

**St. Vincent de Paul Society District
Council of Dayton, Ohio, Inc.
and Affiliates**

Combined Financial Statements

December 31, 2017 and 2016



St. Vincent de Paul Society District Council of Dayton, Ohio, Inc. and Affiliates

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December 31, 2017 and 2016

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Certified Public Accountants | Business Advisors

Independent Auditor's Report

Board of Trustees
St. Vincent de Paul Society District Council
of Dayton, Ohio, Inc. and Affiliates

We have audited the accompanying combined financial statements of St. Vincent de Paul Society District Council of Dayton, Ohio, Inc. and Affiliates (the Organization) which comprise the combined statements of financial position as of December 31, 2017 and 2016, and the related combined statements of activities and cash flows for the years then ended, and the related notes to the combined financial statements.

Management's Responsibility for the Combined Financial Statements

Management is responsible for the preparation and fair presentation of these combined 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 the combined financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these combined 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 audits to obtain reasonable assurance about whether the combined financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the combined financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the combined financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Organization's preparation and fair presentation of the combined 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 Organization'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 combined 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 combined financial statements referred to above present fairly, in all material respects, the financial position of St. Vincent de Paul Society District Council of Dayton, Ohio, Inc. and Affiliates as of December 31, 2017 and 2016, and the changes in its net assets and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

Supplementary Information

Our audits were conducted for the purpose of forming an opinion on the combined financial statements as a whole. The accompanying supplementary information on pages 19 through 28 is presented for purposes of additional analysis and is not a required part of the combined 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 combined financial statements. The information has been subjected to the auditing procedures applied in the audits of the combined financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the combined financial statements or the combined 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 combined financial statements as a whole.

A handwritten signature in cursive script that reads "Flager Huber Flager".

Certified Public Accountants

Dayton, Ohio

May 8, 2018

St. Vincent de Paul Society District Council of Dayton, Ohio, Inc. and Affiliates
Combined Statements of Financial Position
December 31, 2017 and 2016

| | <u>2017</u> | <u>2016</u> |
|--|----------------------|----------------------|
| Assets | | |
| Current Assets | | |
| Cash and cash equivalents - undesignated | \$ 2,888,074 | \$ 1,910,497 |
| Cash and cash equivalents - conferences | 394,555 | 364,562 |
| Accounts receivable | 553,402 | 160,182 |
| Grants receivable | 496,258 | 552,530 |
| Prepaid expenses and other assets | 96,002 | 106,856 |
| Total Current Assets | <u>4,428,291</u> | <u>3,094,627</u> |
| Property and Equipment | | |
| Land | 1,762,667 | 1,762,667 |
| Buildings and improvements | 36,250,723 | 34,817,403 |
| Furniture and fixtures | 524,116 | 475,453 |
| Vehicles | 294,434 | 243,583 |
| Construction in progress | 0 | 6,660 |
| | <u>38,831,940</u> | <u>37,305,766</u> |
| Less: Accumulated depreciation | (22,575,844) | (20,844,734) |
| Net Property and Equipment | <u>16,256,096</u> | <u>16,461,032</u> |
| Other Assets | | |
| Cash and cash equivalents - temporarily restricted | 12,580 | 8,964 |
| Cash and cash equivalents - permanently restricted | 50,000 | 50,000 |
| Deposits | 4,636 | 8,662 |
| Investments - board designated | 2,220,169 | 2,089,280 |
| Investments - temporarily restricted | 1,033,153 | 1,023,799 |
| Total Other Assets | <u>3,320,538</u> | <u>3,180,705</u> |
| Total Assets | <u>\$ 24,004,925</u> | <u>\$ 22,736,364</u> |

St. Vincent de Paul Society District Council of Dayton, Ohio, Inc. and Affiliates
Combined Statements of Financial Position (Continued)
December 31, 2017 and 2016

| | <u>2017</u> | <u>2016</u> |
|---|----------------------|----------------------|
| Liabilities and Net Assets | | |
| Current Liabilities | | |
| Accounts payable | \$ 371,946 | \$ 648,782 |
| Accrued expenses | 154,441 | 142,784 |
| Rental deposits | 9,765 | 9,914 |
| Current portion of long-term debt | 1,159,385 | 971,842 |
| Total Current Liabilities | <u>1,695,537</u> | <u>1,773,322</u> |
| Long-Term Liabilities | | |
| Interest rate swap liability | 201,142 | 0 |
| Long-term debt | 9,288,798 | 8,647,634 |
| Unamortized debt issuance costs | (110,268) | (120,293) |
| Total Long-Term Liabilities | <u>9,379,672</u> | <u>8,527,341</u> |
| Net Assets | | |
| Unrestricted | | |
| Undesignated | 9,219,259 | 8,899,096 |
| Board designated | 2,220,169 | 2,089,280 |
| Conferences | 394,555 | 364,562 |
| Temporarily restricted | 1,045,733 | 1,032,763 |
| Permanently restricted | 50,000 | 50,000 |
| Total Net Assets | <u>12,929,716</u> | <u>12,435,701</u> |
| Total Liabilities and Net Assets | <u>\$ 24,004,925</u> | <u>\$ 22,736,364</u> |

St. Vincent de Paul Society District Council of Dayton, Ohio, Inc. and Affiliates
Combined Statements of Activities
For the Years Ended December 31, 2017 and 2016

| | <u>2017</u> | <u>2016</u> |
|--|-----------------------------|-----------------------------|
| Revenue and Support | | |
| Sales | \$ 678,918 | \$ 635,903 |
| Contributions | 1,713,350 | 1,100,924 |
| Contributions - conferences | 1,128,601 | 1,055,861 |
| Contributions - United Way | 86,348 | 95,787 |
| Grants | 3,728,180 | 3,882,063 |
| Fundraising income | 526,194 | 364,438 |
| Rental income | 4,136,638 | 3,743,107 |
| Interest income | 1,686 | 3,152 |
| Investment income, net | 101,368 | 58,124 |
| Change in fair value of interest rate swap agreement | (201,142) | 0 |
| Other income | 71,025 | 147,342 |
| Net assets released from restrictions | 161,899 | 96,684 |
| | <u>12,133,065</u> | <u>11,183,385</u> |
| Operating Expenses | | |
| Cost of sales | 52,299 | 67,955 |
| Salaries and wages | 3,917,705 | 3,740,926 |
| Payroll taxes | 298,450 | 319,772 |
| Employee benefits | 442,275 | 456,154 |
| Outside services | 197,935 | 229,168 |
| Emergency assistance | 287,222 | 267,820 |
| Emergency assistance - conferences | 1,255,675 | 1,340,591 |
| Other program costs | 588,681 | 615,807 |
| Administrative | 164,736 | 146,950 |
| Office supplies and postage | 105,889 | 96,834 |
| Insurance | 114,809 | 107,871 |
| Occupancy | 983,275 | 825,811 |
| Security | 646,537 | 620,051 |
| Utilities | 417,176 | 504,074 |
| Fundraising | 95,437 | 117,955 |
| Interest | 352,809 | 142,992 |
| Depreciation | 1,731,110 | 1,459,513 |
| | <u>11,652,020</u> | <u>11,060,244</u> |
| Change in Unrestricted Net Assets | <u>481,045</u> | <u>123,141</u> |
| Change in Temporarily Restricted Net Assets | | |
| Contributions | 12,500 | 6,000 |
| Investment income | 162,369 | 85,345 |
| Net assets released from restrictions | (161,899) | (96,684) |
| | <u>12,970</u> | <u>(5,339)</u> |
| Change in Net Assets | 494,015 | 117,802 |
| Net Assets - beginning of year | <u>12,435,701</u> | <u>12,317,899</u> |
| Net Assets - end of year | <u><u>\$ 12,929,716</u></u> | <u><u>\$ 12,435,701</u></u> |

