

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

CONSOLIDATED FINANCIAL STATEMENTS

SEPTEMBER 30, 2018



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

TABLE OF CONTENTS
SEPTEMBER 30, 2018

Independent auditors' report	2 - 3
Consolidated statements of financial position	4
Consolidated statements of activities	5
Consolidated statements of functional expenses	6
Consolidated statements of cash flows	7
Notes to consolidated financial statements	8 - 16



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 statements of financial position as of September 30, 2018, 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 audits. We conducted our audits 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, 2018 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 financial statements of the Society of St. Vincent de Paul, District Council of Marin County as of September 30, 2017, and our report dated March 16, 2018 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, 2017, 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
April 10, 2019

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

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION - SEPTEMBER 30, 2018
(With comparative totals at September 30, 2017)

	Unrestricted	Board	Total	Temporarily	Total	
		Designated	Unrestricted	Restricted	2018	2017
ASSETS						
Current Assets:						
Cash and cash equivalents	\$ 127,020	\$ 21,047	\$ 148,067	\$ 642,915	\$ 790,982	\$ 790,325
Investments	1,106,389	2,119,455	3,225,844	-	3,225,844	5,628,387
Program receivables	275,291	-	275,291	-	275,291	109,631
Contributions receivable	-	-	-	154,600	154,600	-
Prepaid expenses and other assets	12,977	-	12,977	-	12,977	10,400
Total current assets	1,521,677	2,140,502	3,662,179	797,515	4,459,694	6,538,743
Beneficial interest in assets held by						
Marin Community Foundation	68,395	-	68,395	-	68,395	123,874
Investments in certificates of deposit	-	-	-	32,288	32,288	47,288
Deposits	39,482	-	39,482	-	39,482	24,490
Intangible assets, net	5,397	-	5,397	-	5,397	28,806
Property & equipment, at cost, net	4,321,841	-	4,321,841	-	4,321,841	2,160,736
TOTAL ASSETS	\$ 5,956,792	\$ 2,140,502	\$ 8,097,294	\$ 829,803	\$ 8,927,097	8,923,937
LIABILITIES AND NET ASSETS						
Current Liabilities:						
Accounts payable	\$ 60,202	\$ -	\$ 60,202	\$ -	\$ 60,202	\$ 60,446
Accrued vacation and payroll liabilities	111,136	-	111,136	-	111,136	79,393
Total current liabilities	171,338	-	171,338	-	171,338	139,839
Tenant security deposits	43,947	-	43,947	-	43,947	29,083
Long-term debt	17,802	-	17,802	-	17,802	16,507
TOTAL LIABILITIES	233,087	-	233,087	-	233,087	185,429
NET ASSETS	5,723,705	2,140,502	7,864,207	829,803	8,694,010	8,738,508
TOTAL LIABILITIES AND NET ASSETS	\$ 5,956,792	\$ 2,140,502	\$ 8,097,294	\$ 829,803	\$ 8,927,097	\$ 8,923,937

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, 2018
(With summarized financial information for the year ended September 30, 2017)**

	Unrestricted	Board Designated	Total Unrestricted	Temporarily Restricted	Total	
					2018	2017
SUPPORT:						
Grants and contributions	\$ 2,822,508	\$ -	\$ 2,822,508	\$ 407,416	\$ 3,229,924	\$ 2,616,868
Legacies and bequests	162,350	-	162,350	-	162,350	890,000
In-kind support	783,208	-	783,208	-	783,208	611,351
Special events, net of direct donor benefits of \$23,059 and \$24,071, respectively	117,037	-	117,037	135,000	252,037	236,551
Net assets released from restriction	478,156	-	478,156	(478,156)	-	-
Total support	4,363,259	-	4,363,259	64,260	4,427,519	4,354,770
REVENUE:						
Rental income	435,822	-	435,822	-	435,822	237,853
Collection rights income	12,750	-	12,750	-	12,750	18,000
Auto & boat sales, net of direct expenses of \$0 for both fiscal years	46,519	-	46,519	-	46,519	39,976
Investment income	101,732	109,976	211,708	-	211,708	375,459
Gain on disposal of assets	4,900	-	4,900	-	4,900	-
Miscellaneous	488	-	488	-	488	5,970
Total revenue	602,211	109,976	712,187	-	712,187	677,258
TOTAL SUPPORT AND REVENUE	4,965,470	109,976	5,075,446	64,260	5,139,706	5,032,028
EXPENSES:						
Program services	4,554,279	-	4,554,279	-	4,554,279	3,579,153
General and administrative	372,573	-	372,573	-	372,573	302,771
Fundraising	257,352	-	257,352	-	257,352	225,135
TOTAL EXPENSES	5,184,204	-	5,184,204	-	5,184,204	4,107,059
OTHER CHANGES:						
Purchase of fixed assets from board designated reserve	1,700,000	(1,700,000)	-	-	-	-
INCREASE (DECREASE) IN NET ASSETS	1,481,266	(1,590,024)	(108,758)	64,260	(44,498)	924,969
NET ASSETS, beginning of year	4,242,439	3,730,526	7,972,965	765,543	8,738,508	7,813,539
NET ASSETS, end of year	\$ 5,723,705	\$ 2,140,502	\$ 7,864,207	\$ 829,803	\$ 8,694,010	\$ 8,738,508

