

SOCIETY OF ST. VINCENT DE PAUL GEORGIA, INC.

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CONSOLIDATED FINANCIAL STATEMENTS  
WITH  
INDEPENDENT AUDITORS REPORT

SEPTEMBER 30, 2019 AND 2018

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

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## INDEPENDENT AUDITOR'S REPORT

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

### **Report on the Consolidated Financial Statements**

We have audited the accompanying consolidated financial statements of the Society of St. Vincent de Paul Georgia, Inc. (a nonprofit organization), which comprise the consolidated statements of financial position as of September 30, 2019 and 2018, and the related consolidated statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the consolidated financial statements.

### **Management's Responsibility for the Consolidated Financial Statements**

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

### **Auditor's Responsibility**

Our responsibility is to express an opinion on these consolidated 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 consolidated financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated 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 consolidated 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 consolidated 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 consolidated 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, 2019 and 2018, 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  
February 24, 2020

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SOCIETY OF ST. VINCENT DE PAUL GEORGIA, INC.  
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION  
SEPTEMBER 30, 2019 AND 2018

	2019	2018
<b>ASSETS</b>		
Cash and cash equivalents	\$ 1,540,303	\$ 1,369,496
Accounts receivable	242,182	203,053
Unconditional promises to give, net	1,537,934	421,145
Prepaid expenses	8,388	26,519
Cash restricted for capital campaign and building improvemen	1,259,863	186,616
Investments	607,554	196,076
Inventory	563,034	605,716
Cemetery lots and mausoleum spaces	160,417	160,417
Property and equipment, net	3,202,251	557,493
Other assets	31,970	34,404
Total assets	\$ 9,153,896	\$ 3,760,935
<b>LIABILITIES AND NET ASSETS</b>		
Liabilities:		
Accounts payable	\$ 300,556	\$ 320,448
Accrued expenses	142,919	94,358
Deferred revenue	123,536	133,487
Line of credit payable	272,702	227,702
Notes payable	1,762,398	22,461
Total liabilities	2,602,111	798,456
Commitments and contingencies		
Net assets:		
Without donor restrictions:		
Available for operations	1,524,504	1,452,982
Board designated	197,554	186,076
Invested in property and equipment, net of debt	1,600,270	695,449
Total without donor restrictions	3,322,328	2,334,507
With donor restrictions:		
Purpose restrictions	2,819,457	617,972
Perpetual in nature	410,000	10,000
Total with donor restrictions	3,229,457	627,972
Total net assets	6,551,785	2,962,479
Total liabilities and net assets	\$ 9,153,896	\$ 3,760,935

The accompanying notes are an integral part of these consolidated financial statements

SOCIETY OF ST. VINCENT DE PAUL GEORGIA, INC.  
CONSOLIDATED STATEMENTS OF ACTIVITIES  
FOR THE YEARS ENDED SEPTEMBER 30, 2019 AND 2018

	2019	2018
Changes in net assets without donor restrictions:		
Public support:		
Individuals, private foundations, grants and corporations	\$ 8,480,808	\$ 8,218,024
In-kind donations	3,448,455	3,514,237
Fundraising events, net of expenses	264,478	359,427
Annual collection	311,821	267,838
Estates and memorials	90,250	40,709
Net assets released from restrictions	1,446,721	347,596
Total public support	14,042,533	12,747,831
Revenue and gains:		
Thrift stores	2,986,615	2,586,932
Gain on disposal of property and equipment	-	1,900
Investment income and other interest	9,724	12,912
Rental income	46,831	-
Other income	500	8,413
Total revenue and gains	3,043,670	2,610,157
Total public support, revenue and gains	17,086,203	15,357,988
Expenses:		
Program services	14,084,832	13,591,317
Supporting services:		
General and administrative	1,525,751	1,822,777
Fundraising	487,799	344,478
Total supporting services	2,013,550	2,167,255
Total expenses	16,098,382	15,758,572
Increase (decrease) in net assets without donor restrictions	987,821	(400,584)
Changes in net assets with donor restrictions:		
Program contributions	289,809	226,000
Capital campaign contributions	3,358,397	682,330
Endowment contributions	400,000	-
Net assets released from restrictions	(1,446,721)	(347,596)
Increase in net assets with donor restrictions	2,601,485	560,734
Increase in net assets	3,589,306	160,150
Net assets, beginning of year	2,962,479	2,802,329
Net assets, end of year	\$ 6,551,785	\$ 2,962,479

