

SOCIETY OF ST. VINCENT DE PAUL GEORGIA, INC.

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CONSOLIDATED FINANCIAL STATEMENTS  
WITH  
INDEPENDENT AUDITORS REPORT

SEPTEMBER 30, 2021 AND 2020

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, 2021 and 2020, 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, 2021 and 2020, 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 Matters

### *Other Information*

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal* 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.

### Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated November 30, 2021, on our consideration of the Society's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Society's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Society's internal control over financial reporting and compliance.

*Brooks, McAnnis & Company, LLC*

Atlanta, Georgia  
November 30, 2021

SOCIETY OF ST. VINCENT DE PAUL GEORGIA, INC.  
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION  
SEPTEMBER 30, 2021 AND 2020

	2021	2020
<b>ASSETS</b>		
Cash and cash equivalents	\$ 4,561,036	\$ 3,748,679
Accounts receivable	228,531	237,196
Unconditional promises to give, net	421,493	950,478
Prepaid expenses and other assets	76,281	32,800
Note receivable	5,297,250	5,297,250
Investments	752,885	642,913
Inventory	905,517	685,054
Cemetery lots and mausoleum spaces	187,927	187,927
Property and equipment, net	7,412,023	7,532,211
Total assets	\$ 19,842,943	\$ 19,314,508
<b>LIABILITIES AND NET ASSETS</b>		
Liabilities:		
Accounts payable	\$ 252,789	\$ 257,510
Accrued expenses	151,471	168,049
Refundable advance	164,451	-
Deferred revenue	129,420	38,981
Other liabilities	71,570	39,240
Paycheck Protection Program loan	-	383,400
Line of credit payable	-	265,702
Notes payable	7,899,309	8,732,512
Total liabilities	8,669,010	9,885,394
Net assets:		
Without donor restrictions:		
Available for operations	4,672,233	3,182,445
Board designated	342,885	232,913
Contractually restricted	306,308	355,549
Invested in property and equipment, net of debt	4,997,891	4,284,876
Total without donor restrictions	10,319,317	8,055,783
With donor restrictions:		
Purpose restrictions	444,616	963,331
Perpetual in nature	410,000	410,000
Total with donor restrictions	854,616	1,373,331
Total net assets	11,173,933	9,429,114
Total liabilities and net assets	\$ 19,842,943	\$ 19,314,508

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, 2021 AND 2020

	2021	2020
Changes in net assets without donor restrictions:		
Public support:		
Individuals, private foundations, grants and corporations	\$ 14,063,143	\$ 10,913,486
In-kind donations	4,155,031	3,672,734
Fundraising events, net of expenses	229,500	725,698
Annual collection	223,240	282,564
Estates and memorials	252,468	85,968
Net assets released from restrictions	821,275	3,342,219
Total public support	19,744,657	19,022,669
Revenue and gains:		
Thrift store sales	3,538,958	2,598,137
Investment income	136,319	36,537
Rental income	137,799	123,263
Other interest	54,434	32,828
Total revenue and gains	3,867,510	2,790,765
Total public support, revenue and gains	23,612,167	21,813,434
Expenses:		
Program services	19,477,543	14,969,571
Supporting services:		
General and administrative	1,252,142	1,732,535
Fundraising	618,948	379,932
Total supporting services	1,871,090	2,112,467
Total expenses	21,348,633	17,082,038
Increase in net assets without donor restrictions	2,263,534	4,731,396
Changes in net assets with donor restrictions:		
Program contributions	72,744	105,808
Capital campaign contributions	229,816	1,382,344
Net assets released from restrictions	(821,275)	(3,342,219)
Decrease in net assets with donor restrictions	(518,715)	(1,854,067)
Increase in net assets	1,744,819	2,877,329
Net assets, beginning of year	9,429,114	6,551,785
Net assets, end of year	\$ 11,173,933	\$ 9,429,114

