



**Society of St. Vincent de Paul,
Particular Council of
San Mateo County Incorporated
Financial Statements
September 30, 2023
(With Comparative
Totals for 2022)**

Board of Directors
Society of St. Vincent de Paul,
Particular Council of San Mateo County Incorporated
San Mateo, California



Certified
Public
Accountants

INDEPENDENT AUDITORS' REPORT

Opinion

We have audited the accompanying financial statements of the Society of St. Vincent de Paul, Particular Council of San Mateo County Incorporated (the Society), which comprise the statement of financial position as of September 30, 2023, and the related statements of activities and change in net assets, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Society as of September 30, 2023, 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.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Financial Statements* section of our report. We are required to be independent of the Society and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Society's ability to continue as a going concern within one year after the date the financial statements are available to be issued.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and, therefore, is not a guarantee an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements, including omissions, are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Society's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Society's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Report on Summarized Comparative Information

We have previously audited the Society's September 30, 2022 financial statements, and we expressed an unmodified opinion on those audited financial statements in our report dated June 13, 2023. In our opinion, the summarized comparative information presented herein as of and for the year ended September 30, 2022 is consistent, in all material respects, with the financial statements from which it has been derived.

Frank, Rimmerman & Co. LLP

San Jose, California
February 8, 2024

**Society of St. Vincent de Paul,
Particular Council of San Mateo County Incorporated
Statement of Financial Position
September 30, 2023 (With Comparative Totals for 2022)**

ASSETS		2023	2022
		<u> </u>	<u> </u>
Current Assets			
Cash and cash equivalents	\$	1,020,512	\$ 1,027,458
Investments		8,063,975	7,694,958
Pledges receivable		391,500	834,750
Prepaid expenses and other current assets		<u>63,524</u>	<u>60,105</u>
Total current assets		9,539,511	9,617,271
Pledge receivable, net of current portion		170,000	-
Property and Equipment, net		3,853,114	3,906,802
Investments Restricted for Endowment		<u>3,159,092</u>	<u>2,786,806</u>
Total assets	\$	<u><u>16,721,717</u></u>	\$ <u><u>16,310,879</u></u>
LIABILITIES AND NET ASSETS			
Current Liabilities			
Accounts payable and accrued expenses	\$	141,436	\$ 125,176
Deferred contribution revenue, current portion		<u>114,825</u>	<u>114,825</u>
Total current liabilities		256,261	240,001
Deferred contribution revenue, less current portion		<u>2,143,388</u>	<u>2,258,213</u>
Total liabilities		2,399,649	2,498,214
Commitments and Contingencies (Notes 6 and 7)			
Net Assets			
Without donor restrictions			
Designated by Board of Directors		7,107,033	7,191,406
Undesignated		<u>2,787,990</u>	<u>2,232,579</u>
Total without donor restrictions		9,895,023	9,423,985
With donor restrictions		<u>4,427,045</u>	<u>4,388,680</u>
Total net assets		<u>14,322,068</u>	<u>13,812,665</u>
Total liabilities and net assets	\$	<u><u>16,721,717</u></u>	\$ <u><u>16,310,879</u></u>

See Independent Auditors' Report and Notes to Financial Statements

**Society of St. Vincent de Paul,
Particular Council of San Mateo County Incorporated
Statement of Activities and Change in Net Assets
Year Ended September 30, 2023 (With Summarized Comparative Totals for 2022)**

	Without Donor Restrictions	With Donor Restrictions	Total 2023	Total 2022
Revenue and Support				
Donations and grants	\$ 1,566,901	\$ 1,256,983	\$ 2,823,884	\$ 3,359,661
Store sales	628,531	-	628,531	595,662
Trust income	242,879	-	242,879	167,500
Contributed nonfinancial assets	2,026,601	-	2,026,601	1,205,887
Free distribution from stores	192,853	-	192,853	200,573
Other income	148,179	-	148,179	135,823
Net assets released from restrictions	1,597,947	(1,597,947)	-	-
Total revenue and support	<u>6,403,891</u>	<u>(340,964)</u>	<u>6,062,927</u>	<u>5,665,106</u>
Expenses				
Program services:				
Safety net assistance	4,195,248	-	4,195,248	3,222,857
Stores	1,017,712	-	1,017,712	897,475
Restorative justice ministry	787,374	-	787,374	653,984
Support services:				
Management and general	416,192	-	416,192	713,199
Fundraising	478,442	-	478,442	362,843
Total expenses	<u>6,894,968</u>	<u>-</u>	<u>6,894,968</u>	<u>5,850,358</u>
Change in Net Assets from Operations	(491,077)	(340,964)	(832,041)	(185,252)
Return (Loss) on Investments, net	962,115	379,329	1,341,444	(2,192,572)
Gain on Loan Forgiveness	-	-	-	387,486
Change in Net Assets	471,038	38,365	509,403	(1,990,338)
Net Assets, beginning of year	9,423,985	4,388,680	13,812,665	15,803,003
Net Assets, end of year	<u>\$ 9,895,023</u>	<u>\$ 4,427,045</u>	<u>\$ 14,322,068</u>	<u>\$ 13,812,665</u>

