

ST. VINCENT DE PAUL SOCIETY, INC.

FINANCIAL STATEMENTS
WITH
INDEPENDENT AUDITORS REPORT

SEPTEMBER 30, 2014 AND 2013

ST. VINCENT DE PAUL SOCIETY, INC.

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BROOKS, MCGINNIS & COMPANY, LLC

CERTIFIED PUBLIC ACCOUNTANTS

5871 GLENRIDGE DRIVE

SUITE 200

ATLANTA, GA 30328

MEMBER OF AICPA
DIVISION FOR CPA FIRMS

(404) 531-4940
FAX: (404) 531-4950

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
of the St. Vincent de Paul Society, Inc.:

We have audited the accompanying financial statements of St. Vincent de Paul Society, Inc. (a nonprofit organization), which comprise the statements of financial position as of September 30, 2014 and 2013, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the St. Vincent de Paul Society, Inc. as of September 30, 2014, and 2013, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matter

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The schedule of state awards expended on page 25 is presented for purposes of additional analysis and is not a required part of the 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 financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the 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 financial statements as a whole.

Brooks, McAnnis & Company, LLC

Atlanta, Georgia
March 24, 2015

ST. VINCENT DE PAUL SOCIETY, INC.
STATEMENTS OF FINANCIAL POSITION
SEPTEMBER 30, 2014 AND 2013

	2014	2013
ASSETS		
Cash and cash equivalents	\$ 1,490,240	\$ 1,813,052
Accounts receivable	252,048	200,650
Investments	159,670	145,738
Inventory	479,161	452,073
Prepaid expenses	48,985	35,279
Cemetery lots and mausoleum spaces	152,312	135,973
Property and equipment, net	207,220	211,448
Other assets	24,274	22,658
Total assets	\$ 2,813,910	\$ 3,016,871
LIABILITIES AND NET ASSETS		
Liabilities:		
Accounts payable	\$ 63,585	\$ 67,222
Accrued expenses	311,608	86,798
Deferred revenue	-	140,040
Notes payable	55,316	35,144
Other liabilities	43,819	47,271
Total liabilities	474,328	376,475
Commitments and contingencies		
Net assets:		
Unrestricted:		
Available for operations	1,980,973	1,927,426
Board designated	149,670	335,738
Invested in property and equipment, net of debt	151,904	176,304
Total unrestricted	2,282,547	2,439,468
Temporarily restricted	47,035	190,928
Permanently restricted	10,000	10,000
Total net assets	2,339,582	2,640,396
Total liabilities and net assets	\$ 2,813,910	\$ 3,016,871

The accompanying notes are an integral part of these financial statements

ST. VINCENT DE PAUL SOCIETY, INC.
STATEMENTS OF ACTIVITIES
FOR THE YEARS ENDED SEPTEMBER 30, 2014 AND 2013

	2014	2013
Changes in unrestricted net assets:		
Public support:		
Individuals, private foundations, grants and corporations	\$ 7,526,400	\$ 7,579,193
In-kind donations	2,492,404	2,128,836
Fundraising events, net of expenses	415,256	340,244
Annual collection	310,561	298,582
Estates and memorials	71,558	40,001
Net assets released from restrictions	355,617	261,578
Total public support	11,171,796	10,648,434
Revenue and gains:		
Thrift stores	2,111,132	2,061,170
Investment income	22,669	26,182
Loss on disposal of property and equipment	-	(22,075)
Fair market value of assets - The Sullivan Center	-	177,700
Total revenue and gains	2,133,801	2,242,977
Total public support, revenue and gains	13,305,597	12,891,411
Expenses:		
Program services	11,979,773	10,925,552
Supporting services:		
General and administrative	973,625	958,660
Fundraising	509,120	444,560
Total supporting services	1,482,745	1,403,220
Total expenses	13,462,518	12,328,772
Increase (decrease) in unrestricted net assets	(156,921)	562,639

(Continued on next page.)