The accompanying notes are an integral part of these financial statements

SOCIETY OF ST. VINCENT DE PAUL GEORGIA, INC.  
CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES  
FOR THE YEAR ENDED SEPTEMBER 30, 2019

	Program Services					Supporting Services				Total Expenses
	Direct Aid	Thrift Store Operations	Thrift Store Recycling	Conferences Services	Total Program Services	Administration	Communications	Total General and Administrative	Fundraising	
Salaries	\$ 445,425	\$ 369,443	\$ 48,379	\$ 22,337	\$ 885,584	\$ 344,637	\$ 38,361	\$ 382,998	\$ 282,355	\$ 1,550,937
Payroll taxes and benefits	36,550	44,540	3,320	15,767	100,177	219,566	2,440	222,006	18,901	341,084
Direct Aid	1,816,717	150,267	-	8,971,327	10,938,311	-	-	-	-	10,938,311
Rent	6,359	855,889	2,725	4,714	869,687	67,956	-	67,956	908	938,551
Utilities	821	252,297	-	1,734	254,852	66,803	-	66,803	-	321,655
Professional fees	3,480	1,465	-	34,220	39,165	126,504	4,867	131,371	131,646	302,182
Supplies	3,564	201,254	1,335	206	206,359	13,775	472	14,247	124	220,730
Bank fees	-	41,500	-	-	41,500	58,226	-	58,226	4,514	104,240
Dues and subscriptions	1,669	-	-	399	2,068	60,959	350	61,309	849	64,226
Travel	5,900	1,976	280	3,558	11,714	46,634	116	46,750	4,310	62,774
Printing	1,559	661	-	936	3,156	23,385	17,856	41,241	17,202	61,599
Advertising	2,635	3,731	-	-	6,366	15,206	18,206	33,412	4,629	44,407
Repairs and maintenance	4,659	62,052	-	-	66,711	47,402	-	47,402	55	114,168
Technology	480	20	-	8,508	9,008	79,112	207	79,319	2,405	90,732
Insurance	5,146	6,617	2,206	3,676	17,645	55,141	-	55,141	735	73,521
Auto expense	34,787	3,886	4,124	-	42,797	14,612	-	14,612	-	57,409
Postage	33	275	-	15	323	9,924	12,034	21,958	3,088	25,369
Events	1,439	-	-	203	1,642	10,427	198	10,625	5,529	17,796
Training	500	72	-	-	572	6,190	-	6,190	1,113	7,875
Special projects	118,764	341	-	-	119,105	2,905	-	2,905	-	122,010
Non-direct aid	4,650	6,795	-	412,950	424,395	24,301	434	24,735	7,615	456,745
Interest	3,206	4,122	1,374	2,290	10,992	34,348	-	34,348	458	45,798
Total expenses before depreciation and amortization	2,498,343	2,007,203	63,743	9,482,840	14,052,129	1,328,013	95,541	1,423,554	486,436	15,962,119
Depreciation and amortization	9,538	12,264	4,088	6,813	32,703	102,197	-	102,197	1,363	136,263
Total expenses	\$ 2,507,881	\$ 2,019,467	\$ 67,831	\$ 9,489,653	\$ 14,084,832	\$ 1,430,210	\$ 95,541	\$ 1,525,751	\$ 487,799	\$ 16,098,382
	15%	13%	Less than 1%	59%	87%	9%	1%	10%	3%	100%

The accompanying notes are an integral part of these financial statements

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

	Program Services					Supporting Services				Total Expenses
	Direct Aid	Thrift Store Operations	Thrift Store Recycling	Conferences Services	Total Program Services	Administration	Communications	Total General and Administrative	Fundraising	
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.  
CONSOLIDATED STATEMENTS OF CASH FLOWS  
FOR THE YEARS ENDED SEPTEMBER 30, 2019 AND 2018