See Independent Auditors' Report and Notes to Financial Statements

**Society of St. Vincent de Paul,
Particular Council of San Mateo County Incorporated
Statement of Functional Expenses
Year Ended September 30, 2023 (With Summarized Comparative Totals for 2022)**

	Program Services			Support Services		Total 2023	Total 2022
	Safety Net Assistance	Stores	Restorative Justice Ministry	Management and General	Fundraising		
Personnel Expenses							
Salaries	\$ 336,667	\$ 485,841	\$ 352,760	\$ 156,250	\$ 289,505	\$ 1,621,023	\$ 1,601,323
Payroll taxes	28,146	43,931	30,137	8,825	24,177	135,216	132,856
Employee benefits	60,263	113,678	33,809	26,203	47,758	281,711	258,859
Total personnel expenses	425,076	643,450	416,706	191,278	361,440	2,037,950	1,993,038
Direct assistance	1,628,738	-	18,104	-	-	1,646,842	1,456,562
Free distribution from stores	-	193,457	-	-	-	193,457	202,114
In-kind expenses	1,931,245	-	-	-	-	1,931,245	1,156,995
Advertising and public relations	-	2,200	-	-	1,395	3,595	35,300
Building maintenance	18,547	14,384	50,486	12,498	2,602	98,517	73,211
Depreciation and amortization	28,820	24,102	130,429	25,188	-	208,539	200,176
Donations	26,475	-	-	-	-	26,475	23,588
Dump fees	-	-	-	-	-	-	1,282
Events	-	-	-	-	50,689	50,689	19,710
Insurance	31,099	39,157	62,786	33,991	5,168	172,201	187,044
Licenses and fees	4,740	9,937	-	9,734	22,992	47,403	68,654
Other	46,723	-	-	1,220	-	47,943	38,519
Payroll service	9,580	11,576	7,487	7,556	2,477	38,676	39,923
Printing, postage and supplies	1,759	4,247	2,326	7,950	15,562	31,844	34,352
Professional fees	-	-	7,219	102,065	10,104	119,388	131,033
Property taxes	1,459	1,819	13,392	222	148	17,040	17,822
Rent	705	28,736	-	2,684	604	32,729	11,195
Telephone	6,934	6,261	29,112	9,356	2,053	53,716	48,438
Travel and meetings	3,104	-	2,787	8,244	-	14,135	6,595
Utilities	17,914	38,230	44,246	3,931	3,208	107,529	80,990
Vehicle	12,330	156	2,294	275	-	15,055	23,817
Total expenses	\$ 4,195,248	\$ 1,017,712	\$ 787,374	\$ 416,192	\$ 478,442	\$ 6,894,968	\$ 5,850,358
Percentage of Total Expenses	61%	15%	11%	6%	7%	100%	

See Independent Auditors' Report and Notes to Financial Statements

**Society of St. Vincent de Paul,
Particular Council of San Mateo County Incorporated
Statement of Cash Flows
Year Ended September 30, 2023 (With Comparative Totals for 2022)**

	<u>2023</u>	<u>2022</u>
Cash Flows from Operating Activities		
Change in net assets	\$ 509,403	\$ (1,990,338)
Adjustments to reconcile change in net assets to net cash used in operating activities:		
Amortization of deferred contribution revenue	(114,825)	(114,825)
Depreciation and amortization	208,539	200,176
Net realized and unrealized (gain) loss on investments	(998,291)	2,541,843
Contribution of securities	(128,942)	(147,026)
Gain on loan forgiveness	-	(387,486)
Changes in operating assets and liabilities:		
Pledges receivable	273,250	(704,750)
Prepaid expenses and other current assets	(3,419)	7,503
Accounts payable and accrued expenses	16,260	(44,335)
Net cash used in operating activities	<u>(238,025)</u>	<u>(639,238)</u>
Cash Flows from Investing Activities		
Proceeds from sale of investments	4,887,125	2,307,564
Purchase of investments	(4,501,195)	(1,854,049)
Purchase of property and equipment	(154,851)	-
Net cash provided by investing activities	<u>231,079</u>	<u>453,515</u>
Net decrease in cash and cash equivalents	(6,946)	(185,723)
Cash and Cash Equivalents, beginning of year	<u>1,027,458</u>	<u>1,213,181</u>
Cash and Cash Equivalents, end of year	<u><u>\$ 1,020,512</u></u>	<u><u>\$ 1,027,458</u></u>

