

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

**FINANCIAL STATEMENTS**

**SEPTEMBER 30, 2022**

**(WITH SUMMARIZED COMPARATIVE  
TOTALS FOR SEPTEMBER 30, 2021)**

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

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INDEPENDENT AUDITORS' REPORT

To The Board of Directors  
Central Council of the Society of St. Vincent de Paul  
in the Diocese of Rockville Centre, Inc.  
Bethpage, New York

**Opinion**

We have audited the accompanying financial statements of Central Council of the Society of St. Vincent de Paul in the Diocese of Rockville Centre, Inc. (the "Society"), which comprise the statement of financial position as of September 30, 2022, and the related statements of activities, 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, 2022, 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 that 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 that 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 that 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 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 2021 financial statements, and our report dated March 31, 2022 expressed an unmodified audit opinion on those audited financial statements. The summarized comparative information presented herein at and for the year ended September 30, 2021 is consistent, in all material respects, with the audited financial statements from which it has been derived.

*Grassi & Co., CPAs, P.C.*

GRASSI & CO., CPAs, P.C.

New York, New York  
March 14, 2023

CENTRAL COUNCIL OF THE SOCIETY OF ST. VINCENT DE PAUL  
 IN THE DIOCESE OF ROCKVILLE CENTRE, INC.  
 STATEMENT OF FINANCIAL POSITION  
 SEPTEMBER 30, 2022  
 (WITH SUMMARIZED COMPARATIVE TOTALS AT SEPTEMBER 30, 2021)

	<u>2022</u>	<u>2021</u>
<u>ASSETS</u>		
Cash and cash equivalents	\$ 861,863	\$ 1,259,584
Investments	2,097,667	2,486,026
Accounts receivable	453,065	455,295
Inventory	687,335	662,295
Prepaid expenses	115,289	122,261
Fixed assets, net	<u>2,795,288</u>	<u>2,822,890</u>
 TOTAL ASSETS	 <u>\$ 7,010,507</u>	 <u>\$ 7,808,351</u>
 <u>LIABILITIES AND NET ASSETS</u>		
LIABILITIES:		
Accounts payable and accrued expenses	\$ 157,313	\$ 229,719
Accrued compensated absences	286,845	276,937
Refundable advance	117,222	144,186
Mortgage payable, net	<u>-</u>	<u>573,370</u>
 Total Liabilities	 <u>561,380</u>	 <u>1,224,212</u>
 COMMITMENTS AND CONTINGENCIES		
NET ASSETS:		
Without donor restrictions	6,430,327	6,567,953
With donor restrictions	<u>18,800</u>	<u>16,186</u>
 Total Net Assets	 <u>6,449,127</u>	 <u>6,584,139</u>
 TOTAL LIABILITIES AND NET ASSETS	 <u>\$ 7,010,507</u>	 <u>\$ 7,808,351</u>

The accompanying notes are an integral part of these financial statements.

CENTRAL COUNCIL OF THE SOCIETY OF ST. VINCENT DE PAUL  
 IN THE DIOCESE OF ROCKVILLE CENTRE, INC.  
 STATEMENT OF ACTIVITIES  
 FOR THE YEAR ENDED SEPTEMBER 30, 2022  
 (WITH SUMMARIZED COMPARATIVE TOTALS FOR THE YEAR ENDED SEPTEMBER 30, 2021)