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, 2021

	Program Services				Supporting Services		Total Expenses
	Direct Aid	Thrift Store Operations	Conferences Services	Total Program Services	Administration	Fundraising	
Salaries	\$ 323,994	\$ 923,888	\$ 146,010	\$ 1,393,892	\$ 291,427	\$ 429,188	\$ 2,114,507
Payroll taxes and benefits	44,244	66,402	-	110,646	277,946	28,940	417,532
Direct Aid	3,538,016	257,350	12,038,771	15,834,137	-	-	15,834,137
Rent	-	917,777	-	917,777	-	-	917,777
Utilities	36,259	257,611	-	293,870	42,524	957	337,351
Professional fees	1,096	-	-	1,096	99,024	6,405	106,525
Supplies	30,205	90,712	-	120,917	30,929	867	152,713
Bank fees	821	84,248	-	85,069	34,064	8,689	127,822
Dues and subscriptions	594	189	-	783	62,062	605	63,450
Travel	775	2,739	-	3,514	16,021	-	19,535
Printing	9,689	407	-	10,096	10,573	7,753	28,422
Advertising	2,507	7,394	-	9,901	21,774	73,443	105,118
Repairs and maintenance	20,396	71,280	-	91,676	23,920	538	116,134
Technology	7,808	-	20,900	28,708	54,947	11,151	94,806
Insurance	13,585	-	-	13,585	13,609	306	27,500
Auto expense	21,230	40,432	-	61,662	3,917	-	65,579
Postage	2,853	190	-	3,043	5,631	1,472	10,146
Training	428	-	-	428	10,545	3,782	14,755
Non-direct aid	-	89,175	208,818	297,993	2,026	-	300,019
Interest	46,921	7,706	-	54,627	55,027	1,238	110,892
Property tax	-	-	-	-	35,580	-	35,580
Bad debt	-	-	-	-	-	40,000	40,000
Total expenses before depreciation and amortization	4,101,421	2,817,500	12,414,499	19,333,420	1,091,546	615,334	21,040,300
Depreciation and amortization	136,938	7,185	-	144,123	161,253	3,614	308,990
Total expenses	\$ 4,238,359	\$ 2,824,685	\$ 12,414,499	\$ 19,477,543	\$ 1,252,799	\$ 618,948	\$ 21,349,290
	20%	13%	58%	91%	6%	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, 2020

	Program Services				Supporting Services		Total Expenses
	Direct Aid	Thrift Store Operations	Conferences Services	Total Program Services	Administration	Fundraising	
Salaries	\$ 514,083	\$ 338,189	\$ 33,554	\$ 885,826	\$ 679,383	\$ 328,234	\$ 1,893,443
Payroll taxes and benefits	33,337	50,465	17,396	101,198	245,029	24,003	370,230
Direct Aid	1,801,914	117,014	10,119,429	12,038,357	-	-	12,038,357
Rent	-	912,226	-	912,226	-	-	912,226
Utilities	10,050	212,324	1,278	223,652	88,191	25	311,868
Professional fees	164	1,996	21,249	23,409	136,362	-	159,771
Supplies	-	135,530	359	135,889	24,277	-	160,166
Bank fees	-	55,344	-	55,344	32,363	3,708	91,415
Dues and subscriptions	421	180	382	983	59,428	100	60,511
Travel	-	189	1,593	1,782	20,260	1,089	23,131
Printing	-	1,627	755	2,382	18,855	7,096	28,333
Advertising	-	3,341	-	3,341	49,144	5,593	58,078
Repairs and maintenance	26,633	60,962	-	87,595	29,007	-	116,602
Technology	8,969	-	4,184	13,153	40,399	-	53,552
Insurance	3,442	11,237	2,495	17,174	36,819	499	54,492
Auto expense	27,680	15,865	-	43,545	7,892	-	51,437
Postage	113	64	10	187	6,949	3,740	10,876
Events	-	-	-	-	119	-	119
Training	-	-	-	-	1,011	-	1,011
Special projects	167,371	-	-	167,371	86	3,190	170,647
Non-direct aid	1,337	6,370	181,536	189,243	197	-	189,440
Interest	5,533	10,666	4,010	20,209	59,181	802	80,192
Property tax	-	-	-	-	60,806	-	60,806
Total expenses before depreciation and amortization	2,601,047	1,933,589	10,388,230	14,922,866	1,595,758	378,079	16,896,703
Depreciation and amortization	12,788	24,650	9,267	46,705	136,777	1,853	185,335
Total expenses	\$ 2,613,835	\$ 1,958,239	\$ 10,397,497	\$ 14,969,571	\$ 1,732,535	\$ 379,932	\$ 17,082,038
	16%	11%	61%	88%	10%	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, 2021 AND 2020