St. Vincent de Paul Society District Council of Dayton, Ohio, Inc. and Affiliates
Combined Statement of Cash Flows
For the Years Ended December 31, 2017 and 2016

| | <u>2017</u> | <u>2016</u> |
|---|---------------------|---------------------|
| Cash Flows from Operating Activities: | | |
| Change in net assets | \$ 494,015 | \$ 117,802 |
| Adjustments to reconcile change in net assets to net cash provided by operating activities: | | |
| Depreciation | 1,731,110 | 1,459,513 |
| Interest expense - amortization of debt issuance costs | 10,025 | 0 |
| Net realized and unrealized gains on investments | (215,048) | (113,391) |
| Loss on sale of property and equipment | 0 | 16,063 |
| Change in fair value of interest rate swap | 201,142 | 0 |
| Increase (decrease) in cash due to changes in: | | |
| Receivables | (336,948) | 335,434 |
| Prepaid expenses and other assets | 14,880 | 29,515 |
| Accounts payable | (276,836) | 80,335 |
| Accrued expenses | 11,657 | 13,551 |
| Rental deposits | (149) | (1,000) |
| Net Cash Provided by Operating Activities | <u>1,633,848</u> | <u>1,937,822</u> |
| Cash Flows from Investing Activities: | | |
| Purchase of investments | (85,010) | (551,746) |
| Proceeds from sale of investments | 159,815 | 77,010 |
| Purchase of property and equipment | (1,526,174) | (5,088,127) |
| Proceeds from sale of property and equipment | 0 | 20 |
| Net Cash Used in Investing Activities | <u>(1,451,369)</u> | <u>(5,562,843)</u> |
| Cash Flows from Financing Activities: | | |
| Construction payables | 0 | (1,503,603) |
| Payments on long-term debt | (971,714) | (270,836) |
| Proceeds from long-term debt | 1,800,421 | 6,424,443 |
| Net Cash Provided by Financing Activities | <u>828,707</u> | <u>4,650,004</u> |
| Change in Cash | 1,011,186 | 1,024,983 |
| Cash and Cash Equivalents - beginning of year | <u>2,334,023</u> | <u>1,309,040</u> |
| Cash and Cash Equivalents - end of year | <u>\$ 3,345,209</u> | <u>\$ 2,334,023</u> |
| Supplemental Disclosure of Cash Flow Information | | |
| Cash paid during the year for interest | \$ 342,784 | \$ 142,992 |

St. Vincent de Paul Society District Council of Dayton, Ohio, Inc. and Affiliates

Notes to Combined Financial Statements

December 31, 2017 and 2016

1. Organization and Purpose

St. Vincent de Paul Society District Council of Dayton, Ohio, Inc.

The St. Vincent de Paul Society District Council of Dayton, Ohio, Inc. (the Council) was created for the purpose of encouraging and assisting in the organization of parish conferences within the Council's jurisdiction, supporting, integrating, and coordinating all Council activities within the Dayton District, receiving donations of money, stocks, bonds, bequests, endowments and other valuables, establishing and maintaining facilities for the storage and reconditioning of such materials as furniture, clothing, and household items for resale or free distribution to the poor, establishing and maintaining retail stores, and purchasing, renting, leasing and maintaining facilities for the feeding operations for the homeless, poor or those experiencing an unexpected life crisis.

Today, the primary focus of the Council is to assist the homeless and impoverished and empower men, women and families to build a foundation for a secure future including permanent housing. The work of the Council begins with 33 conferences throughout the Miami Valley that focus on assisting those in poverty in their local communities. The conferences are supported by local donations, direct financial assistance from the Council and by the St. Vincent de Paul Thrift Store which provides furniture, clothing and other household goods. In addition, a food pantry is available to conferences for their service to clients and is open to the general public.

The Council's primary business activity is the operation of a 350,000 square foot building that houses the Montgomery County "One Stop Career Center" (Job Center), which provides onsite-education, training and job placement activities, health and human services, social services, housing services and other forms of public support to eligible members of the general public. Tenants include Montgomery County Jobs and Family Services as well as many other not-for-profit organizations.

St. Vincent de Paul Social Services, Inc.

St. Vincent de Paul Social Services, Inc. (Social Services) was created in December 1985 with the stated purpose of providing emergency shelter services to homeless individuals during the period of their unexpected life crisis. This purpose is primarily achieved through the operation of two shelter facilities. The St. Vincent de Paul Gateway Shelter for Women and Families is a 220-bed, 24-hour-a-day shelter for homeless single women and families. The Gettysburg Gateway Shelter for Men is a 238-bed, 24-hour-a-day shelter for homeless single men. Both shelters provide 3 meals a day, laundry services, complete bath and shower facilities, and other basic human needs. The Gateway Shelters are supported primarily through private donor contributions and state and local grants.

In connection with its mission, Social Services also operates six distinct housing programs, one of which was discontinued as of December 31, 2016. A summary of each of the housing programs follows:

The Transitional Supportive Housing program was discontinued as of December 31, 2016, due to a lack of funding. This program assisted up to 21 families with children and 4 single women or men by providing transitional housing and an intensive and comprehensive case management program to help those participating in the program to reach the goal of obtaining and maintaining permanent housing. All the clients in the program were relocated to similar transitional housing programs or permanent housing of their own.

The Permanent Supportive Housing program assists up to 16 families with special needs by providing housing with supportive services that include onsite case management.

The St. Vincent de Paul Center provides both permanent and transitional supportive housing for men at a 39 unit housing facility offering opportunities for empowerment and independence.

St. Vincent de Paul Society District Council of Dayton, Ohio, Inc. and Affiliates

Notes to Combined Financial Statements

December 31, 2017 and 2016

1. Organization and Purpose (Continued)

The Safe Haven program assists up to 13 chronically homeless men and women with a stated disability including mental illness and is available to those who meet certain program requirements.

St. Vincent de Paul Key Terrace provides on-site case management and other supportive services to 40 chronically homeless and disabled men and women who reside in 1-bedroom apartments in the building which is owned by Miami Valley Housing Opportunities.

Another program that Social Services operates in connection with their mission is the Supportive Services for Veteran Families Program wherein homeless or very low-income veterans and their families are provided with supportive services aimed at assisting in the attainment of permanent housing or the prevention of its loss.

St. Vincent de Paul Charitable Enterprises, Inc.

St. Vincent de Paul Charitable Enterprises, Inc. (Charitable Enterprises) was created in May 1982 with the purpose of operating the St. Vincent de Paul Thrift Store (the Store) and providing donations of clothing, furniture, appliances and household goods to persons or families in need through the St. Vincent de Paul conferences. The Store offers, at nominal cost, household and personal necessities to persons of limited income or thrifty shoppers and thereby meets the operating costs of pickup and delivery, truck and building maintenance, and employment of personnel, and provides a channel for the donations of people who want to assist the needy and suffering. Funds which are over and above operating costs are used for the special charitable works of the Organization.

2. Summary of Significant Accounting Policies

Principles of Combination

The combined financial statements include the accounts of St. Vincent de Paul Society District Council of Dayton, Ohio, Inc. (the Council), St. Vincent de Paul Social Services, Inc. (Social Services), St. Vincent de Paul Charitable Enterprises, Inc. (Charitable Enterprises) and 33 regional St. Vincent de Paul Conferences (collectively, the Organization.) All significant transactions between the entities have been eliminated.

Basis of Presentation

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

Unrestricted net assets are resources that are available to support the Organization's operations. These include resources designated by the Board of Trustees for special purposes.

Temporarily restricted net assets have been restricted by donors for a specific time period or purpose.

Permanently restricted net assets have been restricted by donors and are to be maintained by the Organization in perpetuity. All resources granted must be maintained permanently, but the Organization is permitted to use up or expend the income (or other economic benefits) derived from these donated assets.

Functional Expense Allocation

The costs of providing various programs and other activities have been summarized on a functional basis in the notes to the combined financial statements. Accordingly, certain supporting service costs have been allocated among the programs and supporting services benefited. See Note 11.

St. Vincent de Paul Society District Council of Dayton, Ohio, Inc. and Affiliates

Notes to Combined Financial Statements

December 31, 2017 and 2016

2. Summary of Significant Accounting Policies (Continued)

Use of Estimates

The presentation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the amounts reported in the combined financial statements and accompanying notes. Actual results could differ from those estimates.

Public Support and Revenue

All items of public support and revenue are stated on the accrual basis, including revenues, receivables as reimbursements for incurred costs from government agencies, and other third-party payors.

