

**CENTRAL COUNCIL OF THE
SOCIETY OF ST. VINCENT DE
PAUL IN THE DIOCESE OF
ROCKVILLE CENTRE, INC.**

Financial Statements

September 30, 2016

**CENTRAL COUNCIL OF THE
SOCIETY OF ST. VINCENT DE PAUL
IN THE DIOCESE OF ROCKVILLE CENTRE, INC.**

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September 30, 2016**

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DEMARCO
& NESI LLC

CERTIFIED PUBLIC ACCOUNTANTS

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Central Council of the
Society of St. Vincent de Paul
In the Diocese of Rockville Centre, Inc.

We have audited the accompanying financial statements of the Central Council of the Society of St. Vincent de Paul in the Diocese of Rockville Centre, Inc., (a nonprofit organization), which comprise the statement of financial position as of September 30, 2016, and the related statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our 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 Central Council of the Society of St. Vincent de Paul in the Diocese of Rockville Centre, Inc., as of September 30, 2016, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Report on Summarized Comparative Information

We have previously audited the Central Council of the Society of St. Vincent de Paul in the Diocese of Rockville Centre, Inc., 2015 financial statements, and our report dated December 3, 2015, expressed an unmodified opinion on those audited financial statements. In our opinion, the summarized comparative information presented herein as of and for the year ended September 30, 2015, is consistent, in all material respects, with the audited financial statements from which it has been derived.

DEMARCO + NESI, CPA'S LLC

Garden City, New York
December 6, 2016

**CENTRAL COUNCIL OF THE SOCIETY OF ST. VINCENT DE PAUL
IN THE DIOCESE OF ROCKVILLE CENTRE, INC.**

Statement of Financial Position

**September 30, 2016
(with comparative financial information as of
September 30, 2015)**

Assets

	<u>2016</u>	<u>2015</u>
Cash	\$ 818,714	\$ 942,220
Investments	1,536,142	1,340,472
Accounts receivable	98,538	179,159
Grant receivable	82,272	13,677
Inventory	391,865	353,615
Prepaid expenses	97,313	102,206
Other assets	-	1,200
Land, buildings and equipment, net	<u>3,223,084</u>	<u>3,378,212</u>
 Total Assets	 <u>\$ 6,247,928</u>	 <u>\$ 6,310,761</u>

Liabilities and Net Assets

Liabilities		
Accounts payable	\$ 87,501	\$ 56,452
Accrued expenses	81,209	63,302
Accrued compensated absences	165,566	160,719
Mortgage payable	<u>1,616,768</u>	<u>1,792,094</u>
 Total liabilities	 <u>1,951,044</u>	 <u>2,072,567</u>
 Commitments and contingencies		
 Net assets		
Unrestricted	4,273,169	4,232,452
Temporarily restricted	<u>23,715</u>	<u>5,742</u>
 Total net assets	 <u>4,296,884</u>	 <u>4,238,194</u>
 Total liabilities and net assets	 <u>\$ 6,247,928</u>	 <u>\$ 6,310,761</u>

See accompanying notes to financial statements.

**CENTRAL COUNCIL OF THE SOCIETY OF ST. VINCENT DE PAUL
IN THE DIOCESE OF ROCKVILLE CENTRE, INC.**

**Statement of Activities
Year ended September 30, 2016**

(with summarized financial information for the
year ended September 30, 2015)