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, 2018
(With summarized financial information for the year ended September 30, 2017)**

	Program Services				Support Services		Total	
	Council	Free	Conferences	Total	General &	Fundraising	2018	2017
	Activities	Dining Room		Programs	Administrative		2018	2017
Client assistance	\$ 553,376	\$ 38,133	\$ 1,178,839	\$ 1,770,348	\$ 1,301	\$ 125	\$ 1,771,774	\$ 1,463,270
Salaries, payroll taxes & benefits	1,004,870	338,090	-	1,342,960	175,806	81,798	1,600,564	1,188,746
Food	60	702,204	41,221	743,485	-	-	743,485	586,482
Professional fees	154,030	-	-	154,030	112,039	62,912	328,981	242,662
Depreciation and amortization	72,207	63,502	-	135,709	16,788	-	152,497	119,675
Supplies	36,497	28,921	-	65,418	7,778	2,011	75,207	85,675
Security	-	73,675	-	73,675	-	-	73,675	67,529
Printing & postage	645	-	-	645	2,266	69,595	72,506	60,194
Utilities	28,309	30,769	-	59,078	3,742	-	62,820	58,301
Taxes, licenses & fees	31,271	8,230	-	39,501	6,688	8,849	55,038	29,212
Communications and technology	24,853	1,537	-	26,390	11,005	13,395	50,790	30,880
Miscellaneous expense	12,556	8,623	19,851	41,030	3,946	741	45,717	58,390
Insurance	23,019	9,128	-	32,147	6,747	794	39,688	33,363
Building repairs & maintenance	22,182	1,605	-	23,787	70	-	23,857	15,741
Equipment repairs & maintenance	3,112	11,873	-	14,985	6,511	-	21,496	21,299
Special events	-	-	-	-	120	16,492	16,612	9,395
Travel & transportation	11,195	468	-	11,663	2,673	122	14,458	11,579
Vehicle repairs	13,324	172	-	13,496	-	-	13,496	6,671
Investment expense	-	-	-	-	12,708	-	12,708	11,084
Conventions & meetings	4,302	25	-	4,327	1,223	518	6,068	4,573
Dues & subscriptions	1,000	605	-	1,605	1,162	-	2,767	2,339
TOTAL	\$1,996,808	\$1,317,560	\$ 1,239,911	\$ 4,554,279	\$ 372,573	\$ 257,352	\$ 5,184,204	\$ 4,107,059

See notes to consolidated financial statements.

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

CONSOLIDATED STATEMENTS OF CASH FLOWS

	<u>Year Ended</u> <u>September 30, 2018</u>	<u>Year Ended</u> <u>September 30, 2017</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
(Decrease) increase in net assets	\$ (44,498)	\$ 924,969
Adjustments to reconcile increase (decrease) in net assets to net cash provided by operating activities:		
Depreciation expense	149,088	118,255
Amortization expense - intangibles	3,409	1,420
Change in fair value of beneficial interest in assets held by Marin Community Foundation	(4,212)	(24,147)
Change in fair value of other investments	(73,727)	(248,726)
Realized gain on investments	(20,325)	-
Donated stock	(30,418)	-
Amortization of imputed interest on note payable	1,295	793
Gain on asset disposal	(4,900)	-
Decrease (increase) in:		
Receivables	(320,260)	265,044
Prepaid expenses and other assets	(17,569)	(16,752)
Increase (decrease) in:		
Accounts payable	(244)	6,871
Accrued vacation and payroll liabilities	31,743	26,575
Tenant security deposits	14,864	16,748
NET CASH (USED) PROVIDED BY OPERATING ACTIVITIES	(315,754)	1,071,050
CASH FLOWS FROM INVESTING ACTIVITIES:		
Net proceeds from asset disposal	4,900	-
Purchase of property and equipment	(2,290,193)	(1,034,266)
Purchase of marketable securities	(1,969,568)	(1,844,186)
Purchase of intangible assets	-	(30,226)
Proceeds from sale of marketable securities	4,571,272	412,064
NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES	316,411	(2,496,614)
CASH FLOWS FROM FINANCING ACTIVITIES:		
	-	-
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	657	(1,425,564)
CASH AND CASH EQUIVALENTS, beginning of year	790,325	2,215,889
CASH AND CASH EQUIVALENTS, end of year	\$ 790,982	\$ 790,325
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION:		
Cash paid during the year for interest	\$ 129	\$ 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, 2018

Note 1. ORGANIZATION AND NATURE OF ACTIVITIES:

Nature of activities:

The District Council of Marin County, Society of St. Vincent de Paul (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.