	2022			2021
	Without Donor Restrictions	With Donor Restrictions	Total	Total
REVENUES, (LOSSES) GAINS AND OTHER SUPPORT:				
Stores income	\$ 6,132,351	\$ -	\$ 6,132,351	\$ 5,715,508
Contributions:				
Public support	306,794	20,180	326,974	1,145,715
Bequests	957,862	-	957,862	306,459
In-kind contributions	5,631,570	-	5,631,570	5,515,351
Government and foundation grants	372,587	-	372,587	435,761
Government grant - Employee Retention Credit	-	-	-	383,716
Vincentian development income	54,939	-	54,939	46,400
Investment (loss) income, net	(383,921)	-	(383,921)	381,697
Special event, net of direct costs of \$61,950 and \$58,397, respectively	38,410	-	38,410	27,972
Net assets released from donor restrictions	17,566	(17,566)	-	-
 Total Revenues, (Losses) Gains, and Other Support	 <u>13,128,158</u>	 <u>2,614</u>	 <u>13,130,772</u>	 <u>13,958,579</u>
EXPENSES:				
Program Services:				
Stores expenses	10,610,801	-	10,610,801	9,895,470
Vincentian development and community programs	953,864	-	953,864	745,274
Dismas House	211,794	-	211,794	200,192
Total Program Services	<u>11,776,459</u>	<u>-</u>	<u>11,776,459</u>	<u>10,840,936</u>
Supporting Services:				
Management and general	1,253,028	-	1,253,028	1,260,522
Fundraising	236,297	-	236,297	215,388
Total Expenses	<u>13,265,784</u>	<u>-</u>	<u>13,265,784</u>	<u>12,316,846</u>
CHANGE IN NET ASSETS	(137,626)	2,614	(135,012)	1,641,733
NET ASSETS, BEGINNING OF YEAR	<u>6,567,953</u>	<u>16,186</u>	<u>6,584,139</u>	<u>4,942,406</u>
NET ASSETS, END OF YEAR	<u>\$ 6,430,327</u>	<u>\$ 18,800</u>	<u>\$ 6,449,127</u>	<u>\$ 6,584,139</u>

The accompanying notes are an integral part of these financial statements.

CENTRAL COUNCIL OF THE SOCIETY OF ST. VINCENT DE PAUL  
 IN THE DIOCESE OF ROCKVILLE CENTRE, INC.  
 STATEMENT OF FUNCTIONAL EXPENSES  
 FOR THE YEAR ENDED SEPTEMBER 30, 2022  
 (WITH SUMMARIZED COMPARATIVE TOTALS FOR THE YEAR ENDED SEPTEMBER 30, 2021)