	<u>2019</u>	<u>2018</u>
Cash flows from operating activities:		
Increase in net assets	\$ 3,589,306	\$ 160,150
Adjustments to reconcile changes in net assets to net cash provided by (used in) operating activities:		
Depreciation and amortization	136,263	106,041
Contributions and pledges restricted for long-term purposes	(3,358,397)	(682,330)
Donated computers	(10,500)	-
Gain on investments	(9,772)	(11,795)
Changes in assets and liabilities:		
(Increase) decrease in assets:		
Accounts receivable	(39,129)	29,979
Inventory	42,682	17,418
Prepaid expenses	18,131	12,620
Other assets	2,434	(10,000)
Increase (decrease) in liabilities:		
Accounts payable	(19,892)	67,458
Accrued expenses	48,561	23,228
Deferred revenue	(9,951)	(10,745)
Total adjustments	<u>(3,199,570)</u>	<u>(458,126)</u>
Net cash provided by (used in) operating activities	<u>389,736</u>	<u>(297,976)</u>
Cash flows from investing activities:		
Purchases of investments	(401,706)	(578)
Purchases of property and equipment	<u>(2,770,521)</u>	<u>(92,136)</u>
Net cash used in investing activities	<u>(3,172,227)</u>	<u>(92,714)</u>
Cash flows from financing activities:		
Net draws on line of credit	45,000	72,702
Cash collected for long-term purposes	2,241,608	261,185
Borrowings on notes payable	1,750,000	-
Principal payments on notes payable	<u>(10,063)</u>	<u>(9,664)</u>
Net cash provided by financing activities	<u>4,026,545</u>	<u>324,223</u>
Net increase (decrease) in cash and cash equivalents	1,244,054	(66,467)
Cash and cash equivalents, beginning of year	<u>1,556,112</u>	<u>1,622,579</u>
Cash and cash equivalents, end of year	<u>\$ 2,800,166</u>	<u>\$ 1,556,112</u>
Supplemental Disclosures of Cash Flow Information:		
Cash paid for interest	<u>\$ 18,499</u>	<u>\$ 22,549</u>

The accompanying notes are an integral part of these financial statements



SOCIETY OF ST. VINCENT DE PAUL GEORGIA, INC.  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
SEPTEMBER 30, 2019 AND 2018

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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 consolidated financial statements.

As further discussed in Note 16, the Society was required to form additional entities in accordance with the New Markets Tax Credit funding for the purchase and renovation of the building. 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, as well as to collect associated rental income. In November 2019, a new 501(c)(3), the SVDP Georgia Support Organization, Inc., was formed, and at that time, the building and other property was transferred to this new entity.

Basis of Accounting

The consolidated 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 consolidated financial position and activities according to two classes of net assets: net assets without donor restrictions and net assets with donor restrictions, based on stipulations made by the donor.

SOCIETY OF ST. VINCENT DE PAUL GEORGIA, INC.  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
SEPTEMBER 30, 2019 AND 2018

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1. Nature of Organization and Significant Accounting Policies – Continued

Contributions

The Society records unconditional promises to give and contributions received as support without donor restrictions or support with donor restrictions, depending on the existence and/or nature of donor restrictions.

The Society reports gifts of cash and other assets as support with donor restrictions 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, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the consolidated 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 contributions without donor restrictions and pledges receivable.

The Society records gifts of property and equipment as support without donor restrictions 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 support with donor restrictions. 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, 2019 and 2018, 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.

SOCIETY OF ST. VINCENT DE PAUL GEORGIA, INC.  
 NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
 SEPTEMBER 30, 2019 AND 2018

1. Nature of Organization and Significant Accounting Policies – Continued

Donated Property, Services and Goods – Continued

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

	<u>2019</u>	<u>2018</u>
Clothing and food	\$ 3,191,102	\$ 3,197,799
Property and equipment - computers	10,500	-
Furniture - for resale or donation	142,886	108,039
Specialized services	11,381	13,061
Other in-kind - conferences	<u>92,586</u>	<u>195,338</u>
Total donated property, services and goods	<u>\$ 3,448,455</u>	<u>\$ 3,514,237</u>