See Independent Auditors' Report and Notes to Financial Statements

**Society of St. Vincent de Paul,
Particular Council of San Mateo County Incorporated
Notes to Financial Statements**

1. Organization and Description of Program Services

Organization

The Society of St. Vincent de Paul, Particular Council of San Mateo County Incorporated (the Society or SVdP) is incorporated in the state of California. SVdP is part of the Society of St. Vincent de Paul, an international Catholic charity. SVdP provides programs designed to aid the needy, including safety net assistance, throughout San Mateo County, California.

The Society's mission statement is: "In the spirit of love and justice, the Society of St. Vincent de Paul, Particular Council of San Mateo County provides person-to-person services of time, talent and resources to help our neighbors in need." Led by Christian values, Vincentians (volunteers) believe in the dignity of every person and offer compassionate help to individuals based on verified need. Since 1931, SVdP has focused its care on marginalized families and individuals in emergency circumstances in San Mateo County.

SVdP provides basic survival necessities and distributes critical financial support and resources to honor the dignity of each distinct individual served. Safety net assistance, through homelessness prevention and services to the homeless, is SVdP's primary focus to help eliminate suffering. SVdP also provides employment for the marginalized, assists victims of crime, ministers to the incarcerated, and provides housing and support services to women recently released from incarceration in a safe home. Organized into 36 small working groups called conferences, over 1,000 volunteers serve every part of San Mateo County. Aid is given regardless of age, gender, race or creed. SVdP's main office manages administrative and program support.

Description of Program Services

Safety Net Assistance

Safety Net Assistance is primarily provided through the Society's SVdP's Peninsula Family Resource Center (PFRC) and SVdP's Homeless Help Centers (HHCs).

SVdP's PFRC is a homelessness prevention program providing rent and utility payments, food, and other varied assistance. Basic human needs are addressed through home visits made by volunteers throughout San Mateo County. Calls for assistance are primarily received through a central helpline and from referrals from collaborating county service agencies.

**Society of St. Vincent de Paul,
Particular Council of San Mateo County Incorporated
Notes to Financial Statements**

1. Organization and Description of Program Services (continued)

Description of Program Services: (continued)

Safety Net Assistance (continued)

SVdP's HHCs are strategically located in South San Francisco, San Mateo, and Redwood City. These centers offer basic survival necessities, such as hot meals and food supplies, clothing, referrals to shelters, sleeping bags, bus tokens, identification cards, driver's licenses, and laundry and mail services, in addition to providing emergency motels for special needs, such as weather, hospital discharge, etc.

Stores

SVdP's thrift stores in South San Francisco, San Mateo, and Menlo Park offer quality donated goods at low prices to the public or free to those in need. The three thrift stores provide employment and job training for the most marginalized. Merchandise donations are accepted at two of the thrift store locations. Vouchers are given through SVdP's PFRC home visits and SVdP's HHCs to provide people with free clothes and basic furnishings at no charge. The Society stores also support a recycling program of clothing and other materials for the benefit of the community.

Restorative Justice Ministry

SVdP's Restorative Justice Ministry works to heal both the victim and offender, in order to regain the trust of the community. Both victims and their families are supported. The Society's Restorative Justice Chaplain and volunteers offer pastoral care to incarcerated men, women and youth.

SVdP's Catherine Center is a residential safe home for women recently released from incarceration. The purpose of the program is to teach participants in a safe and caring environment to apply restorative justice principles and develop life skills. The primary phase of the program lasts approximately one year. A secondary phase occurs over the following year and provides ongoing support to help stabilize and reduce the risk of recidivism.

**Society of St. Vincent de Paul,
Particular Council of San Mateo County Incorporated
Notes to Financial Statements**

2. Significant Accounting Policies

Basis of Presentation:

The Society segregates its assets, liabilities and operations into two categories: without donor restrictions and with donor restrictions. The Society's net assets and changes therein are classified and reported as follows:

Net assets without donor restrictions consist of net assets for which there are no donor-imposed restrictions, or such donor-imposed restrictions were temporary in nature and expired during the current or previous years. Net assets designated by the Society's Board of Directors (the Board) for specific purposes are also classified as without donor restrictions.

