

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

Combined Financial Statements

December 31, 2020 and 2019



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

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Independent Auditor's Report

To the 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 (a nonprofit Organization), which comprise the combined statements of financial position as of December 31, 2020 and 2019, and the related combined statements of activities, functional expenses, 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, 2020 and 2019, and the changes in their net assets and their cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Report on 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 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 "Fligel Huber Fligel".

Certified Public Accountants

Dayton, Ohio

May 28, 2021

St. Vincent de Paul Society District Council of Dayton, Ohio, Inc. and Affiliates
Combined Statement of Financial Position
December 31, 2020

Assets	Without Donor Restrictions	With Donor Restrictions	Total
Current Assets			
Cash and cash equivalents	\$ 998,448	\$ 0	\$ 998,448
Cash and cash equivalents - conferences	710,496	0	710,496
Accounts receivable	93,683	0	93,683
Contributions receivable	678,559	0	678,559
Grants receivable	3,733,429	0	3,733,429
Prepaid expenses and other assets	158,520	0	158,520
Total Current Assets	6,373,135	0	6,373,135
Property and Equipment			
Land	1,917,166	0	1,917,166
Buildings and improvements	41,854,064	0	41,854,064
Furniture and fixtures	1,135,014	0	1,135,014
Vehicles	339,752	0	339,752
	45,245,996	0	45,245,996
Less: Accumulated depreciation	(26,702,289)	0	(26,702,289)
Net Property and Equipment	18,543,707	0	18,543,707
Other Assets			
Cash and cash equivalents	220,156	172,949	393,105
Contributions receivable	0	71,590	71,590
Remainder interest in trust	0	774,152	774,152
Deposits	4,638	0	4,638
Investments	3,391,875	1,385,349	4,777,224
Total Other Assets	3,616,669	2,404,040	6,020,709
Total Assets	\$ 28,533,511	\$ 2,404,040	\$ 30,937,551
Liabilities and Net Assets			
Current Liabilities			
Accounts payable	\$ 355,255	\$ 0	\$ 355,255
Accrued expenses	83,011	0	83,011
Rental deposits	6,516	0	6,516
Current portion of long-term debt	1,144,118	0	1,144,118
Total Current Liabilities	1,588,900	0	1,588,900
Long-Term Liabilities			
Interest rate swap liability	474,319	0	474,319
Long-term debt	6,213,094	0	6,213,094
Unamortized debt issuance costs	(74,181)	0	(74,181)
Total Long-Term Liabilities	6,613,232	0	6,613,232
Net Assets	20,331,379	2,404,040	22,735,419
Total Liabilities and Net Assets	\$ 28,533,511	\$ 2,404,040	\$ 30,937,551

St. Vincent de Paul Society District Council of Dayton, Ohio, Inc. and Affiliates
Combined Statement of Financial Position
December 31, 2019

Assets	Without Donor Restrictions	With Donor Restrictions	Total
Current Assets			
Cash and cash equivalents	\$ 1,654,950	\$ 0	\$ 1,654,950
Cash and cash equivalents - conferences	488,390	0	488,390
Accounts receivable	91,646	0	91,646
Grants receivable	736,605	0	736,605
Investments	325,321		325,321
Prepaid expenses and other assets	131,504	0	131,504
Total Current Assets	3,428,416	0	3,428,416
Property and Equipment			
Land	1,762,667	0	1,762,667
Buildings and improvements	38,195,949	0	38,195,949
Furniture and fixtures	652,760	0	652,760
Vehicles	228,298	0	228,298
	40,839,674	0	40,839,674
Less: Accumulated depreciation	(25,297,830)	0	(25,297,830)
Net Property and Equipment	15,541,844	0	15,541,844
Other Assets			
Cash and cash equivalents	0	210,048	210,048
Contributions receivable	0	61,650	61,650
Remainder interest in trust	0	616,529	616,529
Deposits	4,638	0	4,638
Investments	3,357,910	1,099,150	4,457,060
Total Other Assets	3,362,548	1,987,377	5,349,925
Total Assets	\$ 22,332,808	\$ 1,987,377	\$ 24,320,185
Liabilities and Net Assets			
Current Liabilities			
Accounts payable	\$ 339,827	\$ 0	\$ 339,827
Accrued expenses	235,314	0	235,314
Rental deposits	6,666	0	6,666
Current portion of long-term debt	1,137,259	0	1,137,259
Total Current Liabilities	1,719,066	0	1,719,066
Long-Term Liabilities			
Interest rate swap liability	287,189	0	287,189
Long-term debt	7,356,792	0	7,356,792
Unamortized debt issuance costs	(86,210)	0	(86,210)
Total Long-Term Liabilities	7,557,771	0	7,557,771
Net Assets	13,055,971	1,987,377	15,043,348
Total Liabilities and Net Assets	\$ 22,332,808	\$ 1,987,377	\$ 24,320,185

St. Vincent de Paul Society District Council of Dayton, Ohio, Inc. and Affiliates
Combined Statement of Activities
For the Year Ended December 31, 2020

	Without Donor Restrictions	With Donor Restrictions	Total
Revenue and Support			
Sales	\$ 677,321	\$ 0	\$ 677,321
Contributions	4,693,086	57,055	4,750,141
Contributions - conferences	1,301,909	0	1,301,909
Contributions - United Way	35,825	0	35,825
Grants	12,403,119	0	12,403,119
Fundraising income	336,648	0	336,648
Rental income	4,381,761	0	4,381,761
Interest income	1,010	0	1,010
Investment return, net	(16,411)	325,453	309,042
Change in fair value of interest rate swap agreement	(187,131)	0	(187,131)
Change in value of remainder interest in trust	0	157,623	157,623
Other income	367,452	0	367,452
PPP debt forgiveness income	859,500	0	859,500
Net assets released from restrictions	123,468	(123,468)	0
	<u>24,977,557</u>	<u>416,663</u>	<u>25,394,220</u>
Expenses			
Program Services	16,301,666	0	16,301,666
Management and General	1,074,442	0	1,074,442
Fundraising	326,041	0	326,041
	<u>17,702,149</u>	<u>0</u>	<u>17,702,149</u>
Change in Net Assets	7,275,408	416,663	7,692,071
Net Assets - beginning of year	<u>13,055,971</u>	<u>1,987,377</u>	<u>15,043,348</u>
Net Assets - end of year	<u>\$ 20,331,379</u>	<u>\$ 2,404,040</u>	<u>\$ 22,735,419</u>

St. Vincent de Paul Society District Council of Dayton, Ohio, Inc. and Affiliates
Combined Statement of Activities
For the Year Ended December 31, 2019

