

**St. Vincent De Paul Society,
District Council of Marin County**

Consolidated Financial Statements

September 30, 2022
(With Comparative Totals for 2021)



INDEPENDENT AUDITOR'S REPORT

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

Opinion

We have audited the accompanying consolidated financial statements of St. Vincent De Paul Society, District Council of Marin County (the "Society"), which comprise the consolidated statement of financial position as of September 30, 2022, 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.

In our opinion, the consolidated 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, 2022, and the changes in their net assets and their cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis of Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of St. Vincent De Paul Society, District Council of Marin County and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Report on Summarized Comparative Information

The consolidated financial statements of St. Vincent De Paul Society, District Council of Marin County as of September 30, 2021, were audited by other auditors whose report dated February 17, 2022, 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, 2021, is consistent in all material respects, with the audited financial statements from which it has been derived.

Responsibilities of Management 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, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about St. Vincent De Paul Society, District Council of Marin County's ability to continue as a going concern within one year after the date that the consolidated financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements, including omissions, are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements.
- Obtain an understanding of internal control relevant to the audit 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 St. Vincent De Paul Society, District Council of Marin County's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the consolidated financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about St. Vincent De Paul Society, District Council of Marin County's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The accompanying schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, is presented for purposes of additional analysis and is not a required part of the consolidated financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the consolidated financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated February 15, 2023, on our consideration of the Society's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Society's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Society's internal control over financial reporting and compliance.



Armanino^{LLP}
San Francisco, California

February 15, 2023

St. Vincent De Paul Society, District Council of Marin County
Consolidated Statement of Financial Position
September 30, 2022
(With Comparative Totals for 2021)

	<u>2022</u>	<u>2021</u>
ASSETS		
Current assets		
Cash and cash equivalents	\$ 820,418	\$ 988,740
Investments in marketable securities	2,280,961	3,995,165
Program receivables	505,217	534,686
Bequest receivables	2,350,000	1,750,000
Employee retention tax credit receivable	730,891	-
Contributions and other receivables	-	1,997
Prepaid expenses	70,383	48,141
Total current assets	<u>6,757,870</u>	<u>7,318,729</u>
Noncurrent assets		
Deposits	3,404	19,466
Property and equipment, net	5,976,007	4,272,870
Beneficial interest in charitable remainder trust, discounted to present value	172,517	252,701
Total noncurrent assets	<u>6,151,928</u>	<u>4,545,037</u>
Total assets	<u>\$ 12,909,798</u>	<u>\$ 11,863,766</u>

The accompanying notes are an integral part of these consolidated financial statements.

St. Vincent De Paul Society, District Council of Marin County
Consolidated Statement of Financial Position
September 30, 2022
(With Comparative Totals for 2021)

	<u>2022</u>	<u>2021</u>
LIABILITIES AND NET ASSETS		
Current liabilities		
Accounts payable	\$ 212,167	\$ 88,117
Accrued salaries and wages	200,948	160,183
Deferred revenue	<u>209,130</u>	<u>496,280</u>
Total current liabilities	<u>622,245</u>	<u>744,580</u>
Long-term liabilities		
Tenant security deposits	6,480	6,280
Notes payable, net of current portion	22,433	21,173
Beneficial interest in charitable remainder trust, discounted to present value	<u>172,517</u>	<u>252,601</u>
Total long-term liabilities	<u>201,430</u>	<u>280,054</u>
Total liabilities	<u>823,675</u>	<u>1,024,634</u>
Net assets		
Without donor restrictions		
Undesignated	9,571,786	7,495,492
Board-designated	<u>1,833,378</u>	<u>2,657,902</u>
Total without donor restrictions	11,405,164	10,153,394
With donor restrictions	<u>680,959</u>	<u>685,738</u>
Total net assets	<u>12,086,123</u>	<u>10,839,132</u>
Total liabilities and net assets	<u>\$ 12,909,798</u>	<u>\$ 11,863,766</u>

The accompanying notes are an integral part of these consolidated financial statements.

