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

Financial Statements
September 30, 2018

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, 2018, 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, 2018, 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., 2017 financial statements and we expressed an unmodified opinion on those audited financial statements in our report dated December 11, 2017. In our opinion, the summarized comparative information presented herein as of and for the year ended September 30, 2017, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Garden City, New York
December 12, 2018

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

Index of Financial Statements
September 30, 2018

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

Statement of Financial Position

September 30, 2018
(with comparative financial information as of
September 30, 2017)

Assets

	2018	2017
Cash	$ 700,282	$ 634,596
Investments	1,607,379	1,776,453
Accounts receivable	144,477	150,568
Grant receivable	39,535	16,068
Inventory	344,300	398,543
Prepaid expenses	99,005	95,898
Land, buildings and equipment, net	3,177,632	3,179,136
Total Assets	$ 6,112,610	$ 6,251,262

Liabilities and Net Assets

	2018	2017
Liabilities		
Accounts payable	$ 96,433	$ 90,626
Accrued expenses	42,192	96,773
Accrued compensated absences	169,305	177,491
Mortgage payable, net of deferred mortgage finance costs	1,154,452	1,329,633
Total liabilities	1,462,382	1,694,523
Commitments and contingencies		
Net assets		
Unrestricted	4,627,741	4,503,648
Temporarily restricted	22,487	53,091
Total net assets	4,650,228	4,556,739
Total liabilities and net assets	$ 6,112,610	$ 6,251,262

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, 2018

(with summarized financial information for the year ended September 30, 2017)

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	Unrestricted	Temporarily Restricted	2018 Totals	2017 Totals
Revenue and other support				
Stores income	$ 5,728,156	$ -	$ 5,728,156	$ 5,733,048
Government and foundation grants	137,690	78,840	216,530	319,879
Public support-contributions	261,716	62,000	323,716	341,849
Bequests	98,434	-	98,434	306,388
Vincentian development income	58,707	-	58,707	66,236
Net investment income	95,780	-	95,780	136,141
Special event, net	40,291	-	40,291	44,851
Net assets released from restrictions	171,444	(171,444)	-	-
Gain on disposal of fixed assets	-	-	-	6,025
Total revenue and other support	6,592,218	(30,604)	6,561,614	6,954,417
Expenses				
Program services				
Stores expenses	4,328,069	-	4,328,069	4,525,166
Vincentian development & Community Programs	611,703	-	611,703	611,263
Anthony House	78,701	-	78,701	148,000
Dismas House	248,501	-	248,501	223,131
Total program services	5,266,974	-	5,266,974	5,507,560
Supporting services				
Management and general	981,727	-	981,727	976,211
Fund raising	219,424	-	219,424	210,791
Total supporting services	1,201,151	-	1,201,151	1,187,002
Total expenses	6,468,125	-	6,468,125	6,694,562
Change in net assets	124,093	(30,604)	93,489	259,855
Net assets, beginning of year	4,503,648	53,091	4,556,739	4,296,884
Net assets, end of year	$ 4,627,741	$ 22,487	$ 4,650,228	$ 4,556,739

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, 2018
(with summarized financial information for the
year ended September 30, 2017)

	Program Services					Supporting Services				
	Direct Costs Stores	Vincentian Development & Community Programs	Anthony House	Dismas House	Total Program Services	Management & General	Fund Raising	Total Supporting Services	2018 Totals	2017 Totals
Salaries	$ 1,979,504	$ 158,014	$ 37,835	$ 144,241	$ 2,319,594	$ 551,353	$ 126,985	$ 678,338	$ 2,997,932	$ 3,111,712
Payroll taxes and employee benefits	523,828	37,452	16,381	43,158	620,819	146,578	25,971	172,549	793,368	856,244
Rent	-	-	-	-	-	-	-	-	-	40,800
Utilities	82,970	-	5,210	9,268	97,448	16,719	-	16,719	114,167	120,996
Repairs and maintenance	102,051	-	4,205	17,232	123,488	11,800	-	11,800	135,288	118,266
Purchases	269,754	-	-	-	269,754	-	-	-	269,754	273,705
Supplies	62,701	2,393	911	8,479	74,484	23,951	889	24,840	99,324	121,447
Truck expenses and hauling fees	373,713	-	-	-	373,713	-	-	-	373,713	372,804
Licenses and permits	7,852	165	85	971	9,073	5,603	1,537	7,140	16,213	11,064
Computer, telephone and office expenses	66,666	2,425	3,175	13,779	86,045	94,513	56,288	150,801	236,846	231,405
Auto	4,902	3,329	851	1,217	10,299	5,202	54	5,256	15,555	10,399
Insurance	88,310	3,052	7,418	7,923	106,703	34,815	-	34,815	141,518	136,381
Professional fees	-	-	-	-	-	38,491	-	38,491	38,491	37,870
Advertising and public relations	52,002	-	-	-	52,002	184	4,888	5,072	57,074	49,068
Equipment rentals	12,354	-	-	-	12,354	12,514	-	12,514	24,868	24,262
Interest	78,471	-	-	-	78,471	-	-	-	78,471	86,883
Credit card charges and bank fees	30,644	-	-	-	30,644	4,251	-	4,251	34,895	32,314
Depreciation	147,365	-	2,549	1,749	151,663	20,506	-	20,506	172,169	166,184
Meetings and conventions	12,948	36,983	81	484	50,496	15,247	2,812	18,059	68,555	65,317
Conference support	-	178,535	-	-	178,535	-	-	-	178,535	154,872
Family assistance	432,034	168,792	-	-	600,826	-	-	-	600,826	657,091
Training and development expenses	-	20,563	-	-	20,563	-	-	-	20,563	15,478
	$ 4,328,069	$ 611,703	$ 78,701	$ 248,501	$ 5,266,974	$ 981,727	$ 219,424	$ 1,201,151	$ 6,468,125	$ 6,694,562