	<u>Unrestricted</u>	Temporarily <u>Restricted</u>	2016 <u>Totals</u>	2015 <u>Totals</u>
Revenue and other support				
Stores income	\$ 5,659,263	\$ -	\$ 5,659,263	\$ 5,819,735
Government and foundation grants	236,778	-	236,778	360,346
Public support-contributions	283,559	45,000	328,559	303,262
Bequests	61,330	-	61,330	24,787
Vincentian development income	55,784	-	55,784	54,306
Net investment income	112,799	-	112,799	(39,589)
Special event, net	32,153	-	32,153	27,037
Net assets released from restrictions	27,027	(27,027)	-	-
Gain on disposal of fixed assets	12,052	-	12,052	-
Super storm Sandy contributions	<u>-</u>	<u>-</u>	<u>-</u>	<u>72,500</u>
 Total revenue and other support	 <u>6,480,745</u>	 <u>17,973</u>	 <u>6,498,718</u>	 <u>6,622,384</u>
Expenses				
Program services				
Stores expenses	4,444,409	-	4,444,409	4,378,972
Vincentian development & Community Programs	513,607	-	513,607	452,364
Anthony House	148,744	-	148,744	140,866
Dismas House	229,462	-	229,462	214,825
Super storm Sandy relief	<u>-</u>	<u>-</u>	<u>-</u>	<u>101,529</u>
Total program services	<u>5,336,222</u>	<u>-</u>	<u>5,336,222</u>	<u>5,288,556</u>
Supporting services				
Management and general	883,489	-	883,489	884,566
Fund raising	<u>220,317</u>	<u>-</u>	<u>220,317</u>	<u>240,500</u>
Total supporting services	<u>1,103,806</u>	<u>-</u>	<u>1,103,806</u>	<u>1,125,066</u>
 Total expenses	 <u>6,440,028</u>	 <u>-</u>	 <u>6,440,028</u>	 <u>6,413,622</u>
 Change in net assets	 <u>40,717</u>	 <u>17,973</u>	 <u>58,690</u>	 <u>208,762</u>
 Net assets, beginning of year	 <u>4,232,452</u>	 <u>5,742</u>	 <u>4,238,194</u>	 <u>4,029,432</u>
 Net assets, end of year	 <u>\$ 4,273,169</u>	 <u>\$ 23,715</u>	 <u>\$ 4,296,884</u>	 <u>\$ 4,238,194</u>

See accompanying notes to financial statements.

**CENTRAL COUNCIL OF THE SOCIETY OF ST. VINCENT DE PAUL
IN THE DIOCESE OF ROCKVILLE CENTRE, INC.**

Statement of Functional Expenses

Year ended September 30, 2016
(with summarized financial information for the
year ended September 30, 2015)

	Program Services					Supporting Services				
	Direct Costs	Vincenian Development & Community Programs	Anthony House	Dismas House	Total Program Services	Management & General	Fund Raising	Total Supporting Services	2016 Totals	2015 Totals
Salaries	\$ 1,974,439	\$ 175,869	\$ 85,995	\$ 142,963	\$ 2,379,266	\$ 506,225	\$ 120,974	\$ 627,199	\$ 3,006,465	\$ 2,923,775
Payroll taxes and employee benefits	573,191	47,994	27,208	44,283	692,676	103,694	32,441	136,135	828,811	766,757
Rent	39,150	-	-	-	39,150	-	-	-	39,150	37,500
Utilities	74,011	-	4,733	8,058	86,802	13,942	-	13,942	100,744	121,846
Repairs and maintenance	105,180	-	2,621	1,370	109,171	11,625	-	11,625	120,796	124,437
Purchases	284,978	-	-	-	284,978	-	-	-	284,978	292,832
Supplies	63,449	3,107	4,966	8,247	79,769	23,114	106	23,220	102,989	106,419
Truck expenses and hauling fees	360,202	-	-	-	360,202	-	-	-	360,202	388,010
Licenses and permits	5,431	356	1,017	767	7,571	4,399	1,095	5,494	13,065	11,196
Computer, telephone and office expenses	64,131	1,854	7,121	5,897	79,003	87,513	38,032	125,545	204,548	198,814
Auto	2,431	4,038	2,442	857	9,768	2,492	76	2,568	12,336	13,197
Insurance	85,485	2,950	7,172	7,664	103,271	34,082	399	34,481	137,752	140,549
Professional fees	-	-	-	-	-	36,533	-	36,533	36,533	40,770
Advertising and public relations	45,783	-	-	-	45,783	-	25,254	25,254	71,037	63,805
Equipment rentals	12,159	-	-	-	12,159	12,839	-	12,839	24,998	25,829
Interest	78,316	-	-	-	78,316	-	-	-	78,316	85,845
Credit card charges and bank fees	27,395	-	-	-	27,395	2,383	168	2,551	29,946	31,311
Depreciation	158,054	-	2,894	6,523	167,471	34,981	-	34,981	202,452	208,425
Meetings and conventions	11,961	16,048	2,575	2,833	33,417	9,667	1,772	11,439	44,856	48,548
Conference support	-	201,497	-	-	201,497	-	-	-	201,497	172,760
Family assistance	460,250	46,200	-	-	506,450	-	-	-	506,450	498,143
Training and development expenses	-	13,694	-	-	13,694	-	-	-	13,694	11,325
Bad debt expense	18,413	-	-	-	18,413	-	-	-	18,413	-
Super storm Sandy relief	-	-	-	-	-	-	-	-	-	101,529
	<u>\$ 4,444,409</u>	<u>\$ 513,607</u>	<u>\$ 148,744</u>	<u>\$ 229,462</u>	<u>\$ 5,336,222</u>	<u>\$ 883,489</u>	<u>\$ 220,317</u>	<u>\$ 1,103,806</u>	<u>\$ 6,440,028</u>	<u>\$ 6,413,622</u>

See accompanying notes to financial statements.