	Without Donor Restrictions	With Donor Restrictions	Total
Revenue and Support			
Sales	\$ 708,847	\$ 0	\$ 708,847
Contributions	3,248,837	170,344	3,419,181
Contributions - conferences	1,431,384	0	1,431,384
Contributions - United Way	39,597	0	39,597
Grants	4,048,459	0	4,048,459
Fundraising income	282,293	0	282,293
Rental income	4,226,966	0	4,226,966
Interest income	1,766	0	1,766
Investment return, net	322,890	202,180	525,070
Change in fair value of interest rate swap agreement	(200,329)	0	(200,329)
Change in value of remainder interest in trust	0	172,130	172,130
Other income	35,769	0	35,769
Net assets released from restrictions	67,516	(67,516)	0
	<u>14,213,995</u>	<u>477,138</u>	<u>14,691,133</u>
Expenses			
Program Services	11,517,834	0	11,517,834
Management and General	1,028,777	0	1,028,777
Fundraising	305,672	0	305,672
	<u>12,852,283</u>	<u>0</u>	<u>12,852,283</u>
Change in Net Assets	1,361,712	477,138	1,838,850
Net Assets - beginning of year	<u>11,694,259</u>	<u>1,510,239</u>	<u>13,204,498</u>
Net Assets - end of year	<u>\$ 13,055,971</u>	<u>\$ 1,987,377</u>	<u>\$ 15,043,348</u>

St. Vincent de Paul Society District Council of Dayton, Ohio, Inc. and Affiliates
Combined Statement of Functional Expenses
For the Year Ended December 31, 2020

	Program Services			Total Program Services	Management and General	Fundraising	Total
	District Council	Charitable Enterprises	Social Services				
Cost of sales	\$ 0	\$ 157,027	\$ 2,589	\$ 159,616	\$ 0	\$ 0	\$ 159,616
Salaries and wages	311,885	628,532	3,551,915	4,492,332	574,619	194,351	5,261,302
Payroll taxes	22,878	59,167	311,687	393,732	46,098	15,858	455,688
Employee benefits	81,476	69,406	385,183	536,065	82,891	18,926	637,882
Outside services	2,854	37,669	49,906	90,429	164,924	5,681	261,034
Emergency assistance	54,794	0	498,199	552,993	0	0	552,993
Emergency assistance - conferences	1,411,578	0	0	1,411,578	0	0	1,411,578
Other program costs	53,189	177,552	6,219,326	6,450,067	9,558	0	6,459,625
Administrative	0	0	0	0	155,569	44,422	199,991
Office supplies and postage	15,509	6,436	75,145	97,090	22,441	5,755	125,286
Insurance	44,215	7,242	27,410	78,867	11,564	0	90,431
Occupancy	562,829	49,736	503,326	1,115,891	2,924	0	1,118,815
Security	235,264	9,682	183,529	428,475	0	0	428,475
Utilities	81,013	40,413	295,405	416,831	0	0	416,831
Fundraising	0	0	0	0	461	41,048	41,509
Interest	317,057	732	18,658	336,447	0	0	336,447
Depreciation	869,862	73,288	457,916	1,401,066	3,393	0	1,404,459
Transfers	11,867	(37,785)	25,918	0	0	0	0
Total before eliminations	<u>4,076,270</u>	<u>1,279,097</u>	<u>12,606,112</u>	<u>17,961,479</u>	<u>1,074,442</u>	<u>326,041</u>	<u>19,361,962</u>
Eliminations	(119,753)	0	(1,540,060)	(1,659,813)	0	0	(1,659,813)
Total	<u>\$ 3,956,517</u>	<u>\$ 1,279,097</u>	<u>\$ 11,066,052</u>	<u>\$ 16,301,666</u>	<u>\$ 1,074,442</u>	<u>\$ 326,041</u>	<u>\$ 17,702,149</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
Combined Statement of Functional Expenses
For the Year Ended December 31, 2019

	Program Services			Total Program Services	Management and General	Fundraising	Total
	District Council	Charitable Enterprises	Social Services				
Cost of sales	\$ 0	\$ 72,681	\$ 2,509	\$ 75,190	\$ 0	\$ 0	\$ 75,190
Salaries and wages	298,844	557,676	2,996,756	3,853,276	544,372	173,817	4,571,465
Payroll taxes	18,799	49,747	240,417	308,963	43,154	11,768	363,885
Employee benefits	36,320	53,950	326,844	417,114	95,851	11,657	524,622
Outside services	112	20,134	104,846	125,092	145,625	22,203	292,920
Emergency assistance	300,761	256	400,188	701,205	0	0	701,205
Emergency assistance - conferences	1,570,522	0	0	1,570,522	0	0	1,570,522
Other program costs	56,828	175,731	461,684	694,243	0	0	694,243
Administrative	0	0	0	0	166,711	32,407	199,118
Office supplies and postage	20,071	5,671	68,528	94,270	11,957	9,291	115,518
Insurance	56,428	11,758	38,004	106,190	11,962	0	118,152
Occupancy	621,540	41,886	519,989	1,183,415	2,980	0	1,186,395
Security	194,889	6,597	257,843	459,329	0	0	459,329
Utilities	86,493	49,527	323,287	459,307	0	0	459,307
Fundraising	0	0	0	0	1,005	44,529	45,534
Bad debt expense	3,146	0	0	3,146	0	0	3,146
Interest	347,019	0	20,311	367,330	0	0	367,330
Depreciation	863,717	57,767	346,548	1,268,032	5,160	0	1,273,192
Transfers	6,940	(19,555)	12,615	0	0	0	0
Total before eliminations	<u>4,482,429</u>	<u>1,083,826</u>	<u>6,120,369</u>	<u>11,686,624</u>	<u>1,028,777</u>	<u>305,672</u>	<u>13,021,073</u>
Eliminations	(128,675)	0	(40,115)	(168,790)	0	0	(168,790)
Total	<u>\$ 4,353,754</u>	<u>\$ 1,083,826</u>	<u>\$ 6,080,254</u>	<u>\$ 11,517,834</u>	<u>\$ 1,028,777</u>	<u>\$ 305,672</u>	<u>\$ 12,852,283</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
Combined Statements of Cash Flows
For the Years Ended December 31, 2020 and 2019