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, 2018
(with comparative financial information for the year ended September 30, 2017)

	2018	2017
Cash flows from operating activities		
Change in net assets	$ 93,489	$ 259,855
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities		
Depreciation	172,169	166,184
Amortization of mortgage closing costs	16,340	16,340
Net realized and unrealized (gains)/losses on investments	(26,106)	(110,636)
Gain on disposal of fixed assets	-	(6,025)
Changes in assets and liabilities		
Accounts receivable	6,091	(52,030)
Grant receivable	(23,467)	66,204
Prepaid expenses	(3,107)	1,415
Inventory	54,243	(6,678)
Accounts payable	5,807	3,125
Accrued expenses	(54,581)	15,564
Accrued compensated absences	(8,186)	11,925
	139,203	105,388
Net cash provided by operating activities	232,692	365,243
Cash flows from investing activities		
Proceeds from sale of investments	195,180	(129,675)
Payments to acquire fixed assets	(170,665)	(245,577)
Proceeds from sale of fixed assets	-	9,000
Net cash provided by (used in) investing activities	24,515	(366,252)
Cash flows from financing activities		
Repayment of mortgage payable	(191,521)	(183,109)
Net cash used in financing activities	(191,521)	(183,109)
Net increase (decrease) in cash	65,686	(184,118)
Cash, beginning of year	634,596	818,714
Cash, end of year	$ 700,282	$ 634,596

See accompanying notes to financial statements.

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.

Temporarily Restricted - Net assets whose use is limited by law or donor-imposed stipulations that will either expire with the passage of time or be fulfilled or removed by actions of the Organization.

Use of Estimates

The preparation of financial statements in conformity with accounting principals generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Accordingly, actual results could differ from those estimates.

Inventory

Inventory, which is principally composed of donated clothing and furniture, is carried in the accounts at the market value of thrift shop merchandise.

Land, Buildings and Equipment

The Organization capitalizes all expenditures for property and equipment in excess of $2,500.

Land, buildings and equipment are recorded at cost when purchased. Donated assets are recorded at fair value at the time of donation.

Provision for depreciation has been computed on the straight line method at rates based upon the estimated useful lives of the various classes of assets. The principal estimated useful lives by class of assets, with the exception of leasehold improvements are as follows:

Buildings	25 - 40 years
Equipment	3 - 10 years
Building improvements	10 years

Expenditures for maintenance and repairs are charged to operating expenses as incurred, and the cost of renewals and betterments are capitalized.

The cost and accumulated depreciation and amortization with respect to assets sold or otherwise disposed of are eliminated from the asset and related accumulated depreciation accounts, and any resulting profit or loss is reflected in current operations.

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)(I)(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, 2018.

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, 2014.

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 $62,131 for the year ended September 30, 2018. In addition, amortization of deferred mortgage financing costs of $16,340 is also included in interest expense in accordance with ASU 2015-3. Total interest expense was $78,471 for the year ended September 30, 2018.

Recently Issued Accounting Pronouncements

In August, 2016, Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2016-14, Presentation of Financial Statements of Not-for-Profit Entities. ASU 2016-14 represents phase 1 of FASB's Not-for-Profit financial reporting project and reduces the number of net asset classes, requires expense presentation by functional and natural classification, requires quantitative and qualitative information in liquidity, retains the option to present the cash flow statement on a direct or indirect method as well as includes various other additional disclosure statements. ASU 2016-14 is effective for annual reporting periods beginning after December 15, 2017,with retrospective application. The requirements of this statement are effective for the year ending September 30, 2019. The Organization has not evaluated the impact of this statement.

In February, 2016, FASB issued ASU 2016-02, Leases. ASU 2016-02 requires entities to recognize all leased assets as assets on the statement of financial position with a corresponding liability resulting in a gross up of the statement of financial position. Entities will also be required to present additional disclosures regarding the nature and extent of leasing activities. ASU 2016-02 is effective for nonpublic business entities for the annual reporting period beginning after December 31, 2018. The requirements of this statement are effective for the Organization for the year ending September 30, 2020. The Organization has not evaluated the impact of this statement.

