SOCIETY OF ST. VINCENT DE PAUL GEORGIA, INC.

FINANCIAL STATEMENTS
WITH
INDEPENDENT AUDITORS REPORT

SEPTEMBER 30, 2018 AND 2017

SOCIETY OF ST. VINCENT DE PAUL OF GEORGIA, INC.

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BROOKS, McGINNIS
& COMPANY, LLC
CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of the Society of St. Vincent de Paul Georgia, Inc. (a nonprofit organization), which comprise the statements of financial position as of September 30, 2018 and 2017, 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 Society of St. Vincent de Paul Georgia, Inc. as of September 30, 2018 and 2017, 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.

Brooks, McGinnis & Company, LLC

Atlanta, Georgia
July 1, 2019

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SOCIETY OF ST. VINCENT DE PAUL GEORGIA, INC.
STATEMENTS OF FINANCIAL POSITION
SEPTEMBER 30, 2018 AND 2017

	2018	2017
ASSETS		
Cash and cash equivalents	$ 1,369,496	$ 1,622,579
Accounts receivable	203,053	233,032
Unconditional promises to give, net	421,145	-
Prepaid expenses	26,519	39,139
Cash restricted for capital campaign and building improvemen	186,616	-
Investments	196,076	183,703
Inventory	605,716	623,134
Cemetery lots and mausoleum spaces	160,417	160,417
Property and equipment, net	557,493	571,398
Other assets	34,404	24,404
Total assets	$ 3,760,935	$ 3,457,806
LIABILITIES AND NET ASSETS		
Liabilities:		
Accounts payable	$ 320,448	$ 252,990
Accrued expenses	94,358	71,130
Deferred revenue	133,487	144,232
Line of credit payable	227,702	155,000
Note payable	22,461	32,125
Total liabilities	798,456	655,477
Commitments and contingencies		
Net assets:		
Unrestricted:		
Available for operations	1,452,982	1,861,698
Board designated	186,076	173,703
Invested in property and equipment, net of debt	695,449	699,690
Total unrestricted	2,334,507	2,735,091
Temporarily restricted	617,972	57,238
Permanently restricted	10,000	10,000
Total net assets	2,962,479	2,802,329
Total liabilities and net assets	$ 3,760,935	$ 3,457,806

The accompanying notes are an integral part of these financial statements

SOCIETY OF ST. VINCENT DE PAUL GEORGIA, INC.
STATEMENTS OF ACTIVITIES
FOR THE YEARS ENDED SEPTEMBER 30, 2018 AND 2017

	2018	2017
Changes in unrestricted net assets:		
Public support:		
Individuals, private foundations, grants and corporations	$ 8,218,024	$ 8,742,285
In-kind donations	3,514,237	3,132,407
Fundraising events, net of expenses	359,427	386,949
Annual collection	267,838	276,698
Estates and memorials	40,709	4,018
Net assets released from restrictions	347,596	156,519
Total public support	12,747,831	12,698,876
Revenue and gains:		
Thrift stores	2,586,932	2,572,009
Gain on disposal of property and equipment	1,900	-
Investment income and other interest	12,912	19,244
Other income	8,413	4,117
Total revenue and gains	2,610,157	2,595,370
Total public support, revenue and gains	15,357,988	15,294,246
Expenses:		
Program services	13,591,317	13,946,826
Supporting services:		
General and administrative	1,822,777	990,512
Fundraising	344,478	454,318
Total supporting services	2,167,255	1,444,830
Total expenses	15,758,572	15,391,656
Decrease in unrestricted net assets	(400,584)	(97,410)
Changes in temporarily restricted net assets:		
Program contributions	226,000	145,958
Capital campaign contributions	682,330	-
Net assets released from restrictions	(347,596)	(156,519)
Increase (decrease) in temporarily restricted net assets	560,734	(10,561)
Increase (decrease) in net assets	160,150	(107,971)
Net assets, beginning of year	2,802,329	2,910,300
Net assets, end of year	$ 2,962,479	$ 2,802,329