	2022									2021 Total	
	Program Services				Supporting Services				Direct Costs of Special Event		Total
	Stores Expenses	Vincentian Development and Community Programs	Dismas House	Total Program Services	Management and General	Fund Raising	Total Supporting Services				
<b>EXPENSES:</b>											
Salaries	\$ 2,489,677	\$ 180,073	\$ 140,354	\$ 2,810,104	\$ 727,482	\$ 125,914	\$ 853,396	\$ -	\$ 3,663,500	\$ 3,481,506	
Payroll taxes and employee benefits	701,333	44,764	40,881	786,978	180,447	33,485	213,932	-	1,000,910	933,723	
Total Salaries and Related Expenses	3,191,010	224,837	181,235	3,597,082	907,929	159,399	1,067,328	-	4,664,410	4,415,229	
Utilities	94,796	-	7,094	101,890	17,992	-	17,992	-	119,882	105,389	
Repairs and maintenance	95,418	-	1,921	97,339	13,294	-	13,294	-	110,633	124,462	
Purchases (including in-kind donations)	5,941,121	-	-	5,941,121	-	-	-	-	5,941,121	5,580,526	
Supplies	77,214	1,641	602	79,457	28,109	247	28,356	-	107,813	97,362	
Truck expenses and hauling fees	408,060	-	-	408,060	-	-	-	-	408,060	372,945	
Licenses and permits	5,075	373	660	6,108	6,561	889	7,450	-	13,558	11,890	
Computer, telephone and office expenses	63,018	5,161	5,920	74,099	88,491	57,505	145,996	-	220,095	250,911	
Auto	5,165	1,456	952	7,573	3,647	44	3,691	-	11,264	7,819	
Insurance	94,835	6,655	9,933	111,423	56,473	-	56,473	-	167,896	163,941	
Professional fees	-	-	-	-	38,458	894	39,352	-	39,352	44,056	
Advertising and public relations	10,506	-	-	10,506	7,904	15,448	23,352	61,950	95,808	116,171	
Equipment rentals	11,623	-	-	11,623	17,225	-	17,225	-	28,848	23,731	
Interest	54,862	-	-	54,862	-	-	-	-	54,862	51,265	
Credit card charges and bank fees	60,824	-	-	60,824	8,892	-	8,892	-	69,716	57,172	
Depreciation	90,448	-	1,362	91,810	35,526	-	35,526	-	127,336	160,103	
Meetings and conventions	2,975	26,539	2,115	31,629	22,527	1,871	24,398	-	56,027	34,993	
Conference support	-	279,531	-	279,531	-	-	-	-	279,531	176,497	
Family assistance	403,851	371,878	-	775,729	-	-	-	-	775,729	569,210	
Training and development expenses	-	35,793	-	35,793	-	-	-	-	35,793	11,571	
Total Expenses	10,610,801	953,864	211,794	11,776,459	1,253,028	236,297	1,489,325	61,950	13,327,734	12,375,243	
Costs of Direct Benefits of Special Event	-	-	-	-	-	-	-	(61,950)	(61,950)	(58,397)	
<b>TOTAL EXPENSES REPORTED BY FUNCTION ON THE STATEMENT OF ACTIVITIES</b>	<b>\$ 10,610,801</b>	<b>\$ 953,864</b>	<b>\$ 211,794</b>	<b>\$ 11,776,459</b>	<b>\$ 1,253,028</b>	<b>\$ 236,297</b>	<b>\$ 1,489,325</b>	<b>\$ -</b>	<b>\$ 13,265,784</b>	<b>\$ 12,316,846</b>	

The accompanying notes are an integral part of these financial statements.

CENTRAL COUNCIL OF THE SOCIETY OF ST. VINCENT DE PAUL  
 IN THE DIOCESE OF ROCKVILLE CENTRE, INC.  
 STATEMENT OF CASH FLOWS  
 FOR THE YEAR ENDED SEPTEMBER 30, 2022  
 (WITH SUMMARIZED COMPARATIVE TOTALS FOR THE YEAR ENDED SEPTEMBER 30, 2021)

	<u>2022</u>	<u>2021</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	\$ (135,012)	\$ 1,641,733
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	127,336	160,103
Interest - debt issuance costs	38,664	16,340
Net realized and unrealized losses (gains) on investments	452,150	(335,723)
Changes in assets and liabilities:		
Accounts receivable	2,230	(421,339)
Prepaid expenses	6,972	(17,132)
Inventory	(25,040)	(175,857)
Accounts payable and accrued expenses	(72,406)	176,440
Accrued compensated absences	9,908	47,938
Refundable advance	(26,964)	37,759
	<u>377,838</u>	<u>1,130,262</u>
NET CASH PROVIDED BY OPERATING ACTIVITIES		
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchase of investments	(252,601)	(244,291)
Proceeds from sales of investments	188,810	299,825
Purchase of fixed assets	(99,734)	-
	<u>(163,525)</u>	<u>55,534</u>
NET CASH (USED IN) PROVIDED BY INVESTING ACTIVITIES		
CASH FLOWS FROM FINANCING ACTIVITIES:		
Repayment of mortgage payable	(612,034)	(218,726)
	<u>(612,034)</u>	<u>(218,726)</u>
NET CASH USED IN FINANCING ACTIVITIES		
NET CHANGE IN CASH AND CASH EQUIVALENTS	(397,721)	967,070
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	<u>1,259,584</u>	<u>292,514</u>
CASH AND CASH EQUIVALENTS, END OF YEAR	<u>\$ 861,863</u>	<u>\$ 1,259,584</u>
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION:		
Cash paid during the year for interest	<u>\$ 16,198</u>	<u>\$ 34,925</u>
NONCASH FINANCING ACTIVITIES:		
Forgiveness of debt	<u>\$ -</u>	<u>\$ 797,115</u>

The accompanying notes are an integral part of these 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, 2022

Note 1 - Nature of Operations

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

The Society was incorporated as a not-for-profit corporation under the laws of the State of New York and is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code (the "IRC").

