Conventions & meetings	3,622	-	-	3,622	744	207	4,573	5,925
Dues & subscriptions	1,315	739	-	2,054	85	200	2,339	2,267
TOTAL	\$ 1,311,971	\$ 1,170,525	\$ 1,096,658	\$ 3,579,153	\$ 302,771	\$ 225,135	\$ 4,107,059	\$ 3,317,685

See notes to consolidated financial statements.

**SOCIETY OF ST. VINCENT DE PAUL
DISTRICT COUNCIL OF MARIN COUNTY**

CONSOLIDATED STATEMENTS OF CASH FLOWS – YEAR ENDED SEPTEMBER 30, 2017

	2017	2016
CASH FLOWS FROM OPERATING ACTIVITIES:		
Increase in net assets	\$ 924,969	\$ 578,322
Adjustments to reconcile increase (decrease) in net assets to net cash provided by operating activities:		
Depreciation expense	118,255	80,850
Amortization expense - intangibles	1,420	-
Change in fair value of beneficial interest in assets held by Marin Community Foundation	(24,147)	(15,078)
Change in fair value of other investments	(248,726)	(109,936)
Amortization of imputed interest on note payable	793	793
Decrease (increase) in:		
Contributions receivable	265,044	(142,043)
Other receivables	-	21,250
Inventory	-	18,600
Prepaid expenses and deposits	(16,752)	(5,731)
Increase (decrease) in:		
Accounts payable	6,871	(10,455)
Accrued liabilities	26,575	(18,762)
Tenant security deposits	16,748	2,099
NET CASH PROVIDED BY OPERATING ACTIVITIES	1,071,050	399,909
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchase of property and equipment	(1,034,266)	(91,843)
Purchase of marketable securities	(1,844,186)	31,526
Purchase of intangible assets	(30,226)	-
Proceeds from sale of marketable securities	412,064	-
NET CASH USED BY INVESTING ACTIVITIES	(2,496,614)	(60,317)
CASH FLOWS FROM FINANCING ACTIVITIES:		
	-	-
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(1,425,564)	339,592
CASH AND CASH EQUIVALENTS, beginning of year	2,215,889	1,876,297
CASH AND CASH EQUIVALENTS, end of year	\$ 790,325	\$ 2,215,889
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION:		
Cash paid during the year for interest	\$ 315	\$ -

See notes to consolidated financial statements.

**SOCIETY OF ST. VINCENT DE PAUL
DISTRICT COUNCIL OF MARIN COUNTY**

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS – SEPTEMBER 30, 2017

Note 1. ORGANIZATION AND NATURE OF ACTIVITIES:

Nature of activities:

The Society of St. Vincent de Paul, District Council of Marin County, (the Society) is a local affiliate of the Society of St. Vincent de Paul, an international, Catholic lay not-for-profit organization of men and women who voluntarily offer services to individuals in need. The Society’s goal is to provide services to those in Marin County who are struggling to make ends meet and might not otherwise receive help. The Society offers compassionate, individualized assistance to help the neediest neighbors obtain nutritious food, affordable housing, meaningful employment and a voice in their own community.

The Society is an independently incorporated, nonprofit organization that is governed by its own Board of Directors and is solely responsible for its own fundraising and program operations. The majority of the Society’s funding is received in the form of contributions from individuals, local government grants and small foundations. All of the donations received serve the people of Marin.

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 housing counseling and placement, case management, direct aid, intervention, advocacy or moral support. This “neighbor helping neighbor” model holds respect as the dearest attribute: the Society 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 sustenance, a place for respite and a listening heart. The Society serves hot, nutritious meals to 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.

Homeless Outreach – The Marin Homeless Outreach Team (HOT) is a collaborative effort of local public and nonprofit entities designed to bridge the system gaps and assist those in greatest need to access permanent housing. Using national best practices, HOT focuses at any given time on a small number of people experiencing chronic homelessness and crafts a personalized housing plan for each. Plans may include access to behavioral health treatment, re-engagement with family, or wraparound case management, all with the goal of placing that person as quickly as possible in permanent housing appropriate for their needs.

Housing – The Society provides permanent supportive housing to chronically homeless individuals in a variety of locations across the county. Supportive housing provides long-term housing stabilization services that include individualized case management, connection with critical medical or mental health services and meaningful daily activities.

**SOCIETY OF ST. VINCENT DE PAUL
DISTRICT COUNCIL OF MARIN COUNTY**

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS – SEPTEMBER 30, 2017

Note 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

Basis of accounting:

The financial statements are prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America specific to not-for-profit organizations. Under the accrual basis of accounting, support is recognized with it is awarded, revenues are recognized when they are earned, and expenses are recognized when the liability is incurred.