The accompanying notes are an integral part of these financial statements

SOCIETY OF ST. VINCENT DE PAUL GEORGIA, INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED SEPTEMBER 30, 2018

	Program Services					Supporting Services				
	Direct Aid	Thrift Store Operations	Thrift Store Recycling	Conferences Services	Total Program Services	Administration	Communication	Total General and Administrative	Fundraising	Total Expenses
Salaries	$ 212,677	$ 332,679	$ 15,765	$ 99,042	$ 660,163	$ 687,006	$ 31,023	$ 718,029	$ 168,233	$ 1,546,425
Payroll taxes and benefits	58,172	3,666	4,312	14,405	80,555	200,596	8,485	209,081	46,015	335,651
Direct Aid	1,672,090	149,830	-	9,003,081	10,825,001	5,868	-	5,868	1,000	10,831,869
Rent	6,227	803,602	6,795	254	816,878	133,638	201	133,839	3,872	954,589
Utilities	3,740	204,581	4,082	2,035	214,438	78,391	121	78,512	2,326	295,276
Professional fees	1,850	-	-	222	2,072	130,503	-	130,503	78,300	210,875
Supplies	2,330	150,264	-	274	152,868	18,391	-	18,391	563	171,822
Bank fees	1	47,312	-	-	47,313	50,874	-	50,874	4,596	102,783
Dues and subscriptions	6,593	-	-	541	7,134	82,645	-	82,645	1,499	91,278
Travel	7,403	2,387	101	4,097	13,988	54,269	238	54,507	2,652	71,147
Printing	7,150	609	-	1,218	8,977	30,422	-	30,422	11,255	50,654
Advertising	186	3,666	-	-	3,852	23,556	22,477	46,033	14,947	64,832
Repairs and maintenance	297	34,719	324	-	35,340	6,387	10	6,397	185	41,922
Technology	4,186	18,133	4,568	8,740	35,627	81,271	135	81,406	2,603	119,636
Insurance	1,825	16,917	1,992	3,528	24,262	35,718	59	35,777	1,135	61,174
Auto expense	1,313	5,687	1,433	-	8,433	28,227	42	28,269	816	37,518
Postage	237	-	-	8	245	5,273	-	5,273	-	5,518
Events	6,355	-	-	339	6,694	17,404	3,040	20,444	4,481	31,619
Training	268	216	-	-	484	554	-	554	-	1,038
Special projects	171,008	300	-	-	171,308	466	179	645	-	171,953
Non-direct aid	6,904	17,711	-	426,496	451,111	3,841	-	3,841	-	454,952
Total expenses before depreciation and amortization	2,170,812	1,792,279	39,372	9,564,280	13,566,743	1,675,300	66,010	1,741,310	344,478	15,652,531
Depreciation and amortization	14,020	72	-	10,482	24,574	81,467	-	81,467	-	106,041
Total expenses	$ 2,184,832	$ 1,792,351	$ 39,372	$ 9,574,762	$ 13,591,317	$ 1,756,767	$ 66,010	$ 1,822,777	$ 344,478	$ 15,758,572
	14%	11%	Less than 1%	61%	86%	12%	Less than 1%	12%	2%	100%