Functional Allocation of Expenses

The costs of providing the various programs and other activities of the Society are summarized on a functional basis in the consolidated statements of activities. The consolidated statements of functional expenses present the natural classifications of expenses by function. Accordingly, certain costs have been allocated among the various programs and supporting services benefited. The financial statements report certain categories of expenses that are attributed to more than one program or supporting function. Therefore, expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include utilities, repairs and maintenance, and depreciation and amortization, which are allocated based on estimates of square footage. Salaries and wages, payroll taxes and benefits, supplies, printing, insurance, and postage are allocated based on estimates of time and effort.

Estimates

The preparation of consolidated 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.

SOCIETY OF ST. VINCENT DE PAUL GEORGIA, INC.  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
SEPTEMBER 30, 2019 AND 2018

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1. Nature of Organization and Significant Accounting Policies – Continued

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 consolidated financial statements. Income from certain activities not directly related to the Society's tax-exempt purpose is subject to taxation as unrelated business income. The Society is subject to unrelated business income taxes on its rental income. For the years ended September 30, 2019 and 2018, there were no significant provisions for federal and state income taxes to record in the accompanying consolidated financial statements.

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 consolidated financial statements. The Society's income tax returns are subject to examination by the appropriate regulatory authorities, and as of September 30, 2019 and 2018, 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 several financial institutions as well as at the Catholic Archdiocese of Atlanta. For purposes of the consolidated 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 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, 2019, the funds in the bank accounts exceeded this balance by \$649,940. At September 30, 2018, the funds in the bank accounts did not exceed this balance. The balances in the demand account at the Archdiocese at September 30, 2019 and 2018 of \$33,353 and \$27,729, respectively, are not insured by the FDIC.

SOCIETY OF ST. VINCENT DE PAUL GEORGIA, INC.  
 NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
 SEPTEMBER 30, 2019 AND 2018

1. Nature of Organization and Significant Accounting Policies – Continued

Cash and Cash Equivalents and Concentration of Credit Risk – Continued

Cash consisted of the following at September 30:

	2019	2018
Cash without donor restrictions	\$ 1,518,643	\$ 1,359,285
Cash restricted for various short-term purposes	21,660	10,211
Cash and cash equivalents	1,540,303	1,369,496
Cash restricted for capital campaign and building improvements	1,259,863	186,616
Cash and cash equivalents, for purpose of the Statements of Cash Flows	\$ 2,800,166	\$ 1,556,112

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, 2019 and 2018, and accordingly no allowance has been recorded in the consolidated financial statements.

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. There were no lots donated to the Society or sold to clients during the years ended September 30, 2019 and 2018.

SOCIETY OF ST. VINCENT DE PAUL GEORGIA, INC.  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
SEPTEMBER 30, 2019 AND 2018

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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 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 2018 and 2019, subsequent to the 2018 and 2019 fiscal year ends. Therefore, due to timing of the event, deferred revenue as of September 30, 2019 and 2018 totaled \$43,054 and \$58,617, respectively. Fundraising events are shown in the accompanying statement of activities for the year ended September 30, 2019 net of expenses totaling \$78,048 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.

New Accounting Policy

In August 2016, the Financial Accounting Standards Board (FASB) issued ASU 2016-14, *Not-for-Profit Entities (Topic 958): Presentation of Financial Statements for Not-For-Profit Entities*, which improves the current net asset classification requirements and the information presented in financial statements and notes about a not-for-profit entity's liquidity, financial performance and cash flows. The guidance requires retrospective application. The Society adopted this guidance for the year ended September 30, 2019. The adoption of this new accounting policy had no effect on net assets.

SOCIETY OF ST. VINCENT DE PAUL GEORGIA, INC.  
 NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
 SEPTEMBER 30, 2019 AND 2018

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1. Nature of Organization and Significant Accounting Policies – Continued

Reclassification of Amounts

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

2. Liquidity and Availability of Financial Assets

The Society is substantially supported by contributions without donor restrictions, thrift store sales, fundraising events, and in-kind donations. However, the Society also receives contributions with donor restrictions for various programs as well as for capital projects. Because a donor's restrictions require funds to be used in a particular manner or in a future period, the Society maintains those funds with donor restrictions so that they are available to meet those responsibilities as they are required to be met. Accordingly, these financial assets are not available to the Society for its general expenditures. General expenditures may be incurred for program, general and administrative, and fundraising purposes.