The accompanying notes are an integral part of these financial statements

ST. VINCENT DE PAUL SOCIETY, INC.
STATEMENTS OF ACTIVITIES – CONTINUED
FOR THE YEARS ENDED SEPTEMBER 30, 2014 AND 2013

	2014	2013
Changes in temporarily restricted net assets:		
Grants	211,724	397,037
Net assets released from restrictions	(355,617)	(261,578)
Increase (decrease) in temporarily restricted net assets	(143,893)	135,459
Increase (decrease) in net assets	(300,814)	698,098
Net assets at beginning of year	2,640,396	1,942,298
Net assets at end of year	\$ 2,339,582	\$ 2,640,396

The accompanying notes are an integral part of these financial statements

ST. VINCENT DE PAUL SOCIETY, INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED SEPTEMBER 30, 2014

	Program Services				Supporting Services					Total Expenses
	Direct Aid	Thrift Store Operations	Thrift Store Recycling	Conferences Services	Total Program Services	Administration	Communication	Total General and Administrative	Fundraising	
Direct aid	\$ 1,085,083	\$ -	\$ -	\$ 8,297,091	\$ 9,382,174	\$ -	\$ -	\$ -	\$ -	\$ 9,382,174
Salaries	409,103	116,640	63,241	227,179	816,163	249,612	63,866	313,478	287,247	1,416,888
Rent	63,364	609,623	35,231	1,812	710,030	32,467	632	33,099	1,596	744,725
Miscellaneous expenses	3,394	80,178	-	176,540	260,112	21,564	-	21,564	225	281,901
Payroll taxes and benefits	82,243	24,863	13,528	45,747	166,381	35,278	12,240	47,518	47,958	261,857
Utilities	37,149	163,120	2,260	9,542	212,071	14,891	1,912	16,803	10,404	239,278
Professional fees	6,000	-	-	-	6,000	187,778	-	187,778	10,569	204,347
Supplies	12,345	101,027	2,322	4,250	119,944	21,777	1,216	22,993	3,455	146,392
Bank fees	14,055	41,047	-	41	55,143	49,185	-	49,185	18,745	123,073
Dues and subscriptions	-	-	-	25,300	25,300	75,450	660	76,110	13,452	114,862
Travel	10,967	2,409	26	10,257	23,659	51,930	1,792	53,722	15,282	92,663
Printing	11,341	1,006	-	1,820	14,167	19,448	4,504	23,952	30,039	68,158
Advertising	413	7,559	-	914	8,886	48	27,522	27,570	26,906	63,362
Repairs and maintenance	12,159	39,021	2,687	2,265	56,132	1,748	349	2,097	1,813	60,042
Technology	5,475	-	-	17,126	22,601	23,182	2,853	26,035	4,316	52,952
Insurance	13,611	15,822	1,026	4,064	34,523	10,696	991	11,687	4,987	51,197
Auto expense	13,457	7,936	6,358	-	27,751	61	-	61	75	27,887
Postage	176	693	-	22	891	3,152	-	3,152	21,572	25,615
Events	158	229	-	7,308	7,695	8,624	2,168	10,792	1,549	20,036
Training	423	-	-	531	954	9,474	-	9,474	1,347	11,775
Committee expense	1,588	1,660	223	881	4,352	1,795	215	2,010	1,082	7,444
Total expenses before depreciation and amortization	1,782,504	1,212,833	126,902	8,832,690	11,954,929	818,160	120,920	939,080	502,619	13,396,628
Depreciation and amortization	8,778	9,429	1,338	5,299	24,844	33,253	1,292	34,545	6,501	65,890
Total expenses	\$ 1,791,282	\$ 1,222,262	\$ 128,240	\$ 8,837,989	\$ 11,979,773	\$ 851,413	\$ 122,212	\$ 973,625	\$ 509,120	\$ 13,462,518
	13%	9%	1%	66%	89%	6%	1%	7%	4%	100%

The accompanying notes are an integral part of these financial statements

ST. VINCENT DE PAUL SOCIETY, INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED SEPTEMBER 30, 2013