	<u>2021</u>	<u>2020</u>
Cash flows from operating activities:		
Increase in net assets	\$ 1,744,819	\$ 2,877,329
Adjustments to reconcile changes in net assets to net cash provided by operating activities:		
Depreciation and amortization	308,990	185,335
Contributions and pledges restricted for long-term purposes	(229,816)	(1,382,344)
Donated fixed assets	-	(75,568)
Donated cemetery lots	-	(27,510)
Gain on investments	(123,873)	(34,941)
Forgiveness of Paycheck Program Loan	(383,400)	-
Changes in assets and liabilities:		
(Increase) decrease in assets:		
Accounts receivable	8,665	4,986
Inventory	(220,463)	(122,020)
Other assets	(43,481)	7,558
Increase (decrease) in liabilities:		
Accounts payable	(4,721)	(43,046)
Accrued expenses	(16,578)	25,130
Refundable advance	164,451	-
Deferred revenue	90,439	(84,555)
Other liabilities	32,330	39,240
Total adjustments	<u>(417,457)</u>	<u>(1,507,735)</u>
Net cash provided by operating activities	<u>1,327,362</u>	<u>1,369,594</u>
Cash flows from investing activities:		
Purchases of investments	(973)	(418)
Sales of investments	14,874	-
Purchases of property and equipment	(188,802)	(4,439,727)
Issuance of note receivable	-	(5,297,250)
Net cash used in investing activities	<u>(174,901)</u>	<u>(9,737,395)</u>
Cash flows from financing activities:		
Net payments on line of credit	(265,702)	(7,000)
Cash collected for long-term purposes	758,801	1,969,800
Proceeds on Paycheck Program Loan	-	383,400
Borrowings on notes payable	-	8,000,000
Principal payments on notes payable	(833,203)	(1,029,886)
Net cash provided by (used in) financing activities	<u>(340,104)</u>	<u>9,316,314</u>
Net increase in cash and cash equivalents	812,357	948,513
Cash and cash equivalents, beginning of year	<u>3,748,679</u>	<u>2,800,166</u>
Cash and cash equivalents, end of year	<u>\$ 4,561,036</u>	<u>\$ 3,748,679</u>
Supplemental Disclosures of Cash Flow Information:		
Cash paid for interest	\$ 112,775	\$ 143,976
Interest capitalized	\$ -	\$ 63,313

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, 2021 AND 2020

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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 was founded in 1903 by a group of concerned Catholic parishioners in Atlanta, Georgia. The Society of St. Vincent de Paul Georgia, Inc. (the “Society”) has grown to become the oldest, largest and most trusted state-wide social services safety net in Georgia. The Society is part of an international organization of Catholic lay people. The Society operates a main service center in Chamblee (the ‘Council’) with a full-time staff providing programs and services for neighbors in need and 73 local service hubs across the state staffed by 3,000+ trained volunteer caseworkers who make the Society’s critically needed, yet otherwise unavailable, programs and services available and accessible to those most in need of them. Focusing on hunger, housing and health, the Society’s work addresses issues fundamental to stability, self-sufficiency and long-term success by:

- Increasing housing stability
- Increasing healthcare access
- Decreasing hunger/food insecurity

The Society also operates 12 thrift stores throughout Georgia 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 activities and account balances of the Council, conferences, thrift stores, and the entities created as part of the New Markets Tax Credit transaction, as further discussed below, 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 collect 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 were transferred to this new entity.

In June 2020, the SVDP Georgia Community Pharmacy, LLC (the Pharmacy) was formed and was opened to the public in February 2021. The Pharmacy is consolidated in the financial statements in fiscal 2021.

SOCIETY OF ST. VINCENT DE PAUL GEORGIA, INC.  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
SEPTEMBER 30, 2021 AND 2020

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1. Nature of Organization and Significant Accounting Policies – Continued

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.

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.

SOCIETY OF ST. VINCENT DE PAUL GEORGIA, INC.  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
SEPTEMBER 30, 2021 AND 2020

1. Nature of Organization and Significant Accounting Policies – Continued

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, 2021 and 2020, 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:

	<u>2021</u>	<u>2020</u>
Clothing and food	\$ 3,354,587	\$ 3,148,016
Property and equipment	-	75,568
Cemetery lots	-	30,380
Furniture - for resale or donation	118,241	128,643
Specialized services	534	7,805
Pharmacy prescriptions	504,387	-
Other in-kind - conferences	177,282	282,322
Total donated property, services and goods	<u>\$ 4,155,031</u>	<u>\$ 3,672,734</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.

SOCIETY OF ST. VINCENT DE PAUL GEORGIA, INC.  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
SEPTEMBER 30, 2021 AND 2020

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1. Nature of Organization and Significant Accounting Policies – Continued

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.

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, 2021 and 2020, 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, 2021 and 2020, 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, 2021 and 2020, the funds in the bank accounts exceeded this balance by \$795,715 and \$960,799, respectively. The balances in the demand account at the Archdiocese at September 30, 2021 and 2020 of \$8,785 and \$147,130, respectively, are not insured by the FDIC.