Change in Accounting Principle

The Organization has adopted ASU 2015-03, Interest - Imputation of Interest (Subtopic 835-30): Simplifying the Presentation of Debt Issuance Cost. This ASU requires that debt issuance costs related to a recognized debt liability be presented in the balance sheet as a direct deduction from the carrying amount of that debt liability, consistent with debt discounts. The effect of the adoption of this accounting pronouncement was a reclassification of debt issuance costs of $87,686 from an asset to a reduction of debt. This standard has also been applied retrospectively to the financial statements for the fiscal year ended September 30, 2017.

Deferred Mortgage Financing Costs

Deferred mortgage financing costs are being amortized over the ten year term of the mortgage note. Annual amortization is reported as interest expense in accordance with ASU 2015-3.

Comparative Data

The financial statements include certain prior-year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with the Organization's financial statements for the year ended September 30, 2017, from which the summarized information was derived.

Certain prior year amounts have been reclassified to conform to the current year's financial statement presentation. Net assets and changes in net assets are unchanged due to these reclassifications.

Note 2 - Land, Building and Equipment

Fixed assets of the Organization at cost, and accumulated depreciation, are summarized as follows:

Land	$1,337,117
Buildings and improvements	5,244,058
Equipment	639,798
	7,220,973
Less, accumulated depreciation	4,043,341
Land, building and equipment, net	$3,177,632

Depreciation expense for the year ending September 30, 2018, was $172,169.

Note 3 - Mortgage Payable

The Organization has a mortgage payable with an outstanding balance of $1,242,138 at September 30, 2018. The note is payable in monthly installments of $14,888 including interest of 4.5%. In addition, the Organization may make an optional payment of $75,000 annually without any penalty. The note matures on August 23, 2023, and any outstanding balance is due with a balloon payment. The note is collateralized by a mortgage and security agreement on property located in Huntington, New York. Loan acquisition costs of $157,686 were incurred in obtaining the mortgage. These costs are being amortized over the ten year term of the note.

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

Year Ending September	
2019	$ 125,320
2020	131,076
2021	137,098
2022	143,396
2023	705,248
Total mortgage principal	1,242,138
Less: Deferred mortgage finance costs, net of amortization of $70,000 at September 30, 2018	87,686
Mortgage payable, net of deferred mortgage finance costs	$1,154,452

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, 2018, was $148,083.

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 $75,666 for the year ending September 30, 2018. Expenses for the golf outing amounted to $35,375.

Note 6 - Commitments and Contingencies

The Organization leases trucks and office equipment under operating leases expiring in various years through October, 2023. The Organization is responsible for excessive wear and tear to the vehicles at the end of the lease.

Minimum future lease payments for each of the next five years and in the aggregate are as follows:

Fiscal Year Ended	Amount
9/30/19	$179,648
9/30/20	137,759
9/30/21	99,941
9/30/22	21,946
9/30/23	19,131
Thereafter	1,472
Total minimum future rental payments	$459,897

Total leasing expense for the year ending September 30, 2018, was $261,403.

Note 7 - Concentration of Credit Risk

At September 30, 2018, the Organization had cash deposits of $135,754 in excess of federally insured limits.

Note 8 - Subsequent Events

Date of Management Evaluation

Management has evaluated subsequent events through December 12, 2018, the date on which the financial statements were available to be issued. The Organization is not aware of any subsequent events that would require recognition or disclosure in the accompanying financial statements.

Note 9 - Net Assets Released From Restrictions

The following temporarily restricted net assets were released from donor restrictions by incurring expenses which satisfied the restricted purposes specified by the donors:

Community programs	$ 77,690
Emergency food and shelter program	93,754
	$171,444

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, 2018, the Organization had an accrual for compensated absences of $169,305.

Note 12 - Investments

Investments at fair market value consisted of the following at September 30, 2018:

Mutual funds	$ 972,185
Fixed income securities	635,194
	$1,607,379

Net investment income for the year ended September 30, 2018, consisted of the following:

Interest income	$ 87,559
Net unrealized gains	26,107
Management fees	(17,886)
	$ 95,780

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.

Level 2 Inputs to the valuation methodology include:

- 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.

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 3 Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

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 the observable inputs and minimize the use of unobservable inputs.

Following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used at September 30, 2018.

Mutual funds: Valued at the net asset value (NAV) of shares held by the Organization at year end.

Fixed income securities: Valued at the closing price reported in the active market in which the individual securities are traded.

The preceding methods described may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, although the Organization believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

The following table sets forth by level, within the fair value hierarchy, the Organization's assets at fair value as of September 30, 2018:

	Level 1	Level 2	Level 3	Total
Mutual funds	$972,185	$ -	$ -	$ 972,185
Fixed income	-	635,194	-	635,194
Total investments at fair value	$972,185	$635,194	$ -	$1,607,379

Note 14 - Net Assets

Unrestricted net assets are available for the following purposes:

Undesignated	$4,627,741

Temporarily restricted net assets are available for the following purposes:

Community programs	$ 2,493
Emergency food and shelter assistance	19,994
	$22,487