The accompanying notes are an integral part of these financial statements

SOCIETY OF ST. VINCENT DE PAUL GEORGIA, INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED SEPTEMBER 30, 2017

	Program Services					Supporting Services				
	Direct Aid	Thrift Store Operations	Thrift Store Recycling	Conferences Services	Total Program Services	Administration	Communication	Total General and Administrative	Fundraising	Total Expenses
Salaries	$ 304,968	$ 502,202	$ 42,224	$ 200,980	$ 1,050,374	$ 225,962	$ 101,261	$ 327,223	$ 212,867	$ 1,590,464
Payroll taxes and benefits	57,396	65,237	3,376	23,234	149,243	145,927	8,119	154,046	43,317	346,606
Direct Aid	1,373,573	5,837	-	9,114,982	10,494,392	1,000	-	1,000	-	10,495,392
Rent	29,273	789,004	32,605	1,677	852,559	22,104	586	22,690	1,906	877,155
Utilities	13,785	247,828	2,582	7,469	271,664	10,051	3,734	13,785	8,621	294,070
Professional fees	1,800	16,488	-	150	18,438	68,994	-	68,994	-	87,432
Supplies	1,435	166,902	2,395	3,030	173,762	29,966	1,184	31,150	104	205,016
Bank fees	157	42,407	-	-	42,564	40,657	-	40,657	5,315	88,536
Dues and subscriptions	100	99	-	923	1,122	130,261	454	130,715	8,953	140,790
Travel	4,202	4,946	28	6,165	15,341	42,310	418	42,728	29,731	87,800
Printing	8,127	7,643	67	2,607	18,444	10,122	-	10,122	38,983	67,549
Advertising	-	6,399	-	-	6,399	14,374	3,090	17,464	16,515	40,378
Repairs and maintenance	300	100,151	-	-	100,451	-	-	-	-	100,451
Technology	-	-	-	11,235	11,235	69,869	171	70,040	34,422	115,697
Insurance	5,939	9,433	699	3,144	19,215	10,132	1,747	11,879	3,843	34,937
Auto expense	15,504	6,292	7,547	-	29,343	-	-	-	511	29,854
Postage	-	17	-	42	59	11,902	-	11,902	14,950	26,911
Events	164	300	-	678	1,142	13,948	25	13,973	20,374	35,489
Training	-	-	-	-	-	375	-	375	-	375
Special projects	195,966	-	-	-	195,966	-	-	-	-	195,966
Non-direct aid	-	5,034	-	418,614	423,648	1,548	-	1,548	-	425,196
Total expenses before depreciation and amortization	2,012,689	1,976,219	91,523	9,794,930	13,875,361	849,502	120,789	970,291	440,412	15,286,064
Depreciation and amortization	21,306	34,943	3,168	12,048	71,465	7,233	12,988	20,221	13,906	105,592
Total expenses	$ 2,033,995	$ 2,011,162	$ 94,691	$ 9,806,978	$ 13,946,826	$ 856,735	$ 133,777	$ 990,512	$ 454,318	$ 15,391,656
	13%	13%	1%	63%	90%	6%	1%	7%	3%	100%

SOCIETY OF ST. VINCENT DE PAUL GEORGIA, INC.
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED SEPTEMBER 30, 2018 AND 2017

	2018	2017
Cash flows from operating activities:		
Increase (decrease) in net assets	$ 160,150	$ (107,971)
Adjustments to reconcile changes in net assets		
to net cash used in operating activities:		
Depreciation and amortization	106,041	105,592
Donations of cemetery lots	-	(7,000)
Contributions and pledges restricted for long-term purposes	(682,330)	-
Gain on investments	(11,795)	(19,244)
Changes in assets and liabilities:		
(Increase) decrease in assets:		
Accounts receivable	29,979	39,312
Inventory	17,418	(64,190)
Prepaid expenses	12,620	(4,710)
Other assets	(10,000)	15,476
Increase (decrease) in liabilities:		
Accounts payable	67,458	106,515
Accrued expenses	23,228	(30,168)
Deferred revenue	(10,745)	(31,498)
Other liabilities	-	(41,869)
Total adjustments	(458,126)	68,216
Net cash used in operating activities	(297,976)	(39,755)
Cash flows from investing activities:		
Purchases of investments	(578)	(97)
Purchases of property and equipment	(92,136)	(49,441)
Net cash used in investing activities	(92,714)	(49,538)
Cash flows from financing activities:		
Net draws on line of credit	72,702	-
Cash collected for long-term purposes	261,185	-
Principal payments on note payable	(9,664)	(24,635)
Net cash provided by (used in) financing activities	324,223	(24,635)
Net decrease in cash and cash equivalents	(66,467)	(113,928)
Cash and cash equivalents, beginning of year	1,622,579	1,736,507
Cash and cash equivalents, end of year	$ 1,556,112	$ 1,622,579
Supplemental Disclosures of Cash Flow Information:		
Cash paid for interest	$ 22,549	$ 22,114

The accompanying notes are an integral part of these financial statements

1. Nature of Organization and Significant Accounting Policies

Organization

The Society of St. Vincent de Paul Georgia, Inc. (the "Society") is a nonprofit organization that has been actively assisting people in metro Atlanta and 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 twelve 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 Society of St. Vincent de Paul Georgia, Inc. (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.