SOCIETY OF ST. VINCENT DE PAUL GEORGIA, INC.  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
SEPTEMBER 30, 2021 AND 2020

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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:

	2021	2020
Cash without donor restrictions	\$ 4,248,134	\$ 3,380,302
Cash restricted for various short-term purposes	6,594	12,828
Cash and cash equivalents	4,254,728	3,393,130
Cash with contractual restrictions for buildings and improvements	306,308	355,549
Cash and cash equivalents, for purpose of the Statements of Cash Flows	\$ 4,561,036	\$ 3,748,679

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, 2021 and 2020, 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, 2021 and 2020.

SOCIETY OF ST. VINCENT DE PAUL GEORGIA, INC.  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
SEPTEMBER 30, 2021 AND 2020

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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.

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.

SOCIETY OF ST. VINCENT DE PAUL GEORGIA, INC.  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
SEPTEMBER 30, 2021 AND 2020

2. Liquidity and Availability of Financial Assets – Continued

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:

	2021	2020
Cash and cash equivalents	\$ 4,561,036	\$ 3,748,679
Accounts receivable	228,531	237,196
Unconditional promises to give, net	421,493	950,487
Investments	752,885	642,913
Total financial assets available within one year	5,963,945	5,579,275
Less:		
Board designations of investments	(338,532)	(232,913)
Contractually restricted cash	(306,308)	(355,549)
Assets with donor restrictions:		
Capital campaign promises to give, net	(421,493)	(950,487)
Perpetual restriction on investments	(410,000)	(410,000)
Financial assets available to meet cash needs for general expenditures within one year	\$ 4,487,612	\$ 3,630,326

For the years ended September 30, 2021 and 2020, cash with donor restrictions of \$6,594 and \$12,828, respectively, were 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, 2021 and 2020.

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 12. 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 7, 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.

SOCIETY OF ST. VINCENT DE PAUL GEORGIA, INC.  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
SEPTEMBER 30, 2021 AND 2020

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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, 2021 totaled approximately \$5,846,030, of which the Society believes approximately \$5,788,630 will be realized. As of September 30, 2021 and 2020, the balance of net pledges receivable was \$421,493 and \$950,478, 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:

	2021	2020
Amounts due in:		
Less than one year	\$ 415,332	\$ 788,897
One to three years	6,161	165,072
Less discount on unconditional promises to give	-	(3,491)
Total unconditional promises to give, net	\$ 421,493	\$ 950,478

4. Note Receivable

During 2020, the Society entered into a note receivable with an investment fund to facilitate the New Markets Tax Credit transaction as described in Note 18. The note receivable totaled \$5,297,250 with an interest rate of 1.00% as of both September 30, 2021 and 2020. The maturity date is January 31, 2048. Interest income will be received annually through December 2026, at which time annual principal and interest payments will be received thereafter through the maturity date.

5. Investments

The Society's investments are managed by investment managers with the Catholic Foundation of North Georgia. 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.

SOCIETY OF ST. VINCENT DE PAUL GEORGIA, INC.  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
SEPTEMBER 30, 2021 AND 2020

5. Investments – Continued

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 \$752,885 and \$642,913 at September 30, 2021 and 2020, respectively.

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

	<u>2021</u>	<u>2020</u>
Unrealized and realized gain	\$ 119,247	\$ 32,623
Dividends, interest, and reinvested capital gains	12,376	9,139
Investment management fees	<u>(7,750)</u>	<u>(6,821)</u>
Total investment income	<u>\$ 123,873</u>	<u>\$ 34,941</u>

6. Property and Equipment, Net

Property and equipment are summarized as follows at September 30:

	<u>2021</u>	<u>2020</u>
Land	\$ 577,700	\$ 577,700
Building	6,878,222	6,853,265
Building and leasehold improvements	206,204	206,204
Equipment	386,056	386,960
Vehicles	150,799	121,754
Computer equipment	102,187	89,586
Security system	16,361	14,016
Furniture and fixtures	137,115	88,719
Construction in process	72,361	-
	<u>8,527,005</u>	<u>8,338,204</u>
Less accumulated depreciation	<u>(1,114,982)</u>	<u>(805,993)</u>
Total property and equipment, net	<u>\$ 7,412,023</u>	<u>\$ 7,532,211</u>

Depreciation and amortization expense for the years ended September 30, 2021 and 2020 totaled \$308,990 and \$185,335, respectively.

SOCIETY OF ST. VINCENT DE PAUL GEORGIA, INC.  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
SEPTEMBER 30, 2021 AND 2020

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7. Line of Credit Payable

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, 2020 \$265,702. There was no outstanding balance at September 30, 2021.

