



**SOCIETY OF ST. VINCENT DE PAUL
OF ALAMEDA COUNTY**

(A California Not-For-Profit Corporation)

FINANCIAL STATEMENTS

SEPTEMBER 30, 2016 AND 2015



**SOCIETY OF ST. VINCENT DE PAUL
OF ALAMEDA COUNTY**

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SEPTEMBER 30, 2016 AND 2015**

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Independent Auditors' Report

The Board of Trustees
Society of St. Vincent de Paul of Alameda County

Report on the Financial Statements

We have audited the accompanying financial statements of the Society of St. Vincent de Paul of Alameda County (a California not-for-profit corporation), which comprise the statement of financial position as of September 30, 2016 and 2015, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Society of St. Vincent de Paul of Alameda County as of September 30, 2016 and 2015, 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.

Emphasis of Matter

As discussed in Note 15 to the financial statements, the Society of St. Vincent de Paul of Alameda County has elected to change its method of accounting for donated inventory during the year ended September 30, 2016. Our opinion is not modified with respect to this matter.

RINA accounting corporation

Certified Public Accountants

Oakland, California

October 17, 2017

**SOCIETY OF ST. VINCENT DE PAUL
OF ALAMEDA COUNTY**

STATEMENT OF FINANCIAL POSITION

<u>ASSETS</u>	<u>September 30, 2016</u>	<u>September 30, 2015</u>
CURRENT:		
Cash and cash equivalents	\$ 1,355,758	\$ 1,274,739
Investments	395,784	1,046,069
Accounts receivable	135,272	276,401
Inventory	204,869	340,103
Prepaid insurance	33,752	158,372
TOTAL CURRENT ASSETS	2,125,435	3,095,684
PROPERTY AND EQUIPMENT, at cost, net	3,536,687	3,507,063
	\$ 5,662,122	\$ 6,602,747
<u>LIABILITIES</u>		
CURRENT:		
Accounts payable - trade	\$ 103,432	\$ 93,585
Accrued liabilities	287,741	392,508
Deferred revenue	-	63,665
Current portion of long term debt	99,759	92,912
TOTAL CURRENT LIABILITIES	490,932	642,670
LONG-TERM:		
Security deposits	18,715	17,237
Long term debt	15,259	108,394
TOTAL LIABILITIES	524,906	768,301
NET ASSETS :		
Unrestricted:		
Undesignated	4,230,660	5,333,816
Designated	454,556	500,630
Total unrestricted	4,685,216	5,834,446
Temporarily restricted	452,000	-
Permanently restricted	-	-
TOTAL NET ASSETS	5,137,216	5,834,446
	\$ 5,662,122	\$ 6,602,747

See notes to financial statements.