St. Vincent De Paul Society, District Council of Marin County
Consolidated Statement of Activities
For the Year Ended September 30, 2022
(With Comparative Totals for 2021)

	Without Donor Restrictions	With Donor Restrictions	2022 Total	2021 Total
Revenues, gains, and other support				
Grants and contributions	\$ 2,539,931	\$ 364,025	\$ 2,903,956	\$ 3,023,131
Legacies and bequests	2,223,299	-	2,223,299	2,017,200
Contract revenue	2,243,317	-	2,243,317	1,820,822
In-kind contributions	1,036,405	-	1,036,405	520,863
Fundraising and special events	794,461	63,296	857,757	26,212
Employee retention tax credit	730,891	-	730,891	-
Rental income	293,336	-	293,336	233,604
Other revenue	152,405	-	152,405	37,810
Investment income (loss)	(474,022)	-	(474,022)	430,293
Losses on disposal of assets	(10,903)	-	(10,903)	-
Net assets released from restriction	432,100	(432,100)	-	-
Total revenues, gains, and other support	<u>9,961,220</u>	<u>(4,779)</u>	<u>9,956,441</u>	<u>8,109,935</u>
Functional expenses				
Program services	6,780,268	-	6,780,268	5,813,471
Management and general	1,327,806	-	1,327,806	574,319
Fundraising	601,376	-	601,376	464,824
Total functional expenses	<u>8,709,450</u>	<u>-</u>	<u>8,709,450</u>	<u>6,852,614</u>
Change in net assets	1,251,770	(4,779)	1,246,991	1,257,321
Net assets, beginning of year	<u>10,153,394</u>	<u>685,738</u>	<u>10,839,132</u>	<u>9,581,811</u>
Net assets, end of year	<u>\$ 11,405,164</u>	<u>\$ 680,959</u>	<u>\$ 12,086,123</u>	<u>\$ 10,839,132</u>

The accompanying notes are an integral part of these consolidated financial statements.

St. Vincent De Paul Society, District Council of Marin County
Consolidated Statement of Functional Expenses
For the Year Ended September 30, 2022
(With Comparative Totals for 2021)

	Program Services			Support Services		2022 Total	2021 Total
	Council Activities	Free Dining Room	Conferences	Management and General	Fundraising		
Client assistance	\$ 1,739,940	\$ -	\$ 1,113,129	\$ -	\$ -	\$ 2,853,069	\$ 2,650,013
Personnel expenses	1,408,221	509,449	202,197	767,603	309,193	3,196,663	2,278,418
In-kind expenses	-	894,280	142,125	-	-	1,036,405	520,863
Legal and professional fees	15,004	-	-	292,048	41,844	348,896	403,737
Depreciation and amortization	124,850	47,176	7,862	47,176	7,862	234,926	230,092
Communications and technology	14,760	3,247	1,161	89,192	5,160	113,520	96,050
Outside services	-	26,111	-	-	-	26,111	94,627
Taxes, licenses and fees	40,540	2,431	2,847	30,810	16,613	93,241	84,137
Utilities	22,631	41,931	1,828	10,974	1,829	79,193	79,541
Office supplies	37,936	35,970	3,108	15,542	7,249	99,805	77,719
Printing and postage	232	-	-	2,815	31,494	34,541	75,705
Insurance	19,219	12,089	2,014	12,090	2,015	47,427	57,678
Repairs and maintenance	173,642	37,986	4,764	30,488	5,402	252,282	63,436
Travel	5,216	521	-	4,694	-	10,431	6,526
Dues and subscriptions	-	-	-	2,818	-	2,818	5,252
Food	-	73,409	-	-	-	73,409	60,240
Conventions and meetings	833	-	-	6,462	2,566	9,861	3,483
Special events	-	-	-	-	149,295	149,295	26
Miscellaneous	914	10,695	-	15,094	20,854	47,557	65,071
	<u>\$ 3,603,938</u>	<u>\$ 1,695,295</u>	<u>\$ 1,481,035</u>	<u>\$ 1,327,806</u>	<u>\$ 601,376</u>	<u>\$ 8,709,450</u>	<u>\$ 6,852,614</u>

The accompanying notes are an integral part of these consolidated financial statements.