Net assets with donor restrictions consist of amounts receivable or received that are restricted for specific purposes or for subsequent periods. Some contributions received from donors are required to be maintained in perpetuity, while others expire over time, or when the donor-imposed restriction is satisfied. When a donor restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities and change in net assets as net assets released from restrictions.

Use of Estimates:

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America (GAAP) requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities, and the reported amounts of revenue, support and expenses in the financial statements and related disclosures. Actual results could differ from those estimates.

Contributions and Pledges:

Contributed Financial Assets:

The Society recognizes contributions and pledges as revenue in the period the donor makes a promise to give that is, in substance, unconditional. Contributions and pledges without donor restrictions or with donor restrictions that expire in the fiscal year in which the support is received are reported as increases in net assets without donor restrictions. All other donor restricted contributions are reported as increases in net assets with donor restrictions depending on the nature of the restrictions.

**Society of St. Vincent de Paul,
Particular Council of San Mateo County Incorporated
Notes to Financial Statements**

2. Significant Accounting Policies (continued)

Contributions and Pledges: (continued)

Donations and Grants:

The Society recognizes donations and grants as revenue in the period the donor makes a promise to give that is, in substance, unconditional. Donations and grants restricted by the donor or grantor are reported as increases in net assets without donor restrictions if the restrictions expire in the fiscal year in which the revenue is to be recognized. All other donor or grantor restricted donations and grants are reported as increases in net assets with donor restrictions depending on the nature of the restrictions. When a restriction as to time or use expires, net assets with donor restrictions are reclassified to net assets without donor restrictions.

Trust Income:

The Society is a co-beneficiary of a testamentary trust created under the will of Edna Palmuth, which is administered by a financial institution. The beneficiaries share equally in the income of the trust, which is recorded when received. Income from the trust is classified as net assets without donor restrictions.

The Society is also a co-beneficiary of a testamentary trust created under the McKeever Family Trust, which is administered by a financial institution. The beneficiaries share equally in the income of the trust, which is recorded when received. Income from the trust is classified as net assets without donor restrictions.

**Society of St. Vincent de Paul,
Particular Council of San Mateo County Incorporated
Notes to Financial Statements**

2. Significant Accounting Policies (continued)

Contributions and Pledges: (continued)

Contributed Nonfinancial Assets:

The Society's contributed nonfinancial assets include the following:

Program Related Donations:

The Society receives donated food, tangible assets, and other items from the general public for use in its programs. The Society also benefits from the donated services of a number of professionals in the provision of its services. Contributed professional services are recognized at their fair value if the services received (a) create or enhance long-lived assets or (b) require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation. Contributions of tangible assets, or the use thereof, are recognized at their fair value when promised or received, whichever is earlier. The amounts reflected in the financial statements as in-kind donations are offset by like amounts of expenses.

The Society received the following contributed nonfinancial assets for the year ended September 30:

	<u>2023</u>	<u>2022</u>
Food	\$ 1,713,721	\$ 860,485
Rent	37,796	28,296
Vehicle	57,560	48,892
Other	<u>217,524</u>	<u>268,214</u>
Total	<u>\$ 2,026,601</u>	<u>\$ 1,205,887</u>

Expenses related to contributions of nonfinancial assets in fiscal 2023 were recorded as in-kind expenses of \$1,931,245, consisting of \$1,713,721 of donated food and \$217,523 of other items (\$1,205,887 in fiscal 2022 consisting of \$860,485 of donated food and \$268,214 of other items).

The Society also receives significant amounts of donated time from volunteers that contribute significantly to its mission, but do not meet the criteria for recognition as donated services. Accordingly, the value of this valuable contributed time is not reflected in the financial statements.

**Society of St. Vincent de Paul,
Particular Council of San Mateo County Incorporated
Notes to Financial Statements**

2. Significant Accounting Policies (continued)

Contributions and Pledges: (continued)

Contributed Nonfinancial Assets: (continued)

Donated Store Merchandise:

The Society regularly accepts donated merchandise from the general public for resale in its thrift stores. The nature and quality of the merchandise donated varies considerably. The fair value of these donations is not recognized as revenue by the Society until sold to customers or provided for free to the needy.