	Program Services				Supporting Services				Total Expenses	
	Direct Aid	Thrift Store Operations	Thrift Store Recycling	Conferences Services	Total Program Services	Administration	Communication	Total General and Administrative		Fundraising
Direct aid	\$ 1,176,193	\$ -	\$ -	\$ 7,329,848	\$ 8,506,041	\$ -	\$ -	\$ -	\$ -	\$ 8,506,041
Salaries	392,052	268,650	58,151	135,845	854,698	167,249	60,814	228,063	210,286	1,293,047
Rent	38,761	570,257	38,388	1,974	649,380	62,224	689	62,913	1,738	714,031
Miscellaneous expenses	161	74,949	32	195,854	270,996	17,064	-	17,064	3,109	291,169
Payroll taxes and benefits	64,778	32,752	11,932	24,072	133,534	60,377	11,982	72,359	35,025	240,918
Utilities	15,596	162,117	3,236	7,748	188,697	31,481	3,502	34,983	12,560	236,240
Advertising	7,243	10,508	-	2,332	20,083	1,769	90,576	92,345	42,110	154,538
Supplies	10,559	77,786	2,879	4,240	95,464	19,234	740	19,974	2,880	118,318
Bank fees	8,324	34,309	-	-	42,633	53,715	-	53,715	11,905	108,253
Professional fees	-	-	-	7,912	7,912	70,911	-	70,911	28,195	107,018
Travel	2,627	2,174	81	3,646	8,528	52,070	3,869	55,939	23,046	87,513
Repairs and maintenance	3,511	42,852	2,492	979	49,834	18,388	477	18,865	1,603	70,302
Dues and subscriptions	-	35	175	13,242	13,452	39,386	7,012	46,398	6,435	66,285
Printing	5,673	2,319	509	106	8,607	22,755	3,954	26,709	27,262	62,578
Technology	1,546	-	-	4,785	6,331	29,714	674	30,388	11,270	47,989
Insurance	6,316	6,840	1,609	3,751	18,516	15,093	1,827	16,920	5,702	41,138
Auto expense	9,471	7,540	4,517	-	21,528	2,525	-	2,525	1,132	25,185
Events	-	43	-	489	532	18,933	2,101	21,034	3,235	24,801
Postage	47	-	-	733	780	14,423	255	14,678	6,801	22,259
Training	-	-	-	77	77	17,837	1,250	19,087	1,783	20,947
Committee expense	1,583	1,988	392	1,901	5,864	2,313	481	2,794	1,489	10,147
Total expenses before depreciation and amortization	1,744,441	1,295,119	124,393	7,739,534	10,903,487	717,461	190,203	907,664	437,566	12,248,717
Depreciation and amortization	7,723	7,971	1,913	4,458	22,065	48,825	2,171	50,996	6,994	80,055
Total expenses	\$ 1,752,164	\$ 1,303,090	\$ 126,306	\$ 7,743,992	\$ 10,925,552	\$ 766,286	\$ 192,374	\$ 958,660	\$ 444,560	\$ 12,328,772
	14%	11%	1%	63%	89%	6%	1%	7%	4%	100%

The accompanying notes are an integral part of these financial statements

ST. VINCENT DE PAUL SOCIETY, INC.
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED SEPTEMBER 30, 2014 AND 2013

	2014	2013
Cash flows from operating activities:		
Increase (decrease) in net assets	\$ (300,814)	\$ 698,098
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Depreciation and amortization	65,890	80,055
Loss on disposal of property and equipment	-	22,075
Contribution of property and equipment -The Sullivan Center	-	(97,456)
Donation of cemetery lot	7,116	4,100
In-kind donations of cemetery lots	(23,455)	-
In-kind donations of land	(20,000)	-
Gain on investments	(13,932)	(12,061)
Changes in assets and liabilities:		
(Increase) decrease in assets:		
Accounts receivable	(51,398)	(181,248)
Grants receivable	-	35,000
Inventory	(27,088)	(21,372)
Prepaid expenses	(13,706)	1,757
Other assets	(1,616)	(4,548)
Increase (decrease) in liabilities:		
Accounts payable	(3,637)	550
Accrued expenses	224,810	43,210
Deferred revenue	(140,040)	46,881
Other liabilities	(3,452)	(16,913)
Total adjustments	(508)	(99,970)
Net cash provided by (used in) operating activities	(301,322)	598,128
Cash flows from investing activities:		
Purchase of property and equipment	(41,662)	(97,243)
Purchase of investments	-	(123,495)
Net cash used in investing activities	(41,662)	(220,738)
Cash flows from financing activities:		
New borrowings	35,436	-
Principal payments on notes payable	(15,264)	(10,124)
Net cash provided by (used in) financing activities	20,172	(10,124)
Net increase (decrease) in cash and cash equivalents	(322,812)	367,266
Cash and cash equivalents - beginning of year	1,813,052	1,445,786
Cash and cash equivalents - end of year	\$ 1,490,240	\$ 1,813,052

(Continued on next page.)