	<u>2020</u>	<u>2019</u>
Cash Flows from Operating Activities:		
Change in net assets	\$ 7,692,071	\$ 1,838,850
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	1,404,459	1,273,192
Interest expense - amortization of debt issuance costs	12,029	12,029
Net realized and unrealized gains on investments	(219,826)	(435,812)
Change in fair value of interest rate swap	187,130	200,329
Change in value of remainder interest in trust	(157,623)	(172,130)
Donation of stock	(220,138)	(20,258)
Increase (decrease) in cash due to changes in:		
Accounts and grants receivable	(2,998,861)	(140,416)
Contributions receivable	(678,559)	0
Contributions receivable - with donor restrictions	(9,940)	(13,197)
Prepaid expenses and other assets	(27,016)	3,424
Accounts payable	15,428	73,803
Accrued expenses	(152,303)	54,703
Rental deposits	(150)	(250)
Net Cash Provided by Operating Activities	<u>4,846,701</u>	<u>2,674,267</u>
Cash Flows from Investing Activities:		
Purchase of investments	(117,738)	(895,233)
Proceeds from sale of investments	562,859	60,943
Purchase of property and equipment	(4,406,322)	(1,960,070)
Net Cash Used in Investing Activities	<u>(3,961,201)</u>	<u>(2,794,360)</u>
Cash Flows from Financing Activities:		
Payments on long-term debt	(1,136,839)	(1,175,961)
Proceeds from long-term debt	0	872,848
Net Cash Used in Financing Activities	<u>(1,136,839)</u>	<u>(303,113)</u>
Change in Cash, Cash Equivalents, and Restricted Cash	(251,339)	(423,206)
Cash, Cash Equivalents, and Restricted Cash - beginning of year	<u>2,353,388</u>	<u>2,776,594</u>
Cash, Cash Equivalents, and Restricted Cash - end of year	<u>\$ 2,102,049</u>	<u>\$ 2,353,388</u>
Supplemental Disclosure of Cash Flow Information		
Cash paid during the year for interest	\$ 324,418	\$ 355,301

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

Notes to Combined Financial Statements

December 31, 2020 and 2019

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 29 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. Subsequent to year end the Organization decided to close the food pantry because there are other food pantry options available in the community.

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 271-bed, 24-hour-a-day shelter for homeless single women and families. The Gettysburg Gateway Shelter for Men is a 289-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 five distinct housing programs. A summary of each of the housing programs follows:

The Permanent Supportive Housing program assists up to 25 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, 2020 and 2019

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.

In connection with their mission, Social Services also operates 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 29 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 two classes of net assets: net assets without donor restrictions and net assets with donor restrictions. A description of each class as it pertains to the Organization is as follows:

Net assets without donor restrictions – represents net assets available for use in general operations and not subject to donor restrictions. These include resources designated by the Board of Trustees for special purposes.

Net assets with donor restrictions – represents 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.

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

Notes to Combined Financial Statements

December 31, 2020 and 2019

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.

Functional Expense Allocation

The combined financial statements report certain categories of expenses that are attributed to both program and supporting services. Therefore, expenses require allocation on a reasonable basis that is consistently applied. The Organization charges all expenses directly related to the fulfillment of its mission to program services based on direct identification of the costs for each program. Expenses that are not directly related to a single program or activity but are indispensable to the conduct of the Organization's programs or existence are charged to management and general. Expenses relating to activities undertaken to induce contributions are charged to fundraising. Certain administrative costs including salaries and wages, payroll taxes, and employee benefits are allocated on the basis of estimates of personnel time related to each activity.

Cash, Cash Equivalents, and Restricted Cash

For financial statement purposes, the Organization considers all checking accounts, money market accounts, and certificates of deposit to be cash equivalents. Restricted cash represents amounts set aside due to donor restrictions.

The Organization may maintain a portion of this cash in commercial bank accounts which, at times, could exceed federally insured limits. The Organization has not experienced any losses in these accounts and believes it is not exposed to any significant credit risk on cash.

Cash, cash equivalents, and restricted cash as of December 31, 2020 and 2019 consist of the following:

	<u>2020</u>	<u>2019</u>
Cash	\$ 1,929,100	\$ 2,143,340
Cash – with donor restrictions	<u>172,949</u>	<u>210,048</u>
Total cash, cash equivalents and restricted cash shown in the combined statements of cash flows	<u>\$ 2,102,049</u>	<u>\$ 2,353,388</u>

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, 2020 and 2019, there was no allowance for uncollectible accounts.

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

Notes to Combined Financial Statements

December 31, 2020 and 2019

2. Summary of Significant Accounting Policies (Continued)

Contributions Receivable

Contributions receivable represent future distributions to be received from a trust. Contributions receivable are recognized when received at the net present value of the amounts expected to be collected. Amounts expected to be collected after one year are recorded at the present value of their estimated future cash flows. Amortization of the discount for present value is included in revenue on the combined statements of activities.

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, 2020 and 2019.

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 net assets without donor restrictions 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 donor 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 net assets with donor restrictions to net assets without donor restrictions at that time.

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 resale at the Store. The Organization records donated goods at their sale price at the time of the sale. Items not sold are not recorded and deemed to have no value.

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.

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

Notes to Combined Financial Statements

December 31, 2020 and 2019

2. Summary of Significant Accounting Policies (Continued)

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.

Revenue Recognition

The Organization accounts for program service revenue in accordance with *Accounting Standards Update No. 2014-09, Revenue from Contracts with Customers (Topic 606)*. Under this guidance, revenues from contracts are measured based on the amount of consideration specified in a contract with a customer and are recognized when performance obligations (i.e., obligations to transfer goods and / or services) are satisfied, which generally occurs with the transfer of control of the goods or services to the customer.

The Organization recognizes revenue from lease contracts over the life of the lease. Rental payments are due monthly, generally on the first day of each month. Lease agreements range from one to six years. Advance receipts of lease payments are deferred and classified as liabilities until earned. The Organization has rent receivables included in accounts receivable totaling \$41,278 and \$66,063 as of December 31, 2020 and 2019, respectively. The Organization has deferred rent revenue included in accounts payable totaling \$13,918 and \$36,387 as of December 31, 2020 and 2019, respectively.

The Organization recognizes revenue from the sale of merchandise in the thrift store at a point in time (when the goods are sold). There are no formal contracts with customers, the contract is implicit in the exchange of the goods for payment.

The Organization is the recipient of grant funds from various government agencies. Under *Accounting Standards Update No. 2018-08, Not-For-Profit Entities (Topic 958): Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*, these reimbursement type grants are classified as conditional contributions rather than program service revenue.

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December 31, 2020 and 2019

2. Summary of Significant Accounting Policies (Continued)

Contributions and Support

Contributions received are recorded as with donor restrictions or without donor restrictions, depending on the existence and/or nature of any donor restrictions.