SOCIETY OF ST. VINCENT DE PAUL GEORGIA, INC.  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
SEPTEMBER 30, 2021 AND 2020

8. Notes Payable

	2021	2020
Bank Debt:		
Bridge loan totaling \$650,000; variable payment schedule consisting of 51 monthly payments of accrued interest at labor rate plus 1.8% (5.05% and 6.80% at September 30, 2020 and 2019), bi-monthly payments of principal equal to the aggregate amount of capital campaign pledge proceeds received, monthly payments of principal must equal to no less that \$7,500 per month; maturity date of June 4, 2024; collateralized by assignment of capital campaign pledge proceeds, assignment of rents, double negative pledge on all assets.	\$ -	\$ 45,227
Building loan with interest at labor rate plus 1.8% (5.05% and 6.80% at September 30, 2021 and 2020); interest only payments through maturity date of June 2024; collateralized by a security lien on the building, assignment of capital campaign pledge proceeds, and a double negative pledge on all assets.	<u>549,309</u>	<u>1,337,285</u>
Total Bank Debt	<u>549,309</u>	<u>1,382,512</u>
New Markets Tax Credit debt:		
Note payable with an entity, fixed interest rate of 1.00%; quarterly interest payments due; principal plus accrued interest due January 31, 2050; collateralized by all assets held by SVDP Georgia Support Organization, Inc.	2,052,750	2,052,750
Note payable with an entity, fixed interest rate of 1.00%; quarterly interest payments due; principal plus accrued interest due January 31, 2050; collateralized by all assets held by SVDP Georgia Support Organization, Inc.	<u>5,297,250</u>	<u>5,297,250</u>
Total New Markets Tax Credit debt	<u>7,350,000</u>	<u>7,350,000</u>
Total notes payable	<u>\$ 7,899,309</u>	<u>\$ 8,732,512</u>

SOCIETY OF ST. VINCENT DE PAUL GEORGIA, INC.  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
SEPTEMBER 30, 2021 AND 2020

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8. Notes Payable – Continued

Aggregate principal maturities of debt subsequent to September 30, 2021 include \$549,309 during the year ended September 30, 2024 and \$7,350,000 during the year ended September 30, 2027.

In April 2020, the Society obtained a loan from the United States Small Business Administration’s (SBA) Paycheck Protection Program (PPP) to assist with operating cash flow during the pandemic. Management spent the proceeds on eligible amounts that qualified for loan forgiveness. The total received in fiscal 2020 was \$383,400, which and has been recorded as a loan in the statement of financial position at September 31, 2020. The loan was formally forgiven in August 2021 and is recorded as a contribution in the statement of activities for the year ended September 31, 2021.

9. Board Designated Net Assets

Board designated net assets consist of endowed net assets of \$342,885 and \$232,913 for the years ended September 30, 2021 and 2020, respectively.

10. 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:

	2021	2020
Purpose restrictions:		
Journey program	\$ -	\$ 10,730
Family support center	-	2,110
Women's shelter	6,594	-
Capital campaign pledges	438,022	950,478
Total purpose restrictions	444,616	963,318
Perpetual restrictions for operations	410,000	410,000
Total net assets with donor restrictions	\$ 854,616	\$ 1,373,318

SOCIETY OF ST. VINCENT DE PAUL GEORGIA, INC.  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
SEPTEMBER 30, 2021 AND 2020

11. 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:

	2021	2020
Purpose restriction accomplished:		
Transitional housing	\$ 43,650	\$ -
Food distribution program	24,611	99,359
Support center	-	12,310
Journey program	10,730	900
Capital campaign funds	512,456	-
Construction work	-	3,229,650
Total net assets released from restrictions	\$ 591,447	\$ 3,342,219

12. 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 5, 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.

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.

SOCIETY OF ST. VINCENT DE PAUL GEORGIA, INC.  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
SEPTEMBER 30, 2021 AND 2020

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12. 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 year ended September 30, 2020.

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, 2021 and 2020.

SOCIETY OF ST. VINCENT DE PAUL GEORGIA, INC.  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
SEPTEMBER 30, 2021 AND 2020

12. 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>2021</u>			
Beginning Balance	\$ 232,913	\$ 410,000	\$ 642,913
Contributions	973	-	973
Distribution	(14,874)	-	(14,874)
Interest and dividends	12,377	-	12,377
Investment gains (losses)			
Realized	9,159	-	9,159
Unrealized	110,087	-	110,087
Management fees	(7,750)	-	(7,750)
Ending Balance	<u>\$ 342,885</u>	<u>\$ 410,000</u>	<u>\$ 752,885</u>
<u>2020</u>			
Beginning Balance	\$ 197,554	\$ 410,000	\$ 607,554
Contributions	418	-	418
Interest and dividends	9,139	-	9,139
Investment gains (losses)			
Realized	(7,587)	-	(7,587)
Unrealized	40,210	-	40,210
Management fees	(6,821)	-	(6,821)
Ending Balance	<u>\$ 232,913</u>	<u>\$ 410,000</u>	<u>\$ 642,913</u>

13. 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 90 days from their hire date. There is a minimum service requirement of 250 hours and 21 years of age 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, 2021 and 2020, 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, 2021 and 2020 totaled \$83,250 and \$73,440, respectively.