Note 2 - Summary of Significant Accounting Policies

Change in Accounting Principle

Effective October 1, 2021, the Society adopted the provisions of Financial Accounting Standards Board ("FASB") Accounting Standards Update ("ASU") No. 2020-07, *Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets* ("ASU 2020-07"). The new guidance requires nonprofit entities to present contributed nonfinancial assets as a separate line item in the statement of activities, apart from contributions of cash or other financial assets. The standard also increases the disclosure requirements around contributed nonfinancial assets a nonprofit has received. Adoption of this standard did not have a significant impact on the financial statements, with the exception of enhanced disclosure.

Basis of Accounting

The accompanying financial statements are prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America ("U.S. GAAP").

Summarized Comparative Totals

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 U.S. GAAP. Accordingly, such information should be read in conjunction with the Society's financial statements for the year ended September 30, 2021, from which the summarized information was derived.

Use of Estimates

The preparation of financial statements in conformity with U.S. GAAP 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. Actual results could differ from those estimates.

CENTRAL COUNCIL OF THE SOCIETY OF ST. VINCENT DE PAUL  
IN THE DIOCESE OF ROCKVILLE CENTRE, INC.  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2022

Note 2 - Summary of Significant Accounting Policies (cont'd.)

Cash and Cash Equivalents

Cash equivalents include highly liquid investments with initial maturities when acquired of three months or less.

Investments

Investments are stated at the readily determinable fair market value in accordance with the Not-for-Profit Entities topic of the FASB Accounting Standards Codification ("ASC"). All interest, dividends and realized and unrealized gains and losses are reported in the statement of activities as increases or decreases in net assets without donor restrictions.

Fair Value Measurement

Fair value is defined 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. To increase the comparability of fair value measurements, a framework for measuring fair value is used which 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) and the lowest priority to unobservable inputs (Level 3). Valuation techniques maximize the use of relevant observable inputs and minimize the use of unobservable inputs.

The three levels of the fair value hierarchy under FASB ASC Topic 820, *Fair Value Measurement*, are described as follows:

Level 1 - Valuations based on quoted prices for identical assets and liabilities in active markets.

Level 2 - Valuations based on observable inputs other than quoted prices included in Level 1, such as quoted prices for similar assets or liabilities in active markets, quoted prices for identical or similar assets and liabilities in markets that are not active, or other inputs that are observable or can be corroborated by observable market data.

Level 3 - Valuations based on unobservable inputs reflecting the Society's own assumptions, consistent with reasonably available assumptions made by other market participants. These valuations require significant judgment.

Refer to Note 4 for assets measured at fair value at September 30, 2022 in accordance with FASB ASC Topic 820.

CENTRAL COUNCIL OF THE SOCIETY OF ST. VINCENT DE PAUL  
IN THE DIOCESE OF ROCKVILLE CENTRE, INC.  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2022

Note 2 - Summary of Significant Accounting Policies (cont'd.)

Allowance for Doubtful Accounts

The Society determines whether an allowance for doubtful accounts should be provided for accounts receivable. Such estimates are based on management's assessment of the aged basis of the receivables, current economic conditions and historical information. Receivables are written off against the allowance for doubtful accounts when all reasonable collection efforts have been exhausted. The Society has determined an allowance for doubtful accounts was not necessary at September 30, 2022.

Inventory

Inventory, which consists primarily of donated clothing and furniture, is valued at the lower of cost and net realizable value. Net realizable value is the estimated selling prices in the ordinary course of business.