Support that is restricted by the donor is reported as an increase in net assets without donor restrictions 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 net assets with donor restrictions. When a restriction expires (that is, when a stipulated time restriction ends, or purpose restriction is accomplished), net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the combined statements of activities as net assets released from restrictions.

Conditional contributions are recognized when the conditions on which they depend are substantially met.

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.

Advertising

Advertising costs are charged to operations when incurred. Advertising expense for the years ended December 31, 2020 and 2019 was \$12,673 and \$10,700, 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, 2020. The Organization believes it is no longer subject to income tax examination for tax years prior to 2017.

Reclassifications

For comparability, certain amounts for the prior year have been reclassified to conform with the current year's presentation. These reclassifications did not result in any changes to total net assets.

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3. Investments

Investments are stated at fair value and consist of the following at December 31, 2020:

	<u>Fair Value</u>	<u>Cost</u>	<u>Unrealized Change</u>
Common stock	\$ 1,330,496	\$ 881,542	\$ 448,954
Mutual funds	3,000,501	2,766,230	234,271
Fixed-income securities	219,600	200,506	19,094
Cash equivalents	226,627	226,627	0
	<u>\$ 4,777,224</u>	<u>\$ 4,074,905</u>	<u>\$ 702,319</u>

Investments are stated at fair value and consist of the following at December 31, 2019:

	<u>Fair Value</u>	<u>Cost</u>	<u>Unrealized Change</u>
Common stock	\$ 1,271,161	\$ 828,543	\$ 442,618
Mutual funds	3,000,237	2,904,934	95,303
Fixed-income securities	237,024	228,407	8,617
Cash equivalents	273,959	273,959	0
	<u>\$ 4,782,381</u>	<u>\$ 4,235,843</u>	<u>\$ 546,538</u>

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

	<u>2020</u>	<u>2019</u>
Interest and dividends	\$ 112,233	\$ 107,851
Realized and unrealized gains	219,826	435,812
Investment fees	(23,017)	(18,593)
	<u>\$ 309,042</u>	<u>\$ 525,070</u>

4. Contributions Receivable

The following provides a summary of contributions receivable at December 31:

	<u>2020</u>	<u>2019</u>
Less than one year	\$ 685,281	\$ 6,165
One to five years	28,260	25,919
Greater than five years	38,623	35,424
	<u>752,164</u>	<u>67,508</u>
Less discount	(2,015)	(5,858)
	<u>\$ 750,149</u>	<u>\$ 61,650</u>

The contributions receivable were discounted to present value using the applicable federal rate in effect for the reporting year, which was 0.6% and 2.0% at December 31, 2020 and 2019, respectively.

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5. Remainder Interest in Trust

The Organization is the beneficiary of a remainder trust and has the irrevocable right to receive a portion of the net assets of the trust at the end of the trusts' term. The beneficial interest in the trust is recorded at the present value of the expected future cash flows discounted at a rate of 0.6% and 2.0% at December 31, 2020 and 2019, respectively. The total amount of the discount at December 31, 2020 and 2019 was \$45,269 and \$135,016, respectively. The estimated value of the expected future cash flows was \$774,152 and \$616,529 at December 31, 2020 and 2019, respectively, and is included in net assets with donor restrictions.

6. Line of Credit

The Organization has a \$500,000 revolving line of credit with PNC Bank which expires in July 2021. The line of credit bears interest at LIBOR plus 2.50% (2.6% and 4.3% at December 31, 2020 and 2019, respectively) and is secured by substantially all of the Organization's assets. As of December 31, 2020 and 2019, the outstanding balance on this line of credit was \$0.

7. Long-Term Debt

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

	<u>2020</u>	<u>2019</u>
Note payable, PNC Bank in connection with a Bond issuance, repayment terms detailed below.	\$ 6,035,910	\$ 7,023,499
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, paid in full, February 2020.	0	28,834
Note payable, PNC Bank, interest currently fixed at 3.63%, payable in monthly installments of \$4,019, collateralized by real property, due November 2022.	217,791	257,203
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.	227,013	266,283
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.	35,075	49,839
Note payable, PNC Bank, variable rate note, payable in varying amounts through maturity, interest rate fixed at 4.68% using an interest rate swap agreement expiring in October 2039, collateralized by substantially all real property, due July 2026.	841,423	868,393
Total	<u>7,357,212</u>	<u>8,494,051</u>
Less: current portion	<u>(1,144,118)</u>	<u>(1,137,259)</u>
Total long-term debt	<u>\$ 6,213,094</u>	<u>\$ 7,356,792</u>

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7. Long-Term Debt (Continued)

Maturities of long-term debt for each of the five years succeeding December 31, 2020 and thereafter are as follows:

<u>Year</u>	<u>Amount</u>
2021	\$ 1,144,118
2022	1,321,382
2023	1,172,468
2024	1,209,194
2025	1,251,524
Later years	1,258,526
	<u>\$ 7,357,212</u>

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 Organization makes monthly payments of \$103,324 on the note, which includes principal and interest. The Organization also entered into an interest rate swap agreement with PNC Bank to essentially fix the interest rate on the debt. 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, 2020 and 2019, the Organization was in compliance with these financial covenants.

During July 2019, the Organization entered into a convertible line of credit note to fund the cost of a new roof for the Job Center. The principal sum available to the Organization under the note was \$2,600,000. The agreement specified a “drawdown” period allowing the Organization to draw funds for payment of amounts due as the roof was completed. The drawdown period ended on October 15, 2019, at which time it converted to a term note and total draws were \$872,848. The agreement required interest only payments during the drawdown period calculated at a variable rate based on LIBOR plus 1.75% base points.

8. Interest Rate Swap Agreement

The Organization entered into interest rate swap agreements (contracts) with PNC on certain notes payable.

The contracts effectively fix the interest rates on the following notes at various amounts as detailed below.

<u>Effective Date</u>	<u>Notional Amount</u>		<u>Effective Fixed Rate</u>	<u>Swap Variable Rate</u>	
	<u>2020</u>	<u>2019</u>		<u>2020</u>	<u>2019</u>
February 2017	\$ 6,035,910	7,023,499	3.90%	1.64%	3.01%
October 2019	841,423	868,393	4.68%	1.90%	3.48%

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8. Interest Rate Swap Agreement (Continued)

The Organization’s purpose in entering into these contracts was to hedge against the risk of interest rate increases on the related variable rate debt. The contracts were issued at market terms, so they had no fair value at inception. The carrying amounts of the contracts have been adjusted to their 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 contracts. The liability is classified as noncurrent on the combined statements of financial position since management does not intend to settle the contracts within the next year. The change in fair value is recorded as a gain or loss on the combined statements of activities. The balance of the interest rate swap liability at December 31, 2020 and 2019 was \$474,319 and \$287,189, respectively.