**CENTRAL COUNCIL OF THE SOCIETY OF ST. VINCENT DE PAUL
IN THE DIOCESE OF ROCKVILLE CENTRE, INC.**

Statement of Cash Flows

**Year ended September 30, 2016
(with comparative financial information for the
year ended September 30, 2015)**

	<u>2016</u>	<u>2015</u>
Cash flows from operating activities		
Change in net assets	\$ 58,690	\$ 208,762
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities		
Depreciation	202,452	208,425
Net realized and unrealized (gains)/losses on investments	(78,961)	69,062
Gain on disposal of fixed assets	(12,052)	
Changes in assets and liabilities		
Accounts receivable	80,621	(113,601)
Grant receivable	(68,595)	(6,804)
Prepaid expenses	4,893	(14,573)
Inventory	(38,250)	21,395
Other assets	1,200	-
Accounts payable	31,049	(13,930)
Accrued expenses	17,907	11,387
Accrued compensated absences	4,847	6,906
	<u>145,111</u>	<u>168,267</u>
Net cash provided by operating activities	<u>203,801</u>	<u>377,029</u>
 Cash flows from investing activities		
Purchases of investments	(116,709)	(466,460)
Proceeds from sale of investments	-	77,598
Proceeds from sale of fixed assets	7,000	-
Payments to acquire fixed assets	(42,272)	(62,698)
Net cash used in investing activities	<u>(151,981)</u>	<u>(451,560)</u>
 Cash flows from financing activities		
Repayment of mortgage payable	(175,326)	(167,994)
Repayment of loans payable	-	(6,724)
Net cash used in financing activities	<u>(175,326)</u>	<u>(174,718)</u>
 Net decrease in cash	(123,506)	(249,249)
 Cash, beginning of year	<u>942,220</u>	<u>1,191,469</u>
 Cash, end of year	<u>\$ 818,714</u>	<u>\$ 942,220</u>

See accompanying notes to financial statements.

**CENTRAL COUNCIL OF THE
SOCIETY OF ST. VINCENT DE PAUL
IN THE DIOCESE OF ROCKVILLE CENTRE, INC.**

**Notes to Financial Statements
September 30, 2016**

Note 1 - Nature of Activities and Summary of Significant Accounting Policies

Nature of Activities

The purpose of the Central Council of the Society of St. Vincent de Paul in the Diocese of Rockville Centre, Inc., (the Organization) is to service the poor and needy in any way possible. No act of charity is foreign to the Organization. Most services are provided on an emergency basis and include cash grants for shelter and for other necessities. The Organization is supported primarily through its thrift stores income, government and foundation grants and public contributions.

Basis of Accounting

The financial statements of the Organization have been prepared on the accrual basis of accounting and accordingly reflect all significant receivables, payables and other liabilities.

Basis of Presentation

The accompanying financial statements have been prepared in accordance with the Not-for-Profit Entities Topic of the Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 958-205 and subsections.

This Topic establishes standards for general-purpose external financial statements of not-for-profit organizations, including a statement of financial position, statement of activities and statement of cash flows. This Topic further requires classification of net assets and its revenues, expenses, gains and losses into three categories, based on the existence or absence of externally imposed restrictions: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets. The Organization does not have any permanently restricted net assets. The categories are defined as follows:

Unrestricted - Net assets that are not subject to donor-imposed stipulations. Unrestricted net assets may be designated for specific purposes by action of the Board of Directors.

Revenue Recognition

The Organization reports revenues and gifts of cash and other assets as restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

Donor-restricted contributions whose restrictions are met within the same year as received are reflected as unrestricted contributions in the accompanying financial statements.