The Society's financial assets at September 30 (reduced by amounts that are not available for general use because of contractual, donor-imposed, or internal restrictions) available within one year after this date to satisfy liabilities at this date and for future general expenditure are as follows:

		<u>2019</u>
Cash and cash equivalents	\$	1,540,303
Accounts receivable		242,182
Unconditional promises to give, net		1,537,934
Cash restricted for capital campaign and building improvements		1,259,863
Investments		<u>607,554</u>
Total financial assets available within one year		5,187,836
Less:		
Board designations of investments		(197,554)
Assets with donor restrictions:		
Cash with donor restrictions for property and equipment		(1,259,863)
Capital campaign promises to give, net		(1,537,934)
Perpetual restriction on investments		<u>(410,000)</u>
Financial assets available to meet cash needs for general expenditures within one year	\$	<u><u>1,782,485</u></u>

SOCIETY OF ST. VINCENT DE PAUL GEORGIA, INC.  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
SEPTEMBER 30, 2019 AND 2018

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2. Liquidity and Availability of Financial Assets – Continued

For the year ended September 30, 2019, cash with donor restrictions of \$21,660 was included in financial assets available to meet cash needs for general expenditures within one year. The Society structures its financial assets to be available as its general expenditures, liabilities, and other obligations come due. In addition to financial assets available to meet general expenditures over the next twelve months, the Society utilizes an operating budget and anticipates collecting sufficient revenue to cover general expenditures not covered by donor-restricted resources. In addition, the Consolidated Statements of Cash Flows shows positive cash generated by operations for the year ended December 31, 2019.

The Society’s governing body has designated a portion of its resources without donor restrictions for a board-designated endowment fund as described in Note 10. Those amounts are identified as internal designations in the above table. These funds are invested in a pool of investments for long-term appreciation and current income but remain available and may be spent at the discretion of the Board.

Additionally, as described in Note 6, the Society maintains a line of credit in the amount of \$300,000, which it could draw upon in the event of an unanticipated liquidity event.

3. 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. Subsequently, this goal was increased to \$7,000,000. Pledges received through September 30, 2019 totaled approximately \$4,417,561, of which the Society believes approximately \$4,336,140 will be realized. As of September 30, 2019 and 2018, the balance of net pledges receivable was \$1,537,934 and \$421,145, respectively. 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:

	2019	2018
Amounts due in:		
Less than one year	\$ 1,121,994	\$ 145,622
One to three years	425,170	291,242
Less discount on unconditional promises to give	(9,230)	(15,719)
Total unconditional promises to give, net	\$ 1,537,934	\$ 421,145



SOCIETY OF ST. VINCENT DE PAUL GEORGIA, INC.  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
SEPTEMBER 30, 2019 AND 2018

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4. 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 \$607,554 and \$196,076 at September 30, 2019 and 2018, respectively.

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

	2019	2018
Unrealized and realized gain	\$ 3,621	\$ 10,947
Dividends, interest, and reinvested capital gains	11,838	3,288
Investment management fees	(5,687)	(2,440)
Total investment income	\$ 9,772	\$ 11,795

SOCIETY OF ST. VINCENT DE PAUL GEORGIA, INC.  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
SEPTEMBER 30, 2019 AND 2018

5. Property and Equipment, Net

Property and equipment are summarized as follows at September 30:

	2019	2018
Land	\$ 577,700	\$ 77,700
Building	2,292,300	292,300
Building and leasehold improvements	270,245	264,475
Equipment	368,339	359,102
Vehicles	156,516	175,578
Computer equipment	165,988	154,472
Security system	14,016	14,016
Furniture and fixtures	8,984	9,733
Construction in process	231,538	-
	4,085,626	1,347,376
Less accumulated depreciation	(883,375)	(789,883)
Total property and equipment, net	\$ 3,202,251	\$ 557,493

Depreciation and amortization expense for the years ended September 30, 2019 and 2018 totaled \$136,263 and \$106,041, respectively.