Concentration of Credit Risk

The Organization maintains its cash in bank deposit accounts which, at times, may exceed federally insured limits. The Organization has not experienced any losses in such accounts and believes they are not exposed to any significant credit risk on cash.

There is a further concentration of credit risk with respect to the Organization's accounts receivable. Management is of the opinion that these assets are fully realizable in the normal course of business.

Cash and Cash Equivalents

Cash and cash equivalents consist of demand deposits, certificates of deposit, and money market instruments with original maturity dates generally not exceeding three months.

Accounts and Grants Receivable

Accounts and grants receivable represent amounts for rent, program revenue, and other income. Based on management's evaluation of uncollected accounts receivable at the end of each year, bad debts are provided for on the allowance method. At December 31, 2017 and 2016, there was no allowance for uncollectible accounts.

Impairment of Long-Lived Assets

The Organization reviews its long-lived assets for impairment whenever events or changes in circumstances indicate that the carrying value may not be recoverable. Recoverability is measured by a comparison of the carrying amount to the future net undiscounted cash flow expected to be generated and any estimated proceeds from the eventual disposition. If the long-lived asset is considered to be impaired, the impairment to be recognized is measured at the amount by which the carrying amount exceeds the fair value. No impairment losses were recognized during the years ended December 31, 2017 and 2016.

Donated Property and Equipment

Donations of property and equipment are recorded as contributions at their estimated fair value at the date of donation. Such donations are reported as increases in unrestricted net assets unless the donor has restricted the donated asset to a specific purpose. Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire property and equipment are reported as temporarily restricted contributions. Absent donor stipulations regarding how long those donated assets must be maintained, the Organization reports expirations of donor restriction when the donated or acquired assets are placed in service as instructed by the donor. The Organization reclassifies temporarily restricted net assets to unrestricted net assets at that time.

St. Vincent de Paul Society District Council of Dayton, Ohio, Inc. and Affiliates

Notes to Combined Financial Statements

December 31, 2017 and 2016

2. Summary of Significant Accounting Policies (Continued)

Donated Services

Donated services are recognized as contributions only if the donated services create or enhance nonfinancial assets or require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation to the Organization. A number of unpaid volunteers have made significant contributions of their time to benefit the Organization's operations and programs. No amounts have been recognized in the Combined Statements of Activities because the criteria for recognition have not been met.

Donated Goods

The Organization receives donated goods for use in its programs and for resale at the Store. The Organization records donated goods at a zero value because fair market values of used items cannot reasonably be determined.

Inventory

From time to time, the Organization has inventory, consisting of furniture and other items purchased for sale at the Store. These items are stated at the lower of cost or market using the first-in, first-out method.

Property and Equipment

Purchased property and equipment are stated at cost less accumulated depreciation. Donated property and equipment are stated at fair market value at the date of donation less accumulated depreciation. Major expenditures for property and equipment, and those which substantially increase useful lives, are capitalized. Maintenance and repairs expenditures are charged against current revenue. Depreciation is computed primarily on the straight-line method over the following estimated useful lives:

| | |
|----------------------------|------------|
| Buildings and improvements | 5-30 years |
| Furniture and fixtures | 5-10 years |
| Vehicles | 5-10 years |

Debt Issuance Costs

Debt issuance costs are reported as a reduction to the carrying value of the outstanding loan balance. These costs are amortized over the life of the loan using the straight-line method. Amortization of debt issuance costs is included in interest expense in the accompanying combined financial statements.

Restricted and Unrestricted Revenue and Support

Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support, depending on the existence and/or nature of any donor restrictions.

Support that is restricted by the donor is reported as an increase in unrestricted net assets if the restriction expires in the reporting period in which the support is recognized. All other donor-restricted support is reported as an increase in temporarily or permanently restricted net assets, depending on the nature of the restriction. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the Combined Statements of Activities as net assets released from restrictions.

St. Vincent de Paul Society District Council of Dayton, Ohio, Inc. and Affiliates

Notes to Combined Financial Statements

December 31, 2017 and 2016

2. Summary of Significant Accounting Policies (Continued)

Advertising

Advertising costs are charged to operations when incurred. Advertising expense for the years ended December 31, 2017 and 2016 was \$17,696 and \$52,474, respectively.

Tax Status

The Council, Social Services, and Charitable Enterprises are not-for-profit organizations that are exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code.

The Organization determines the recognition of uncertain tax positions, if applicable, that may subject the entities to unrelated business income tax necessary by applying a more-likely-than-not recognition threshold and determines the measurement of uncertain tax positions considering the amounts and probabilities of the outcomes that could be realized upon ultimate settlement with tax authorities. The Organization does not have any materially uncertain tax positions, including any position that would place the Organization's exempt status in jeopardy at December 31, 2017. The Organization believes it is no longer subject to income tax examination for tax years prior to 2014.

3. Investments

Investments are stated at fair value and consist of the following at December 31:

| | <u>2017</u> | <u>Fair Value</u> | <u>Cost</u> | <u>Unrealized Change</u> |
|-------------------------|-------------|---------------------|---------------------|--------------------------|
| Common stock | | \$ 1,033,760 | \$ 694,201 | \$ 339,559 |
| Mutual funds | | 1,463,309 | 1,564,378 | (101,069) |
| Fixed-income securities | | 308,449 | 302,814 | 5,635 |
| Cash equivalents | | 447,804 | 447,804 | 0 |
| | | <u>\$ 3,253,322</u> | <u>\$ 3,009,197</u> | <u>\$ 244,125</u> |
| | <u>2016</u> | <u>Fair Value</u> | <u>Cost</u> | <u>Unrealized Change</u> |
| Common stock | | \$ 754,314 | \$ 528,003 | \$ 226,311 |
| Mutual funds | | 1,678,720 | 1,684,959 | (6,239) |
| Fixed-income securities | | 214,290 | 208,457 | 5,833 |
| Cash equivalents | | 465,755 | 465,755 | 0 |
| | | <u>\$ 3,113,079</u> | <u>\$ 2,887,174</u> | <u>\$ 225,905</u> |

St. Vincent de Paul Society District Council of Dayton, Ohio, Inc. and Affiliates

Notes to Combined Financial Statements

December 31, 2017 and 2016

4. Investment Return

Investment return consists of the following for the years ended December 31:

| | <u>2017</u> | <u>2016</u> |
|-------------------------------|-------------------|-------------------|
| Interest and dividends | \$ 65,976 | \$ 48,080 |
| Realized and unrealized gains | 215,048 | 113,391 |
| Investment fees | <u>(17,287)</u> | <u>(18,002)</u> |
| | <u>\$ 263,737</u> | <u>\$ 143,469</u> |

5. Retirement Plan

The Organization has established a defined contribution plan (the Plan) covering eligible employees. An employee will meet the Plan's eligibility requirements upon completion of 12 months of service, 1,000 hours worked during this same 12-month time frame and the attainment of age 21. The Organization has the option of making matching contributions to the Plan. For 2017 and 2016, the Organization made no matching contributions to the Plan.

6. Lease Agreements as Lessor

The Organization leases office space in the Job Center to Montgomery County, Ohio and other not-for-profit organizations under lease agreements that expire through 2026. The Organization also leases space in the Job Center to tenants on a month-to-month basis.

Minimum future rentals to be received under non-cancelable operating leases as of December 31, 2017 for each of the next five years and thereafter are as follows:

| <u>Year</u> | <u>Amount</u> |
|-------------|----------------------|
| 2018 | \$ 3,903,055 |
| 2019 | 3,370,002 |
| 2020 | 3,239,896 |
| 2021 | 3,198,208 |
| 2022 | 3,198,208 |
| Thereafter | <u>10,852,867</u> |
| | <u>\$ 27,762,236</u> |

7. Operating Leases

The Organization leased residential housing units for its transitional housing programs. These leases were for a period of one year and were renewable on a month-to-month basis. Total rental expense for transitional housing units for the years ended December 31, 2017 and 2016 was \$0 and \$82,208, respectively. The transitional housing program was discontinued as of December 31, 2016, see Note 1.