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.

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 Property, Services and Goods

In accordance with GAAP, all non-cash gifts (other than personal services) are recorded at their estimated fair value at the date of receipt. 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, 2018 and 2017, 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.

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

	2018	2017
Clothing and food	$ 3,197,799	$ 2,930,694
Cemetery lots	-	7,000
Furniture	108,039	72,395
Specialized services	13,061	827
Other in-kind - conferences	195,338	121,491
Total donated property, services and goods	$ 3,514,237	$ 3,132,407

1. Nature of Organization and Significant Accounting Policies – Continued

Functional Allocation of Expenses

The costs of providing the various programs and other activities have been summarized on a functional basis in the statements of activities and the statements 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, 2018 and 2017, the Society did not have any unrelated business income, and accordingly, no unrelated business income tax.

Management believes that it has appropriate support for any tax positions taken, and as such does not have any uncertain tax positions 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, 2018 and 2017, the Society's federal tax returns remain open to examination for the last three years.

1. Nature of Organization and Significant Accounting Policies – Continued

Cash and Cash Equivalents and Concentration of Credit Risk

Cash includes demand accounts at several financial institutions as well as at the Catholic Archdiocese of Atlanta. For purposes of the statements 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 Archdiocese). The Society is required to maintain minimum balances of $200,000 with the Archdiocese as a condition of its existing line of credit agreement with that institution. The Society did not maintain these balances at September 30, 2018 and 2017; however, as the agreement has been renewed by the Archdiocese, management believes they are in compliance.

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, 2018 and 2017, the funds in the bank accounts did not exceed this balance. The balances in the demand account at the Archdiocese at September 30, 2018 and 2017 of $27,729 and $27,194, respectively, are not insured by the FDIC.

Cash consisted of the following at September 30:

	2018	2017
Unrestricted cash	$ 1,359,285	$ 1,602,579
Cash restricted for various short-term purposes	10,211	20,000
Cash and cash equivalents	1,369,496	1,622,579
Cash restricted for capital campaign and building improvements	186,616	-
Cash and cash equivalents, for purpose of the Statements of Cash Flows	$ 1,556,112	$ 1,622,579

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, 2018 and 2017, and accordingly no allowance has been recorded in the financial statements.

1. Nature of Organization and Significant Accounting Policies – Continued

Inventory

Inventory consists of donated Thrift Store merchandise and various other supplies. The Society records inventory for donated goods at lower of cost or net realizable 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 year ended September 30, 2017, lots valued at $7,000 were donated to the Society. There were no lots donated during the year ended September 30, 2018.

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 30 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. Additionally, deferred revenue results from advance payments from the Emergency Food and Shelter Program of the United Way.

Advertising Costs

Advertising costs are expensed as incurred.

Evening for Hope

The Evening for Hope event was held in October 2017 and 2018, subsequent to the 2017 and 2018 fiscal year ends. Therefore, due to timing of the event, deferred revenue as of September 30, 2018 and 2017 totaled $58,617 and $91,813, respectively. Fundraising events are shown in the accompanying statement of activities for the year ended September 30, 2017 net of expenses totaling $47,754 and were primarily for the Evening for Hope event. Fundraising events for the year ended September 30, 2018 net of expenses totaling $82,369 were for the Evening for Hope, Tee Off for Hope, and Hunger Walk.

1. Nature of Organization and Significant Accounting Policies – Continued

New Accounting Policy

In November 2016, the Financial Accounting Standards Board (FASB) issued ASU 2016-18, *Statement of Cash Flows (Topic 230): Restricted Cash*, which requires the statement of cash flows explain the change during the period in the total of cash, cash equivalents, and amounts generally described as restricted cash or restricted cash equivalents. The ASU is effective for fiscal years beginning after December 15, 2018. Earlier application is allowed. The guidance requires retrospective application. The Society early adopted this guidance for the year ended September 30, 2018. Accordingly, the financial statements as of and for the year ended September 30, 2017 have been modified to conform to this new presentation. The adoption of this new accounting policy had no effect on net assets.

Reclassification of Amounts

Certain amounts previously reported have been reclassified to conform to the current year's financial statement presentation.