Vehicle Donation Income:

The Society is a member of the St. Vincent de Paul National Vehicle Donation Program, whereby vehicle donations to the Society are administered by the National Vehicle Donation Program. Vehicle donations are monetized and the net proceeds received from the sale of vehicles are shared according to the program agreement. The Society recognized vehicle donation income upon receipt of the shared proceeds.

The income is primarily used to fund general operations.

Contributed Building:

The Society recognized \$114,825 in fiscal 2023 and 2022, related to a deferred contribution of a restricted-use building donated in May 2013 (Note 6).

Revenue Recognition:

The Society recognizes revenue from its revenue-generating activities under Financial Accounting Standard Board Accounting Standards Codification (ASC) Topic 606, *Revenue from Contracts with Customers* (Topic 606). The Society determines revenue recognition through the following steps:

- Identification of the contract or agreement with a customer or grantor
- Identification of the performance obligations in the contract or agreement
- Determination of the transaction price
- Allocation of the transaction price to the performance obligations in the contract or agreement
- Recognition of revenue when, or as, the Society satisfies a performance obligation

**Society of St. Vincent de Paul,
Particular Council of San Mateo County Incorporated
Notes to Financial Statements**

2. Significant Accounting Policies (continued)

The Society's revenue-generating activities are from the sale of merchandise from its stores. Revenue is recognized at the time of sale to customers.

Cash and Cash Equivalents:

For purposes of the statement of cash flows, the Society considers all highly liquid debt instruments purchased with an original maturity of three months or less to be cash equivalents.

Investments and Return (Loss) on Investments:

Investments consist of equity and fixed income securities at September 30, 2023 and 2022, which are presented at fair value based on prices quoted on established securities exchanges. Unrealized gains and losses on investments are reported in net assets without donor restrictions unless otherwise restricted by the donor. In-kind donations of investments are recorded at their fair value. The Society received contributed investments of \$128,942 in fiscal 2023 (\$147,026 in fiscal 2022).

Return (loss) on investments consist of earned net income and investment gains and losses, net of direct internal and external investment-related expenses. Interest and dividends earned on investments and other interest bearing accounts amounted to \$343,153 in fiscal 2023 (\$349,271 in fiscal 2022). Net gains on investments amounted to \$998,291 in fiscal 2023 (net losses of \$2,541,843 in fiscal 2022).

Concentration of Credit Risk:

Financial instruments, which potentially subject the Society to concentration of credit risk, consist primarily of cash and cash equivalents, investments and pledges receivable. The Society maintains its cash and cash equivalents and investments with various financial institutions and a major brokerage firm. From time to time, cash and cash equivalents held in financial institutions exceeded the \$250,000 insured by the Federal Deposit Insurance Corporation at each institution. Investments held with a brokerage firm are insured by the Securities Investor Protection Corporation up to \$500,000 for marketable securities, of which \$250,000 can be cash and cash equivalents. The Society has not experienced any losses on its deposits or investments through September 30, 2023. The Society's investments are managed by an outside investment manager under an investment policy approved by the Society.

**Society of St. Vincent de Paul,
Particular Council of San Mateo County Incorporated
Notes to Financial Statements**

2. Significant Accounting Policies (continued)

Concentration of Credit Risk: (continued)

Pledges receivables are evaluated for their collectability based on a review of the donors' credit worthiness by management on a regular basis. Management makes judgements as to the ability to collect the outstanding receivables and provides allowances for potential credit losses, as needed. Credit losses have historically been within management's expectation.

Advertising Costs:

Costs associated with advertising are expensed as incurred. The Society recorded advertising costs of \$3,595 in fiscal 2023 (\$35,300 in fiscal 2022).

Property and Equipment:

The Society capitalizes property and equipment in excess of \$5,000. Purchased property and equipment are recorded at cost. Donated property and equipment are recorded at estimated fair value on the date of donation. Depreciation of property and equipment is provided when assets are placed in service over the estimated useful lives, ranging from three to ten years for furniture, equipment and automobiles, and 30 to 40 years for buildings. Leasehold improvements are amortized over the lesser of the asset's estimated useful life or remaining term of the lease.

The Society reviews its long-lived assets for impairment whenever events or changes in circumstances indicate the carrying value of assets may not be recoverable. The Society has not recognized an impairment loss through September 30, 2023.

Comparative Financial Information:

The financial statements include certain prior year summarized comparative information in total, but not by net asset class. As such, these financial statements do not provide all information necessary to constitute a full presentation in conformity with GAAP. Accordingly, the comparative information should be read in conjunction with the Society's financial statements as of and for the year ended September 30, 2022, from which the summarized information was derived.