The Organization leases a house in connection with the Safe Haven program. The lease was for a period of one year and renews annually. Total rental expense for the Safe Haven lease as of December 31, 2017 and 2016 was \$20,004 each year.

St. Vincent de Paul Society District Council of Dayton, Ohio, Inc. and Affiliates

Notes to Combined Financial Statements

December 31, 2017 and 2016

8. Line of Credit

The Organization has a \$500,000 revolving line of credit with PNC Bank which expires in July 2018. The line of credit bears interest at LIBOR plus 2.50% (3.87% and 3.12% at December 31, 2017 and 2016, respectively) and is secured by substantially all of the Organization's assets. As of December 31, 2017 and 2016, the outstanding balance on this line of credit was \$0.

9. Long-Term Debt

Long-term debt consists of the following at December 31:

| | <u>2017</u> | <u>2016</u> |
|---|---------------------|---------------------|
| Note payable, PNC Bank in connection with a Bond issuance, repayment terms detailed below. | \$ 9,397,509 | \$ 8,342,540 |
| Note payable, PNC Bank, interest currently fixed at 3.48%, payable in monthly principal installments of \$7,208 plus interest, secured by substantially all of the Organization's assets, due February 2020. | 201,833 | 288,333 |
| Note payable, PNC Bank, interest currently fixed at 3.63%, payable in monthly installments of \$4,019, collateralized by real property, due November 2022. | 331,966 | 367,190 |
| Note payable, PNC Bank, interest currently fixed at 3.53%, payable in monthly installments of \$4,015, secured by substantially all of the Organization's assets, due February 2026. | 340,890 | 376,093 |
| Note payable, PNC Bank, interest currently fixed at 3.33%, payable in monthly installments of \$1,352, collateralized by real property, originally due February 2016, refinanced during 2016 with a new maturity of March 2023. | 77,924 | 91,280 |
| Note payable, PNC Bank, interest currently fixed at 3.47%, payable in monthly installments of \$5,041, collateralized by real property and assignment of rents, due August 2019. | 98,061 | 154,040 |
| Total | 10,448,183 | 9,619,476 |
| Less: current portion | (1,159,385) | (971,842) |
| Total long-term debt | <u>\$ 9,288,798</u> | <u>\$ 8,647,634</u> |

Maturities of long-term debt for each of the five years succeeding December 31, 2017 and thereafter are as follows:

| <u>Year</u> | <u>Amount</u> |
|-------------|----------------------|
| 2018 | \$ 1,159,385 |
| 2019 | 1,172,409 |
| 2020 | 1,113,040 |
| 2021 | 1,121,770 |
| 2022 | 1,287,234 |
| Later years | 4,594,345 |
| | <u>\$ 10,448,183</u> |

St. Vincent de Paul Society District Council of Dayton, Ohio, Inc. and Affiliates

Notes to Combined Financial Statements

December 31, 2017 and 2016

9. Long-Term Debt (Continued)

During October 2015, the Organization entered into a bond purchase agreement to fund the cost of certain improvements to the Job Center. In connection with this agreement, the Dayton-Montgomery County Port Authority issued an Economic Development Revenue Bond, Series 2015 (St. Vincent de Paul Project) in the principal amount of \$10,500,000 and loaned the proceeds to the Organization. Pursuant to the bond purchase agreement, PNC Bank purchased the bond and became the servicing agent. As a result, the Port Authority assigned the loan to PNC Bank. As security for the loan agreement, the Organization executed an open-end mortgage note payable and security agreement with PNC Bank.

The agreement specified a “drawdown” period allowing the Organization to draw funds for payment of amounts due as the improvements were completed. The drawdown period ended on February 15, 2017 and total draws were \$10,142,962. The agreement required interest only payments during the drawdown period calculated at a variable rate based on LIBOR. The rate approximated 1.69% at December 31, 2016.

Beginning in March 2017, the Organization began making monthly payments on the note of \$103,324 including principal and interest. The Organization entered into an interest rate swap agreement with PNC Bank to essentially fix the interest rate at 3.25%, see Note 10. The note matures in February 2027.

In connection with the note payable agreement, the Organization agreed to maintain certain financial covenants including a debt service coverage ratio and days cash on hand minimum. At December 31, 2017, the Organization was in compliance with these financial covenants.

10. Interest Rate Swap Agreement

Effective February 15, 2017, the Organization entered into an interest rate swap agreement (the contract) with PNC Bank on the note disclosed above. The contract effectively fixes the interest rate on the debt at 3.25%. The variable rate on the contract at December 31, 2017 was approximately 2.13%. The notional amount of the contract at December 31, 2017 was \$9,397,509. The contract terminates on November 15, 2026.

The Organization’s purpose in entering into this contract was to hedge against the risk of interest rate increases on the related variable rate debt. The contract was issued at market terms, so it had no fair value at inception. The carrying amount of the contract has been adjusted to its fair value at the end of the year which, because of changes in forecasted levels of LIBOR, resulted in reporting a liability for the fair value of the potential future net payments under the contract. The liability is classified as noncurrent on the combined statements of financial position since management does not intend to settle the contract within the next year. Since the critical terms of the contract and the note are the same, the contract is assumed to be completely effective as a hedge. The change in fair value is recorded as a gain or loss in the combined statements of activities.

11. Operating Expenses

Total operating expenses for the years ended December 31, 2017 and 2016 are allocated by functional classification as follows:

| | <u>2017</u> | <u>2016</u> |
|------------------------|----------------------|----------------------|
| Program services | \$ 10,306,927 | \$ 9,791,188 |
| Management and general | 922,005 | 886,860 |
| Fundraising | 423,088 | 382,196 |
| | <u>\$ 11,652,020</u> | <u>\$ 11,060,244</u> |

St. Vincent de Paul Society District Council of Dayton, Ohio, Inc. and Affiliates

Notes to Combined Financial Statements

December 31, 2017 and 2016

12. Commitments and Contingencies

The Organization receives grants from various agencies which are subject to program compliance audits by the grantors or their representatives. The grantor agencies, at their option, may perform economy and efficiency audits, program results audits or conduct monitoring visits. Such audits and visits could lead to reimbursement to the grantor agencies. Management believes they are in compliance with such programs.

13. Net Assets

As of December 31, 2017 and 2016, board designated net assets represent amounts set aside by the Board of Trustees to provide for future capital improvements and operating reserves.

As of December 31, 2017 and 2016, temporarily restricted net assets consist of cash that is restricted for a special purpose or program and investments that have been endowed to the Organization but not appropriated for expenditure.

As of December 31, 2017 and 2016, permanently restricted net assets consist of cash that has been endowed to the Organization.

14. Fair Value Measurements

The Organization applies accounting principles generally accepted in the United States of America (GAAP) for fair value measurements of financial assets that are recognized or disclosed at fair value in the financial statements on a recurring basis. Fair value is defined as the price that would be received for an asset or paid to transfer a liability, in the principal or most advantageous market for the asset or liability, in an orderly transaction between market participants at the measurement date. GAAP establishes a three-level fair value hierarchy that prioritizes the inputs used to measure fair value. This hierarchy requires entities to maximize the use of observable inputs and minimize the use of unobservable inputs. The three levels of inputs used to measure fair value as follows:

- Level 1 - Observable inputs such as quoted prices in active markets;
- Level 2 - Inputs, other than the quoted prices in active markets, that are observable either directly or indirectly; and
- Level 3 - Unobservable inputs in which there is little or no market data, which require the reporting entity to develop its own assumptions.

The Organization has determined that the only material financial assets and liabilities that are measured at fair value on a recurring basis and categorized using the fair value hierarchy are investment securities available-for-sale and interest rate derivative liabilities.

The following is a description of the valuation methodologies the Organization used for assets and liabilities measured on a recurring basis at fair value. There have been no changes from the prior year in the methodologies used at December 31, 2017. Significant transfers between fair value levels are determined at the end of the reporting period. There were no significant transfers in 2017 and 2016.

St. Vincent de Paul Society District Council of Dayton, Ohio, Inc. and Affiliates

Notes to Combined Financial Statements

December 31, 2017 and 2016

14. Fair Value Measurements (Continued)

Investments: Equity securities, fixed income securities and mutual funds are valued using quoted market prices, net asset values per share and other relevant information generated by market transactions.