**SOCIETY OF ST. VINCENT DE PAUL
OF ALAMEDA COUNTY**
STATEMENT OF ACTIVITIES

	September 30, 2016			September 30, 2015
	Unrestricted	Temporarily Restricted	Total	Unrestricted
PUBLIC SUPPORT:				
In-kind donations	\$ 1,075,723	\$ -	\$ 1,075,723	\$ 1,275,516
Contributions	966,101	452,000	1,418,101	1,313,354
Legacies	1,009,984	-	1,009,984	461,377
Revenue from operations of stores and warehouses	1,766,846	-	1,766,846	1,860,712
Less program operating expenses	(2,065,047)	-	(2,065,047)	(2,062,556)
Revenue from donated automobiles, net	28,727	-	28,727	25,168
Reimbursements from conferences	3,040	-	3,040	4,328
Reimbursements for food locker	42,380	-	42,380	61,293
Fees from Culinary Academy	32,438	-	32,438	28,337
Contributions received by conferences	933,819	-	933,819	904,345
Conference to conference support	35,746	-	35,746	65,042
Conference support of council activities	31,350	-	31,350	73,447
E-Waste program revenue	12,099	-	12,099	37,435
Total public support	<u>3,873,206</u>	<u>452,000</u>	<u>4,325,206</u>	<u>4,047,798</u>
REVENUE:				
Interest and dividend income, net	55,756	-	55,756	77,913
Rental income, net	407,889	-	407,889	339,055
Casa Maria operating expense reimbursement	58,727	-	58,727	67,881
Net realized and unrealized gain (loss) on investments	59,619	-	59,619	(58,980)
Miscellaneous	33,100	-	33,100	26,846
Gain on disposal of assets	-	-	-	3,433
Total revenue	<u>615,091</u>	<u>-</u>	<u>615,091</u>	<u>456,148</u>
TOTAL PUBLIC SUPPORT AND REVENUE	<u>4,488,297</u>	<u>452,000</u>	<u>4,940,297</u>	<u>4,503,946</u>
EXPENSES:				
Program services:	4,518,379	-	4,518,379	4,100,128
Support services:				
Management and general	696,088	-	696,088	595,554
Fundraising	423,060	-	423,060	460,235
TOTAL EXPENSES	<u>5,637,527</u>	<u>-</u>	<u>5,637,527</u>	<u>5,155,917</u>
INCREASE (DECREASE) IN NET ASSETS	(1,149,230)	452,000	(697,230)	(651,971)
NET ASSETS, beginning of year	<u>5,834,446</u>	<u>-</u>	<u>5,834,446</u>	<u>6,486,417</u>
NET ASSETS, end of year	<u>\$ 4,685,216</u>	<u>\$ 452,000</u>	<u>\$ 5,137,216</u>	<u>\$ 5,834,446</u>

See notes to financial statements.

**SOCIETY OF ST. VINCENT DE PAUL
OF ALAMEDA COUNTY**

STATEMENT OF FUNCTIONAL EXPENSES

Year Ended September 30, 2016

	Program Services										Support Services			Total Program and Support Services	
	Free Dining Room	Visitation Center	Men's Center	Food Locker	E-Waste Recycling	Conference Support	Culinary Academy	Champion Workforce	Other Charitable Programs	Conference Activity	Total Program Services	Management and General	Fundraising		Total Support Services
Personnel	\$ 121,318	\$ 92,045	\$ 56,392	\$ 129,182	\$ -	\$ 178,372	\$ 208,325	\$ 106,948	\$ -	\$ -	\$ 892,582	\$ 220,976	\$ 273,694	\$ 494,670	\$ 1,387,252
Program expenses:															
Donated food	551,369	-	-	639,554	-	-	-	-	-	-	1,190,923	-	-	-	1,190,923
Other	14,618	-	-	35,071	-	20,285	12,433	4,288	461,661	-	548,356	-	-	-	548,356
Total program expenses	565,987	-	-	674,625	-	20,285	12,433	4,288	461,661	-	1,739,279	-	-	-	1,739,279
Other operating expenses:															
Administrative support	52,932	52,932	53,595	52,932	-	-	52,932	52,932	-	-	318,255	25,998	-	25,998	344,253
Occupancy expenses	208,663	2,546	6,020	1,079	-	909	645	272	78,811	-	298,945	132,815	26	132,841	431,786
Depreciation	37,211	55,794	9,152	255	495	56	412	956	13,096	-	117,427	46,855	572	47,427	164,854
Facilities	-	-	-	-	-	-	-	-	-	-	-	88,042	-	88,042	88,042
Office supplies and expenses	6,374	5,905	1,015	-	-	62	36	11,145	14,480	-	39,017	63,675	10,881	74,556	113,573
Professional and management fees	607	-	-	3,157	-	-	-	-	-	-	3,764	28,337	-	28,337	32,101
Food	9,011	-	-	-	-	-	5,280	-	-	-	14,291	-	-	-	14,291
Client aid	-	-	-	-	-	-	-	-	-	979,892	979,892	-	-	-	979,892
Conference operational expenses	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Domestic twinning	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Miscellaneous	35,654	23,501	19,090	3,408	705	10,625	48.00	21,452	444	-	114,927	89,390	137,887	227,277	342,204
Total other operating expenses	350,452	140,678	88,872	60,831	1,200	11,652	59,353	86,757	106,831	979,892	1,886,518	475,112	149,366	624,478	2,510,996
Total expenses	\$1,037,757	\$ 232,723	\$ 145,264	\$ 864,638	\$ 1,200	\$ 210,309	\$ 280,111	\$ 197,993	\$ 568,492	\$ 979,892	\$4,518,379	\$ 696,088	\$ 423,060	\$1,119,148	\$5,637,527

