

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

Consolidated Financial Statements

September 30, 2023
(With Comparative Totals for 2022)



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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, 2023, 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, 2023, 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. 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

We have previously audited St. Vincent De Paul Society, District Council of Marin County's 2022 consolidated financial statements, and we expressed an unmodified audit opinion on those audited consolidated financial statements in our report dated February 15, 2023. In our opinion, the summarized comparative information presented herein as of and for the year ended September 30, 2022, is consistent, in all material respects, with the audited consolidated 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 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 consolidated financial statements.

In performing an audit in accordance with generally accepted 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.



Armanino^{LLP}
San Francisco, California

February 8, 2024

St. Vincent De Paul Society, District Council of Marin County
Consolidated Statement of Financial Position
September 30, 2023
(With Comparative Totals for 2022)

	2023	2022
ASSETS		
Current assets		
Cash and cash equivalents	\$ 2,250,350	\$ 820,418
Investments in marketable securities	2,536,246	2,280,961
Program receivables	402,109	505,217
Bequest receivables	350,000	2,350,000
Employee retention tax credit receivable	-	730,891
Prepaid expenses	30,374	70,383
Total current assets	5,569,079	6,757,870
Noncurrent assets		
Deposits	2,716	3,404
Restricted cash	30,170	-
Property and equipment, net	6,086,412	5,976,007
Beneficial interest in charitable remainder trust, net	80,089	172,517
Total noncurrent assets	6,199,387	6,151,928
Total assets	\$ 11,768,466	\$ 12,909,798

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, 2023
(With Comparative Totals for 2022)

	2023	2022
LIABILITIES AND NET ASSETS		
Current liabilities		
Accounts payable	\$ 92,801	\$ 212,167
Accrued salaries and wages	236,251	200,948
Refundable advances	<u>241,417</u>	<u>209,130</u>
Total current liabilities	<u>570,469</u>	<u>622,245</u>
Long-term liabilities		
Tenant security deposits	30,170	6,480
Notes payable	23,768	22,433
Beneficial interest in charitable remainder trust, net	<u>80,089</u>	<u>172,517</u>
Total long-term liabilities	<u>134,027</u>	<u>201,430</u>
Total liabilities	<u>704,496</u>	<u>823,675</u>
Net assets		
Without donor restrictions		
Undesignated	8,662,676	9,571,786
Board-designated	<u>2,005,211</u>	<u>1,833,378</u>
Total without donor restrictions	10,667,887	11,405,164
With donor restrictions	<u>396,083</u>	<u>680,959</u>
Total net assets	<u>11,063,970</u>	<u>12,086,123</u>
 Total liabilities and net assets	 <u>\$ 11,768,466</u>	 <u>\$ 12,909,798</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, 2023
(With Comparative Totals for 2022)

	Without Donor Restrictions	With Donor Restrictions	2023 Total	2022 Total
Revenues, gains, losses, and other support				
Grants and contributions	\$ 1,007,146	\$ 867,328	\$ 1,874,474	\$ 2,903,956
Legacies and bequests	224,517	-	224,517	2,223,299
Government contract revenue	2,324,780	-	2,324,780	2,243,317
In-kind contributions	1,081,185	-	1,081,185	1,036,405
Fundraising and special events	576,724	53,600	630,324	857,757
Employee retention tax credit	-	-	-	730,891
Rental income	285,881	-	285,881	293,336
Other revenue	151,129	-	151,129	152,405
Investment income (loss), net	221,329	-	221,329	(474,022)
Losses on disposal of assets	-	-	-	(10,903)
Net assets released from restriction	<u>1,205,804</u>	<u>(1,205,804)</u>	<u>-</u>	<u>-</u>
Total revenues, gains, losses, and other support	<u>7,078,495</u>	<u>(284,876)</u>	<u>6,793,619</u>	<u>9,956,441</u>
Functional expenses				
Program services	6,409,281	-	6,409,281	6,780,268
Management and general	690,219	-	690,219	1,327,806
Fundraising	<u>716,272</u>	<u>-</u>	<u>716,272</u>	<u>601,376</u>
Total functional expenses	<u>7,815,772</u>	<u>-</u>	<u>7,815,772</u>	<u>8,709,450</u>
Change in net assets	(737,277)	(284,876)	(1,022,153)	1,246,991
Net assets, beginning of year	<u>11,405,164</u>	<u>680,959</u>	<u>12,086,123</u>	<u>10,839,132</u>
Net assets, end of year	<u>\$ 10,667,887</u>	<u>\$ 396,083</u>	<u>\$ 11,063,970</u>	<u>\$ 12,086,123</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, 2023
(With Comparative Totals for 2022)