9. Net Assets With Donor Restrictions

Net assets with donor restrictions are restricted for the following purposes or periods at December 31:

	<u>2020</u>	<u>2019</u>
Subject to expenditure for specified purpose:		
Social Services program activities:		
Purchase of equipment	\$ 15,000	\$ 20,000
Tutoring	0	900
Spiritual focus	2,000	2,000
District Council program activities:		
Workforce development	15,401	42,532
Financial literacy	58,433	73,699
Purchase of equipment and supplies	22,115	8,291
Tornado relief	0	12,626
Systemic change	10,000	0
	<u>122,949</u>	<u>160,048</u>
Subject to the passage of time:		
For periods after December 31	<u>71,590</u>	<u>61,650</u>
Subject to the Organization’s spending policy and appropriation:		
Investment of donor-restricted funds (including \$50,000 held in perpetuity and invested in a certificate of deposit and included in cash and cash equivalents), which, once appropriated, is expendable to support:		
Any activities of the organization	<u>1,435,350</u>	<u>1,149,151</u>
Subject to appropriation and expenditure when a specific event occurs:		
Remainder interest in a trust which becomes available upon the death of the remaining living beneficiary	<u>774,151</u>	<u>616,528</u>
Total net assets with donor restrictions	<u>\$ 2,404,040</u>	<u>\$ 1,987,377</u>

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

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9. Net Assets With Donor Restrictions (Continued)

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purpose or by occurrence of the passage of time specified by donors as follows:

	<u>2020</u>	<u>2019</u>
Purpose restrictions accomplished:		
Purchase of equipment at shelters	\$ 20,000	\$ 25,000
Supportive services at Kettering Commons	900	710
Workforce development	27,131	0
Financial literacy	15,266	0
Purchase of equipment and supplies	8,291	0
Tornado relief	12,626	0
	<u>84,214</u>	<u>25,710</u>
Time restrictions expired:		
Passage of specified time	<u>39,254</u>	<u>41,806</u>
Total restrictions released	<u>\$ 123,468</u>	<u>\$ 67,516</u>

10. Board Designated Net Assets

The Organization's governing board has designated the following amounts from net assets as of December 31, 2020 and 2019:

	<u>2020</u>	<u>2019</u>
Future projected capital needs	\$ 486,750	\$ 644,154
Operating reserve	<u>3,125,281</u>	<u>2,713,756</u>
	<u>\$ 3,612,031</u>	<u>\$ 3,357,910</u>

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11. Liquidity and Availability

The following reflects the Organization's financial assets reduced by amounts not available for general use because of contractual or donor-imposed restrictions, or board designations, within one year of December 31, 2020.

Cash and cash equivalents	\$ 2,102,049
Accounts and grants receivable	3,827,112
Contributions receivable	750,149
Remainder interest in trust	774,152
Investments	<u>4,777,224</u>
Total financial assets at December 31, 2020	12,230,686
Less those unavailable for general expenditures within one year, due to:	
Donor-imposed restrictions:	
Restricted by donor with time or purpose restrictions	(2,404,040)
Board designations:	
Future projected capital needs and operating reserve	(3,612,031)
Contractual obligation:	
Debt covenant requirement of 100 days cash on hand	<u>(3,927,199)</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 2,287,416</u>

The Organization is substantially supported by grants and contributions, which may contain donor restrictions. Because donor restrictions require resources to be used in a particular manner or in a future period, the Organization must maintain sufficient resources to meet these restrictions. Consequently, financial assets may not be available for general expenditure within one year. As part of the Organization's liquidity management policies, it structures its financial assets to be available as its general expenditures, liabilities, and other obligations become due. It is the policy of the Organization to regularly review and assess the need for funds to meet operating obligations and to ensure the availability of cash or collateral to fulfill those requirements. The Board designated net assets may be drawn upon in the event of financial distress. In the event of an unanticipated liquidity need, the Organization could also draw upon \$500,000 of their available line of credit, as further discussed in Note 6.

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12. 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, 2020 for each of the next five years and thereafter are as follows:

<u>Year</u>	<u>Amount</u>
2021	\$ 4,094,783
2022	3,571,953
2023	3,503,686
2024	3,503,686
2025	3,481,087
Thereafter	1,402,233
	<u>\$ 19,557,428</u>

13. Operating Leases

The Organization leases a house in connection with the Safe Haven program. The lease is for a period of one year and renews annually. The Organization leases office equipment and vehicles under lease agreements that expire through 2027. Total rental expense for the years ended December 31, 2020 and 2019 was \$111,415 and \$95,524, respectively.

Minimum future rental payments under non-cancelable operating leases as of December 31, 2020 for each of the next five years and thereafter are as follows:

<u>Year</u>	<u>Amount</u>
2021	\$ 98,792
2022	78,409
2023	62,453
2024	43,097
2025	34,332
Later years	24,650
	<u>\$ 341,733</u>

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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 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, 2020. Significant transfers between fair value levels are determined at the end of the reporting period. There were no significant transfers in 2020 and 2019.

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 contracts. The most significant input to this model is implied forward LIBOR rates.

Contributions receivable and remainder interest in trust: Valued using present value techniques.

The preceding methods described may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, although the Organization believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

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14. Fair Value Measurements (Continued)

Fair values of assets and liabilities measured on a recurring basis at December 31, 2020 were as follows:

	<u>Level 1</u>	<u>Level 2</u>	<u>Fair Value</u>
Assets:			
Investments	\$ 4,777,224	\$ 0	\$ 4,777,224
Contributions receivable	0	71,590	71,590
Remainder interest in trust	0	774,152	774,152
	<u>4,777,224</u>	<u>845,742</u>	<u>5,622,966</u>
Liabilities:			
Interest rate derivative	<u>\$ 0</u>	<u>\$ 474,319</u>	<u>\$ 474,319</u>

Fair value of assets measured on a recurring basis at December 31, 2019 were as follows:

	<u>Level 1</u>	<u>Level 2</u>	<u>Fair Value</u>
Assets:			
Investments	\$ 4,782,381	\$ 0	\$ 4,782,381
Contributions receivable	0	61,650	61,650
Remainder interest in trust	0	616,529	616,529
	<u>4,782,381</u>	<u>678,179</u>	<u>5,460,560</u>
Liabilities:			
Interest rate derivative	<u>\$ 0</u>	<u>\$ 287,189</u>	<u>\$ 287,189</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.