See notes to financial statements.

**SOCIETY OF ST. VINCENT DE PAUL
OF ALAMEDA COUNTY**

STATEMENT OF FUNCTIONAL EXPENSES

Year Ended September 30, 2015

	Program Services										Support Services			Total Program and Support Services	
	Free Dining Room	Visitation Center	Men's Center	Food Locker	E-Waste Recycling	Conference Support	Culinary Academy	Champion Workforce	Other Charitable Programs	Conference Activity	Total Program Services	Management and General	Fundraising		Total Support Services
Personnel	\$ 86,638	\$ 103,615	\$ 95,214	\$ 145,960	\$ -	\$ 236,305	\$ 191,084	\$ 134,881	\$ -	\$ -	\$ 993,697	\$ 85,329	\$ 315,952	\$ 401,281	\$ 1,394,978
Program expenses:															
Donated food	493,197	-	-	769,090	-	-	-	-	-	-	1,262,287	-	-	-	1,262,287
Other	19,608	-	-	37,713	-	1,331	50,855	4,854	4,639	-	119,000	-	-	-	119,000
Total program expenses	512,805	-	-	806,803	-	1,331	50,855	4,854	4,639	-	1,381,287	-	-	-	1,381,287
Other operating expenses:															
Administrative support	72,137	72,137	72,227	72,137	-	-	72,136	72,137	-	-	432,914	-	-	-	432,914
Occupancy expenses	160,111	3,753	7,487	4,509	-	2,482	274	2,047	83,530	-	264,193	109,156	518	109,674	373,867
Depreciation	38,080	57,681	9,152	311	8,446	111	853	956	15,187	-	130,777	52,176	660	52,836	183,613
Facilities	-	-	-	-	-	-	-	-	-	-	-	161,868	-	161,868	161,868
Office supplies and expenses	7,796	6,974	611	41	-	325	2,299	6,004	4,023	-	28,073	80,052	24,544	104,596	132,669
Professional and management fees	19,760	-	2,108	-	-	-	-	-	-	-	21,868	19,759	-	19,759	41,627
Food	6,289	-	-	-	-	-	4,574	-	-	-	10,863	-	-	-	10,863
Client aid	-	-	-	-	-	-	-	-	-	770,446	770,446	-	-	-	770,446
Conference operational expenses	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Domestic twinning	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Miscellaneous	20,800	5,602	447	9,764	7,345	12,232	261	7,057	2,503	-	66,010	87,214	118,561	205,775	271,785
Total other operating expenses	324,973	146,147	92,032	86,762	15,791	15,150	80,398	88,201	105,243	770,446	1,725,144	510,225	144,283	654,508	2,379,652
Total expenses	\$ 924,416	\$ 249,762	\$ 187,246	\$ 1,039,525	\$ 15,791	\$ 252,786	\$ 322,336	\$ 227,936	\$ 109,882	\$ 770,446	\$ 4,100,128	\$ 595,554	\$ 460,235	\$ 1,055,789	\$ 5,155,917

See notes to financial statements.