Interest rate derivative liability: The fair value of this over-the-counter derivative was determined using a discounted cash flow model based on the terms of the contract. The most significant input to this model is implied forward LIBOR rates.

Fair values of assets and liabilities measured on a recurring basis at December 31, 2017 were as follows:

| | <u>Level 1</u> | <u>Level 2</u> | <u>Fair Value</u> |
|--------------------------|---------------------|-------------------|---------------------|
| Assets: | | | |
| Investments | <u>\$ 3,253,322</u> | <u>\$ 0</u> | <u>\$ 3,253,322</u> |
| Liabilities: | | | |
| Interest rate derivative | <u>\$ 0</u> | <u>\$ 201,142</u> | <u>\$ 201,142</u> |

Fair value of assets measured on a recurring basis at December 31, 2016 were as follows:

| | <u>Level 1</u> | <u>Level 2</u> | <u>Fair Value</u> |
|-------------|---------------------|----------------|---------------------|
| Assets: | | | |
| Investments | <u>\$ 3,113,079</u> | <u>\$ 0</u> | <u>\$ 3,113,079</u> |

15. Endowment Funds

The Organization's endowment consists of two donor-restricted, individual funds established to provide support to the Organization. As required by accounting principles generally accepted in the United States of America, net assets associated with endowment funds, are classified and reported based on the existence or absence of donor-imposed restrictions.

The Board of Trustees of the Organization has interpreted the State Prudent Management of Institutional Funds Act (SPMIFA) as requiring the preservation of the fair value of the original gifts as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, the Organization classifies as permanently restricted net assets (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The remaining portion of the donor-restricted endowment fund that is not classified in permanently restricted net assets is classified as temporarily restricted net assets until those amounts are appropriated for expenditure by the Organization in a manner consistent with the standard of prudence prescribed by SPMIFA.

St. Vincent de Paul Society District Council of Dayton, Ohio, Inc. and Affiliates

Notes to Combined Financial Statements

December 31, 2017 and 2016

15. Endowment Funds (Continued)

In accordance with SPMIFA, the Organization considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

- (1) the duration and preservation of the various funds,
- (2) the purposes of the donor-restricted endowment funds,
- (3) general economic conditions,
- (4) the possible effect of inflation and deflation,
- (5) the expected total return from income and the appreciation of investments,
- (6) other resources of the Organization, and
- (7) the Organization's investment policies

The Organizations' investment and spending policies for endowment assets attempt to provide a predictable stream of funding to programs supported by its endowment while seeking to maintain the purchasing power of these endowment assets over the long-term. The Organization's spending and investment policies work together to achieve these objectives. The investment policy establishes an achievable return objective through diversification of asset classes. The current long-term return objective is to return a nominal average rate. To satisfy its long-term rate-of-return objectives, the Organization relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). The Organization targets a diversified asset allocation that places an emphasis on equity and fixed-income investments to achieve its long-term return objectives with prudent risk parameters.

The Organization has a policy for appropriating for distribution the temporarily restricted endowment funds based on donor restrictions. Permanently restricted endowment funds are held in perpetuity. In establishing this policy, the Organization considered the long-term expected return on its investment assets, the nature and duration of the individual endowment funds and the possible effects of inflation. The Organization expects the current spending policy to allow its endowment funds to grow at a nominal average rate. This is consistent with the Organization's objective to maintain purchasing power of the endowment assets as well as to provide additional real growth through investment return.

Endowment net asset composition by type of fund as of December 31, 2017 is as follows:

| | <u>Temporarily Restricted</u> | <u>Permanently Restricted</u> | <u>Total</u> |
|----------------------------------|-----------------------------------|-----------------------------------|--------------|
| Donor-restricted endowment funds | \$ 1,033,153 | \$ 50,000 | \$ 1,083,153 |

Changes in endowment net assets for the year ended December 31, 2017 are as follows:

| | <u>Temporarily Restricted</u> | <u>Permanently Restricted</u> | <u>Total</u> |
|---|-----------------------------------|-----------------------------------|---------------------|
| Endowment net assets, beginning of year | \$ 1,023,799 | \$ 50,000 | \$ 1,073,799 |
| Contributions | 0 | 0 | 0 |
| Investment income | 25,953 | 0 | 25,953 |
| Net appreciation | 136,417 | 0 | 136,417 |
| Amounts appropriated for expenditure | (153,016) | 0 | (153,016) |
| Endowment net assets, end of year | <u>\$ 1,033,153</u> | <u>\$ 50,000</u> | <u>\$ 1,083,153</u> |

St. Vincent de Paul Society District Council of Dayton, Ohio, Inc. and Affiliates

Notes to Combined Financial Statements

December 31, 2017 and 2016

15. Endowment Funds (Continued)

Endowment net asset composition by type of fund as of December 31, 2016 is as follows:

| | <u>Temporarily Restricted</u> | <u>Permanently Restricted</u> | <u>Total</u> |
|----------------------------------|-----------------------------------|-----------------------------------|--------------|
| Donor-restricted endowment funds | \$ 1,023,799 | \$ 50,000 | \$ 1,073,799 |

Changes in endowment net assets for the year ended December 31, 2016 are as follows:

| | <u>Temporarily Restricted</u> | <u>Permanently Restricted</u> | <u>Total</u> |
|---|-----------------------------------|-----------------------------------|---------------------|
| Endowment net assets, beginning of year | \$ 1,009,835 | \$ 50,000 | \$ 1,059,835 |
| Contributions | 0 | 0 | 0 |
| Investment income | 24,082 | 0 | 24,082 |
| Net appreciation | 61,263 | 0 | 61,263 |
| Amounts appropriated for expenditure | (71,381) | 0 | (71,381) |
| Endowment net assets, end of year | <u>\$ 1,023,799</u> | <u>\$ 50,000</u> | <u>\$ 1,073,799</u> |

16. Subsequent Events

Management evaluated the activity of the Organization through May 8, 2018 (the date the combined financial statements were available to be issued) and concluded that no subsequent events exist which would require recognition in the combined financial statements or disclosure in the notes to the combined financial statements.

Supplementary Information

St. Vincent de Paul Society District Council of Dayton, Ohio, Inc. and Affiliates
Combining Schedule of Financial Position
December 31, 2017

| Assets | Council | Charitable Enterprises | Social Services | Eliminations | Combined |
|--|----------------------|---------------------------|---------------------|-----------------------|----------------------|
| Current Assets | | | | | |
| Cash and cash equivalents - undesignated | \$ 2,490,900 | \$ 500 | \$ 396,674 | \$ 0 | \$ 2,888,074 |
| Cash and cash equivalents - conferences | 394,555 | 0 | 0 | 0 | 394,555 |
| Accounts receivable | 544,256 | 1,798 | 7,348 | 0 | 553,402 |
| Grants receivable | 0 | 0 | 496,258 | 0 | 496,258 |
| Intercompany receivables | 1,195,162 | 689,319 | 0 | (1,884,481) | 0 |
| Prepaid expenses and other assets | 73,792 | 150 | 22,060 | 0 | 96,002 |
| Total Current Assets | <u>4,698,665</u> | <u>691,767</u> | <u>922,340</u> | <u>(1,884,481)</u> | <u>4,428,291</u> |
| Property and Equipment | | | | | |
| Land | 726,010 | 366,000 | 670,657 | 0 | 1,762,667 |
| Buildings and improvements | 27,367,782 | 1,849,127 | 7,033,814 | 0 | 36,250,723 |
| Furniture and fixtures | 41,419 | 53,214 | 429,483 | 0 | 524,116 |
| Vehicles | 29,986 | 186,771 | 77,677 | 0 | 294,434 |
| Less: Accumulated depreciation | 28,165,197 | 2,455,112 | 8,211,631 | 0 | 38,831,940 |
| | (16,401,102) | (1,462,109) | (4,712,633) | 0 | (22,575,844) |
| Net Property and Equipment | <u>11,764,095</u> | <u>993,003</u> | <u>3,498,998</u> | <u>0</u> | <u>16,256,096</u> |
| Other Assets | | | | | |
| Cash and cash equivalents - temp. restricted | 4,036 | 0 | 8,544 | 0 | 12,580 |
| Cash and cash equivalents - perm. restricted | 50,000 | 0 | 0 | 0 | 50,000 |
| Deposits | 1,000 | 1,667 | 1,969 | 0 | 4,636 |
| Investments - board designated | 2,114,329 | 0 | 105,840 | 0 | 2,220,169 |
| Investments - temp. restricted | 1,033,153 | 0 | 0 | 0 | 1,033,153 |
| Total Other Assets | <u>3,202,518</u> | <u>1,667</u> | <u>116,353</u> | <u>0</u> | <u>3,320,538</u> |
| Total Assets | <u>\$ 19,665,278</u> | <u>\$ 1,686,437</u> | <u>\$ 4,537,691</u> | <u>\$ (1,884,481)</u> | <u>\$ 24,004,925</u> |