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15. Endowment Funds (Continued)

The Organization is subject to the State Prudent Management of Institutional Funds Act (SPMIFA) and, thus, classifies amounts in its donor-restricted endowment funds as net assets with donor restrictions because those net assets are time restricted until the Board of Trustees appropriates such amounts for expenditure. The Board of Trustees of the Organization has interpreted SPMIFA as not requiring the maintenance of purchasing power of the original gift amount contributed to an endowment fund unless a donor stipulates the contrary. As a result of this interpretation, when reviewing its donor-restricted endowment funds, the Organization considers a fund to be underwater if the fair value of the fund is less than the sum of (a) the original value of initial and subsequent gifts donated to the fund to be held in perpetuity, and (b) any accumulations to the fund that are required to be maintained in perpetuity in accordance with the direction of the applicable donor gift instrument. The Organization has interpreted SPMIFA to permit spending from underwater funds in accordance with prudent measures required under the law. Additionally, 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

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

	<u>2020</u>	<u>2019</u>
Donor-restricted endowment funds:		
Original donor-restricted gift amount required to be maintained in perpetuity by donor	\$ 50,000	\$ 50,000
Fair value of donor-restricted gift amount subject to time restrictions	<u>1,385,349</u>	<u>1,099,151</u>
Total funds	<u>\$ 1,435,349</u>	<u>\$ 1,149,151</u>

Changes in endowment net assets for the years ended December 31, 2020 and 2019 are as follows:

	<u>2020</u>	<u>2019</u>
Endowment net assets, beginning of year	\$ 1,149,151	\$ 988,777
Contributions	199,468	0
Investment return, net	125,984	202,180
Amounts appropriated for expenditure	<u>(39,254)</u>	<u>(41,806)</u>
Endowment net assets, end of year	<u>\$ 1,435,349</u>	<u>\$ 1,149,151</u>

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15. Endowment Funds (Continued)

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 endowment funds that are not held in perpetuity based on donor-imposed time restrictions. 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.

16. Retirement Plan

The Organization has established a defined contribution plan (the Plan) covering eligible employees. An employee will meet the Plan's eligibility requirements on the first day of the month following 30 days of employment. The Organization has the option of making matching contributions to the Plan. For 2020 and 2019, the Organization made no matching contributions to the Plan. Subsequent to year-end, the decision was made to terminate the Plan, effective June 30, 2021.

17. Contingencies

Financial awards from governmental entities in the form of grants are subject to compliance audits. Such audits could result in claims against the Organization for disallowed costs or noncompliance with grantor restrictions. No provision has been made for any liabilities that may arise from such audits as the Organization does not believe it is at risk of such loss.

On January 30, 2020, the World Health Organization ("WHO") announced a global health emergency because of a new strain of coronavirus (the "COVID-19 outbreak" or "COVID") and the health risks to the international community. In March 2020, the WHO classified the COVID-19 outbreak as a pandemic, based on the rapid increase in exposure globally.

In addition to complying with local health mandates, management took appropriate actions to mitigate the spread of the virus by altering its protocols to minimize personal contact within its office. However, given the continuing evolution of the COVID-19 outbreak, the Organization is not able to fully estimate the effects of COVID-19 on its results of operations, financial condition, or liquidity for fiscal year 2021. Management believes that adaptive changes in operations, in addition to receiving funds from the Cares Act Payroll Protection Plan forgivable loan, have been sufficient to protect the Organization from the near-term negative impact related to the COVID-19 outbreak through the date of this report.

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

Notes to Combined Financial Statements

December 31, 2020 and 2019

18. Paycheck Protection Program Loan

In April 2020, the Organization received approval and funding for four separate loans under the Paycheck Protection Program (PPP) as provided for by the CARES Act. The loans were issued through PNC Bank in connection with the Small Business Administration (SBA) for a total of \$855,000. The PPP program allows for a portion of the loan (up to the full amount) to be forgiven based on qualifying expenses. Any unforgiven amount of the PPP loan will be required to be repaid over a two-year term with interest at 1%. Since the Organization intends to apply for forgiveness, the loan is considered a conditional contribution in accordance with FASB *ASC 958-605, Not-for-Profit Entities – Revenue Recognition*. During the year ended December 31, 2020, the Organization incurred qualifying expenses and recognized the full amount of the loans as support from governmental grants on the statement of activities. As of the date of this report, all but \$195,000 of the loans have been formally forgiven.

19. Subsequent Events

Subsequent to year end, the Organization received approval and funding for an additional loan under the Paycheck Protection Program (PPP) as provided for by the CARES Act. The loan was issued through PNC Bank in connection with the Small Business Administration (SBA) and totals \$125,000. The PPP loan may be forgiven in whole or in part depending upon certain factors, which will be determined after a 24-week deferral period. Any unforgiven amounts of the PPP loan will be required to be repaid over a five-year term at 1% interest.

Management evaluated the activity of the Organization through May 28, 2021 (the date the financial statements were available to be issued) and concluded that other than the above, no subsequent events have occurred that 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, 2020

	<u>District Council</u>	<u>Charitable Enterprises</u>	<u>Social Services</u>	<u>Eliminations</u>	<u>Combined</u>
Assets					
Current Assets					
Cash and cash equivalents - undesignated	\$ 528,596	\$ 625	\$ 469,227	\$ 0	\$ 998,448
Cash and cash equivalents - conferences	710,496	0	0	0	710,496
Accounts receivable	77,466	2,984	13,233	0	93,683
Contributions receivable	678,559	0	0	0	678,559
Grants receivable	0	0	3,733,429	0	3,733,429
Intercompany receivables	2,669,767	239,115	0	(2,908,882)	0
Prepaid expenses and other assets	120,750	21,843	15,927	0	158,520
Total Current Assets	<u>4,785,634</u>	<u>264,567</u>	<u>4,231,816</u>	<u>(2,908,882)</u>	<u>6,373,135</u>
Property and Equipment					
Land	726,010	366,000	825,156	0	1,917,166
Buildings and improvements	30,438,645	2,057,030	9,358,389	0	41,854,064
Furniture and fixtures	56,519	95,031	983,464	0	1,135,014
Vehicles	6,552	149,071	184,129	0	339,752
	<u>31,227,726</u>	<u>2,667,132</u>	<u>11,351,138</u>	<u>0</u>	<u>45,245,996</u>
Less: Accumulated depreciation	(19,258,770)	(1,606,751)	(5,836,768)	0	(26,702,289)
Net Property and Equipment	<u>11,968,956</u>	<u>1,060,381</u>	<u>5,514,370</u>	<u>0</u>	<u>18,543,707</u>
Other Assets					
Cash and cash equivalents - board designated	220,156	0	0	0	220,156
Cash and cash equivalents - with donor restrictions	155,950	0	16,999	0	172,949
Contributions receivable - with donor restrictions	0	0	71,590	0	71,590
Remainder interest in trust - with donor restrictions	0	0	774,152	0	774,152
Deposits	1,000	1,667	1,971	0	4,638
Investments - board designated	3,268,228	0	123,647	0	3,391,875
Investments - with donor restrictions	1,385,349	0	0	0	1,385,349
Total Other Assets	<u>5,030,683</u>	<u>1,667</u>	<u>988,359</u>	<u>0</u>	<u>6,020,709</u>
Total Assets	<u>\$ 21,785,273</u>	<u>\$ 1,326,615</u>	<u>\$ 10,734,545</u>	<u>\$ (2,908,882)</u>	<u>\$ 30,937,551</u>