2. Unconditional Promises to Give, Net

During 2018, the Society began a $6,500,000 capital campaign to raise funds to purchase and renovate the building where Society operations are currently located and to create an endowment fund to support annual operations. Pledges received through September 30, 2018 totaled approximately $593,623, of which the Society believes approximately $570,630 will be realized. As of September 30, 2018, the balance of net pledges receivable was $421,145. Pledges are recorded at net realizable value upon receipt. Contributions to be received after one year are discounted at 2.13%, commensurate with the risks involved. Amortization of the discount is recorded as additional contribution revenue and utilized in accordance with donor-imposed restrictions on the contribution.

Unconditional promises to give consist of the following at September 30, 2018:

Amounts due in:		
Less than one year	$	145,622
One to three years		291,242
Less discount on unconditional promises to give		(15,719)
Total unconditional promises to give, net	$	421,145

3. Investments

The Society's investments are managed by investment managers with the Catholic Foundation of North Georgia. The Society values its investment assets at prices provided by the investment managers based on the underlying asset. The Society's investments are maintained within the Society of St. Vincent de Paul Georgia 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. These investments are measured at fair value using the net asset value per share (or its equivalent) as a practical expedient.

The Society's investments consist of one pooled investment fund with the Catholic Foundation of North Georgia. These investments are valued by the Catholic Foundation of North Georgia based on the underlying assets. Underlying assets in the funds consist of investments in exchange-traded equity securities and institutional fund investments measured at net asset value. Investment balances with the Catholic Foundation of North Georgia totaled $196,076 and $183,703 at September 30, 2018 and 2017, respectively.

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

	2018	2017
Unrealized and realized gain	$ 10,947	$ 18,891
Dividends, interest, and reinvested capital gains	3,288	2,554
Investment management fees	(2,440)	(2,201)
Total investment income	$ 11,795	$ 19,244

4. Property and Equipment, Net

Property and equipment are summarized as follows at September 30:

	2018	2017
Land	$ 77,700	$ 77,700
Building	292,300	292,300
Leasehold improvements	264,475	204,715
Equipment	359,102	295,682
Vehicles	175,578	264,475
Computer equipment	154,472	141,905
Security system	14,016	14,016
Furniture and fixtures	9,733	9,733
	1,347,376	1,300,526
Less accumulated depreciation	(789,883)	(729,128)
Total property and equipment, net	$ 557,493	$ 571,398

Depreciation and amortization expense for the years ended September 30, 2018 and 2017 totaled $106,041 and $105,592, respectively.

5. Note Payable and Line of Credit

Previously, the Society entered into a note payable with a single financial institution for the purchase of a vehicle. The loan has a fixed interest rate of 4.59% and is due in monthly installments of $984, including principal and interest through the maturity date of August 2020. The balance of the note payable at September 30, 2018 and 2017 was $22,461 and $32,125, respectively.

Aggregate principal maturities of debt subsequent to September 30, 2018 are as follows:

Year ending September 30,	
2019	$ 11,880
2020	10,581
	$ 22,461

Previously, the Society secured a $300,000 line of credit from the Archdiocese of Atlanta with a maturity date of May 31, 2019 and an interest rate of 8.5%. In May 2019, the maturity date was extended to May 31, 2021. The outstanding balance on this line of credit at September 30, 2018 and 2017 was $227,702 and $155,000, 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, 2018 and 2017, the amounts derived from these sources represented approximately 96% and 94%, respectively, of the Society's total support and revenue.

7. Board Designated Net Assets

Board designated net assets consist of endowed net assets of $186,076 and $173,703 for the years ended September 30, 2018 and 2017, respectively.

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:

	2018	2017
Journey program	$ 8,130	$ 20,000
Building improvements	32,238	37,238
Direct aid	2,081	-
Capital campaign cash and pledges	575,523	-
Total temporarily restricted net assets	$ 617,972	$ 57,238

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:

	2018	2017
Purpose restriction accomplished:		
Direct assistance	$ 65,455	$ 3,049
Property and equipment	55,000	44,300
Food distribution program	81,964	51,670
Support center	20,000	50,000
Journey program	18,370	7,500
Capital campaign management	96,807	-
Deposit on purchase of building	10,000	-
Total net assets released from restrictions	$ 347,596	$ 156,519

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 3, these funds are maintained with the Society of St. Vincent de Paul Georgia 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.