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

St. Vincent de Paul Society District Council of Dayton, Ohio, Inc. and Affiliates
Combining Schedule of Financial Position (Continued)

December 31, 2017

| | Council | Charitable Enterprises | Social Services | Eliminations | Combined |
|---|----------------------|-----------------------------------|----------------------------|-----------------------|----------------------|
| Liabilities and Net Assets | | | | | |
| Current Liabilities | | | | | |
| Accounts payable | \$ 212,025 | \$ 26,033 | \$ 133,888 | \$ 0 | \$ 371,946 |
| Intercompany payables | 0 | 0 | 1,884,481 | (1,884,481) | 0 |
| Accrued expenses | 39,668 | 16,233 | 98,540 | 0 | 154,441 |
| Rental deposits | 9,215 | 0 | 550 | 0 | 9,765 |
| Current portion of long-term debt | 1,047,365 | 60,061 | 51,959 | 0 | 1,159,385 |
| Total Current Liabilities | <u>1,308,273</u> | <u>102,327</u> | <u>2,169,418</u> | <u>(1,884,481)</u> | <u>1,695,537</u> |
| Long-Term Liabilities | | | | | |
| Interest rate swap liability | 201,142 | 0 | 0 | 0 | 201,142 |
| Long-term debt | 8,892,868 | 38,000 | 357,930 | 0 | 9,288,798 |
| Unamortized debt issuance costs | (110,268) | 0 | 0 | 0 | (110,268) |
| Total Long-Term Liabilities | <u>8,983,742</u> | <u>38,000</u> | <u>357,930</u> | <u>0</u> | <u>9,379,672</u> |
| Net Assets | | | | | |
| Unrestricted | | | | | |
| Undesignated | 6,681,350 | 1,441,110 | 1,096,799 | 0 | 9,219,259 |
| Board designated | 1,210,169 | 105,000 | 905,000 | 0 | 2,220,169 |
| Conferences | 394,555 | 0 | 0 | 0 | 394,555 |
| Temporarily restricted | 1,037,189 | 0 | 8,544 | 0 | 1,045,733 |
| Permanently restricted | 50,000 | 0 | 0 | 0 | 50,000 |
| Total Net Assets | <u>9,373,263</u> | <u>1,546,110</u> | <u>2,010,343</u> | <u>0</u> | <u>12,929,716</u> |
| Total Liabilities and Net Assets | <u>\$ 19,665,278</u> | <u>\$ 1,686,437</u> | <u>\$ 4,537,691</u> | <u>\$ (1,884,481)</u> | <u>\$ 24,004,925</u> |

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

St. Vincent de Paul Society District Council of Dayton, Ohio, Inc. and Affiliates
Combining Schedule of Activities

For the Year Ended December 31, 2017

| | Council | Charitable Enterprises | Social Services | Eliminations | Combined |
|--|---------------------|---------------------------|---------------------|---------------------|----------------------|
| Revenue and Support | | | | | |
| Sales | \$ 0 | \$ 785,416 | \$ 2,074 | \$ (108,572) | \$ 678,918 |
| Contributions | 33,025 | 54,812 | 1,625,513 | 0 | 1,713,350 |
| Contributions - conferences | 1,128,101 | 0 | 0 | 500 | 1,128,601 |
| Contributions - United Way | 15,639 | 1,650 | 69,059 | 0 | 86,348 |
| Grants | 0 | 0 | 3,728,180 | 0 | 3,728,180 |
| Fundraising income | 407,612 | 0 | 119,082 | (500) | 526,194 |
| Rental income | 4,029,569 | 62,324 | 68,210 | (23,465) | 4,136,638 |
| Interest income | 1,686 | 0 | 0 | 0 | 1,686 |
| Investment income, net | 89,325 | 0 | 12,043 | 0 | 101,368 |
| Change in fair value of interest rate swap agreements | (201,142) | 0 | 0 | 0 | (201,142) |
| Other income | 70,355 | 0 | 670 | 0 | 71,025 |
| Net assets released from restrictions | 153,979 | 0 | 7,920 | 0 | 161,899 |
| | <u>5,728,149</u> | <u>904,202</u> | <u>5,632,751</u> | <u>(132,037)</u> | <u>12,133,065</u> |
| Cost and Operating Expenses | | | | | |
| Cost of sales | 0 | 49,741 | 2,558 | 0 | 52,299 |
| Salaries and wages | 975,859 | 394,862 | 2,546,984 | 0 | 3,917,705 |
| Payroll taxes | 64,647 | 36,014 | 197,789 | 0 | 298,450 |
| Employee benefits | 111,806 | 32,142 | 298,327 | 0 | 442,275 |
| Outside services | 119,155 | 0 | 78,780 | 0 | 197,935 |
| Emergency assistance | 0 | 0 | 303,309 | (16,087) | 287,222 |
| Emergency assistance - conferences | 1,348,160 | 0 | 0 | (92,485) | 1,255,675 |
| Other program costs | 59,269 | 143,416 | 385,996 | 0 | 588,681 |
| Administrative | 164,736 | 0 | 0 | 0 | 164,736 |
| Office supplies and postage | 41,086 | 2,900 | 61,903 | 0 | 105,889 |
| Insurance | 49,161 | 9,329 | 56,319 | 0 | 114,809 |
| Occupancy | 528,318 | 34,636 | 443,786 | (23,465) | 983,275 |
| Security | 209,842 | 9,130 | 427,565 | 0 | 646,537 |
| Utilities | 65,756 | 45,659 | 305,761 | 0 | 417,176 |
| Fundraising | 91,775 | 0 | 3,662 | 0 | 95,437 |
| Interest | 331,136 | 0 | 21,673 | 0 | 352,809 |
| Depreciation | 1,369,764 | 43,331 | 318,015 | 0 | 1,731,110 |
| Transfers | 25,702 | (14,027) | (11,675) | 0 | 0 |
| | <u>\$ 5,556,172</u> | <u>\$ 787,133</u> | <u>\$ 5,440,752</u> | <u>\$ (132,037)</u> | <u>\$ 11,652,020</u> |

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

St. Vincent de Paul Society District Council of Dayton, Ohio, Inc. and Affiliates
Combining Schedule of Activities (Continued)
For the Year Ended December 31, 2017

| | Council | Charitable Enterprises | Social Services | Eliminations | Combined |
|--|--------------|---------------------------|--------------------|--------------|---------------|
| Change in Unrestricted Net Assets | \$ 171,977 | \$ 117,069 | \$ 191,999 | \$ 0 | \$ 481,045 |
| Change in Temporarily Restricted Net Assets | | | | | |
| Contributions | 5,000 | 0 | 7,500 | 0 | 12,500 |
| Contributions - conferences | 0 | 0 | 0 | 0 | 0 |
| Investment income | 162,369 | 0 | 0 | 0 | 162,369 |
| Net assets released from restrictions | (153,979) | 0 | (7,920) | 0 | (161,899) |
| | 13,390 | 0 | (420) | 0 | 12,970 |
| Change in Net Assets | 185,367 | 117,069 | 191,579 | 0 | 494,015 |
| Net Assets - beginning of year | 9,187,896 | 1,429,041 | 1,818,764 | 0 | 12,435,701 |
| Net Assets - end of year | \$ 9,373,263 | \$ 1,546,110 | \$ 2,010,343 | \$ 0 | \$ 12,929,716 |