Principles of consolidation:

The financial statements of the Society include the accounts of the Society and the entities it wholly owns; 191 Kenwood Court, LLC and Paris Park & Union LLC, both California single member LLC's formed March 29, 2017. All significant intercompany accounts and transactions are eliminated.

Basis of presentation:

The Society reports information regarding its financial position and activities according to three classes of net assets, as applicable: unrestricted, temporarily restricted and permanently restricted.

Net assets and changes therein are classified as follows:

Unrestricted - unrestricted net assets consist of all resources of the Society, which have not been specifically restricted by a donor or designated for specific use by the Society.

Temporarily Restricted - the portion of net assets whose use by the Society is limited by donor or board imposed stipulations that either will be fulfilled, or expire by passage of time.

Permanently Restricted - The Society has no permanently restricted assets as of September 30, 2017.

Revenue recognition:

Support and revenue from donation, without donor imposed restrictions, are reported as unrestricted support in the period received.

Gifts of cash and other assets are reported 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.

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.

**SOCIETY OF ST. VINCENT DE PAUL
DISTRICT COUNCIL OF MARIN COUNTY**

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS – SEPTEMBER 30, 2017

Note 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued):

Cash and cash equivalents:

Cash and cash equivalents consist of bank checking and savings accounts, as well as cash funds held with investment brokerage firms with original maturities of three months or less.

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.

Professional accounting standards establish a framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1 measurements) and the lowest priority to unobservable inputs (level 3 measurements). The three levels of the fair value hierarchy under professional accounting standards are described as follows:

Level 1	Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the organization has the ability to access.
Level 2	Inputs to the valuation methodology include <ul style="list-style-type: none">• quoted prices for similar assets or liabilities in active markets;• quoted prices for identical or similar assets or liabilities in inactive markets;• inputs other than quoted prices that are observable for the asset or liability;• inputs that are derived principally from or corroborated by observable data by correlation or other means. If the asset or liability has a specified (contractual) term, the level 2 input is observable for substantially the full term of the asset or liability.
Level 3	Inputs to the valuation methodology are unobservable and significant to the value measurement.

The asset or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

Contributions receivable:

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

**SOCIETY OF ST. VINCENT DE PAUL
DISTRICT COUNCIL OF MARIN COUNTY**

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS – SEPTEMBER 30, 2017

Note 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued):

Beneficial interest in assets held by Marin Community Foundation:

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

The Board of Trustees of MCF 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.

Property and 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 of primarily donated food and is reflected in the financial statements at the estimated fair market value at the date of receipt.

Collection rights income:

The Society 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.

Income taxes:

The Society is a not-for-profit organization that has been granted exemption from Federal and State income taxes under Internal Revenue Code Section 501(c)(3) and by the California Franchise Tax Board. Accordingly, there is no provision for Federal or State income taxes.

Comparative data:

The financial statement information for the year ended September 20, 2016, 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.

Subsequent events:

Management has evaluated subsequent events through March 16, 2018, the date which the financial statements were available for issue.

Note 3. NATURE OF ESTIMATES:

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

**SOCIETY OF ST. VINCENT DE PAUL
DISTRICT COUNCIL OF MARIN COUNTY**

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS – SEPTEMBER 30, 2017

Note 3. NATURE OF ESTIMATES (Continued):

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.

Note 4. CONCENTRATIONS OF CREDIT RISK:

Financial instruments which are potentially subject to credit risk consist principally of cash, and cash equivalent investments, receivables and assets of the pooled income fund. Cash and cash equivalents were held in high credit quality financial institutions in the United States of America. At times, the account balances may exceed the institutions' federally insured limits. Investments are held at brokerage firms in amounts which may exceed the guaranteed amount of the Securities Investor Protection Corporation. Management believes that the risk of loss is minimal and has not experienced any losses in its accounts.

Note 5. INVESTMENTS:

The investments are reported at fair value in the accompanying statements of financial position. The following table presents the fair value measurement information for investments:

	Investments at Fair Value as of September 30, 2017			
	Level 1	Level 2	Level 3	Total
Equities & equity mutual funds	\$ 1,832,374	\$ -	\$ -	\$ 1,832,374
Bond funds	2,169,910	-	-	2,169,910
Fixed income	1,626,103	-	-	1,626,103
Beneficial interest in assets held by Marin Community Foundation	-	123,874	-	123,874
Total investments at fair value	\$ 5,628,387	\$ 123,874	\$ -	\$ 5,752,261

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

	<u>Fair Value Measurements Using Significant Other Observable Inputs (Level 2)</u>
October 1, 2016	\$ 226,527
Disbursements	(125,000)
Net gain	<u>22,347</u>
September 30, 2017	<u>\$ 123,874</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.