Fixed Assets

Fixed assets are recorded at cost, net of accumulated depreciation. The Society capitalizes all purchases of fixed assets equal to or in excess of \$2,500 and with an estimate useful life of more than one year. Repairs and maintenance are charged to expense in the period incurred. Depreciation is computed using the straight-line method over the estimated useful lives of the related assets. When items of fixed assets are sold or retired, the related costs and accumulated depreciation are removed from accounts and any gain or loss is included in revenue.

The estimated useful lives of the assets are as follows:

Buildings	25 to 40 years
Building improvements	10 years
Equipment	2 to 10 years

Debt Issuance Costs

Debt issuance costs were incurred in connection with the issuance of the Society's mortgage loan payable. These costs are amortized using the effective interest method over the term of the related indebtedness and are included in interest expense in the accompanying financial statements. In order to simplify the presentation, the Society reports the deferred financing costs as a direct deduction from the carrying amount of the corresponding debt liability.

Amortization expense related to capitalized loan and closing costs amounted to \$38,664 for the year ended September 30, 2022.

CENTRAL COUNCIL OF THE SOCIETY OF ST. VINCENT DE PAUL  
IN THE DIOCESE OF ROCKVILLE CENTRE, INC.  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2022

Note 2 - Summary of Significant Accounting Policies (cont'd.)

Refundable Advance

The Society recognizes assets received in a conditional contribution as refundable advances until the conditions have been substantially met or explicitly waived by the donor.

Net Assets

Net assets without donor restrictions include funds having no restrictions as to use or purpose imposed by donors. Net assets with donor restrictions include purpose restricted net assets whose use has been restricted by donors to a specific time period or purpose.

In-Kind Donations

The Society received donations of clothing and furniture which are valued at the lower of cost and net realizable value. Net realizable value is the estimated selling prices in the ordinary course of business. The donated materials did not bear any restrictions and were recognized for program purposes. At September 30, 2022 in-kind contributions had an estimated value of \$5,631,570.

Revenue Recognition

*Contributions*

Contributions are provided to the Society either with or without restrictions placed on the gift by the donor. Revenues and net assets are separately reported to reflect the nature of those gifts - with or without donor restrictions. The value recorded for each contribution is recognized as follows:

CENTRAL COUNCIL OF THE SOCIETY OF ST. VINCENT DE PAUL  
 IN THE DIOCESE OF ROCKVILLE CENTRE, INC.  
 NOTES TO FINANCIAL STATEMENTS  
 SEPTEMBER 30, 2022

Note 2 - Summary of Significant Accounting Policies (cont'd.)

Revenue Recognition (cont'd.)

*Contributions (cont'd.)*

<b>Nature of the Gift</b>	<b>Value Recognized</b>
<i>Conditional gifts, with or without restrictions</i>	
Gifts that depend on the Society overcoming a donor-imposed barrier to be entitled to the funds	Not recognized until the gift becomes unconditional, i.e., the donor-imposed barrier is met
<i>Unconditional gifts, with or without restrictions</i>	
Received at date of gift - cash and other assets	Fair value
Received at date of gift - property, equipment and long-lived assets	Estimated fair value
Expected to be collected within one year	Net realizable value
Collected in future years	Initially reported at fair value determined using the discounted present value of estimated future cash flows technique

In addition to the amount initially recognized, revenue for unconditional gifts to be collected in future years is also recognized each year as the present-value discount is amortized using the level yield method.

When a donor-stipulated time restriction ends or purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions. Absent explicit donor stipulations for the period of time that long-lived assets must be held, expirations of restrictions for gifts of land, buildings, equipment and other long-lived assets are reported when those assets are placed in service.

Undistributed gifts in-kind consist of various household items, clothing and furniture received as in-kind donations. These items represent inventory at year-end and are valued at the fair market value at the dates of donation. Revenue is recognized when items are received.