**SOCIETY OF ST. VINCENT DE PAUL
OF ALAMEDA COUNTY**
STATEMENT OF CASH FLOWS

	<u>Year Ended</u> <u>September 30, 2016</u>	<u>Year Ended</u> <u>September 30, 2015</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Decrease in net assets	\$ (697,230)	\$ (651,971)
Adjustments to reconcile increase (decrease) in net assets to net cash used by operating activities:		
Depreciation expense	307,326	355,143
Net realized and unrealized (gain) loss on investments	(59,619)	58,980
Donation of marketable securities	-	(14,732)
Decrease (increase) in:		
Accounts receivable	141,129	(136,048)
Inventory	135,234	(10,592)
Prepaid insurance	124,620	(7,177)
Increase (decrease) in:		
Accounts payable	9,847	(16,766)
Accrued liabilities	(104,767)	97,832
Deferred revenue	(63,665)	(6,973)
NET CASH USED BY OPERATING ACTIVITIES	(207,125)	(332,304)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchase of property and equipment	(336,950)	(96,511)
Purchase of marketable securities	(55,223)	(288,611)
Proceeds from sale of marketable securities	765,127	714,733
NET CASH PROVIDED BY INVESTING ACTIVITIES	372,954	329,611
CASH FLOWS FROM FINANCING ACTIVITIES:		
Payment of long term debt	(86,288)	(86,595)
Security deposits	1,478	-
NET CASH USED BY FINANCING ACTIVITIES	(84,810)	(86,595)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	81,019	(89,288)
CASH AND CASH EQUIVALENTS, beginning of year	1,274,739	1,364,027
CASH AND CASH EQUIVALENTS, end of year	\$ 1,355,758	\$ 1,274,739
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION:		
Cash paid during the year for interest	\$ 17,249	\$ 18,386

See notes to financial statements.

**SOCIETY OF ST. VINCENT DE PAUL
OF ALAMEDA COUNTY**

NOTES TO FINANCIAL STATEMENTS – SEPTEMBER 30, 2016 AND SEPTEMBER 30, 2015

Note 1. NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

Nature of activities:

Society of St. Vincent de Paul of Alameda County (the Society) is a not-for-profit organization engaged in providing the following program services:

- Service to communities via parish conferences
- Free dining room to feed the hungry
- Visitation Center to provide shower and laundry facilities for women and children
- Men's Center services for low income men including shower and laundry facilities
- Food locker to collect donated and purchased food for distribution to the hungry
- Conference support to offer referral services to the needy
- Champion Workforce employment for low skilled clients
- Culinary Academy to train clients in food services
- E-Waste Recycling to recycle electronic waste and provide employment for low skilled clients
- Redux studio and gallery with merchandise from reclaimed materials

The Society is supported primarily through donor contributions of cash, marketable goods and food. The Society operates a network of retail stores to sell the donated marketable goods to the general public while hiring low-skilled persons to assist in their operations.

Financial statement presentation:

The financial statements of the Society have been prepared on the accrual basis of accounting, under which revenues are recognized when they are earned and expenses are recognized when the liability is incurred.

Unrestricted - unrestricted net assets consist of all resources of the Society, which have not been specifically restricted by a donor or designated for specific use by the Society.

Temporarily Restricted - the portion of net assets whose use by the Society is limited by donor or board imposed stipulations that either will be fulfilled or expire by passage of time.

Permanently Restricted - The Society has no permanently restricted assets as of September 30, 2016.

Cash equivalents:

Cash equivalents are considered to be short-term, highly-liquid investments with original maturities of three months or less.

Investments:

Investments in marketable equity and debt securities are recorded at fair value. Investments in general, are subject to various risks, including credit, interest and overall market volatility risks. Due to the level of risk associated with certain investment securities, it is reasonably possible that changes in values of investment securities will occur in the near term and such changes could materially affect the amounts reported in the financial statements.