The accompanying notes are an integral part of these financial statements

ST. VINCENT DE PAUL SOCIETY, INC.
STATEMENTS OF CASH FLOWS – CONTINUED
FOR THE YEARS ENDED SEPTEMBER 30, 2014 AND 2013

	<u>2014</u>	<u>2013</u>
Supplemental Disclosures of Cash Flow Information:		
Cash paid for interest	\$ <u>2,388</u>	\$ <u>2,186</u>
Non-cash investing and financing activities:		
Fair market value of assets acquired - The Sullivan Center at October 9, 2012:	\$ <u>-</u>	\$ <u>177,700</u>

The accompanying notes are an integral part of these financial statements

ST. VINCENT DE PAUL SOCIETY, INC.
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2014 AND 2013

1. Nature of Organization and Significant Accounting Policies

Organization

The St. Vincent de Paul Society, Inc. (the “Society”) is a nonprofit organization that has been actively assisting people in metro Atlanta and north Georgia since 1903. The Society is part of an international organization of Catholic lay people. The Society’s mission is to respond and reach out to people in need, regardless of their race or religion. The Society strives to equip individuals experiencing a time of hardship with the materials, education and confidence needed to establish financial security and self-sufficiency. The Society serves individuals based on their circumstances through financial assistance, free food, free clothing, other merchandise, transportation assistance or a combination of these services. Over seventy volunteer groups, referred to as St. Vincent de Paul Conferences (the “Conferences”), provide assistance in various locations throughout North Georgia. The Society also operates ten thrift stores in the Atlanta area where clients may redeem vouchers for free clothing, furniture and household goods. The proceeds from stores are used to help families in need with financial assistance. The Council of the St. Vincent de Paul Society “the Council” is the administrative segment of the Society. The activities and account balances of the Council, conferences and thrift stores are included in these financial statements.

In October 2012, the Society assumed the assets and liabilities of The Sullivan Center, Inc., an Atlanta area nonprofit organization, with a similar mission. The transaction is disclosed as a non-cash activity in the accompanying statement of cash flows.

Basis of Accounting

The financial statements of the Society are presented on the accrual basis of accounting and accordingly reflect all significant receivables, payables and other liabilities in conformity with accounting principles generally accepted in the United States of America (GAAP). Under this method of accounting, revenues are recognized in the period in which they are earned, while expenses are recognized in the period in which they are incurred.

Financial Statement Presentation

In accordance with GAAP, the Society is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted, temporarily restricted, or permanently restricted, based on stipulations made by the donor.

Contributions

The Society records unconditional promises to give and contributions received as unrestricted, temporarily restricted, or permanently restricted support, depending on the existence and/or nature of donor restrictions.

ST. VINCENT DE PAUL SOCIETY, INC.
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2014 AND 2013

1. Nature of Organization and Significant Accounting Policies – Continued

Contributions – Continued

The Society reports gifts of cash and other assets as restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions. All contributions and unconditional promises to give which do not have donor restrictions as to purpose or time are classified as unrestricted contributions and pledges receivable.

The Society records gifts of property and equipment as unrestricted support unless explicit donor stipulations specify how the donated assets must be used. Gifts of long-lived assets with explicit restrictions that specify how the assets are to be used, as well as gifts of cash or other assets that must be used to acquire long-lived assets, are reported as restricted support. Absent explicit donor stipulations about how long those long-lived assets must be maintained, the Society reports expirations of donor restrictions when the donated or purchased long-lived assets are placed in service.

Donated Services and Goods

In accordance with GAAP, all non-cash gifts (other than personal services) are recorded at their estimated fair value at date of receipt and donated services are recognized as contributions if the services (a) create or enhance non-financial assets, or (b) require specialized skills that are provided by individuals possessing those skills and would otherwise need to be purchased by the Society if not provided by donation.

During the fiscal years ended September 30, 2014 and 2013, donations of specialized services were received and recorded. Also, the Society received donations of vehicles, clothing and food for both sale and free distribution to clients. During the fiscal years ended September 30, 2014 and 2013, in-kind donations were made for the Evening for Hope event totaling approximately \$47,000 and \$25,000, respectively, which is included in fundraising event revenue in the statement of activities.

ST. VINCENT DE PAUL SOCIETY, INC.
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2014 AND 2013

1. Nature of Organization and Significant Accounting Policies – Continued

Donated Services and Goods – Continued

Donated services and goods consist of the following for the years ending September 30:

	2014	2013
Clothing and food	\$ 2,281,700	\$ 1,961,303
Other in-kind - conferences	84,417	64,301
Vehicles	50,548	63,483
Cemetery lots	23,455	-
Land	20,000	-
Furniture	17,879	31,837
Specialized services	14,405	7,912
	\$ 2,492,404	\$ 2,128,836

Functional Allocation of Expenses

The costs of providing the various programs and other activities have been summarized on a functional basis in the statement of activities and the statement of functional expenses. The Society's policy is to allocate indirect administrative expenses incurred to programs and supporting services based on management estimates of effort and expense used to support these activities. Management believes that these estimates and resulting allocations fairly represent the costs and efforts expended on these activities.

Estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Tax Exempt Status

The Society is exempt from federal income tax under the provisions of Section 501(c)(3) of the Internal Revenue Code, and classified by the Internal Revenue Service as an organization other than a private foundation. In the opinion of management, the Society continues to operate as a tax exempt organization and, accordingly, no provisions for federal and state income taxes have been recorded in the accompanying financial statements. Income from certain activities not directly related to the Society's tax-exempt purpose is subject to taxation as unrelated business income. For the years ended September 30, 2014 and 2013, the Society did not have any unrelated business income, and accordingly, no unrelated business income tax.

ST. VINCENT DE PAUL SOCIETY, INC.
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2014 AND 2013

1. Nature of Organization and Significant Accounting Policies – Continued

Tax Exempt Status – Continued

Management believes that it has appropriate support for any tax positions taken, and as such does not have any uncertain tax positions (based on a more “likely-than-not” standard for substantiation) that are material to the financial statements. The Society’s income tax returns are subject to examination by the appropriate regulatory authorities, and as of September 30, 2014 and 2013, the Society’s federal tax returns remain open to examination for the last three years.

Cash and Cash Equivalents and Concentration of Credit Risk

Cash includes demand accounts at a bank and at the Catholic Archdiocese of Atlanta. For purposes of the statement of cash flows, the Society considers all short-term, interest-bearing deposits with original maturities of three months or less to be cash equivalents. Included in cash and cash equivalents are investments in a common fund account held by the Catholic Archdiocese of Atlanta.

The balance in the Society’s bank accounts, as reflected in the bank’s records, is insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000. At September 30, 2014 and 2013, the funds in the bank accounts did not exceed this balance. The balances in the demand account at the Catholic Archdiocese of Atlanta at September 30, 2014 and 2013 of \$296,903 \$610,936, respectively, are not insured by the FDIC.

Accounts Receivable

Accounts receivable consist primarily of annual collection receivables less an allowance for doubtful accounts when applicable. Management’s determination of the allowance for doubtful accounts is based on an evaluation of the accounts, past experience, current economic conditions, and other risks inherent in receivables. Management believes that all accounts receivable are fully collectible at September 30, 2014 and 2013.

Inventory

Inventory consists of donated Thrift Store merchandise and various other supplies. The Society records inventory for donated goods at estimated fair value, which is determined based on its future economic benefit.

Cemetery Lots and Mausoleum Spaces

Cemetery lots and mausoleum spaces are donated to the Society and are recorded at fair value at the date of donation. During the fiscal year ended September 30, 2014, lots valued at \$23,455 were donated to the Society. During the fiscal year ended September 30, 2013, there were no lots donated to the Society. During the fiscal years ended September 30, 2013 and 2014, lots totaling \$7,116 and \$4,100, respectively, were donated to others as direct client aid.

ST. VINCENT DE PAUL SOCIETY, INC.
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2014 AND 2013

1. Nature of Organization and Significant Accounting Policies – Continued

Property and Equipment

It is the policy of the Society to capitalize property and equipment in excess of \$1,000. Purchased furniture, fixtures, equipment and vehicles are recorded at cost. Donated furniture, fixtures, equipment, and vehicles are carried at approximate fair value at the date of donation. Depreciation is computed over the assets estimated useful lives, ranging from 3 to 10 years, using the straight-line method. Leasehold improvements are amortized over the estimated useful life of the improvement or the life of the lease, whichever is shorter.

Deferred Revenue

Deferred revenue results from the Society recognizing special event revenue in the period in which the related event occurred. Accordingly, the event fees received for a fundraiser to be held the next fiscal year are deferred until the event date.

Advertising Costs

Advertising costs are expensed as incurred.

National Meeting and Evening for Hope

In September 2014, the Society hosted the national meeting of the St. Vincent de Paul Society, Inc. The national meeting was held in conjunction with the annual Evening for Hope event and was not intended to be solely a fundraising opportunity and was expected to break even. Due to the timing of the national meeting and Evening for Hope events, there is no deferred revenue recorded in the accompanying statement of financial position at September 30, 2014. A total of \$152,789 of expenses for the national meeting are included in accrued expenses in the statement of financial position for the year ended September 30, 2014.

Fundraising events are shown in the accompanying statement of activities for the year ended September 30, 2014 net of expenses totaling \$381,154, substantially all of which are related to the national meeting and Evening for Hope held in October 2014. For the year ended September 30, 2013 fundraising events are shown net of expenses totaling \$139,991 all of which were for the Evening for Hope event.

2. Investments

General

The Society classifies its investment assets using a hierarchy of inputs to fair value measurements in accordance with professional standards, as follows:

Level 1 – Quoted prices in active markets for identical assets or liabilities that the Society has the ability to access.

