

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, CPAs 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)**

|                                    | <u>Assets</u>           |                         |
|------------------------------------|-------------------------|-------------------------|
|                                    | <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>        |
| <br>Total Assets                   | <br><u>\$ 6,247,928</u> | <br><u>\$ 6,310,761</u> |

|                                      | <u>Liabilities and Net Assets</u> |                         |
|--------------------------------------|-----------------------------------|-------------------------|
| <b>Liabilities</b>                   |                                   |                         |
| 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>        |
| <br>Total liabilities                | <br><u>1,951,044</u>              | <br><u>2,072,567</u>    |
| <br>Commitments and contingencies    |                                   |                         |
| <b>Net assets</b>                    |                                   |                         |
| Unrestricted                         | 4,273,169                         | 4,232,452               |
| Temporarily restricted               | <u>23,715</u>                     | <u>5,742</u>            |
| <br>Total net assets                 | <br><u>4,296,884</u>              | <br><u>4,238,194</u>    |
| <br>Total liabilities and net assets | <br><u>\$ 6,247,928</u>           | <br><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> | <u>Temporarily<br/>Restricted</u> | <u>2016<br/>Totals</u> | <u>2015<br/>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                 |
| Vincentine 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                | -                   | -                                 | -                      | 72,500                 |
|  | <u>6,480,745</u>    | <u>17,973</u>                     | <u>6,498,718</u>       | <u>6,622,384</u>       |
| <b>Total revenue and<br/>other support</b>     |                     |                                   |                        |                        |
| Expenses                                       |                     |                                   |                        |                        |
| Program services                               |                     |                                   |                        |                        |
| Stores expenses                                | 4,444,409           | -                                 | 4,444,409              | 4,378,972              |
| Vincentine development &<br>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                       | -                   | -                                 | -                      | 101,529                |
| 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                                   | 220,317             | -                                 | 220,317                | 240,500                |
| Total supporting services                      | <u>1,103,806</u>    | <u>-</u>                          | <u>1,103,806</u>       | <u>1,125,066</u>       |
| <b>Total expenses</b>                          | <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<br>Costs Stores | Vincentian<br>Development<br>& Community<br>Programs | Anthony<br>House  | Dismas<br>House   | Total<br>Program<br>Services | Management<br>& General | Fund<br>Raising   | Total<br>Supporting<br>Services | 2015<br>Totals      | 2016<br>Totals      |
| Salaries                                | \$ 1,974,439           | \$ 175,869   | \$ 85,995         | \$ 142,963        | \$ 2,379,266                 | \$ 506,225              | \$ 120,974        | \$ 627,199                      | \$ 2,923,775        | \$ 3,006,465        |
| Payroll taxes and employee benefits     | 573,191                | 47,994   | 27,208            | 44,283            | 692,676                      | 103,694                 | 32,441            | 136,135                         | 766,757             | 828,811             |
| Rent                                    | 39,150                 | -  | -                 | -                 | 39,150                       | -                       | -                 | -                               | 37,500              | 39,150              |
| Utilities                               | 74,011                 | -  | 4,733             | 8,058             | 86,802                       | 13,942                  | -                 | 13,942                          | 121,846             | 100,744             |
| Repairs and maintenance                 | 105,180                | -  | 2,621             | 1,370             | 109,171                      | 11,625                  | -                 | 11,625                          | 124,437             | 120,796             |
| Purchases                               | 284,978                | -  | -                 | -                 | 284,978                      | -                       | -                 | -                               | 292,832             | 284,978             |
| Supplies                                | 63,449                 | 3,107  | 4,966             | 8,247             | 79,769                       | 23,114                  | 106               | 23,220                          | 106,419             | 102,989             |
| Truck expenses and hauling fees         | 360,202                | -  | -                 | -                 | 360,202                      | -                       | -                 | -                               | 388,010             | 360,202             |
| Licenses and permits                    | 5,431                  | 356  | 1,017             | 767               | 7,571                        | 4,399                   | 1,095             | 5,494                           | 11,196              | 13,065              |
| Computer, telephone and office expenses | 64,131                 | 1,854  | 7,121             | 5,897             | 79,003                       | 87,513                  | 38,032            | 125,545                         | 198,814             | 204,548             |
| Auto                                    | 2,431                  | 4,038  | 2,442             | 857               | 9,768                        | 2,492                   | 76                | 2,568                           | 13,197              | 12,336              |
| Insurance                               | 85,485                 | 2,950  | 7,172             | 7,664             | 103,271                      | 34,082                  | 399               | 34,481                          | 140,549             | 137,752             |
| Professional fees                       | -                      | -  | -                 | -                 | -                            | 36,533                  | -                 | 36,533                          | 40,770              | 36,533              |
| Advertising and public relations        | 45,783                 | -  | -                 | -                 | 45,783                       | -                       | 25,254            | 25,254                          | 63,805              | 71,037              |
| Equipment rentals                       | 12,159                 | -  | -                 | -                 | 12,159                       | 12,839                  | -                 | 12,839                          | 25,829              | 24,998              |
| Interest                                | 78,316                 | -  | -                 | -                 | 78,316                       | -                       | -                 | -                               | 85,845              | 78,316              |
| Credit card charges and bank fees       | 27,395                 | -  | -                 | -                 | 27,395                       | 2,383                   | 168               | 2,551                           | 31,311              | 29,946              |
| Depreciation                            | 158,054                | -  | 2,894             | 6,523             | 167,471                      | 34,981                  | -                 | 34,981                          | 208,425             | 202,452             |
| Meetings and conventions                | 11,961                 | 16,048   | 2,575             | 2,833             | 33,417                       | 9,667                   | 1,772             | 11,439                          | 48,548              | 44,856              |
| Conference support                      | -                      | 201,497  | -                 | -                 | 201,497                      | -                       | -                 | -                               | 172,760             | 201,497             |
| Family assistance                       | 460,250                | 46,200   | -                 | -                 | 506,450                      | -                       | -                 | -                               | 498,143             | 506,450             |
| Training and development expenses       | -                      | 13,694   | -                 | -                 | 13,694                       | -                       | -                 | -                               | 11,325              | 13,694              |
| Bad debt expense                        | 18,413                 | -  | -                 | -                 | 18,413                       | -                       | -                 | -                               | -                   | 18,413              |
| Super storm Sandy relief                | -                      | -  | -                 | -                 | -                            | -                       | -                 | -                               | -                   | -                   |
|   | <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>\$ 6,413,622</u> | <u>\$ 6,440,028</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<br>net cash provided by (used in) operating activities |                   |                   |
| Depreciation  | 202,452           | 208,425           |
| Net realized and unrealized (gains)/losses<br>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  | <u>(42,272)</u>   | <u>(62,698)</u>   |
| 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**