**SOCIETY OF ST. VINCENT DE PAUL
OF ALAMEDA COUNTY**

NOTES TO FINANCIAL STATEMENTS – SEPTEMBER 30, 2016 AND SEPTEMBER 30, 2015

**Note 1. NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(Continued):**

Investments (continued):

Professional accounting standards establish a framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1 measurements) and the lowest priority to unobservable inputs (level 3 measurements). The three levels of the fair value hierarchy under professional accounting standards are described as follows:

Level	Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the plan has the ability to access.
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Level	Inputs to the valuation methodology include <ul style="list-style-type: none">• quoted prices for similar assets or liabilities in active markets;• quoted prices for identical or similar assets or liabilities in inactive markets;• inputs other than quoted prices that are observable for the asset or liability;• inputs that are derived principally from or corroborated by observable market data by correlation or other means.
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If the asset or liability has a specified (contractual) term, the level 2 input must be observable for substantially the full term of the asset or liability.

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

The Society has adopted the provisions of this accounting principle as it relates to financial assets and financial liabilities and such effects have been included in Note 5.

Contributions:

Contributions are recognized when the donor makes a promise to give to the Society that is, in substance, unconditional. Contributions that are restricted by the donor are reported as increases in unrestricted net assets if the restrictions expire in the fiscal year in which the contributions are recognized. All other donor-restricted contributions are reported as increases in temporarily or permanently restricted net assets depending on the nature of the restrictions. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets.

**SOCIETY OF ST. VINCENT DE PAUL
OF ALAMEDA COUNTY**

NOTES TO FINANCIAL STATEMENTS – SEPTEMBER 30, 2016 AND SEPTEMBER 30, 2015

**Note 1. NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(Continued):**

Contributions (continued):

Contributions and grants of donated services that create or enhance assets or require specialized skills and would have to be purchased if not donated, are recorded at their face values in the period received. During the years ended September 30, 2016 and 2015, the value of contributed services meeting the requirements for recognition in the financial statements was not material and has not been recorded. In addition, many individuals volunteer their time and perform a variety of tasks that assist the Society. The Society receives more than 100,000 volunteer hours per year.

Accounts receivable:

The Society provides an allowance for doubtful accounts that is based on a review of existing trade receivables. Based on these factors, the Society has determined that no allowance is required at September 30, 2016. It is the Society's policy to charge off uncollectible accounts receivable when management determines the receivable will not be collected.

Inventories:

Inventory consists in part of goods held for sale through the Society's stores. A portion of the Society's store's inventory is donated by individuals or commercial enterprises. Subsequent sales of such donated inventory are used to estimate the fair value of donated goods.

Inventories of purchased store merchandise are stated at the lower of cost (first-in, first-out method) or market.

Inventories of donated food are stated at their estimated fair value. Such donations of food are recorded as unrestricted support: in-kind donations.

Property and equipment:

Property and equipment are stated at cost, if purchased, or at fair market value, if donated. Depreciation is computed using the straight-line method over the estimated useful lives of the related assets, which ranges from 5 to 50 years. Expenditures for maintenance, repairs and minor equipment purchases are charged to expense as incurred.

Long-lived assets:

The Society evaluates long-lived assets for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recovered.

Revenue recognition

Sales of salvage, donated items and recycling items are recognized at time of sale.

**SOCIETY OF ST. VINCENT DE PAUL
OF ALAMEDA COUNTY**

NOTES TO FINANCIAL STATEMENTS – SEPTEMBER 30, 2016 AND SEPTEMBER 30, 2015

**Note 1. NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(Continued):**

Leases:

Leases meeting certain criteria are considered to be capital leases and the related asset and lease obligation are recorded at their present value in the financial statements. Other leases not meeting such criteria are considered to be operating leases and the related rentals are charged to expense as incurred.

Income taxes:

The Society is exempt from federal income taxes under section 501(c)(3) of the Internal Revenue Code and the related California code sections.

Subsequent events:

Management has evaluated subsequent events through October 17, 2017, the date which the financial statements were available for issue.