SOCIETY OF ST. VINCENT DE PAUL GEORGIA, INC.  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
SEPTEMBER 30, 2021 AND 2020

14. 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>	
2022	\$ 788,197
2023	575,214
2024	422,369
2025	150,404
2026	<u>130,535</u>
Total minimum lease payments	<u>\$ 2,066,719</u>

Rent expense for the years ended September 30, 2021 and 2020 was \$917,777 and \$914,226, respectively.

15. Operating Lease Income

The Society has entered into agreements to lease space in its Council office building. These leases are treated as operating leases within the Society's consolidated financial statements. Rental income applicable to these leases for the years ended September 30, 2021 and 2020 was \$99,021 and \$123,263, respectively. Future minimum rentals to be received under these non-cancelable lease agreements subsequent to September 30, 2021 are as follows:

<u>For the year ending September 30:</u>	
2022	\$ 146,050
2023	183,837
2024	189,312
2025	195,017
2026	105,642
Thereafter	<u>37,292</u>
Total minimum rental payments	<u>\$ 857,150</u>

Property related to leases for the Society consist of the following at September 30, 2021:

Building	\$ 3,290,294
Less: related accumulated depreciation	<u>(164,804)</u>
Total cost of leased property and equipment, net	<u>\$ 3,125,490</u>

The cost of the leased building and accumulated depreciation are included in Note 6.

SOCIETY OF ST. VINCENT DE PAUL GEORGIA, INC.  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
SEPTEMBER 30, 2021 AND 2020

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16. 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.

17. 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, 2021 and 2020, \$54,198 and \$53,655, respectively, was paid to the National Council. There were no amounts due to the National Council as of September 30, 2021 and 2020.

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, 2020 was \$67,180. There were no amounts paid to this company during the year ended September 30, 2021.

18. 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.

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 during the seven-year term of the New Market Tax Credit program. This transaction closed on January 31, 2020. Capital campaign funds and NMTC proceeds received under the NMTC Program have been 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, 2021 AND 2020

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18. New Markets Tax Credit Transaction – Continued

In January 2020, as part of the NMTC agreement, the building and related improvements were transferred to the SVDP Georgia Support Organization, Inc. At the completion of the NMTC agreement in seven years, these proprieties will be transferred back to the Society of St. Vincent de Paul Georgia, Inc.

On January 31, 2020, to benefit under the NMTC Program, the Society entered into a series of agreements and transactions with a CDE and an investment fund affiliated with a commercial bank (the Bank). The CDE provided funds towards the renovation of the facility and other capital projects. Notes payable to the CDE totaled \$2,052,750 and \$5,297,250. The Society of St. Vincent de Paul Georgia, Inc. facilitated the transaction by issuing a note receivable agreement that transferred \$5,297,250 to the investment fund using proceeds from the capital campaign. Cash received from this transaction remaining at September 30, 2021 and 2020 was \$306,308 and \$355,549, respectively, and is shown as contractually restricted net assets on the Consolidated Statements of Financial Position.

19. Subsequent Events

Management has evaluated events and transactions which occurred through November 30, 2021, which was the date the consolidated financial statements were available to be issued. There were no subsequent events requiring recognition or disclosure in the financial statements.

SOCIETY OF ST. VINCENT DE PAUL GEORGIA, INC.

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REPORTS AND OTHER SCHEDULES AND INFORMATION  
AS REQUIRED BY THE UNIFORM GUIDANCE