ST. VINCENT DE PAUL SOCIETY, INC.
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2014 AND 2013

2. Investments – Continued

General – Continued

Level 2 – Inputs to the valuation methodology that are derived principally from or corroborated by observable market data:

- Quoted prices for similar assets or liabilities in active markets;
- Quoted prices for identical or similar assets or liabilities in inactive markets;
- Inputs other than quoted prices that are observable for the assets or liabilities;
- Inputs that are derived principally from or corroborated by observable market data by correlation or other means.

Level 3 – Inputs that are unobservable and significant to the overall fair value measurement.

The asset's or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

The fair market value of investments is summarized below at September 30:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
<u>2014</u>				
Equity funds - domestic	\$ 37,879	\$ 53,030	\$ -	\$ 90,909
Debt funds - domestic and international	53,397	-	-	53,397
Equity funds - international	13,612	-	-	13,612
Short-term investment funds	-	1,441	-	1,441
Charitable gift endowment annuities	-	-	311	311
	<u>\$ 104,888</u>	<u>\$ 54,471</u>	<u>\$ 311</u>	<u>\$ 159,670</u>
<u>2013</u>				
Equity funds - domestic	\$ 30,631	\$ 51,363	\$ -	\$ 81,994
Debt funds - domestic and international	49,128	-	-	49,128
Equity funds - international	12,643	-	-	12,643
Short-term investment funds	-	1,637	-	1,637
Charitable gift endowment annuities	-	-	336	336
	<u>\$ 92,402</u>	<u>\$ 53,000</u>	<u>\$ 336</u>	<u>\$ 145,738</u>

The Society's investments are maintained within the St. Vincent de Paul Atlanta Endowment Fund (the Fund), which was established during March 2012 to allow various Roman Catholic diocesan parishes, schools, agencies, entities or programs in the Archdiocese of Atlanta to establish permanent endowments for their future long-term needs and other designated purposes.

ST. VINCENT DE PAUL SOCIETY, INC.
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2014 AND 2013

2. Investments – Continued

General – Continued

Investment returns consist of the following for the years ended September 30:

	2014	2013
Unrealized gain on investments	\$ 11,987	\$ 9,695
Dividends, interest, and reinvested capital gains	1,945	2,366
Investment return	\$ 13,932	\$ 12,061

The changes in investments classified as Level 3 are as follows for the year ended September 30, 2014:

Beginning balance on October 1, 2013	\$ 336
New contracts issued	44
Payments made to annuitants	(57)
Change in value of charitable annuities	(12)
Ending balance on September 30, 2014	\$ 311

The changes in investments classified as Level 3 are as follows for the year ended September 30, 2013:

Beginning balance on October 1, 2012	\$ 13
New contracts issued	231
Payments made to annuitants	(35)
Change in value of charitable annuities	127
Ending balance on September 30, 2013	\$ 336

ST. VINCENT DE PAUL SOCIETY, INC.
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2014 AND 2013

3. Property and Equipment, Net

Property and equipment are summarized as follows at September 30:

	<u>2014</u>	<u>2013</u>
Equipment	\$ 238,434	\$ 238,434
Vehicles	212,406	177,644
Leasehold improvements	154,566	154,566
Computer equipment	115,306	109,474
Land	20,000	-
Security system	14,016	14,016
Furniture and fixtures	<u>6,427</u>	<u>6,427</u>
	761,155	700,561
Less accumulated depreciation	<u>(553,935)</u>	<u>(489,113)</u>
	<u>\$ 207,220</u>	<u>\$ 211,448</u>

Depreciation and amortization expense for the years ended September 30, 2014 and 2013 totaled \$65,890 and \$80,055, respectively.

4. Notes payable

A summary of notes payable is as follows at September 30:

	<u>2014</u>	<u>2013</u>
Vehicle loan with a fixed rate of 4.95%, due in monthly installments of \$941, including principal and interest through February 2017	\$ 29,793	\$ 35,144
Vehicle loan with a fixed rate of 4.85%, due in monthly installments of \$1,060, including principal and interest through March 2017	<u>25,523</u>	<u>-</u>
Total notes payable	<u>\$ 55,316</u>	<u>\$ 35,144</u>

Aggregate principal maturities of debt subsequent to September 30, 2014 are as follows:

<u>Year ending September 30,</u>	
2015	\$ 21,682
2016	22,820
2017	<u>10,814</u>
	<u>\$ 55,316</u>

ST. VINCENT DE PAUL SOCIETY, INC.
 NOTES TO FINANCIAL STATEMENTS
 SEPTEMBER 30, 2014 AND 2013

4. Notes payable – Continued

During 2014, the Society secured a \$300,000 line of credit from the Archdiocese of Atlanta. All unpaid accrued interest and principal is due May 31, 2016. The interest rate on the line of credit is 9%. There were no draws on this line of credit as of September 30, 2014.