Income Taxes:

The Society is exempt from federal income taxes under Section 501(a) of the Internal Revenue Code (the Code), as an organization described in Section 501(c)(3) of the Code, and from California income taxes under Section 23701(d) of the California Revenue and Taxation Code.

**Society of St. Vincent de Paul,
Particular Council of San Mateo County Incorporated
Notes to Financial Statements**

2. Significant Accounting Policies (continued)

Income Taxes:

Although the Society is tax exempt, it may be liable for income tax on any unrelated business taxable income (UBTI). The Society does not believe it has UBTI that would result in an income tax liability. In addition, the Society believes it has appropriate support for any income tax positions taken to date, including the sustaining of its tax-exempt status and potential sources of UBTI; therefore, no provision for federal or state income taxes is provided in the financial statements for years where the statute of limitations remains open, which is generally three years for federal filings and four years for California filings.

Statement of Functional Expenses:

The costs of providing the Society's programs and services have been summarized on a functional basis in the statement of functional expenses. Accordingly, certain costs have been allocated based on the related program or service benefited. Personnel expenses are allocated to programs and support services based on the percentage of personnel time spent in each area are allocated directly based on their department, except for one member of management who is allocated based on estimated time spent in multiple departments. Building maintenance, depreciation and amortization, insurance, utilities, and rent are allocated indirectly by square footage. Licenses and fees, supplies, and telephone are allocated indirectly by headcount. The remaining natural expenses are directly expensed to the department based on the activity associated with the expense.

Board Designated Assets:

The Society's Board may reserve net assets for specific purposes on a discretionary basis. The Board releases these funds for either general operating use or for specific projects (Note 8). In fiscal 2023 no funds were released to general operating funds (\$2,100,000 was released to general funds in fiscal 2022).

**Society of St. Vincent de Paul,
Particular Council of San Mateo County Incorporated
Notes to Financial Statements**

3. Liquidity and Availability of Resources

The tables below represent assets available for general expenditures within one year at September 30:

	<u>2023</u>	<u>2022</u>
Cash and cash equivalents	\$ 1,020,512	\$ 1,027,458
Pledges receivable	391,500	834,750
Investments	<u>11,223,067</u>	<u>10,481,764</u>
Financial assets available to meet general expenditures	12,635,079	12,343,972
Less amounts not available to be used within one year (Note 8)		
Donor restricted assets	(4,427,045)	(4,388,680)
Board designated assets	<u>(7,107,033)</u>	<u>(7,191,406)</u>
Financial assets available to meet general expenditures within one year	<u>\$ 1,101,001</u>	<u>\$ 763,886</u>

Management monitors liquidity and availability of the Society's resources on an ongoing basis to ensure adherence to donor restrictions, contractual commitments and legal requirements for use of funds. The Society has certain net assets restricted by donors that are not available for general operations. Accordingly, these assets with donor restrictions have been included above as unavailable for general expenditure within one year.

The Board has designated net assets for specific purposes (Note 8), which are not available for general expenditure in fiscal 2024. The Board, at its discretion, may make these or a portion of these net assets available for general operations in the future should the need arise. The Board intends to use the funds to support future programs and facility expansion, unless otherwise needed to meet its general expenditures. The Board will regularly review Board restrictions and adjust the amount to be restricted based on returns on investments. The Board's plan is to have funds available to meet general expenditures within one year be within the range of \$750,000 to \$1,500,000. In fiscal 2022, the Board reduced Board designated assets from \$8,600,000 to \$6,500,000.

4. Fair Value Instruments

The Society categorizes its assets or liabilities into a three-level hierarchy under Topic 820 that prioritizes the inputs used in valuation techniques for determining fair value of assets or liabilities and making disclosures about fair value measurement. The Society defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The inputs or methodology used for valuing assets or liabilities are not necessarily an indication of the risk associated with those assets or liabilities.

**Society of St. Vincent de Paul,
Particular Council of San Mateo County Incorporated
Notes to Financial Statements**

4. Fair Value Instruments (continued)

The three-level hierarchy for fair value measurement is defined as follows:

- Level 1:** Inputs to the valuation methodology are based on quoted prices (unadjusted) for identical assets or liabilities in active markets.
- Level 2:** Inputs to the valuation methodology include quoted prices for similar assets and liabilities in active markets, and inputs that are observable for the asset or liability, either directly or indirectly, for substantially the full term of the financial instrument.
- Level 3:** Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

A financial instrument's level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement.