Contributions that are originally restricted by the donor and for which the restriction is met in the same time period are recorded as revenue without donor restrictions.

CENTRAL COUNCIL OF THE SOCIETY OF ST. VINCENT DE PAUL  
IN THE DIOCESE OF ROCKVILLE CENTRE, INC.  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2022

Note 2 - Summary of Significant Accounting Policies (cont'd.)

Revenue Recognition (cont'd.)

*Stores Income*

Thrift store sales transactions are accounted for daily and recognized as revenue at the point of sale and upon the customers' acceptance. Typically, revenue recognition coincides with the timing of the purchase, at which point the Society has an unconditional right to consideration.

The Society recognizes revenue from customers through sales of a variety of goods, including, but not limited to, clothing, furniture and household items. As these performance obligations are similar in nature, the Society has elected to use the portfolio approach. The Society's transactions with customers generally result in goods transferred at a point in time with a single performance obligation.

Revenue is reported at the amount that reflects the consideration the Society expects to receive in exchange for goods. The Society invoices customers at the point of sale, on a daily basis. Receivables are due in full when billed, and revenue is recognized as performance obligations are satisfied at a point in time, on a daily basis as the sales occur.

Functional Allocation of Expenses

The cost of providing the Society's various programs and supporting services have been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited. Expenses such as insurance, advertising, travel and meetings and expense related to various individuals' salaries, benefits and payroll taxes are allocated based on actual time spent on the different program services, supporting activities and thrift store.

Accounting for Uncertainty in Income Taxes

The Society has determined that there are no material uncertain tax positions that require recognition or disclosure in the financial statements.

The Society is subject to routine audits by taxing jurisdictions; however, there are currently no audits for any tax period in progress. The Society believes it is no longer subject to income tax examinations for years prior to 2019.

CENTRAL COUNCIL OF THE SOCIETY OF ST. VINCENT DE PAUL  
IN THE DIOCESE OF ROCKVILLE CENTRE, INC.  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2022

Note 2 - Summary of Significant Accounting Policies (cont'd.)

New Accounting Pronouncement

*ASU No. 2016-02*

In February 2016, the FASB issued ASU No. 2016-02, *Leases (Topic 842)*. This ASU is the result of a joint project of the FASB and the International Accounting Standards Board ("IASB") to increase transparency and comparability among organizations by recognizing lease assets and lease liabilities on the balance sheet and disclosing key information about leasing arrangements for U.S. GAAP and International Financial Reporting Standards ("IFRS"). The guidance in this ASU affects any entity that enters into a lease (as that term is defined in this ASU), with some specified scope exemptions. The guidance in this ASU will supersede FASB ASC Topic 840, *Leases*.

The ASU provides that lessees should recognize lease assets and lease liabilities on the balance sheet for leases previously classified as operating leases that exceed 12 months, including leases existing prior to the effective date of this ASU. It also calls for enhanced leasing arrangement disclosures.

For nonpublic entities, the amendments of ASU No. 2016-02 are effective for annual reporting periods beginning after December 15, 2021, and interim periods within annual periods beginning after December 15, 2022, based on the decision in ASU No. 2020-05 to defer the implementation dates.

The Society has not yet determined if this ASU will have a material effect on its financial statements.

Note 3 - Concentration of Credit Risk

The Society maintains cash balances in several financial institutions. Such balances are insured by the Federal Deposit Insurance Corporation ("FDIC") for up to \$250,000 per institution. From time to time, the Society's balances may exceed these limits.

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Note 4 - Fair Value Measurement

Following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in methodologies used at September 30, 2022.

*Cash and Cash Equivalents:* Valued based on cash management funds whose underlying assets are valued at the net asset value (“NAV”) of shares held by the Society. Cash and cash equivalents are categorized as Level 1 of the fair value hierarchy.