	Program Services			Support Services		2023 Total	2022 Total
	Council Activities	Free Dining Room	Conferences	Management and General	Fundraising		
Client assistance	\$ 969,353	\$ -	\$ 782,763	\$ -	\$ -	\$ 1,752,116	\$ 2,800,953
Personnel expenses	1,908,620	668,855	182,058	388,797	444,566	3,592,896	3,206,008
In-kind expenses	-	887,782	193,403	-	-	1,081,185	1,036,405
Legal and professional fees	13,950	-	250	101,319	14,305	129,824	348,896
Depreciation	124,515	45,005	7,500	45,009	7,500	229,529	234,926
Communications and technology	68,327	15,135	8,468	32,812	18,057	142,799	119,210
Outside services	-	2,208	-	-	-	2,208	26,111
Taxes, licenses and fees	47,640	2,093	2,738	46,420	7,899	106,790	78,414
Utilities	25,529	36,731	1,974	12,335	1,974	78,543	80,473
Office supplies	25,494	38,783	3,779	11,922	6,571	86,549	99,805
Printing and postage	12	-	-	2,390	2,351	4,753	34,541
Insurance	24,636	17,508	2,918	17,510	2,918	65,490	47,427
Repairs and maintenance	38,295	13,891	1,398	8,390	2,660	64,634	141,186
Travel	5,493	549	-	4,945	-	10,987	10,431
Dues and subscriptions	-	485	-	2,464	-	2,949	2,818
Food	-	56,072	-	-	-	56,072	73,409
Conventions and meetings	-	-	2,750	1,789	3,130	7,669	9,861
Special events	-	-	-	-	153,167	153,167	149,295
Miscellaneous	155,134	21,627	5,560	14,117	51,174	247,612	209,281
	<u>\$ 3,406,998</u>	<u>\$ 1,806,724</u>	<u>\$ 1,195,559</u>	<u>\$ 690,219</u>	<u>\$ 716,272</u>	<u>\$ 7,815,772</u>	<u>\$ 8,709,450</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, 2023
(With Comparative Totals for 2022)

	<u>2023</u>	<u>2022</u>
Cash flows from operating activities		
Change in net assets	\$ (1,022,153)	\$ 1,246,991
Adjustments to reconcile change in net assets to net cash provided by operating activities		
Depreciation	229,529	234,926
Realized and unrealized (gain) loss on investments	(114,344)	562,377
Amortization of imputed interest on note payable	1,335	1,260
Loss on asset disposal	-	10,903
Changes in operating assets and liabilities		
Program receivables	103,108	29,468
Bequest receivables	2,000,000	(600,000)
Employee retention tax credit receivable	730,891	(730,891)
Prepaid expenses	40,009	(22,242)
Due from related parties	-	1,997
Deposits	688	-
Interest in charitable remainder trust receivable from others	92,428	96,246
Accounts payable	(119,366)	124,050
Accrued salaries and wages	35,303	40,765
Refundable advances	32,287	(287,150)
Interest in charitable remainder trusts payable to others	(92,428)	(80,084)
Tenant security deposits	23,690	200
Net cash provided by operating activities	<u>1,940,977</u>	<u>628,816</u>
Cash flows from investing activities		
Proceeds from sale of investments	-	1,335,800
Proceeds from sale of property and equipment	-	20,165
Purchase of investments	(140,941)	-
Purchase of property and equipment	(339,934)	(2,153,103)
Net cash used in investing activities	<u>(480,875)</u>	<u>(797,138)</u>
Net increase (decrease) in cash, cash equivalents and restricted cash	1,460,102	(168,322)
Cash, cash equivalents and restricted cash, beginning of year	<u>820,418</u>	<u>988,740</u>
Cash, cash equivalents and restricted cash, end of year	<u>\$ 2,280,520</u>	<u>\$ 820,418</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, 2023
(With Comparative Totals for 2022)

	2023	2022
Cash, cash equivalents and restricted cash consisted of the following:		
Cash and cash equivalents	\$ 2,250,350	\$ 820,418
Restricted cash	30,170	-
	\$ 2,280,520	\$ 820,418

Supplemental disclosures of cash flow information

Cash paid during the year for		
Interest	\$ 1,335	\$ 1,512
Property taxes	\$ 65,024	\$ -

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, 2023

1. NATURE OF OPERATIONS

The District Council of Marin County, Society of St. Vincent de Paul (the "Society") was incorporated in California in February 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.

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 staff 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.

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. 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.

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.

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.