Investments are classified at Level 1 under the fair value hierarchy and consist of the following at September 30:

	<u>2023</u>	<u>2022</u>
Exchange traded funds	\$ 8,245,678	\$ 6,216,788
Fixed income corporate bonds	2,518,489	-
Mutual funds	458,900	312,127
Fixed income mutual funds	<u>-</u>	<u>3,952,849</u>
	<u>\$ 11,223,067</u>	<u>\$ 10,481,764</u>

Unconditional promises to give to the Society are recorded as pledges receivable at fair value based upon discounted estimated future cash flows, net of the allowance for uncollectible accounts. No discount was considered necessary during fiscal 2023 or 2022 as management determined the discount would not be material to the financial statements. Pledges are classified within Level 2 of the fair value hierarchy.

**Society of St. Vincent de Paul,
Particular Council of San Mateo County Incorporated
Notes to Financial Statements**

5. Property and Equipment

Property and equipment consist of the following at September 30:

	<u>2023</u>	<u>2022</u>
Buildings	\$ 5,659,382	\$ 5,504,532
Land	487,290	487,290
Furniture and equipment	251,664	251,664
Vehicles	79,936	120,273
Leasehold improvements	<u>188,663</u>	<u>188,663</u>
	6,666,935	6,552,422
Less accumulated depreciation and amortization	<u>2,813,821</u>	<u>2,645,620</u>
	<u>\$ 3,853,114</u>	<u>\$ 3,906,802</u>

6. Deferred Contribution Revenue

In May 2013, the Society received a gift of a building located in Menlo Park, California. While the Society received full title to the property, there was a donor-imposed restriction on the grant deed requiring the Society to use the property only for the programs and activities of the Restorative Justice Ministry. Although it is the Society's intention to maintain the Restorative Justice Ministry at the location indefinitely, the donor would have the right to reclaim title to the building should the program be terminated. The transfer is subject to a power of termination vested in the donor to enforce the use restriction on the property.

Management determined the fair value of the property to be \$3,444,738 at the date of donation. The Society has included the building in property and equipment and has recorded deferred contribution revenue in the statement of financial position to recognize the donor-imposed restriction on the building's use. The deferred contribution revenue is being recognized as revenue over the 30-year period, with \$114,825 recognized in fiscal 2023 and 2022.

7. Contingencies

From time to time, the Society may be involved in certain legal actions arising in the normal course of its operations. The Society is not aware of any legal claims at September 30, 2023. Management believes any future legal issues will not have a material effect on the Society's financial position and, as a result, no liability for future legal claims has been recorded at September 30, 2023.

**Society of St. Vincent de Paul,
Particular Council of San Mateo County Incorporated
Notes to Financial Statements**

8. Restrictions on Net Assets

Board Designated Net Assets:

Certain net assets have been designated by the Society's Board for the following purposes at September 30:

	<u>2023</u>	<u>2022</u>
Strategic plan reserve	\$ 6,500,000	\$ 6,500,000
Capital expenditures	<u>-</u>	<u>10,284</u>
Designated for specific purposes	6,500,000	6,510,284
Conferences	<u>607,033</u>	<u>681,122</u>
	<u>\$ 7,107,033</u>	<u>\$ 7,191,406</u>

Unused funds collected by conferences at September 30, 2023 have been designated by the Board as available to fund the program services of the individual conferences in fiscal 2024.

Net Assets With Donor Restrictions:

Net assets with donor restrictions are restricted by donors to the following purposes or future periods at September 30:

	<u>2023</u>	<u>2022</u>
Safety Net Assistance	\$ 312,064	\$ 634,313
SVdP's Catherine Center	333,877	535,000
Property improvements	231,146	231,146
Restricted for future periods	330,000	99,750
Rosetta C. Miller Fund	28,101	32,901
Personnel support	32,765	68,764
Endowment funds	<u>3,159,092</u>	<u>2,786,806</u>
	<u>\$ 4,427,045</u>	<u>\$ 4,388,680</u>

**Society of St. Vincent de Paul,
Particular Council of San Mateo County Incorporated
Notes to Financial Statements**

8. Restrictions on Net Assets (continued)

Net Assets With Donor Restrictions: (continued)

Under the terms of her will, the income from the estate of Rosetta C. Miller is restricted to the spiritual and material needs of people living within the boundaries of the parish of Our Lady of Perpetual Help Church in Daly City, California.