5. Other Liabilities

During 2012, funds were transferred from an affiliated Foundation to the Society’s Archdiocese bank account to administer an employee loan fund for the affiliate. These funds are not in the Society’s control for administration and are therefore shown as a liability on the statement of financial position. The balance in other liabilities at September 30, 2014 and 2013 is \$43,819 and \$47,271, respectively.

6. Major Sources of Support and Revenue

The Society has three main sources of support and revenue which are as follows: Thrift Store sales, government grants for the Emergency Food and Shelter Program (EFSP), and contributions from individuals, foundations and corporations. For the years ended September 30, 2014 and 2013, the amounts derived from these sources represented approximately 97% and 96%, respectively, of the Society’s total support and revenue.

7. Board Designated Net Assets

Board designated net assets consist of the following at September 30:

	2014	2013
Endowed net assets	\$ 149,670	\$ 135,738
Operating Reserves	-	200,000
	\$ 149,670	\$ 335,738

ST. VINCENT DE PAUL SOCIETY, INC.
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2014 AND 2013

8. Temporarily Restricted Net Assets

Temporarily restricted net assets are comprised of funds the Society has received subject to donor-imposed restrictions consisting of the following at September 30:

	2014	2013
Direct assistance	\$ 40,115	\$ 142,198
Job training	6,920	10,000
Property and equipment	-	38,730
	\$ 47,035	\$ 190,928

9. Net Assets Released from Restrictions

The following net assets were released from donor restrictions by incurring expenditures satisfying the restricted purpose or by occurrence of other events specified by donors for the years ended September 30:

	2014	2013
Purpose restriction accomplished:		
Direct assistance	\$ 298,807	\$ 201,219
Property and equipment	38,730	47,589
Job training	13,080	2,770
Other	5,000	-
Support Center	-	10,000
	\$ 355,617	\$ 261,578

10. Endowed Net Assets

The Society's endowment fund consists of funds designated by the Society's board of directors as well as donations permanently restricted by donors. As described in Note 2, these funds are maintained with the St. Vincent de Paul Atlanta Endowment Fund (the "Fund").

The Society follows the requirements of Georgia's Uniform Management of Institutional Funds Act (the "Act"). Upon receipt of gifts and bequests, the Society evaluates the gift instrument and related information to determine the directions and intentions of the donor. The Society classifies gifts that are not immediately expendable as either temporarily or permanently restricted, depending on the restrictions that the donor has imposed. Consistent with the Act, in the absence of explicit directions by the donor, the Society classifies the initial recorded value of gifts that are not immediately expendable as permanently restricted.

ST. VINCENT DE PAUL SOCIETY, INC.
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2014 AND 2013

10. Endowed Net Assets – Continued

Investment Policy

The Society established an investment policy for the purpose of providing general guidelines for the prudent investment of its endowment assets. The objective of the investment policy is to defray annual spending and permit some growth of the assets as well as to maximize returns within reasonable and prudent levels of risk in order to minimize chances for loss of capital. The desired investment objective for the investments is to achieve a long term rate of return of 5% over the prevailing rate of inflation, with a target rate of approximately 8% per year.

Spending Policy

Contributions to the Fund can be made by the Society or by donors, provided that the contributions are in a form acceptable under the Fund's Acceptance Policy. Once an aggregate of \$50,000 in cash or other assets has been contributed, the Society may begin making distributions from the Fund. The endowment may only be used to support the operations, ministries, and capital needs of the Society of St. Vincent de Paul, Atlanta, Georgia. Unless otherwise changed by the Board of Directors, the amount of the endowment distribution used for operations may not exceed 20% of the operating budget. Usage of the endowment distributed funds requires an approval of the board of directors as part of each year's budget process or by special vote. There were no distributions made from the fund during the years ended September 30, 2014 and 2013.

From time to time, the fair value of invested assets associated with individual donor restricted endowment funds may fall below the level that the donor requires the Society to retain as a fund of perpetual duration. There were no such deficiencies as of September 30, 2014 and 2013.