6. Notes 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, 2019 and 2018 was \$12,398 and \$22,461, respectively.

In June 2019, the Society entered into a note payable in the amount of \$1,750,000 for the purchase of the building. The interest rate is a variable rate based on the Libor rate plus 1.8%, which was 3.8% at September 30, 2019. Interest only payments are due beginning July 1, 2019 through the 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.

Aggregate principal maturities of debt subsequent to September 30, 2019 include \$12,398 during the year ended September 30, 2020 and \$1,750,000 during the year ended September 30, 2024.

As further discussed in Note 16, additional note payable agreements were entered into in January 2020 to facilitate the New Markets Tax Credit transaction.

SOCIETY OF ST. VINCENT DE PAUL GEORGIA, INC.  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
SEPTEMBER 30, 2019 AND 2018

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6. Notes Payable and Line of Credit – Continued

Previously, the Society secured a \$300,000 line of credit from the Archdiocese of Atlanta with a maturity date of May 31, 2021 and an interest rate of 8.5%. In February 2020, the maturity date was extended to March 2022. The outstanding balance on this line of credit at September 30, 2019 and 2018 was \$272,702 and \$227,702, respectively.

7. Board Designated Net Assets

Board designated net assets consist of endowed net assets of \$197,554 and \$186,076 for the years ended September 30, 2019 and 2018, respectively.

8. Net Assets With Donor Restrictions

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

	2019	2018
Purpose restrictions:		
Journey program	\$ 11,630	\$ 8,130
Building improvements	-	32,238
Family support center	4,583	-
Direct aid	5,447	2,081
Capital campaign cash and pledges	2,797,797	575,523
Total purpose restrictions	2,819,457	617,972
Perpetual restrictions for operations	410,000	10,000
Total net assets with donor restrictions	\$ 3,229,457	\$ 627,972

SOCIETY OF ST. VINCENT DE PAUL GEORGIA, INC.  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
SEPTEMBER 30, 2019 AND 2018

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:

	<u>2019</u>	<u>2018</u>
Purpose restriction accomplished:		
Direct aid	\$ 141,058	\$ 65,455
Property and equipment	32,238	55,000
Food distribution program	50,386	81,964
Support center	35,416	20,000
Journey program	1,500	18,370
Caseworker salaries	50,000	-
Capital campaign management	119,585	96,807
Deposit on purchase of building	-	10,000
Building purchase	785,000	-
Construction in progress	<u>231,538</u>	<u>-</u>
Total net assets released from restrictions	<u>\$ 1,446,721</u>	<u>\$ 347,596</u>

10. Endowed Net Assets

The Society's endowment fund consists of one fund designated by the Society's board of directors as well as donations with donor restrictions in perpetuity. As described in Note 4, 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 with donor restrictions for purpose or with donor restrictions perpetual in nature, 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 with donor restrictions perpetual in nature.

SOCIETY OF ST. VINCENT DE PAUL GEORGIA, INC.  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
SEPTEMBER 30, 2019 AND 2018

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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 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, 2019 and 2018.

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, 2019 and 2018.

SOCIETY OF ST. VINCENT DE PAUL GEORGIA, INC.  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
SEPTEMBER 30, 2019 AND 2018

10. Endowed Net Assets – Continued

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

	Without Donor Restrictions	With Donor Restrictions Perpetual in Nature	Total
<u>2019</u>			
Beginning Balance	\$ 186,076	\$ 10,000	\$ 196,076
Contributions	1,706	400,000	401,706
Interest and dividends	11,838	-	11,838
Investment gains			
Realized	(2,584)	-	(2,584)
Unrealized	6,205	-	6,205
Management fees	(5,687)	-	(5,687)
Ending Balance	<u>\$ 197,554</u>	<u>\$ 410,000</u>	<u>\$ 607,554</u>
<u>2018</u>			
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	<u>\$ 186,076</u>	<u>\$ 10,000</u>	<u>\$ 196,076</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, 2019 and 2018, 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, 2019 and 2018 totaled \$62,267 and \$53,706, respectively .