St. Vincent De Paul Society, District Council of Marin County
Consolidated Statement of Cash Flows
For the Year Ended September 30, 2022
(With Comparative Totals for 2021)

	<u>2022</u>	<u>2021</u>
Cash flows from operating activities		
Change in net assets	\$ 1,246,991	\$ 1,257,321
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities		
Depreciation	234,926	230,092
Realized and unrealized loss (gain) on investments	562,377	(341,743)
Donated stock	-	(118,374)
Amortization of imputed interest on note payable	1,260	1,189
Loss on asset disposal	10,903	-
Forgiveness of Paycheck Protection Program loan	-	(314,250)
Changes in operating assets and liabilities		
Program receivables	29,468	(1,955,174)
Bequest receivables	(600,000)	-
Employee retention credit receivable	(730,891)	-
Prepaid expenses	(22,242)	(21,085)
Due from related parties	1,997	(1,997)
Interest in charitable remainder trust	96,246	-
Accounts payable	124,050	2,327
Accrued salaries and wages	40,765	28,638
Deferred revenue	(287,150)	496,280
Interest in charitable remainder trusts payable to others	(80,084)	(100)
Tenant security deposits	200	(37,971)
Net cash provided by (used in) operating activities	<u>628,816</u>	<u>(774,847)</u>
Cash flows from investing activities		
Proceeds from sale of investments	1,335,800	2,208,587
Proceeds from sale of property and equipment	20,165	-
Purchase of investments	-	(2,212,005)
Purchase of property and equipment	(2,153,103)	(52,410)
Net cash used in investing activities	<u>(797,138)</u>	<u>(55,828)</u>
Net decrease in cash and cash equivalents	(168,322)	(830,675)
Cash and cash equivalents, beginning of year	<u>988,740</u>	<u>1,819,415</u>
Cash and cash equivalents, end of year	<u>\$ 820,418</u>	<u>\$ 988,740</u>

Supplemental disclosures of cash flow information

Cash paid during the year for		
Interest	\$ 1,512	\$ -

The accompanying notes are an integral part of these consolidated financial statements.

St. Vincent De Paul Society, District Council of Marin County
Notes to Consolidated Financial Statements
September 30, 2022

1. NATURE OF OPERATIONS

The District Council of Marin County, Society of St. Vincent de Paul (the "Society") was incorporated in California in 1984 as 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 economically disadvantaged families and individuals in Marin County. The Society offers compassionate, individualized assistance to help the neediest neighbors obtain nutritious food, shelter, and housing assistance. We also offer clients help with medical and dental assistance, clothing, and furniture.

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.

The following programs promote the Society's mission:

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 - The Society serves hot, nutritious free meals 365 days of the year to Marin's elderly, low income, disabled and homeless residents and has kept its doors open to all who enter for free meals, each day since 1981.

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 auto repair, rent, medical and dental treatment, utilities, 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 evidenced-based practices, HOT helps people experiencing chronic homelessness to get document-ready and to search for permanent, supportive housing while getting access to behavioral health treatment, re-engagements with family, and wraparound case management, all with the goal of placing that person as quickly as possible into permanent housing appropriate for their particular and ongoing needs.

St. Vincent De Paul Society, District Council of Marin County
Notes to Consolidated Financial Statements
September 30, 2022

1. NATURE OF OPERATIONS (continued)

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.