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.

10. Endowed Net Assets – Continued

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 Georgia, Inc. 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, 2018 and 2017.

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, 2018 and 2017.

10. Endowed Net Assets – Continued

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

	Board Designated/ Unrestricted	Permanently Restricted	Total
2018			
Beginning Balance	$ 173,703	$ 10,000	$ 183,703
Contributions	578	-	578
Interest and dividends	3,288	-	3,288
Investment gains			
Realized	6,114	-	6,114
Unrealized	4,833	-	4,833
Management fees	(2,440)	-	(2,440)
Ending Balance	$ 186,076	$ 10,000	$ 196,076
2017			
Beginning Balance	$ 154,362	$ 10,000	$ 164,362
Contributions	97	-	97
Interest and dividends	2,554	-	2,554
Investment gains			
Realized	3,587	-	3,587
Unrealized	15,304	-	15,304
Management fees	(2,201)	-	(2,201)
Ending Balance	$ 173,703	$ 10,000	$ 183,703

Subsequent to year end, the Society received a $400,000 contribution to the endowment.

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, 2018 and 2017, the Society contributed 3% of each eligible employee's salary and matched 100% of employee contributions up to 3%. The Society's contribution to the retirement plan for the years ended September 30, 2018 and 2017 totaled $53,706 and $58,095, respectively.

12. Lease Commitments

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

For the year ending September 30:		
2019	$	825,740
2020		692,317
2021		587,449
2022		359,834
2023		149,509
Thereafter		50,784
Total minimum lease payments	$	2,665,633

Rent expense for the years ended September 30, 2018 and 2017 was $954,589 and $877,155, 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 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.

Previously, the Society entered into a Loan Conversion Program with a financial institution in which the Society guarantees a portion of the loans entered into by direct aid clients as approved by Management. Management believes the maximum exposure as of September 30, 2018 and 2017 was approximately $3,880 and $7,500, respectively.

In November 2017, the Society signed a contract for capital campaign consulting services of approximately $199,000, of which $102,193 was outstanding at September 30, 2018.

13. Commitments and Contingencies – Continued

In September 2018, the Society entered into an agreement to purchase the building where Society operations are currently located. A deposit of $10,000 was paid and is included in other assets on the statement of financial position at September 30, 2018. The purchase price of the property is $2,500,000 and the transaction closed on June 6, 2019. Additionally, in June 2019 the Society entered into a note payable in the amount of $1,750,000 for the purchase of the building. The note has an interest rate of Libor plus 1.8% and with a maturity date of June 2024. The note is collateralized by a security lien on the building, assignment of capital campaign pledge proceeds, and a double negative pledge on all assets. In May 2019, a new limited liability company, the 2050 SVDP, LLC, was formed to hold funds and certain properties transferred to it by the Society, including the building.

14. Related Party Transactions

The Society annually remits dues to the National Council of the United States Society of St. Vincent de Paul. During the years ended September 30, 2018 and 2017, $47,792 and $10,300, respectively, was paid to the National Council. Amounts due to the National Council as of September 30, 2018 and 2017 were $86,733 and $72,083, respectively.

15. New Markets Tax Credit Transaction

The New Markets Tax Credit Program (NMTC Program) was established by Congress in 2000 to attract investment capital to low-income communities by permitting investors to receive tax credit incentives in exchange for making equity investments in certified Community Development Entities (CDE). Under this program, certain commercial banks and other investors are able to subsidize eligible projects that meet the NMTC Program requirements.

The New Markets Tax Credit program is a seven-year agreement and is expected to close in fiscal 2020. Capital campaign funds and NMTC proceeds received under the NMTC Program will be disbursed to purchase and renovate the building that the Society is currently located in.

16. Subsequent Events

Management has evaluated events and transactions which occurred through July 1, 2019, which was the date the financial statements were available to be issued. Significant subsequent events include the extension of the line of credit as further discussed in Note 5, the contribution to the endowment as further discussed in Note 10, and the building purchase and formation of a new entity as further described in Note 13.