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

St. Vincent de Paul Society District Council of Dayton, Ohio, Inc. and Affiliates

Combining Schedule of Cash Flows

For the Year Ended December 31, 2017

| | Council | Charitable Enterprises | Social Services | Eliminations | Combined |
|---|---------------------|------------------------|-------------------|--------------|---------------------|
| Cash Flows from Operating Activities: | | | | | |
| Change in net assets | \$ 185,367 | \$ 117,069 | \$ 191,579 | \$ 0 | \$ 494,015 |
| Adjustments to reconcile change in net assets to net cash provided by operating activities: | | | | | |
| Depreciation | 1,369,764 | 43,331 | 318,015 | 0 | 1,731,110 |
| Interest expense - amortization of debt issuance costs | 10,025 | 0 | 0 | 0 | 10,025 |
| Net realized and unrealized gains on investments | (203,646) | 0 | (11,402) | 0 | (215,048) |
| Change in fair value of interest rate swap | 201,142 | 0 | 0 | 0 | 201,142 |
| Increase (decrease) in cash due to changes in: | | | | | |
| Receivables | (325,811) | (292) | (10,845) | 0 | (336,948) |
| Prepaid expenses and other assets | 10,301 | 0 | 4,579 | 0 | 14,880 |
| Accounts payable | (277,354) | 2,448 | (1,930) | 0 | (276,836) |
| Accrued expenses | 6,083 | 1,312 | 4,262 | 0 | 11,657 |
| Rental deposits | 1 | 0 | (150) | 0 | (149) |
| Net Cash Provided by Operating Activities | 975,872 | 163,868 | 494,108 | 0 | 1,633,848 |
| Cash Flows from Investing Activities: | | | | | |
| Purchase of investments | (82,790) | 0 | (2,220) | 0 | (85,010) |
| Proceeds from sale of investments | 158,236 | 0 | 1,579 | 0 | 159,815 |
| Purchase of property and equipment | (1,221,610) | (139,400) | (165,164) | 0 | (1,526,174) |
| Net Cash Used in Investing Activities | (1,146,164) | (139,400) | (165,805) | 0 | (1,451,369) |
| Cash Flows from Financing Activities: | | | | | |
| Payments on long-term debt | (867,154) | (55,979) | (48,581) | 0 | (971,714) |
| Proceeds from long-term debt | 1,800,421 | 0 | 0 | 0 | 1,800,421 |
| Intercompany payables and receivables | 212,061 | 31,511 | (243,572) | 0 | 0 |
| Net Cash Provided by (Used in) Financing Activities | 1,145,328 | (24,468) | (292,153) | 0 | 828,707 |
| Change in Cash | 975,036 | 0 | 36,150 | 0 | 1,011,186 |
| Cash and Cash Equivalents - beginning of year | 1,964,455 | 500 | 369,068 | 0 | 2,334,023 |
| Cash and Cash Equivalents - end of year | \$ 2,939,491 | \$ 500 | \$ 405,218 | \$ 0 | \$ 3,345,209 |

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

St. Vincent de Paul Society District Council of Dayton, Ohio, Inc. and Affiliates
Combining Schedule of Financial Position
December 31, 2016

| Assets | Council | Charitable Enterprises | Social Services | Eliminations | Combined |
|--|----------------------|---------------------------|---------------------|-----------------------|----------------------|
| Current Assets | | | | | |
| Cash and cash equivalents - undesignated | \$ 1,549,893 | \$ 500 | \$ 360,104 | \$ 0 | \$ 1,910,497 |
| Cash and cash equivalents - conferences | 364,562 | 0 | 0 | 0 | 364,562 |
| Accounts receivable | 158,445 | 1,506 | 231 | 0 | 160,182 |
| Grants receivable | 60,000 | 0 | 492,530 | 0 | 552,530 |
| Intercompany receivables | 1,407,223 | 720,830 | 0 | (2,128,053) | 0 |
| Prepaid expenses and other assets | 84,093 | 150 | 22,613 | 0 | 106,856 |
| Total Current Assets | 3,624,216 | 722,986 | 875,478 | (2,128,053) | 3,094,627 |
| Property and Equipment | | | | | |
| Land | 726,010 | 366,000 | 670,657 | 0 | 1,762,667 |
| Buildings and improvements | 26,146,172 | 1,750,294 | 6,920,937 | 0 | 34,817,403 |
| Furniture and fixtures | 41,419 | 53,214 | 380,820 | 0 | 475,453 |
| Vehicles | 29,986 | 146,204 | 67,393 | 0 | 243,583 |
| Construction in progress | 0 | 0 | 6,660 | 0 | 6,660 |
| Less: Accumulated depreciation | 26,943,587 | 2,315,712 | 8,046,467 | 0 | 37,305,766 |
| | (15,031,338) | (1,418,778) | (4,394,618) | 0 | (20,844,734) |
| Net Property and Equipment | 11,912,249 | 896,934 | 3,651,849 | 0 | 16,461,032 |
| Other Assets | | | | | |
| Cash and cash equivalents - temp. restricted | 0 | 0 | 8,964 | 0 | 8,964 |
| Cash and cash equivalents - perm. restricted | 50,000 | 0 | 0 | 0 | 50,000 |
| Deposits | 1,000 | 1,667 | 5,995 | 0 | 8,662 |
| Investments - board designated | 1,995,483 | 0 | 93,797 | 0 | 2,089,280 |
| Investments - temp. restricted | 1,023,799 | 0 | 0 | 0 | 1,023,799 |
| Total Other Assets | 3,070,282 | 1,667 | 108,756 | 0 | 3,180,705 |
| Total Assets | \$ 18,606,747 | \$ 1,621,587 | \$ 4,636,083 | \$ (2,128,053) | \$ 22,736,364 |

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

St. Vincent de Paul Society District Council of Dayton, Ohio, Inc. and Affiliates
Combining Schedule of Financial Position (Continued)

December 31, 2016

| | Council | Charitable Enterprises | Social Services | Eliminations | Combined |
|---|----------------------|-----------------------------------|----------------------------|-----------------------|----------------------|
| Liabilities and Net Assets | | | | | |
| Current Liabilities | | | | | |
| Accounts payable | \$ 489,379 | \$ 23,585 | \$ 135,818 | \$ 0 | \$ 648,782 |
| Intercompany payables | 0 | 0 | 2,128,053 | (2,128,053) | 0 |
| Accrued expenses | 33,585 | 14,921 | 94,278 | 0 | 142,784 |
| Rental deposits | 9,214 | 0 | 700 | 0 | 9,914 |
| Current portion of long-term debt | 867,173 | 56,042 | 48,627 | 0 | 971,842 |
| Total Current Liabilities | <u>1,399,351</u> | <u>94,548</u> | <u>2,407,476</u> | <u>(2,128,053)</u> | <u>1,773,322</u> |
| Long-Term Liabilities | | | | | |
| Long-term debt | 8,139,793 | 97,998 | 409,843 | 0 | 8,647,634 |
| Unamortized debt issuance costs | (120,293) | 0 | 0 | 0 | (120,293) |
| Total Long-Term Liabilities | <u>8,019,500</u> | <u>97,998</u> | <u>409,843</u> | <u>0</u> | <u>8,527,341</u> |
| Net Assets | | | | | |
| Unrestricted | | | | | |
| Undesignated | 6,180,255 | 1,234,041 | 1,484,800 | 0 | 8,899,096 |
| Board designated | 1,569,280 | 195,000 | 325,000 | 0 | 2,089,280 |
| Conferences | 364,562 | 0 | 0 | 0 | 364,562 |
| Temporarily restricted | 1,023,799 | 0 | 8,964 | 0 | 1,032,763 |
| Permanently restricted | 50,000 | 0 | 0 | 0 | 50,000 |
| Total Net Assets | <u>9,187,896</u> | <u>1,429,041</u> | <u>1,818,764</u> | <u>0</u> | <u>12,435,701</u> |
| Total Liabilities and Net Assets | <u>\$ 18,606,747</u> | <u>\$ 1,621,587</u> | <u>\$ 4,636,083</u> | <u>\$ (2,128,053)</u> | <u>\$ 22,736,364</u> |