Rapid Response - Rapid Response is available to all Marin residents who are currently experiencing homelessness but who are unlikely to qualify for a government subsidized permanent housing voucher or program. Rapid Response provides emergency services via the phone or through walk-up services (no appointments necessary). These services can include clothing, transportation, housing location, rental deposits and titrated (short term) rent and short-term housing case management for people to get back on their feet and into safe, affordable, permanent housing.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of accounting and financial statement presentation

The financial statements are prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America ("US GAAP") applicable to nonprofit organizations. The Society reports information regarding its financial position and activities according to the existence or absence of donor-imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

- *Net assets without donor restrictions* - Includes net assets available for use in general operations and not subject to donor restrictions. This category includes net assets designated by the Board of Directors ("Board") that require Board approval prior to expenditure; approved uses of board-designated funds may include normal operations, special projects and investments in property in equipment.
- *Net assets with donor restrictions* - Includes net assets subject to donor-imposed restrictions. Some donor imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both.

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 2017. All significant intercompany accounts and transactions have been eliminated.

St. Vincent De Paul Society, District Council of Marin County
Notes to Consolidated Financial Statements
September 30, 2022

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Change in accounting principle

In September 2020, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") 2020-07, *Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets*. The new guidance requires nonprofit entities to present contributed nonfinancial assets as a separate line item in the statement of activities, apart from contributions of cash or other financial assets. The standard also increases the disclosure requirements around contributed nonfinancial assets, including disaggregating by category the types of contributed nonfinancial assets a nonprofit entity has received. The Society adopted this new standard on October 1, 2021. Adoption of this standard did not have a material impact on the consolidated financial statements.

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 are valued at fair value with realized and unrealized gains and losses reflected in the statements of activities.

Property and equipment

Property and equipment are recorded at cost, or if donated, at estimated fair value at the date of donation. The Society capitalizes fixed assets with an initial cost or fair value in excess of \$2,500. 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

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.

Fair value measurements

In accordance with financial accounting standards, fair value is defined as the price that would be received from selling an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Such standards establish a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value within a fair value hierarchy. 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 measurements involving significant unobservable inputs (Level 3 measurements).

St. Vincent De Paul Society, District Council of Marin County
Notes to Consolidated Financial Statements
September 30, 2022

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Fair value measurements (continued)

- *Level 1* - instrument valuations are obtained from real-time quotes for transactions in active exchange markets involving identical assets.
- *Level 2* - instrument valuations are obtained from readily-available pricing sources for comparable instruments.
- *Level 3* - instrument valuations are obtained without observable market values and require a high level of judgment to determine the fair value.

Deferred revenue

Advances on grants and donations for specified future events are deferred and recognized as income in the period that the allowable expenses are incurred.

Grants and contributions

The Organization receives grants and contributions from foundations, corporations, other nonprofit organizations, and individuals. Contributions, including unconditional promises to give, are recognized as revenues in the period the promise is received. Conditional promises to give are not recognized until they become unconditional; that is when the barrier has been overcome and right of release/right of return no longer exists. Contributions receivable with due dates beyond one year are discounted at an appropriate discount rate commensurate with the risks involved. Amortization of any such discount is recorded as additional contribution revenue in accordance with donor-imposed restrictions, if any, on the contributions. An allowance for doubtful contributions receivable is provided based upon management's judgment including such factors as prior collection history, type of contribution and current aging of contributions receivable. There was no contributions receivable as of September 30, 2022.

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, net assets with donor restrictions are reclassified to net assets without donor restrictions 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 net assets with donor restrictions.

St. Vincent De Paul Society, District Council of Marin County
Notes to Consolidated Financial Statements
September 30, 2022

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Revenue recognition (continued)

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.

Fundraising event revenue is recognized when the event occurs.

Revenues are reported as increases in net assets without donor restrictions unless use of the related assets are limited by donor-imposed stipulations, either for a specific purpose, passage of time or assets to be held in perpetuity. Expenses are reported as decreases in net assets without donor restrictions. Gains and losses on investments and other assets or liabilities are reported as increases or decreases in net assets without donor restrictions unless their use is restricted by explicit donor stipulation or by law. Expirations of purpose or time imposed restrictions on net assets with donor restrictions (i.e., the donor-stipulated purpose has been fulfilled and/or the stipulated time period has elapsed) are reported as a reclassification to net assets without donor restrictions.