St. Vincent de Paul Society District Council of Dayton, Ohio, Inc. and Affiliates
Combining Schedule of Financial Position (Continued)
December 31, 2020

	District Council	Charitable Enterprises	Social Services	Eliminations	Combined
Liabilities and Net Assets					
Current Liabilities					
Accounts payable	\$ 140,954	\$ 15,175	\$ 199,126	\$ 0	\$ 355,255
Intercompany payables	0	0	2,908,882	(2,908,882)	0
Accrued expenses	16,715	10,201	56,095	0	83,011
Rental deposits	6,366	0	150	0	6,516
Current portion of long-term debt	1,087,830	0	56,288	0	1,144,118
Total Current Liabilities	<u>1,251,865</u>	<u>25,376</u>	<u>3,220,541</u>	<u>(2,908,882)</u>	<u>1,588,900</u>
Long-Term Liabilities					
Interest rate swap liability	474,319	0	0	0	474,319
Long-term debt	6,016,515	0	196,579	0	6,213,094
Unamortized debt issuance costs	(74,181)	0	0	0	(74,181)
Total Long-Term Liabilities	<u>6,416,653</u>	<u>0</u>	<u>196,579</u>	<u>0</u>	<u>6,613,232</u>
Net Assets					
Without donor restrictions					
Undesignated	8,376,576	1,301,239	6,331,037	0	16,008,852
Board designated	3,488,384	0	123,647	0	3,612,031
Conferences	710,496	0	0	0	710,496
Total net assets without donor restriction	<u>12,575,456</u>	<u>1,301,239</u>	<u>6,454,684</u>	<u>0</u>	<u>20,331,379</u>
With donor restrictions	1,541,299	0	862,741	0	2,404,040
Total Net Assets	<u>14,116,755</u>	<u>1,301,239</u>	<u>7,317,425</u>	<u>0</u>	<u>22,735,419</u>
Total Liabilities and Net Assets	<u>\$ 21,785,273</u>	<u>\$ 1,326,615</u>	<u>\$ 10,734,545</u>	<u>\$ (2,908,882)</u>	<u>\$ 30,937,551</u>

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

Combining Schedule of Activities

For the Year Ended December 31, 2020

	District Council	Charitable Enterprises	Social Services	Eliminations	Combined
Revenue and Support					
Sales	\$ 0	\$ 802,341	\$ 1,118	\$ (126,138)	\$ 677,321
Contributions	3,254,094	8,055	2,941,147	(1,510,210)	4,693,086
Contributions - conferences	1,296,909	5,000	0	0	1,301,909
Contributions - United Way	2,369	1,518	31,938	0	35,825
Grants	0	0	12,403,119	0	12,403,119
Fundraising income	209,766	0	126,882	0	336,648
Rental income	4,282,199	64,933	58,094	(23,465)	4,381,761
Interest income	1,010	0	0	0	1,010
Investment return, net	(19,897)	0	3,486	0	(16,411)
Change in fair value of interest rate swap agreements	(187,131)	0	0	0	(187,131)
Other income	53,158	67,857	246,437	0	367,452
PPP debt forgiveness income	195,000	115,732	548,768	0	859,500
Net assets released from restrictions	102,568	0	20,900	0	123,468
	<u>9,190,045</u>	<u>1,065,436</u>	<u>16,381,889</u>	<u>(1,659,813)</u>	<u>24,977,557</u>
Expenses					
Program services	4,076,270	1,279,097	12,606,112	(1,659,813)	16,301,666
Management and general	1,074,442	0	0	0	1,074,442
Fundraising	326,041	0	0	0	326,041
	<u>5,476,753</u>	<u>1,279,097</u>	<u>12,606,112</u>	<u>(1,659,813)</u>	<u>17,702,149</u>
Change in Net Assets Without Donor Restrictions	<u>3,713,292</u>	<u>(213,661)</u>	<u>3,775,777</u>	<u>0</u>	<u>7,275,408</u>
Change in Net Assets With Donor Restrictions					
Contributions	32,115	0	24,940	0	57,055
Change in value of remainder interest in trust	0	0	157,623	0	157,623
Investment return, net	325,453	0	0	0	325,453
Net assets released from restrictions	(102,568)	0	(20,900)	0	(123,468)
	<u>255,000</u>	<u>0</u>	<u>161,663</u>	<u>0</u>	<u>416,663</u>
Change in Net Assets	<u>3,968,292</u>	<u>(213,661)</u>	<u>3,937,440</u>	<u>0</u>	<u>7,692,071</u>
Net Assets - beginning of year	<u>10,148,463</u>	<u>1,514,900</u>	<u>3,379,985</u>	<u>0</u>	<u>15,043,348</u>
Net Assets - end of year	<u>\$ 14,116,755</u>	<u>\$ 1,301,239</u>	<u>\$ 7,317,425</u>	<u>\$ 0</u>	<u>\$ 22,735,419</u>