ST. VINCENT DE PAUL SOCIETY, INC.
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2014 AND 2013

10. Endowed Net Assets – Continued

Spending Policy – Continued

Changes in the Society’s endowment for the years ended September 30 are as follows:

	Board Designated/ Unrestricted	Permanently Restricted	Total
<u>2014</u>			
Beginning Balance	\$ 135,738	\$ 10,000	\$ 145,738
Interest and dividends	1,945	-	1,945
Investment gains			
Realized	5,393	-	5,393
Unrealized	8,461	-	8,461
Management fees	(1,867)	-	(1,867)
Ending Balance	<u>\$ 149,670</u>	<u>\$ 10,000</u>	<u>\$ 159,670</u>
<u>2013</u>			
Beginning Balance	\$ 182	\$ 10,000	\$ 10,182
Contributions	123,495	-	123,495
Interest and dividends	2,367	-	2,367
Investment gains			
Realized	2,483	-	2,483
Unrealized	8,362	-	8,362
Management fees	(1,151)	-	(1,151)
Ending Balance	<u>\$ 135,738</u>	<u>\$ 10,000</u>	<u>\$ 145,738</u>

11. Retirement Plan

The Society offers a retirement plan operated under section 401(k) of the Internal Revenue Code. Employees are eligible for participation on the first day of the month following their hire date. There are no minimum service or age requirements for participation. In addition, employees can voluntarily contribute up to the maximum allowed by law to the retirement plan. Employees vest from date of hire. For the fiscal years ended September 30, 2014 and 2013, the Society contributed 3% of each eligible employee’s salary and matched 100% of employee contributions up to 6%. The Society’s retirement plan expense for the years ended September 30, 2014 and 2013 totaled \$65,826 and \$59,360, respectively.

ST. VINCENT DE PAUL SOCIETY, INC.
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2014 AND 2013

12. Lease Commitments

The Society leases office space, thrift store space and equipment under non cancelable operating leases. The future minimum payments under operating leases are as follows:

<u>For the year ending September 30:</u>	
2015	\$ 617,142
2016	515,472
2017	412,890
2018	248,390
2019	149,367
Thereafter	<u>26,889</u>
	<u>\$ 1,970,150</u>

Rent expense for the years ended September 30, 2014 and 2013 was \$744,724 and \$714,031, respectively.

13. Commitments and Contingencies

Certain grants and contracts often require the fulfillment of certain conditions as set forth in the instrument or agreement. Failure to fulfill the conditions could result in the return of funds to the grantors. Although the return of funds is a possibility, management of the Society deems the contingency unlikely. The grants and contracts are subject to audit by the grantor, or in the case of federal funds, the Federal government. They have the authority to determine liabilities or limit or suspend participation in the various sponsored programs.

The Society has elected the reimbursable method of financing unemployment claims in which the Society reimburses the Georgia Department of Labor for benefits paid to its former employees. There were no outstanding claims as of September 30, 2014 and 2013.

The Society is subject to legal actions arising in the ordinary course of business. In management's opinion, the Society has adequate legal defense and insurance with respect to such actions and their final outcome would not materially affect the Society's operations or financial position.

In June 2014, the Society signed a three year contract for technology services totaling \$18,853 of which \$7,405 has been incurred as of September 30, 2014. The outstanding amount on the contract at September 30, 2014 was \$11,447.

ST. VINCENT DE PAUL SOCIETY, INC.
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2014 AND 2013

14. Subsequent Events

Management has evaluated events and transactions which occurred through March 24, 2015, which was the date the financial statements were available to be issued.

In November 2014, property in the amount of \$300,000 was donated to the Society including land and a building located in Atlanta, GA. In December 2014, the Society entered into a contract to renovate the property at a cost of approximately \$70,000. The property will be utilized as an outreach center beginning in March 2015.

ST. VINCENT DE PAUL SOCIETY, INC.



OTHER INFORMATION AS REQUIRED
BY THE STATE OF GEORGIA

ST. VINCENT DE PAUL SOCIETY, INC.
 SCHEDULE OF STATE AWARDS EXPENDED
 FOR THE YEAR ENDED SEPTEMBER 30, 2014

<u>State Contract Number</u>	<u>Earned Revenues</u>	<u>Receipts</u>	<u>Due From (To) State Agency</u>
Pass through Georgia Department of Human Resources - Structured Employment Economic Development Corporation (Seedco) - 2014	\$ 77,250	\$ 77,250	\$ -
Pass through the Center for Working Families, Inc. - USDA Supplemental Nutrition Assistance Program (SNAP) - 2014	<u>64,073</u>	<u>64,073</u>	<u>-</u>
	<u>\$ 141,323</u>	<u>\$ 141,323</u>	<u>\$ -</u>