In-kind contributions

Donated goods and property are recognized as contributions based on the estimated fair value at the date the contribution is made. Donated services are recognized as contributions at their estimated fair value in those instances in which they enhance non-financial assets or the Organization would have had to acquire such services if they had not been donated and are provided by individuals with specialized skills.

Income tax status

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.

The Society is organized under Section 501(c)(3) of the Internal Revenue Code and Section 23701(d) of the California Revenue and Taxation Code. Accordingly, the Society is exempt from paying Federal and California income taxes except on any unrelated business income. The Society had no unrelated business income for the year ended September 30, 2022.

191 Kenwood Court, LLC and Paris Park & Union LLC are disregarded entities and are not subject to federal income taxes. Accordingly, no provision for income taxes has been provided for in the accompanying consolidated financial statements.

St. Vincent De Paul Society, District Council of Marin County
Notes to Consolidated Financial Statements
September 30, 2022

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Income tax status (continued)

The Society has adopted the accounting guidance related to uncertain tax positions, and has evaluated its tax positions taken for all open tax years. In management's judgment there are no uncertain tax positions as of September 30, 2022.

Functional allocation of expenses

The Society allocates its expenses on a functional basis among its program and support services. Expenses that can be identified with a specific program service or support service are allocated directly according to their natural expense classification. Expenses that are common to several functions are allocated accordingly based on the time and resources devoted to each category.

Concentrations and credit risk

Occasionally the Society's bank and investment balances exceed Federal Deposit Insurance Corporation and Securities Investor Protection Corporation insured limits. The Society has not experienced and does not anticipate any losses related to these accounts.

Use of estimates

The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect reported amounts of assets and liabilities, and disclosure of contingent assets and liabilities, at the date of the financial statements and reported amounts of revenues and expenses during the reporting period. Accordingly, actual events and results could differ from those assumptions and estimates.

Summarized financial information

The accompanying financial statements include certain prior-year summarized comparative financial information. Such information does not include sufficient detail to constitute a presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with the Society's audited financial statements for the year ended September 30, 2021, from which the summarized information was derived.

Reclassifications

Certain reclassifications have been made to prior year balances to conform to the current year presentation. Such reclassifications had no effect on the change in net assets.

St. Vincent De Paul Society, District Council of Marin County
Notes to Consolidated Financial Statements
September 30, 2022

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Subsequent events

The Society has evaluated events subsequent to September 30, 2022, to assess the need for potential recognition or disclosure in the financial statements. Such events were evaluated through February 15, 2023, the date the financial statements were available to be issued. Based upon this evaluation, no subsequent events occurred that require recognition or additional disclosure in the financial statements.

3. INVESTMENTS

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

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Fair Value</u>
Exchange traded funds	\$ 902,140	\$ -	\$ -	\$ 902,140
Bond funds	<u>1,378,821</u>	<u>-</u>	<u>-</u>	<u>1,378,821</u>
	<u>\$ 2,280,961</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,280,961</u>

Components of investment income comprised the following:

Realized and unrealized loss	\$ (562,377)
Interest and dividends	99,838
Investment fees	<u>(11,483)</u>
	<u>\$ (474,022)</u>

4. PROPERTY AND EQUIPMENT, NET

Property and equipment, net comprised the following at September 30, 2022:

Buildings	\$ 5,732,425
Land	1,991,733
Automobiles	120,950
Furniture and fixtures	<u>355,364</u>
	8,200,472
Accumulated depreciation	<u>(2,224,465)</u>
	<u>\$ 5,976,007</u>

Depreciation expense for the year ended September 30, 2022 was \$234,926.

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5. CHARITABLE REMAINDER ANNUITY TRUST

The Society holds an interest in a charitable remainder annuity trust that provides for fixed payments to a designated annuity beneficiary for five years. The trust and the liability to pay the annuity have been recognized at discounted present value, using a discount rate of 3%.