SOCIETY OF ST. VINCENT DE PAUL GEORGIA, INC.  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
SEPTEMBER 30, 2019 AND 2018

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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:

<u>For the year ending September 30:</u>	
2020	\$ 733,323
2021	618,735
2022	392,684
2023	184,002
2024	<u>77,348</u>
Total minimum lease payments	<u>\$ 2,006,092</u>

Rent expense for the years ended September 30, 2019 and 2018 was \$931,053 and \$954,589, respectively.

13. Operating Lease Income

The Society has entered into agreements to lease space in its Council office building that was purchased during fiscal 2019. These leases are treated as operating leases within the Society's consolidated financial statements. Rental income applicable to these leases for the year ended September 30, 2019 was \$46,831. Future minimum rentals to be received under these non-cancelable lease agreements subsequent to September 30, 2019 include \$47,457 for the year ended September 30, 2020 and \$3,800 for the year ended September 30, 2021.

Property related to leases for the Society consist of the following at September 30, 2019:

Building	\$ 1,002,991
Less: related accumulated depreciation	<u>(111,443)</u>
Total cost of leased property and equipment, net	<u>\$ 891,548</u>

The cost of the leased building and accumulated depreciation are included in Note 5.

14. 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.

SOCIETY OF ST. VINCENT DE PAUL GEORGIA, INC.  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
SEPTEMBER 30, 2019 AND 2018

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14. Commitments and Contingencies – Continued

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, 2019 and 2018 was approximately \$5,752 and \$3,880, respectively.

In November 2019, the Society signed a contract for construction services for its building renovation for approximately \$3,505,000.

15. 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, 2019 and 2018, \$54,271 and \$47,792, respectively, was paid to the National Council. Amounts due to the National Council as of September 30, 2019 and 2018 were \$54,271 and \$86,733, respectively.

A member of the Board of Directors works for the firm that the Society has hired for architect and design services for its building renovation. Total paid to this company during the year ended September 30, 2019 was \$81,261.

16. 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. The agreement was finalized in January 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.



SOCIETY OF ST. VINCENT DE PAUL GEORGIA, INC.  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
SEPTEMBER 30, 2019 AND 2018

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16. New Markets Tax Credit Transaction – Continued

Upon closing of the NMTC deal, a new bank loan in the amount of \$650,000 was obtained with the same lender. The Society was then required to transfer \$2,502,494 to SVDP Atlanta Investment Fund, LLC. Additionally, a CDE was required to transfer \$4,997,506 to SVDP Atlanta Investment Fund, LLC, for total available funds of \$7,500,000. These funds will be contributed to a second CDE, who will in turn make loans in the amount of \$7,350,000 to the Society to cover the cost of the renovation project.

In November 2019, a new 501(c)(3) company, the SVDP Georgia Support Organization, Inc., was formed to hold funds and certain properties transferred to it by the Society, including the building.

17. Subsequent Events

Management has evaluated events and transactions which occurred through February 24, 2020, which was the date the consolidated financial statements were available to be issued. Significant subsequent events include the formation of a new 501(c)(3) organization as further discussed in Note 1 and 16, the extension of the line of credit as further discussed in Note 6, the signing of a construction contract as further discussed in Note 14, and the closing of the NMTC deal as further discussed in Note 16.

SOCIETY OF ST. VINCENT DE PAUL GEORGIA, INC.

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OTHER INFORMATION AS REQUIRED  
BY THE STATE OF GEORGIA

SOCIETY OF ST. VINCENT DE PAUL GEORGIA, INC.  
 SCHEDULE OF STATE AWARDS EXPENDED  
 FOR THE YEAR ENDED SEPTEMBER 30, 2019

<u>State Contract Number</u>	<u>Earned Revenues</u>	<u>Receipts</u>	<u>Due From (To) State Agency</u>
Georgia Division of Family and Children Services	\$ 198,800	\$ 195,991	\$ 2,809
Cobb County Board of Commissioners	34,723	34,723	-
City of Atlanta	22,000	22,000	-
	\$ 255,523	\$ 252,714	\$ 2,809