Note 2. NATURE OF ESTIMATES:

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Note 3. CONCENTRATIONS OF CREDIT RISK:

Financial instruments that potentially subject the Society to concentrations of credit risk consist principally of cash and cash equivalents and marketable securities. Cash was held in financial institutions in amounts exceeding the guaranteed amount of the Federal Deposit Insurance Corporation. Marketable securities were held by brokerage firms in amounts exceeding the guaranteed amount of the Securities Investor Protection Corporation. The Society has not experienced any losses in its accounts due to credit risk from concentration.

Note 4. CASH AND CASH EQUIVALENTS:

Cash and cash equivalents consist of the following at September 30, 2016 and 2015:

	2016	2015
In the bank and on hand	\$ 757,140	\$ 613,277
Interest bearing accounts	144,062	160,832
Conference accounts	454,556	500,630
Totals	\$ 1,355,758	\$ 1,274,739

**SOCIETY OF ST. VINCENT DE PAUL
OF ALAMEDA COUNTY**

NOTES TO FINANCIAL STATEMENTS – SEPTEMBER 30, 2016 AND SEPTEMBER 30, 2015

Note 5. INVESTMENTS:

Marketable securities are stated at fair value. Cost and unrealized gain (losses) are summarized by type of investment at September 30, 2016 and 2015, as follows:

	2016		
	Fair Value	Cost	Unrealized Gain
Mutual Funds	\$ 395,784	\$ 395,784	\$ -
	2015		
	Fair Value	Cost	Unrealized Gain (Loss)
Mutual Funds	\$ 1,031,046	\$ 910,357	\$ 120,689
Corporate equities	15,023	15,288	(265)
Totals	\$ 1,046,069	\$ 925,645	\$ 120,424

Fair value measurements:

The following table sets forth by level, the fair value hierarchy, of the Society's assets at fair value as of September 30, 2016 and 2015:

	Investments at Fair Value as of September 30, 2016			
	Level 1	Level 2	Level 3	Total
Mutual funds	\$ 395,784	\$ -	\$ -	\$ 395,784
Total investments at fair value	\$ 395,784	\$ -	\$ -	\$ 395,784
	Investments at Fair Value as of September 30, 2015			
	Level 1	Level 2	Level 3	Total
Mutual funds	\$ 1,031,046	\$ -	\$ -	\$ 1,031,046
Corporate equities	15,023	-	-	15,023
Total investments at fair value	\$ 1,046,069	\$ -	\$ -	\$ 1,046,069

**SOCIETY OF ST. VINCENT DE PAUL
OF ALAMEDA COUNTY**

NOTES TO FINANCIAL STATEMENTS – SEPTEMBER 30, 2016 AND SEPTEMBER 30, 2015

Note 6. INVENTORIES:

Inventories include the following components at September 30, 2016 and 2015:

	2016	2015
Store merchandise	\$ 144,605	\$ 154,839
Food inventory	60,264	185,264
Totals	\$ 204,869	\$ 340,103

Note 7. PROPERTY AND EQUIPMENT:

The balances of property and equipment and their related accumulated depreciation accounts are as follows at September 30, 2016 and 2015:

	2016	2015
Buildings and improvements	\$ 7,861,282	\$ 7,520,764
Furniture and equipment	1,255,539	1,255,539
Delivery and yard equipment	972,574	972,574
Land	644,558	644,558
Construction in progress	-	3,568
	10,733,953	10,397,003
Less accumulated depreciation	(7,197,266)	(6,889,940)
Balance	\$ 3,536,687	\$ 3,507,063

Depreciation expense for the years ended September 30, 2016 and 2015 was \$307,326 and \$355,143, respectively.