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

St. Vincent de Paul Society District Council of Dayton, Ohio, Inc. and Affiliates
Combining Schedule of Activities

For the Year Ended December 31, 2016

| | Council | Charitable Enterprises | Social Services | Eliminations | Combined |
|---------------------------------------|---------------------|---------------------------|---------------------|---------------------|----------------------|
| Revenue and Support | | | | | |
| Sales | \$ 0 | \$ 758,514 | \$ 2,839 | \$ (125,450) | \$ 635,903 |
| Contributions | 14,241 | 7,471 | 1,079,212 | 0 | 1,100,924 |
| Contributions - conferences | 1,054,961 | 0 | 0 | 900 | 1,055,861 |
| Contributions - United Way | 6,128 | 1,329 | 88,330 | 0 | 95,787 |
| Grants | 60,000 | 0 | 3,822,063 | 0 | 3,882,063 |
| Fundraising income | 238,387 | 0 | 126,951 | (900) | 364,438 |
| Rental income | 3,658,403 | 62,103 | 46,066 | (23,465) | 3,743,107 |
| Interest income | 3,152 | 0 | 0 | 0 | 3,152 |
| Investment income, net | 49,068 | 0 | 9,056 | 0 | 58,124 |
| Other income (expense) | 157,594 | 0 | (10,252) | 0 | 147,342 |
| Net assets released from restrictions | 96,684 | 0 | 0 | 0 | 96,684 |
| | <u>5,338,618</u> | <u>829,417</u> | <u>5,164,265</u> | <u>(148,915)</u> | <u>11,183,385</u> |
| Cost and Operating Expenses | | | | | |
| Cost of sales | 0 | 66,128 | 1,827 | 0 | 67,955 |
| Salaries and wages | 846,326 | 372,539 | 2,522,061 | 0 | 3,740,926 |
| Payroll taxes | 79,674 | 38,066 | 202,032 | 0 | 319,772 |
| Employee benefits | 95,659 | 36,303 | 324,192 | 0 | 456,154 |
| Outside services | 129,159 | 0 | 100,009 | 0 | 229,168 |
| Emergency assistance | 0 | 0 | 298,555 | (30,735) | 267,820 |
| Emergency assistance - conferences | 1,435,306 | 0 | 0 | (94,715) | 1,340,591 |
| Other program costs | 49,200 | 135,576 | 431,031 | 0 | 615,807 |
| Administrative | 146,950 | 0 | 0 | 0 | 146,950 |
| Office supplies and postage | 37,964 | 3,314 | 55,556 | 0 | 96,834 |
| Insurance | 48,148 | 8,377 | 51,346 | 0 | 107,871 |
| Occupancy | 378,025 | 30,133 | 441,118 | (23,465) | 825,811 |
| Security | 205,225 | 5,101 | 409,725 | 0 | 620,051 |
| Utilities | 104,077 | 47,145 | 352,852 | 0 | 504,074 |
| Fundraising | 112,796 | 0 | 5,159 | 0 | 117,955 |
| Interest | 120,717 | 0 | 22,275 | 0 | 142,992 |
| Depreciation | 1,106,525 | 38,813 | 314,175 | 0 | 1,459,513 |
| Transfers | 27,037 | (17,567) | (9,470) | 0 | 0 |
| | <u>\$ 4,922,788</u> | <u>\$ 763,928</u> | <u>\$ 5,522,443</u> | <u>\$ (148,915)</u> | <u>\$ 11,060,244</u> |

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

St. Vincent de Paul Society District Council of Dayton, Ohio, Inc. and Affiliates
Combining Schedule of Activities (Continued)
For the Year Ended December 31, 2016

| | Council | Charitable Enterprises | Social Services | Eliminations | Combined |
|--|---------------------|-----------------------------------|----------------------------|---------------------|----------------------|
| Change in Unrestricted Net Assets | \$ 415,830 | \$ 65,489 | \$ (358,178) | \$ 0 | \$ 123,141 |
| Change in Temporarily Restricted Net Assets | | | | | |
| Contributions | 0 | 0 | 6,000 | 0 | 6,000 |
| Investment income | 85,345 | 0 | 0 | 0 | 85,345 |
| Net assets released from restrictions | (96,684) | 0 | 0 | 0 | (96,684) |
| | (11,339) | 0 | 6,000 | 0 | (5,339) |
| Change in Net Assets | 404,491 | 65,489 | (352,178) | 0 | 117,802 |
| Net Assets - beginning of year | 8,783,405 | 1,363,552 | 2,170,942 | 0 | 12,317,899 |
| Net Assets - end of year | <u>\$ 9,187,896</u> | <u>\$ 1,429,041</u> | <u>\$ 1,818,764</u> | <u>\$ 0</u> | <u>\$ 12,435,701</u> |

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

St. Vincent de Paul Society District Council of Dayton, Ohio, Inc. and Affiliates

Combining Schedule of Cash Flows

For the Year Ended December 31, 2016

| | Council | Charitable Enterprises | Social Services | Eliminations | Combined |
|---|---------------------|-----------------------------------|----------------------------|---------------------|---------------------|
| Cash Flows from Operating Activities: | | | | | |
| Change in net assets | \$ 404,491 | \$ 65,489 | \$ (352,178) | \$ 0 | \$ 117,802 |
| Adjustments to reconcile change in net assets to net cash provided by operating activities: | | | | | |
| Depreciation | 1,106,525 | 38,813 | 314,175 | 0 | 1,459,513 |
| Net realized and unrealized gains on investments | (104,775) | 0 | (8,616) | 0 | (113,391) |
| Loss on sale of property and equipment | 5,040 | 0 | 11,023 | 0 | 16,063 |
| Increase (decrease) in cash due to changes in: | | | | | |
| Receivables | (26,943) | 3,303 | 359,074 | 0 | 335,434 |
| Prepaid expenses and other assets | 34,880 | 0 | (5,365) | 0 | 29,515 |
| Accounts payable | 48,217 | 11,325 | 20,793 | 0 | 80,335 |
| Accrued expenses | 3,809 | 1,337 | 8,405 | 0 | 13,551 |
| Rental deposits | 0 | 0 | (1,000) | 0 | (1,000) |
| Net Cash Provided by Operating Activities | 1,471,244 | 120,267 | 346,311 | 0 | 1,937,822 |
| Cash Flows from Investing Activities: | | | | | |
| Purchase of investments | (549,877) | 0 | (1,869) | 0 | (551,746) |
| Proceeds from sale of investments | 75,581 | 0 | 1,429 | 0 | 77,010 |
| Purchase of property and equipment | (4,960,967) | (5,948) | (121,212) | 0 | (5,088,127) |
| Proceeds from sale of property and equipment | 0 | 0 | 20 | 0 | 20 |
| Net Cash Used in Investing Activities | (5,435,263) | (5,948) | (121,632) | 0 | (5,562,843) |
| Cash Flows from Financing Activities: | | | | | |
| Construction payables | (1,503,603) | 0 | 0 | 0 | (1,503,603) |
| Payments on long-term debt | (114,861) | (54,046) | (101,929) | 0 | (270,836) |
| Proceeds from long-term debt | 6,424,443 | 0 | 0 | 0 | 6,424,443 |
| Intercompany payables and receivables | 92,856 | (60,273) | (32,583) | 0 | 0 |
| Net Cash Provided by (Used in) Financing Activities | 4,898,835 | (114,319) | (134,512) | 0 | 4,650,004 |
| Change in Cash | 934,816 | 0 | 90,167 | 0 | 1,024,983 |
| Cash and Cash Equivalents - beginning of year | 1,029,639 | 500 | 278,901 | 0 | 1,309,040 |
| Cash and Cash Equivalents - end of year | \$ 1,964,455 | \$ 500 | \$ 369,068 | \$ 0 | \$ 2,334,023 |

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In this ever-changing business environment, Flagel Huber Flagel goes beyond numbers and deadlines, returning the trust and confidence our clients place in us, with a caring partner relationship. We are committed to a collaborative search for ideas and solutions that help business organizations thrive and families build and preserve wealth. Our commitment is simple; financial and operational *insight*, service *integrity*, and problem solving *innovation*.

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