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

Combining Schedule of Financial Position

December 31, 2019

	<u>District Council</u>	<u>Charitable Enterprises</u>	<u>Social Services</u>	<u>Eliminations</u>	<u>Combined</u>
Assets					
Current Assets					
Cash and cash equivalents - undesignated	\$ 963,634	\$ 500	\$ 690,816	\$ 0	\$ 1,654,950
Cash and cash equivalents - conferences	488,390	0	0	0	488,390
Accounts receivable	88,662	2,984	0	0	91,646
Grants receivable	0	0	736,605	0	736,605
Intercompany receivables	1,068,930	550,738	0	(1,619,668)	0
Investments - undesignated	325,321	0	0	0	325,321
Prepaid expenses and other assets	98,040	13,320	20,144	0	131,504
Total Current Assets	<u>3,032,977</u>	<u>567,542</u>	<u>1,447,565</u>	<u>(1,619,668)</u>	<u>3,428,416</u>
Property and Equipment					
Land	726,010	366,000	670,657	0	1,762,667
Buildings and improvements	28,868,601	1,931,482	7,395,866	0	38,195,949
Furniture and fixtures	41,419	80,327	531,014	0	652,760
Vehicles	6,550	149,071	72,677	0	228,298
	<u>29,642,580</u>	<u>2,526,880</u>	<u>8,670,214</u>	<u>0</u>	<u>40,839,674</u>
Less: Accumulated depreciation	(18,385,516)	(1,533,462)	(5,378,852)	0	(25,297,830)
Net Property and Equipment	<u>11,257,064</u>	<u>993,418</u>	<u>3,291,362</u>	<u>0</u>	<u>15,541,844</u>
Other Assets					
Cash and cash equivalents - with donor restrictions	187,149	0	22,899	0	210,048
Contributions receivable - with donor restrictions	0	0	61,650	0	61,650
Remainder interest in trust - with donor restrictions	0	0	616,529	0	616,529
Deposits	1,000	1,667	1,971	0	4,638
Investments - board designated	3,237,749	0	120,161	0	3,357,910
Investments - with donor restrictions	1,099,150	0	0	0	1,099,150
Total Other Assets	<u>4,525,048</u>	<u>1,667</u>	<u>823,210</u>	<u>0</u>	<u>5,349,925</u>
Total Assets	<u>\$ 18,815,089</u>	<u>\$ 1,562,627</u>	<u>\$ 5,562,137</u>	<u>\$ (1,619,668)</u>	<u>\$ 24,320,185</u>

St. Vincent de Paul Society District Council of Dayton, Ohio, Inc. and Affiliates
Combining Schedule of Financial Position (Continued)
December 31, 2019

	District Council	Charitable Enterprises	Social Services	Eliminations	Combined
Liabilities and Net Assets					
Current Liabilities					
Accounts payable	\$ 216,272	\$ 14,898	\$ 108,657	\$ 0	\$ 339,827
Intercompany payables	0	0	1,619,668	(1,619,668)	0
Accrued expenses	56,000	32,829	146,485	0	235,314
Rental deposits	6,366	0	300	0	6,666
Current portion of long-term debt	1,082,815	0	54,444	0	1,137,259
Total Current Liabilities	<u>1,361,453</u>	<u>47,727</u>	<u>1,929,554</u>	<u>(1,619,668)</u>	<u>1,719,066</u>
Long-Term Liabilities					
Interest rate swap liability	287,189	0	0	0	287,189
Long-term debt	7,104,194	0	252,598	0	7,356,792
Unamortized debt issuance costs	(86,210)	0	0	0	(86,210)
Total Long-Term Liabilities	<u>7,305,173</u>	<u>0</u>	<u>252,598</u>	<u>0</u>	<u>7,557,771</u>
Net Assets					
Without donor restrictions					
Undesignated	5,136,025	1,514,900	2,558,746	0	9,209,671
Board designated	3,237,749	0	120,161	0	3,357,910
Conferences	488,390	0	0	0	488,390
Total net assets without donor restriction	<u>8,862,164</u>	<u>1,514,900</u>	<u>2,678,907</u>	<u>0</u>	<u>13,055,971</u>
With donor restrictions	1,286,299	0	701,078	0	1,987,377
Total Net Assets	<u>10,148,463</u>	<u>1,514,900</u>	<u>3,379,985</u>	<u>0</u>	<u>15,043,348</u>
Total Liabilities and Net Assets	<u>\$ 18,815,089</u>	<u>\$ 1,562,627</u>	<u>\$ 5,562,137</u>	<u>\$ (1,619,668)</u>	<u>\$ 24,320,185</u>

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

Combining Schedule of Activities

For the Year Ended December 31, 2019

	District Council	Charitable Enterprises	Social Services	Eliminations	Combined
Revenue and Support					
Sales	\$ 0	\$ 850,254	\$ 3,918	\$ (145,325)	\$ 708,847
Contributions	404,115	85,658	2,759,064	0	3,248,837
Contributions - conferences	1,431,384	0	0	0	1,431,384
Contributions - United Way	0	2,281	37,316	0	39,597
Grants	0	0	4,048,459	0	4,048,459
Fundraising income	179,033	0	103,260	0	282,293
Rental income	4,118,405	63,265	68,761	(23,465)	4,226,966
Interest income	1,766	0	0	0	1,766
Investment return, net	300,750	0	22,140	0	322,890
Change in fair value of interest rate swap agreements	(200,329)	0	0	0	(200,329)
Other income (expense)	35,721	1	47	0	35,769
Net assets released from restrictions	41,806	0	25,710	0	67,516
	<u>6,312,651</u>	<u>1,001,459</u>	<u>7,068,675</u>	<u>(168,790)</u>	<u>14,213,995</u>
Expenses					
Program services	4,482,429	1,083,826	6,120,369	(168,790)	11,517,834
Management and general	1,028,777	0	0	0	1,028,777
Fundraising	305,672	0	0	0	305,672
	<u>5,816,878</u>	<u>1,083,826</u>	<u>6,120,369</u>	<u>(168,790)</u>	<u>12,852,283</u>
Change in Net Assets Without Donor Restrictions	<u>495,773</u>	<u>(82,367)</u>	<u>948,306</u>	<u>0</u>	<u>1,361,712</u>
Change in Net Assets With Donor Restrictions					
Contributions	137,148	0	33,196	0	170,344
Change in value of remainder interest in trust	0	0	172,130	0	172,130
Investment return, net	202,180	0	0	0	202,180
Net assets released from restrictions	(41,806)	0	(25,710)	0	(67,516)
	<u>297,522</u>	<u>0</u>	<u>179,616</u>	<u>0</u>	<u>477,138</u>
Change in Net Assets	<u>793,295</u>	<u>(82,367)</u>	<u>1,127,922</u>	<u>0</u>	<u>1,838,850</u>
Net Assets - beginning of year	<u>9,355,168</u>	<u>1,597,267</u>	<u>2,252,063</u>	<u>0</u>	<u>13,204,498</u>
Net Assets - end of year	<u>\$ 10,148,463</u>	<u>\$ 1,514,900</u>	<u>\$ 3,379,985</u>	<u>\$ 0</u>	<u>\$ 15,043,348</u>



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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