Income Tax Status

The Organization is exempt from federal income tax under Section 501(a) of the Internal Revenue Code as an organization described in Section 501(c)(3) and a similar provision under New York State income tax laws. The Organization has also been classified as an entity that is not a private foundation within the meaning of Section 509(a) and qualifies for deductible contributions as provided in Section 170(b)(1)(A)(ii). The Organization is subject to income taxes only on net unrelated business income. The Organization did not have any unrelated business income for the year ended September 30, 2016.

The Organization has adopted the provisions of FASB ASC 740-10-25, which requires that a tax position be recognized or derecognized based on a "more likely than not" threshold. This applies to positions taken or expected to be taken in a tax return. The Organization does not believe its financial statements include any uncertain tax positions. The Organization is no longer subject to examination by the Internal Revenue Service for years prior to September 30, 2012.

Expense Allocation

The costs of providing various programs and other activities have been summarized on a program basis in the statement of activities and in a category basis in the statement of functional expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefitted.

Cash Flows

Cash paid for interest was \$78,316 for the year ended September 30, 2016.

The maturity of the mortgage note over the next five years and in the aggregate is as follows:

Year Ending <u>September</u>	
2017	\$ 108,109
2018	113,076
2019	118,271
2020	123,704
2021	129,387
Thereafter	<u>1,024,221</u>
Total	<u>\$1,616,768</u>

Note 4 - Pension Plan

The Organization has a non-contributory defined contribution pension plan which covers substantially all employees. Employees become eligible to participate and are fully vested after two years of employment. Contributions to the plan are based upon the base salary paid to each employee. The Organization funds the plan on a current basis. Pension expense for the year ended September 30, 2016, was \$168,112.

The Organization also sponsors a tax deferred annuity plan. The plan is funded solely through employee contributions. All contributions are funded on a current basis.

Note 5 - Special Event

The Organization's annual golf outing raised \$76,935 for the year ending September 30, 2016. Expenses for the golf outing amounted to \$44,782.

Note 6 - Commitments and Contingencies

The Organization leases trucks, real property and office equipment under operating leases expiring in various years through August, 2021. The Organization is responsible for excessive wear and tear to the vehicles at the end of the lease.

Note 10 - Separate Cash Accounts

All funds awarded to the Organization under the Emergency Food and Shelter Program are held in separate cash accounts.

Note 11 - Compensated Absences

Employees earn varying amounts of vacation and sick leave in accordance with the Organization's personnel policy. Upon termination, employees are paid for accrued vacation and sick pay under certain guidelines. The Organization accrues costs incurred for vacation and sick leave as obligations of unrestricted net assets. At September 30, 2016, the Organization had an accrual for compensated absences of \$165,566.

Note 12 - Investments

Investments at fair market value consisted of the following at September 30, 2016:

Mutual funds	\$ 821,540
Fixed income securities	<u>714,602</u>
	<u>\$1,536,142</u>

Net investment income for the year ended September 30, 2016, consisted of the following:

Interest income	\$ 48,257
Net unrealized gains	78,961
Management fees	<u>(14,419)</u>
	<u>\$112,799</u>

Note 13 - Fair Value Measurements

Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 820, Fair Value Measurements and Disclosures, provides the 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 FASB ASC 820 are described as follows:

- Level 1 Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Organization has the ability to access.

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

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Mutual Funds				
Domestic equity funds	\$598,611	\$ -	\$ -	\$ 598,611
Balanced funds	196,916	-	-	196,916
International funds	<u>26,013</u>	<u>-</u>	<u>-</u>	<u>26,103</u>
	<u>821,540</u>	<u>-</u>	<u>-</u>	<u>821,540</u>
Fixed Income				
Corporate bonds	-	686,031	-	686,031
US government agencies	<u>-</u>	<u>28,571</u>	<u>-</u>	<u>28,571</u>
Total fixed income	<u>-</u>	<u>714,602</u>	<u>-</u>	<u>714,602</u>
Total assets at fair value	<u>\$821,540</u>	<u>\$714,602</u>	<u>\$ -</u>	<u>\$1,536,142</u>

Note 14 - Net Assets

Unrestricted net assets are available for the following purposes:

Undesignated	<u>\$4,273,169</u>
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Temporarily restricted net assets are available for the following purposes:

Community programs	\$23,618
Emergency food and shelter assistance	<u>97</u>
	<u>\$23,715</u>