*Mutual Funds:* Valued at the daily closing price as reported by the fund. Mutual funds held by the Society are open-end mutual funds that are registered with the Securities and Exchange Commission. These funds are required to publish their daily NAV and to transact at that price. The mutual funds held by the Society are deemed to be actively traded and are categorized as Level 1 of the fair value hierarchy.

*Fixed Income:* Valued at the closing price reported on the active market on which the individual securities are traded. Fixed income securities are categorized as Level 2 of the fair value hierarchy.

The following table presents the fair value measurements of assets measured at fair value on a recurring basis and the level within the fair value hierarchy at September 30, 2022:

	Level 1	Level 2	Level 3	Total
Cash and cash equivalents	\$ 476,003	\$ -	\$ -	\$ 476,003
Mutual funds	863,940	-	-	863,940
Fixed income	-	757,724	-	757,724
	<u>\$ 1,339,943</u>	<u>\$ 757,724</u>	<u>\$ -</u>	<u>\$ 2,097,667</u>
Total				

Note 5 - Fixed Assets

Fixed assets, net, are summarized as follows:

Land	\$ 1,337,117
Buildings and improvements	5,226,071
Equipment	472,403
	7,035,591
Less: Accumulated depreciation	4,240,303
	\$ 2,795,288

Depreciation expense related to fixed assets amounted to \$127,336 for the year ended September 30, 2022.



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Note 6 - Net Assets with Donor Restrictions and Net Assets Released From Donor Restrictions

Net assets with donor restrictions were available for the following purposes at September 30, 2022:

Community programs	<u>\$ 18,800</u>
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Net assets were released from donor restrictions by incurring expenses satisfying the restricted purposes as follows during the year ended September 30, 2022:

Community programs	<u>\$ 17,566</u>
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Note 7 - Commitments

The Society has various noncancellable operating leases for certain trucks and office equipment which expire between October 2022 and October 2028, respectively.

Aggregate future minimum rental payments at September 30, 2022 are as follows:

<u>Years Ending September 30:</u>	
2023	\$ 313,869
2024	272,859
2025	194,856
2026	154,440
2027	151,625
Thereafter	<u>138,662</u>
	<u>\$ 1,226,311</u>

Rent expense charged to operations for the year ended September 30, 2022 amounted to \$306,954.

Note 8 - Pension Plan

The Society has a defined contribution retirement plan covering all eligible employees. Contributions to the plan are based upon the base salary paid to each employee. The Society funds the plan on a current basis. For the year ended September 30, 2022, the Society contributed \$205,369 to the plan.

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Note 9 - Contingencies

Paycheck Protection Program

The Small Business Administration ("SBA") may elect to undertake an audit of any loan in excess of \$150,000 during the six-year period following forgiveness or repayment of a Paycheck Protection Program ("PPP") loan. The audit will include the loan forgiveness application, including whether the Society met the eligibility requirements of the program. The timing and outcome of the SBA review, in addition to any potential impact to the Society and on the Society's financial statements, are not yet known.

Note 10 - Available Resources and Liquidity

The Society regularly monitors liquidity required to meet its operating needs and other contractual commitments, while also striving to maximize the investment of its available funds. The Society has various sources of liquidity at its disposal, including cash and cash equivalents and investments.

The following reflects the Society's financial assets available to meet cash needs for general expenditures within one year as of September 30, 2022, reduced by contractual or donor-imposed restrictions:

Cash and cash equivalents	\$	861,863
Investments		2,097,667
Accounts receivable		<u>453,065</u>
 Total financial assets		 3,412,595
 Less: contractual or donor-imposed restrictions:		
Donor restrictions		<u>(18,800)</u>
 Financial assets available to meet cash needs for general expenditures within one year		 <u>\$ 3,393,795</u>

Note 11 - Subsequent Events

The Society has evaluated all events or transactions that occurred after September 30, 2022 through March 14, 2023, which is the date that the financial statements were available to be issued. During this period, there were no material subsequent events requiring disclosure.