6. NOTE PAYABLE TO CITY OF SAN RAFAEL

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 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	<u>(57,567)</u>
	<u><u>\$ 22,433</u></u>

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7. BOARD DESIGNATED NET ASSETS

In 2015, the Society received a contribution without donor restrictions of approximately \$4,000,000. The Society's Board of Directors elected to designate the funds for the following purposes:

Emergency Fund- Because the Society's 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.	\$ 750,000
Building Maintenance and Improvements Fund - Because the Society's B street building, which houses the Society's offices, low-income housing and dining room, is a key asset to the Society's mission, it is important that the Society maintains 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.	214,200
Opportunity Fund - 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.	550,000
Accumulated earnings	<u>319,178</u>
	<u><u>\$ 1,833,378</u></u>

The Society has enacted a policy whereby any release of the two 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 three separate categories, the Board retains discretion to transfer money between funds, as voted by the majority of its members.

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8. NET ASSETS WITH DONOR RESTRICTIONS

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

	Balance at September 30, 2021	Contributions and Changes in Value	Released from Restrictions	Balance at September 30, 2022
Conferences	\$ 510,983	\$ (183,975)	\$ -	\$ 327,008
Bridge Houses	101,399	234,000	(190,764)	144,635
Marin Community Foundation	-	1,000	(1,000)	-
Affordable housing	58,894	-	(1,326)	57,568
Children's Fund	14,462	-	(14,462)	-
Amber Allen Publishing	-	200,000	(200,000)	-
Emergency Food Shelter	-	63,000	-	63,000
Fashion Show Event Fund-a-need - Veterans	-	63,296	(12,274)	51,022
Community Solutions	-	50,000	(12,274)	37,726
	<u>\$ 685,738</u>	<u>\$ 427,321</u>	<u>\$ (432,100)</u>	<u>\$ 680,959</u>

9. IN-KIND CONTRIBUTIONS

In-kind contributions are reported as contributions at their estimated fair value on the date of receipt. In-kind contributions during the year ended September 30, 2022 were comprised of donated perishable and non perishable food items that the Society give out to the unhoused and housed community of San Raphael whom are in need. During the year ended September 30, 2022 the in-kind contributions had an estimated fair value of \$1,036,405.

In-kind contribution valuation techniques

Contributed food items are valued at the fair value based on estimated wholesale values that would be received for selling similar or identical products in the United States.

Donor restrictions and in-kind contribution use

The in-kind contributions received during the year ended September 30, 2022 included no donor restrictions. Contributed food items were fully utilized by the Organization for the people of San Raphael whom are in need.

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10. 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, 2022 was \$58,442.

11. EMPLOYEE RETENTION TAX CREDITS

During the year ended September 30, 2022, the Society applied for federal government assistance through the Employee Retention Credit ("ERC") provisions of the Coronavirus Response and Relief Supplemental Appropriations ("CRRSA") Act. The purpose of the ERC is to encourage employers to keep employees on the payroll, even if they are not working during the covered period due to the effects of COVID-19. The Society determined it was eligible to apply for the ERC and calculated a total ERC claim of \$730,891 for wages paid between Q1 2020 through Q3 2021. The Society believes it has met the ERC program eligibility criteria and, therefore, has accrued the entire credit. The ERC claim is subject to audit by the IRS and there exists the potential for certain claims to be repaid.

12. LIQUIDITY AND FUNDS AVAILABLE

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the balance sheet date, comprise the following:

Financial assets:

Cash and cash equivalents	\$ 820,418
Investments in marketable securities	2,280,961
Program receivables	505,217
Employee retention tax credit receivable	<u>730,891</u>
	<u>4,337,487</u>

Less: amounts unavailable for general expenditure within one year, due to:

Net assets with donor restrictions	(680,958)
Board-designated	<u>(1,833,378)</u>
	<u>(2,514,336)</u>
	<u>\$ 1,823,151</u>

The board-designated reserve is available for the purposes described in (Note 7). The Board may at any time change the purposes for which the board-designated reserve may be spent.