Net assets were released from restrictions by satisfying the time or purpose restrictions as follows in fiscal:

	<u>2023</u>	<u>2022</u>
Safety Net Assistance	\$ 812,355	\$ 921,048
SVdP's Catherine Center	548,000	614,910
Release of endowment funds	7,043	10,269
Personnel support	135,749	35,998
Rosetta C. Miller Fund	4,800	5,200
Restricted to future periods	<u>90,000</u>	<u>-</u>
	<u>\$ 1,597,947</u>	<u>\$ 1,587,425</u>

9. Endowment

The Society's endowment consists of donor restricted endowment funds. As required by GAAP, net assets associated with endowment funds, including funds designated by the Board to function as endowments, are classified and reported based on the existence or absence of donor imposed restrictions.

The Society's Board has interpreted the State Prudent Management of Institutional Funds Act (SPMIFA) as requiring the preservation of the fair value of the original donor gift restricted in perpetuity, absent explicit donor stipulations to the contrary. As a result of this interpretation, the Society classifies net assets restricted in perpetuity as (a) the original value of gifts donated to the permanent endowment; (b) the original value of subsequent gifts to the permanent endowment; and (c) accumulations to the endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the endowment. The remaining portion of the donor-restricted endowment that is not restricted in perpetuity is classified as net assets with donor restrictions until those amounts are appropriated for expenditure by the Society in a manner consistent with the standard of prudence prescribed by SPMIFA. Once appropriated, these amounts are classified as net assets without donor restrictions.

**Society of St. Vincent de Paul,
Particular Council of San Mateo County Incorporated
Notes to Financial Statements**

9. Endowment (continued)

In accordance with SPMIFA, the Society considers the following factors in making a determination to appropriate or accumulate donor restricted endowment assets:

- (1) The duration and preservation of the fund;
- (2) The purposes of the Society and the donor restricted endowment fund;
- (3) General economic conditions;
- (4) The possible effect of inflation and deflation;
- (5) The expected total return from income and the net increase in value of investments;
- (6) Other resources of the Society;
- (7) Alternatives to expenditure of the endowment fund, giving due consideration to the effect that the alternatives may have on the Society; and
- (8) The Society's investment policies.

The Society has adopted investment and spending policies, approved by the Board, for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment, while seeking to maintain the purchasing power of the endowment assets. Accordingly, the investment process seeks to achieve an after-cost total real rate of return, including investment income as well as capital appreciation, that exceeds the annual distribution with acceptable levels of risk.

Endowment assets are invested in equity securities and fixed income corporate bonds pursuant to the Society's investment policy.

The Society has a policy of appropriating for distribution each year no more than 7% of the average fair value of endowment assets restricted in perpetuity over the prior 20 quarters ending June 30 preceding the fiscal year in which the distribution is planned. In establishing this policy, the Society considers the long-term expected return on its investment assets and the nature and duration of the individual endowment funds and relies on a total return strategy in which investment returns are achieved through both realized and unrealized capital appreciation and current yield, such as interest and dividends.

**Society of St. Vincent de Paul,
Particular Council of San Mateo County Incorporated
Notes to Financial Statements**

9. Endowment (continued)

From time to time, the fair value of assets associated with individual endowment assets with donor restrictions may fall below the level that the donor or SPMIFA requires the Society to retain as a fund of perpetual duration. As of September 30, 2023, endowed funds with an original gift value of \$2,000,000, fair value of \$1,853,813, and a net decline in fair value of \$146,187 were reported in net assets with donor restrictions. The decline in value resulted from unfavorable market fluctuations that occurred in fiscal 2023. In fiscal 2023, the Board appropriated \$4,155 from endowed funds. As of September 30, 2022, fair value of \$1,638,458, and a net decline in fair value of \$361,542 were reported in net assets with donor restrictions. In fiscal 2022, the Board appropriated \$5,927 from endowed funds.

The change in endowment assets in fiscal 2023 is as follows:

Endowment assets, beginning of year	\$ 2,786,806
Appropriated for expenditure	(7,043)
Net increase in value of endowment assets	<u>379,329</u>
Endowment assets, end of year	<u>\$ 3,159,092</u>

The change in endowment assets in fiscal 2022 is as follows:

Endowment assets, beginning of year	\$ 3,369,906
Appropriated for expenditure	(10,270)
Decline in value of endowment assets	<u>(572,830)</u>
Endowment assets, end of year	<u>\$ 2,786,806</u>

10. Subsequent Events

Subsequent events have been evaluated through February 8, 2024, which is the date the financial statements were approved by the Society and available to be issued. No subsequent events have been identified requiring disclosure.