St. Vincent De Paul Society, District Council of Marin County
Notes to Consolidated Financial Statements
September 30, 2023

1. NATURE OF OPERATIONS (continued)

Help Desk 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 direct aid in the form of 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 accompanying consolidated financial statements are prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America ("U.S. 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 and 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 accompanying consolidated 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.

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.

St. Vincent De Paul Society, District Council of Marin County
Notes to Consolidated Financial Statements
September 30, 2023

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Restricted cash

Restricted cash amounted to \$30,170 for the year ended September 30, 2023. The Society's restricted cash consists of a security deposit from leases. Upon termination of leases, the funds will be released from restriction. This amount is included in restricted cash in the accompanying consolidated statement of financial position.

Investments

Investments are valued at fair value with realized and unrealized gains and losses reflected in the accompanying consolidated 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

Program receivables

Program receivables 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).

- *Level 1* - instrument valuations are obtained from real-time quotes for transactions in active exchange markets involving identical liquid assets that the Society has the ability to access .
- *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.

The fair value of exchange traded funds is measured on a recurring basis using quoted market prices.

St. Vincent De Paul Society, District Council of Marin County
Notes to Consolidated Financial Statements
September 30, 2023

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Revenue recognition

The Society receives grants and contributions from foundations, corporations, other nonprofit organizations, and individuals. Contributions are recognized at their fair value when a donor makes an unconditional promise to give. Contributions 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. Contributions that are restricted by the donor are reported as increases in net assets without donor restrictions if the restrictions expire in the fiscal year in which the contributions are recognized. All other donor-restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions.

Unconditional promises to give that are expected to be collected within one year are recorded at net realizable value. Unconditional promises to give that are expected to be collected in future years are recorded at the present value of their estimated future cash flows when material and are discounted at an appropriate discount rate. Amortization of the discounts is included in contribution revenue. Conditional promises to give - that is, those with a measurable performance or other barrier and a right of return - are not recognized until the conditions on which they depend have been met.

A portion of the Society's revenue is derived from cost-reimbursable government grants and contracts, which are conditioned upon certain performance requirements and/or incurring qualifying expenses. Amounts received are recognized as revenue when the Society has incurred expenditures in compliance with specific contract or grant provisions. Amounts received prior to incurring qualifying expenditures are reported as refundable advances in the statement of financial position. The Society has not been awarded any cost reimbursable grants that have not been recognized at September 30, 2023 because qualifying expenditures have not yet been incurred.

Fundraising event revenue is recognized when the event occurs.

The Society is the beneficiary under various wills and trust agreements. Such amounts are recognized in the financial statements as planned gifts when clear title is established, and the proceeds are measurable.

In-kind contributions

Donated goods and property are recognized as contributions based on the estimated fair value at the date the contribution is made. 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.

St. Vincent De Paul Society, District Council of Marin County
Notes to Consolidated Financial Statements
September 30, 2023

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

In-kind contributions (continued)

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

Refundable advances

Advances on grants and conditional contributions are deferred and recognized as income in the period the conditions are met.

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 ("IRC") 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 IRC 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, 2023.

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.

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, 2023.

Functional allocation of expenses

The costs of providing the various programs and other activities have been summarized on a functional basis in the consolidated statement of activities. The consolidated statement of functional expenses presents the natural classification detail of expenses by function. Accordingly, certain costs have been allocated among the programs and support services benefited.

Direct identification of specific expenses is the Society's preferable method of charging expenses to various functions. The Society has a number of expenses which relate to more than one program or support activity, or to a combination of programs and support activities. Expenses are allocated among program services, management and general, and fundraising classifications based primarily upon estimates of employee head count and square feet.

St. Vincent De Paul Society, District Council of Marin County
Notes to Consolidated Financial Statements
September 30, 2023

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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 consolidated financial statements include certain prior-year summarized comparative financial information. Such information does not include sufficient detail to constitute a presentation in conformity with U.S. GAAP. Accordingly, such information should be read in conjunction with the Society's audited financial statements for the year ended September 30, 2022, 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.

Change in accounting principle

In February 2016, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") No. 2016-02, *Leases*, Accounting Standards Codification ("ASC") Topic 842 ("ASC 842"). ASC 842 is the comprehensive lease standard that supersedes the previous authoritative lease accounting guidance contained in ASC 840. ASC 842 requires a lessee to recognize assets and liabilities related to long-term leases that were classified in its statement of financial position as operating leases under previous guidance. A leased asset, referred to as a right-of-use asset, is recognized related to the right to use the underlying asset and a lease related liability is to be recognized related the lease payment obligations over the term of the lease, and includes options to extend that management reasonably expects to exercise. ASC 842 also requires expanded disclosures surrounding leases.