FOR THE YEAR ENDED  
SEPTEMBER 30, 2021

SOCIETY OF ST. VINCENT DE PAUL GEORGIA, INC.  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED SEPTEMBER 30, 2021

Federal Grantor/Pass-through Grantor Agency/Program Title/Grant Name and Pass-through Entity Identifying Number	Federal CFDA Number	Federal Expenditures
<b><u>U.S. Department of the Treasury</u></b>		
Coronavirus Relief Fund		
Passed through City of Brookhaven:		
COVID-19 Emergency Rental Assistance Program Contract # N/A	21.019	\$ 439,701
Passed through Dekalb County:		
COVID-19 Emergency Rental Assistance Program Contract # N/A	21.019	222,048
Passed through City of Atlanta and United Way of Greater Atlanta:		
COVID-19 Emergency Rental Assistance Program Contract # EA-S-1200569	21.019	447,685
Passed through Gwinnett County:		
COVID-19 Emergency Rental Assistance Program Contract # CRF-HUA-025	21.019	212,500
Passed through City of Dunwoody:		
COVID-19 Emergency Rental Assistance Program Contract # N/A	21.019	71,713
Passed through City of Alpharetta:		
COVID-19 Emergency Rental Assistance Program Contract # N/A	21.019	50,000
Total U.S. Department of the Treasury		1,443,647
<b><u>U.S. Department of Agriculture</u></b>		
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program		
Passed through State of Georgia DHS:		
SNAP Outreach Contract # 98109	10.561*	10,138

\*CFDA 10.561 is part of a cluster program

SOCIETY OF ST. VINCENT DE PAUL GEORGIA, INC.  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS – CONTINUED  
FOR THE YEAR ENDED SEPTEMBER 30, 2021

Federal Grantor/Pass-through Grantor Agency/Program Title/Grant Name and Pass-through Entity Identifying Number	Federal CFDA Number	Federal Expenditures
<b><u>U.S. Department of Homeland Security</u></b>		
Emergency Food and Shelter National Board Program		
Passed through Fulton/Dekalb County:		
Emergency Food and Shelter Program Contract # LRO-174000-074	97.024	23,462
Passed through Lakewood County:		
Emergency Food and Shelter Program Contract # LRO-174000-145	97.024	13,848
Passed through Fayette County:		
Emergency Food and Shelter Program Contract # LRO-189000-008	97.024	18,138
Passed through Gwinnett County:		
Emergency Food and Shelter Program Contract # LRO-191400-002	97.024	82,371
Passed through Henry County:		
Emergency Food and Shelter Program Contract # LRO-193000-012	97.024	51,087
Passed through Rockdale County:		
Emergency Food and Shelter Program Contract # LRO-202800-007	97.024	11,047
Passed through Troup County:		
Emergency Food and Shelter Program Contract # LRO-206600-014	97.024	15,389
Total U.S. Department of Homeland Security		215,342
Total		\$ 1,669,127

SOCIETY OF ST. VINCENT DE PAUL GEORGIA, INC.  
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED SEPTEMBER 30, 2021

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1. Basis of Presentation

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal award activity of Society of St. Vincent de Paul, Georgia, Inc. (the Society) under programs of the federal government for the year ended September 30, 2021. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the Society, it is not intended to and does not present the financial position, changes in net assets, or cash flows of the Society.

2. Summary of Significant Accounting Principles

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

3. Indirect Cost Rate

The Society has elected not to use the 10% de minimis indirect cost rate as allowed under the Uniform Guidance.



INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Society of St. Vincent de Paul, Georgia, Inc. (the Society), which comprise the statement of financial position as of September 30, 2021, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated November 30, 2021.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the Society's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Society's internal control. Accordingly, we do not express an opinion on the effectiveness of the Society's internal control.

*A deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. *A material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore material weaknesses or significant deficiencies may exist that have not been identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify certain deficiencies in internal controls, described in the accompanying schedule of findings and questioned costs as items 2021-001 and 2001-002 that we consider to be significant deficiencies.

## Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Society's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

## Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Society's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Society's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*Brooks, McInnis & Company, LLC*

Atlanta, Georgia  
November 30, 2021



INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM  
AND ON INTERNAL CONTROL OVER COMPLIANCE  
REQUIRED BY THE UNIFORM GUIDANCE

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

**Report on Compliance for Each Major Federal Program**

We have audited Society of St. Vincent de Paul, Georgia's (the Society) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on the Society's major federal program for the year ended September 30, 2021. The Society's major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

**Management's Responsibility**

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

**Auditor's Responsibility**

Our responsibility is to express an opinion on compliance for each of the Society's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Society's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the Society's compliance.

**Opinion on Each Major Federal Program**

In our opinion, Society of St. Vincent de Paul, Georgia complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended September 30, 2021.

Two Premier Plaza • 5607 Glenridge Drive • Suite 650 • Atlanta, Georgia • 30342  
T 404-531-4940 • F 404-531-4950 • [www.brooksmcginnis.com](http://www.brooksmcginnis.com)

## Report on Internal Control over Compliance

Management of the Society is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Society's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Society's internal control over compliance.

Our consideration of internal control over compliance was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and therefore material weaknesses or significant deficiencies may exist that were not identified. However, as discussed below, we did identify deficiencies in internal control over compliance that we consider to be significant deficiencies.