**SOCIETY OF ST. VINCENT DE PAUL
DISTRICT COUNCIL OF MARIN COUNTY**

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS – SEPTEMBER 30, 2017

Note 5. INVESTMENTS (Continued):

Components of investment income are as follows:

Change in value of beneficial interest in assets held by	
Marin Community Foundation	\$ 22,347
Realized and unrealized gains/losses on securities	250,526
Interest and dividends	<u>102,586</u>
Total investment income	<u><u>\$ 375,459</u></u>

Note 6. PROPERTY AND EQUIPMENT:

Property and equipment comprised the following at September 30, 2017:

Buildings and improvements	\$ 2,868,270
Furniture and equipment	235,519
Fleet Vehicles	120,865
Land	<u>225,000</u>
	3,449,654
Less accumulated depreciation	<u>(1,288,918)</u>
Property & equipment, net	<u><u>\$ 2,160,736</u></u>

Note 7. INTANGIBLE ASSETS:

Intangible assets consist of website development costs of \$10,226 and an option to purchase real property with a cost of \$20,000 at September 30, 2017. The website development costs are subject to amortization on a straight-line basis over an estimated life of three years. The option is not subject to amortization. Amortization expense for the year ended September 30, 2017 was \$1,420 and accumulated amortization was \$1,420. Future amortization expense on website development costs is expected to be as follows:

<u>Year Ending</u> <u>September 30,</u>	
2018	\$ 3,409
2019	3,409
2020	<u>1,988</u>
Total	<u><u>\$ 8,806</u></u>

**SOCIETY OF ST. VINCENT DE PAUL
DISTRICT COUNCIL OF MARIN COUNTY**

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS – SEPTEMBER 30, 2017

Note 8. LONG-TERM DEBT:

In 2004, the Society 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 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	<u>(63,493)</u>
Present value of loan at September 30, 2017	<u>\$ 16,507</u>

Note 9. 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:

	<u>October 1, 2016</u>	<u>Contributions</u>	<u>Released from Restrictions</u>	<u>September 30, 2017</u>
REST program	\$ 510,000	\$ -	\$ 260,000	\$ 250,000
Conferences	410,198	-	151,205	258,993
Dining room	110,300	100,000	110,300	100,000
Leadership campaign	88,079	93,778	88,800	93,057
Affordable housing	<u>64,286</u>	<u>-</u>	<u>793</u>	<u>63,493</u>
 Total	 <u>\$ 1,182,863</u>	 <u>\$ 193,778</u>	 <u>\$ 611,098</u>	 <u>\$ 765,543</u>

**SOCIETY OF ST. VINCENT DE PAUL
DISTRICT COUNCIL OF MARIN COUNTY**

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS – SEPTEMBER 30, 2017

Note 10. BOARD-DESIGNATED NET ASSETS:

In 2015, the Society received a special gift of approximately \$4,000,000. Although the gift was awarded without donor restrictions, the Society’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>Contingency Appropriations Fund</u>	\$ 750,000
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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.

<u>Facilities Maintenance Fund</u>	1,000,000
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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.

<u>Staff & Programs Fund</u>	500,000
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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.

<u>Opportunity Fund</u>	1,050,000
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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 products.

Total principal	\$ 3,300,000
Accumulated earnings	<u>430,526</u>

Total board-designated net assets	<u><u>\$ 3,730,526</u></u>
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During the year ended September 30, 2017, the Society released \$700,000 from the Opportunity Fund to purchase a building for program purposes.

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.

**SOCIETY OF ST. VINCENT DE PAUL
DISTRICT COUNCIL OF MARIN COUNTY**

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS – SEPTEMBER 30, 2017

Note 10. OPERATING LEASES:

The Society leases office and program space and equipment for its operations under various non-cancelable operating leases. The aggregate remaining minimum rental payments required under the terms of existing leases as of September 30, 2017 are as follows:

<u>Year Ending September 30,</u>	
2018	\$ 281,898
2019	181,234
2020	191,470
2021	185,587
2022	<u>124,263</u>
Total	<u>\$ 964,452</u>

Note 11. 403(b) RETIREMENT PLAN:

The Society has a 403(b) Retirement Plan which covers all eligible employees. The Plan was adopted under section 403(b) of the Internal Revenue Code for 501(c)(3) not-for-profit organizations. Employees may contribute up to the IRS annual limit. Employee contributions are withheld through payroll and remitted each month to the respective financial investment institution. Discretionary contributions made by the Society in the year ending September 30, 2017, were \$12,156.