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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)(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.

### 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, 2015, 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:

|                                   |                    |
|-----------------------------------|--------------------|
| Buildings                         | \$4,620,917        |
| Equipment                         | 580,167            |
| Building improvements             | <u>465,514</u>     |
|                                   | 5,666,598          |
| Less, accumulated depreciation    | <u>3,780,631</u>   |
|                                   | 1,885,967          |
| Land                              | <u>1,337,117</u>   |
| Land, building and equipment, net | <u>\$3,223,084</u> |

Depreciation expense for the year ending September 30, 2016, was \$202,452.

### Note 3 - Mortgage Payable

The Organization has a mortgage payable with an outstanding balance of \$1,616,718 at September 30, 2016. 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 \$157,685 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<br><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.

Minimum future lease payments for each of the next six years are:

| Fiscal Year<br><u>Ended</u>             | <u>Amount</u>    |
|---|------------------|
| 9/30/17                                 | \$235,884        |
| 9/30/18                                 | 232,506          |
| 9/30/19                                 | 174,823          |
| 9/30/20                                 | 127,696          |
| 9/30/21                                 | <u>80,225</u>    |
| Total minimum future<br>rental payments | <u>\$851,134</u> |

Total leasing and rent expense for the year ending September 30, 2016, was \$322,147.

Note 7 - Concentration of Credit Risk

At September 30, 2016, the Organization had cash deposits of \$199,127 in excess of federally insured limits.

Note 8 - Subsequent Events

Date of Management Evaluation

Management has evaluated subsequent events through December 6, 2016, the date on which the financial statements were available to be issued.

Except as disclosed in the following text, the Organization is not aware of any subsequent events that would require recognition or disclosure in the accompanying financial statements.

The Dismas House program's grant from the New York State Department of Corrections will not be renewed as of April, 2017. The Organization is presently seeking other sources of funding.

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                 | \$21,382        |
| Emergency food and shelter program | <u>5,645</u>    |
|                                    | <u>\$27,027</u> |

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.

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, 2016.

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, 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> |
|--------------|--------------------|

Temporarily restricted net assets are available for the following purposes:

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