Note 8. ACCRUED LIABILITIES:

Accrued liabilities consist of the following at September 30, 2016 and 2015:

	2016	2015
Payroll and payroll taxes	\$ 167,400	\$ 273,805
Vacation pay	120,341	118,703
Totals	\$ 287,741	\$ 392,508

**SOCIETY OF ST. VINCENT DE PAUL
OF ALAMEDA COUNTY**

NOTES TO FINANCIAL STATEMENTS – SEPTEMBER 30, 2016 AND SEPTEMBER 30, 2015

Note 9. LONG TERM DEBT:

Notes payable consist of the following:

Northern California Community Loan Fund, in the principal amount of \$115,018 bears interest at 7% per annum, payable in full with accrued interest on October 1, 2017. The note is secured by land and building at 2280 San Pablo Ave, Oakland, CA with a net book value of \$565,618.

Future maturities of long-term debt outstanding at September 30, 2016 are as follows:

2017	\$	99,759
2018		<u>15,259</u>
Total	\$	<u><u>115,018</u></u>

Interest expense was \$17,249 and \$18,386 for the years ended September 30, 2016 and 2015, respectively.

Note 10. UNRESTRICTED NET ASSETS

Certain unrestricted net assets have been designated by the Society’s board for the following purpose at September 30, 2016 and 2015:

	<u>2016</u>	<u>2015</u>
Conferences	<u>\$ 454,556</u>	<u>\$ 500,630</u>

Note 11. TEMPORARILY RESTRICTED NET ASSETS:

During the year ended September 30, 2016 the Society received a temporarily restricted contribution of \$452,000 to provide food for the hungry primarily at the Society’s free dining room. None of this temporarily restricted contribution was used during the year ended September 30, 2016.

Note 12. RETIREMENT PLAN:

The Society maintains an Internal Revenue Code Section 403(b) employee pension plan that covers all employees who are at least twenty one years of age and who have been employed by the Society for at least one year. Contributions are based on a percentage of the employees’ salaries. The Society contributed \$24,123 and \$16,054 for the years ended September 30, 2016 and 2015, respectively.

Note 13. LEASE AGREEMENTS:

The Society leases real property to unrelated parties with expiration dates through January 31, 2020. The Society also leases property to the County of Alameda pursuant to a lease dated July 21, 2009, with an expiration date of August 1, 2019. Rental income commenced on June 1, 2010 at \$10,349 per month, with a 2.5% increase each year. The lease further provides for payment of \$4,453 per month to cover certain operating expenses. This provision for operating expenses is subject to reimbursement to the County in the event that all or a portion of the expenses have not been incurred. Accordingly, this provision for operating expenses is treated as deferred revenue until expensed and is not included in the table below.

**SOCIETY OF ST. VINCENT DE PAUL
OF ALAMEDA COUNTY**

NOTES TO FINANCIAL STATEMENTS – SEPTEMBER 30, 2016 AND SEPTEMBER 30, 2015

Note 13. LEASE AGREEMENTS (Continued):

Rental income on long term leases received was \$482,010 and \$357,716 for the fiscal years ended September 30, 2016 and 2015, respectively. Future minimum rental income from these agreements is:

2017	\$	847,357
2018		866,450
2019		882,638
2020		895,292
2021		908,199
Total	\$	4,399,936

The Society owns real property with month-to-month leases with unrelated parties. Rental income received on this property was \$58,012 and \$68,152 for the fiscal years ended September 30, 2016 and 2015, respectively.

Note 14. COMMITMENTS:

Operating leases:

The following is a schedule by year of future minimum rental payments required under equipment leases that have initial or remaining non-cancelable lease terms in excess of one year as of September 30, 2016.

Year Ending September 30,	Equipment
2017	\$ 7,130
2018	7,379
2019	7,637
2020	7,905
2021	8,181
2022-2026	26,938
2027-2031	22,590
Total	\$ 87,760

Note 15. IN-KIND DONATIONS:

Revenue reported as In-Kind Donations represents contributions of food received by the Dining Room and the Food Locker. The value is estimated based on the quantity and weight of prepared meals served in the Dining Room and the quantity and type of packaged food received by the Food Locker. In the fiscal year ending September 30, 2016, approximately 134,000 meals were served.