The Society had two copier lease which expired in 2023. There were no other leases that qualified for treatment under ASC 842, as such adoption of ASC 842 did not have a material impact to the accompanying consolidated financial statements.

St. Vincent De Paul Society, District Council of Marin County
Notes to Consolidated Financial Statements
September 30, 2023

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Subsequent events

The Society has evaluated events subsequent to September 30, 2023, to assess the need for potential recognition or disclosure in the accompanying consolidated financial statements. Such events were evaluated through February 8, 2024, the date the accompanying consolidated financial statements were available to be issued. Based upon this evaluation, no subsequent events occurred that require recognition or additional disclosure in the accompanying consolidated financial statements.

3. INVESTMENTS

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

	Level 1	Level 2	Level 3	Fair Value
Exchange traded funds	\$ 2,536,246	\$ -	\$ -	\$ 2,536,246
	<u>\$ 2,536,246</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,536,246</u>

Components of investment income comprised the following:

Realized and unrealized income	\$ 114,344
Interest and dividends	113,430
Investment fees	(6,445)
	<u>\$ 221,329</u>

4. PROPERTY AND EQUIPMENT, NET

Property and equipment, net comprised the following at September 30, 2023:

Buildings	\$ 6,008,114
Land	1,991,733
Automobiles	120,950
Furniture and fixtures	419,609
	8,540,406
Accumulated depreciation	(2,453,994)
	<u>\$ 6,086,412</u>

Depreciation expense for the year ended September 30, 2023 was \$229,529.

St. Vincent De Paul Society, District Council of Marin County
Notes to Consolidated Financial Statements
September 30, 2023

5. CHARITABLE REMAINDER 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 eight 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	\$ 80,001
Less discount to present value	<u>(56,233)</u>
	<u>\$ 23,768</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 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 the Society constantly strives to do more and to help more people, it is important to be able to take advantage of new opportunities, in alignment with Society's 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>491,011</u>
	<u><u>\$ 2,005,211</u></u>

The Society has enacted a policy whereby any release of the three funds must be carefully considered decisions which require the approval of the Board. Investment accounts will be reviewed periodically by the Finance Committee and yearly by the Board. 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, 2022	Contributions and Changes in Value	Released from Restrictions	Balance at September 30, 2023
Conferences	\$ 327,008	\$ 482,324	\$ (509,483)	\$ 299,849
Bridge Houses	144,635	-	(144,635)	-
Marin Community Foundation	-	31,412	(31,412)	-
Affordable housing William G. Irwin Foundation	57,568	-	(1,335)	56,233
Wells Fargo	-	100,000	(100,000)	-
Emergency Food Shelter Fashion Show Event	63,000	5,000	(56,424)	11,576
Fund-a-need - Veterans	51,022	53,600	(104,622)	-
Dining Room	-	136,540	(136,540)	-
Rapid Response/Help Desk	-	82,052	(82,052)	-
Community Solutions	37,726	-	(37,726)	-
	<u>\$ 680,959</u>	<u>\$ 920,928</u>	<u>\$ (1,205,804)</u>	<u>\$ 396,083</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, 2023 were comprised of donated perishable and non perishable food items that the Society gives out to the unhoused and housed community of San Raphael whom are in need. During the year ended September 30, 2023 the in-kind contributions had an estimated fair value of \$1,081,185.

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, 2023 included no donor restrictions. Contributed food items were fully utilized by the Society for the people of San Rafael 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 IRC 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, 2023 was \$52,156.

11. EMPLOYEE RETENTION TAX CREDITS

During the year ended September 30, 2022, the Society applied for federal government assistance through the Employee Retention Tax Credit ("ERTC") provisions of the Coronavirus Response and Relief Supplemental Appropriations Act. The purpose of the ERTC 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 ERTC and calculated a total ERTC claim of \$730,891 for wages paid between Q1 2020 through Q3 2021. The Society believed it had met the ERTC program eligibility criteria and, therefore, had accrued the entire credit as of September 30, 2022. During the year ended September 30, 2023, all ERTC receivables balance were collected. The ERTC claim is subject to audit by the IRS.

12. LIQUIDITY AND FUNDS AVAILABLE

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year at September 30, 2023, comprised the following:

Financial assets:

Cash and cash equivalents	\$ 2,250,350
Investments in marketable securities	2,536,246
Program receivables	<u>402,109</u>
	<u>5,188,705</u>

Less: amounts unavailable for general expenditure within one year:

Net assets with donor restrictions	(396,083)
Board-designated	<u>(2,005,211)</u>
	<u>(2,401,294)</u>
	<u>\$ 2,787,411</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.