St. Vincent de Paul Society of Marin County 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, preventing eviction and homelessness by addressing financial crises on a case by case basis. Some of the services offered include emergency financial assistance for utilities and rent, food pantries, overnight shelter vouchers, and assistance with obtaining clothing and furniture. 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, 2018

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, 2018.

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, 2018

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, 2018

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 30, 2017, 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 April 10, 2019, 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, 2018

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, 2018			
	Level 1	Level 2	Level 3	Total
Equities & equity mutual funds	\$ 1,254,573	\$ -	\$ -	\$ 1,254,573
Certificates of deposit	32,288	-	-	32,288
Bond funds	1,259,624	-	-	1,259,624
Fixed income	573,216	-	-	573,216
Money market funds	138,431	-	-	138,431
Beneficial interest in assets held by Marin Community Foundation	-	68,395	-	68,395
Total investments at fair value	\$ 3,258,132	\$ 68,395	\$ -	\$ 3,326,527

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, 2017	\$ 123,874
Transfers	(59,691)
Net gain	4,212
September 30, 2018	\$ 68,395

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, 2018

Note 5. INVESTMENTS (Continued):

Components of investment income are as follows:

Change in value of beneficial interest in assets held by	
Marin Community Foundation	\$ 4,212
Realized and unrealized gains/losses on securities	94,052
Interest and dividends	<u>113,444</u>
Total investment income	<u><u>\$ 211,708</u></u>

Note 6. PROPERTY AND EQUIPMENT:

Property and equipment comprised the following at September 30, 2018:

Buildings and improvements	\$ 5,115,366
Furniture and equipment	243,296
Fleet Vehicles	171,905
Land	225,000
Construction in progress	<u>1,779</u>
	5,757,346
Less accumulated depreciation	<u>(1,435,505)</u>
Property & equipment, net	<u><u>\$ 4,321,841</u></u>

Note 7. INTANGIBLE ASSETS:

Intangible assets consist of website development costs of \$10,226. The 2017 balance included an option to purchase real property with a cost of \$20,000 at September 30, 2017. This option was exercised in September 2018. The website development costs are subject to amortization on a straight-line basis over an estimated life of three years. The option was not subject to amortization. Amortization expense for the year ended September 30, 2018 was \$3,409 and accumulated amortization was \$4,829. Future amortization expense on website development costs is expected to be as follows:

	Year Ending	
	<u>September 30,</u>	
2019	\$	3,409
2020	<u>1,988</u>	
Total	<u><u>\$</u></u>	<u><u>5,397</u></u>

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

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS – SEPTEMBER 30, 2018

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>(62,198)</u>
Present value of loan at September 30, 2018	<u>\$ 17,802</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:

	October 1, 2017	Contributions	Released from Restrictions	September 30, 2018
REST program	\$ 250,000	\$ -	\$ 250,000	\$ -
Conferences	258,993	50,801		309,794
Dining room	100,000		100,000	-
Leadership campaign	93,057	86,215	93,060	86,212
Affordable housing	63,493	-	1,295	62,198
MCF - Bridge Housing	-	270,400	33,801	236,599
Pennies Fund a Need	-	135,000	-	135,000
	<u>\$ 765,543</u>	<u>\$ 542,416</u>	<u>\$ 478,156</u>	<u>\$ 829,803</u>
Total	<u>\$ 765,543</u>	<u>\$ 542,416</u>	<u>\$ 478,156</u>	<u>\$ 829,803</u>

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

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS – SEPTEMBER 30, 2018

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>Emergency 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 and operations in the event of an unforeseen event or circumstance such as a financial crisis or natural disaster.

<u>Building Maintenance and Improvements Fund</u>	500,000
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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 and make improvements as needed. These funds will be invested to generate income to finance work on the property beyond routine repairs and maintenance.

<u>Staff & Programs Fund</u>	-
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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>	750,000
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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: seed funding for new staff, partnering with other organizations consistent with our mission and strategic plan.

Total principal	\$ 2,000,000
Accumulated earnings	140,502

Total board-designated net assets	\$ 2,140,502
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During the year ended September 30, 2018, the Society released \$1,700,000 from Board- designated net assets, comprised of: \$150,000 from the Contingency Appropriations Funds, \$600,000 from the Facilities Maintenance Fund, \$500,000 from the Staff & Programs Fund and \$450,000 from the Opportunity Fund, all to purchase a building for program purposes. The Society assigned \$400,000 of accumulated earnings to principal as follows: \$150,000 to the Emergency Fund, \$100,000 to the Building Maintenance and Improvements Fund and \$150,000 to the Opportunity Fund.

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, 2018

Note 11. 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, 2018 are as follows:

<u>Year Ending September 30,</u>	
2019	\$ 56,000
2020	3,500
2021	<u>2,400</u>
Total	<u>\$ 61,900</u>

Note 12. 403(b) RETIRMENT 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, 2018, were \$25,155.