*A deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses.

*A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance. We consider the deficiency in internal controls over compliance described in the accompanying schedule of findings and questioned costs as items 2021-001 and 2001-002 to be significant deficiencies.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

*Brooks, McAnnis & Company, LLC*

Atlanta, Georgia  
November 30, 2021

SOCIETY OF ST. VINCENT DE PAUL GEORGIA, INC.  
 SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
 FOR THE YEAR ENDED SEPTEMBER 30, 2021

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**Section I – Summary of Audit Results**

**Financial Statements:** Unmodified

Internal Control over Financial Reporting:

- Material weakness(es) identified? No
- Significant deficiencies identified that are not considered to be material weaknesses? Yes

Noncompliance material to financial statements noted? No

**Federal Awards:**

Internal control over major programs:

- Material weakness(es) identified? No
- Significant deficiencies identified that are not considered to be material weaknesses? None noted

Type of auditor’s report issued on compliance for major programs Unmodified

Any audit findings disclosed that are required to be reported in accordance with 2 CFR Section 200.516(a)? No

Identification of major programs:

Name	<u>CFDA Number</u>
Coronavirus Relief Fund	21.019

Dollar threshold to distinguish between Type A and B programs? \$750,000

Auditee qualified as a low-risk auditee? No

**Section II – Financial Statement Findings**

Finding 2021-001

Criteria: Reconciliation of general ledger accounts to ensure the financial statements are properly stated.

Condition: During our current year audit, we noted some general ledger accounts were not fully reconciled requiring audit adjustments.

SOCIETY OF ST. VINCENT DE PAUL GEORGIA, INC.  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS – CONTINUED  
FOR THE YEAR ENDED SEPTEMBER 30, 2021

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**Section II – Financial Statement Findings – Continued**

Finding 2021-001 – Continued

Effect: Failure to record reconcile the general ledger accounts could result in a material misstatement of the financial statements.

Cause: Turnover in the current year caused the accounting processes to get behind and accounts were not adequately reconciled on a monthly basis or at year end.

Recommendation: We recommend that key general ledger accounts, in particular cash accounts, property and equipment, notes receivable, deferred revenue, intercompany accounts, accruals and net asset account balances, be reconciled on a monthly basis, and balances agreed with supporting documentation.

Views of Responsible Officials and Planned Corrective Action: The Council has a new CFO in place who is strengthening the policies and procedures pertaining to the month-end and year-end closing activities. In addition, an upgrade and investment to the finance team includes the hiring of a controller who will ensure that policies and procedures are strictly adhered to (and created where necessary). Both of these new hires add significant executive and financial management skills to the finance function. We are making a concerted effort to reduce turnover and reconcile all accounts on a monthly basis. The organization will be implementing a new accounting software system that will allow enhanced reporting and reconciliation of activities of and between the Council, Thrift Stores and Conferences.

Finding 2021-002

Criteria: Tracking of expenses using the “class” feature in QuickBooks to populate the Statement of Functional Expenses and for grant reporting.

Condition: During our current year audit, we noted categories with negative expenses and expenses not properly allocated or allocated at all on the profit and loss by class. In the current year, management made all adjustments to the schedule for utilization in the consolidated financial statements.

Effect: Failure to properly track the expenses in the accounting records could result in a material misstatement of the financial statements or improper grant reporting and billing.

Cause: Turnover in the current year caused the accounting processes to get behind and the expenses by class were not reconciled or reviewed on a monthly basis or at year end.

Recommendation: We recommend that the activity by class is reviewed to ensure that expenses are properly allocated and reported for internal use as well as for preparation of the consolidated financial statements.

SOCIETY OF ST. VINCENT DE PAUL GEORGIA, INC.  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS – CONTINUED  
FOR THE YEAR ENDED SEPTEMBER 30, 2021

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**Section II – Financial Statement Findings – Continued**

Finding 2021-002 – Continued

Views of Responsible Officials and Planned Corrective Action: With the upgrades in staffing in the Finance Department, we will be performing a detailed review of all accounts at month-end. The activity by class is being reviewed monthly to ensure the expenses are properly allocated and reported, for internal use as well as for preparation of the consolidated financial statements.

**Section III – Federal Award Findings and Questioned Costs**

None

SOCIETY OF ST. VINCENT DE PAUL GEORGIA, INC.  
SUMMARY SCHEDULE OF PRIOR YEAR FINDINGS  
FOR THE YEAR ENDED SEPTEMBER 30, 2021

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The Society was not required to have a Single Audit for the year ended September 30, 2020.