

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

**FINANCIAL STATEMENTS**

**SEPTEMBER 30, 2023**

**(WITH SUMMARIZED COMPARATIVE  
TOTALS FOR SEPTEMBER 30, 2022)**

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

CONTENTS

	<u>Page</u>
<u>Independent Auditors' Report</u>	1-2
<u>Financial Statements</u>	
Statement of Financial Position at September 30, 2023 (With Summarized Comparative Totals at September 30, 2022)	3
Statement of Activities for the Year Ended September 30, 2023 (With Summarized Comparative Totals for the Year Ended September 30, 2022)	4
Statement of Functional Expenses for the Year Ended September 30, 2023 (With Summarized Comparative Totals for the Year Ended September 30, 2022)	5
Statement of Cash Flows for the Year Ended September 30, 2023 (With Summarized Comparative Totals for the Year Ended September 30, 2022)	6
Notes to Financial Statements	7-18



## 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, 2023, 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, 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 that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### **Emphasis of Matter**

As discussed in Note 2 to the financial statements, the Society changed its accounting policy related to its recording of leases, whereby it is recognizing a right-of-use asset and a lease liability for all lease agreements with a term greater than 12 months. The policy was adopted retrospectively effective October 1, 2022, with the cumulative effect of initially applying the policy recognized as of the date of application. Our opinion is not modified with respect to this matter.

### **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 2022 financial statements, and our report dated March 14, 2023 expressed an unmodified audit opinion on those audited financial statements. The summarized comparative information presented herein at and for the year ended September 30, 2022 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  
April 16, 2024

CENTRAL COUNCIL OF THE SOCIETY OF ST. VINCENT DE PAUL  
 IN THE DIOCESE OF ROCKVILLE CENTRE, INC.  
 STATEMENT OF FINANCIAL POSITION  
 SEPTEMBER 30, 2023  
 (WITH SUMMARIZED COMPARATIVE TOTALS AT SEPTEMBER 30, 2022)

	<u>2023</u>	<u>2022</u>
<u>ASSETS</u>		
Cash and cash equivalents	\$ 307,956	\$ 861,863
Investments	2,193,805	2,097,667
Accounts receivable	149,119	453,065
Inventory	672,266	687,335
Prepaid expenses	147,443	115,289
Fixed assets, net	2,965,957	2,795,288
Operating lease right-of-use asset	854,200	-
	\$ 7,290,746	\$ 7,010,507
<b>TOTAL ASSETS</b>	<b>\$ 7,290,746</b>	<b>\$ 7,010,507</b>
<u>LIABILITIES AND NET ASSETS</u>		
LIABILITIES:		
Accounts payable and accrued expenses	\$ 174,624	\$ 157,313
Accrued compensated absences	307,861	286,845
Refundable advance	90,977	117,222
Operating lease liabilities	854,200	-
	1,427,662	561,380
Total Liabilities	1,427,662	561,380
COMMITMENTS AND CONTINGENCIES		
NET ASSETS:		
Without donor restrictions	5,851,740	6,430,327
With donor restrictions	11,344	18,800
	5,863,084	6,449,127
Total Net Assets	5,863,084	6,449,127
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>\$ 7,290,746</b>	<b>\$ 7,010,507</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 ACTIVITIES  
 FOR THE YEAR ENDED SEPTEMBER 30, 2023  
 (WITH SUMMARIZED COMPARATIVE TOTALS FOR THE YEAR ENDED SEPTEMBER 30, 2022)

	2023			2022		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
REVENUES, GAINS (LOSSES) AND OTHER SUPPORT:						
Stores income	\$ 6,415,006	\$ -	\$ 6,415,006	\$ 6,132,351	\$ -	\$ 6,132,351
Contributions:						
Public support	288,178	-	288,178	306,794	20,180	326,974
Bequests	592	-	592	957,862	-	957,862
In-kind contributions	5,878,403	-	5,878,403	5,631,570	-	5,631,570
Government and foundation grants	152,524	-	152,524	372,587	-	372,587
Vincenian development income	52,943	-	52,943	54,939	-	54,939
Investment income (loss), net	243,533	-	243,533	(383,921)	-	(383,921)
Special event, net of direct costs of \$51,714 and \$61,950, respectively	28,601	-	28,601	38,410	-	38,410
Net assets released from donor restrictions	7,456	(7,456)	-	17,566	(17,566)	-
Total Revenues, Gains (Losses), and Other Support	<u>13,067,236</u>	<u>(7,456)</u>	<u>13,059,780</u>	<u>13,128,158</u>	<u>2,614</u>	<u>13,130,772</u>
EXPENSES:						
Program services:						
Stores expenses	11,190,433	-	11,190,433	10,610,801	-	10,610,801
Vincenian development and community programs	657,367	-	657,367	953,864	-	953,864
Dismas House	251,508	-	251,508	211,794	-	211,794
Total Program Services	<u>12,099,308</u>	<u>-</u>	<u>12,099,308</u>	<u>11,776,459</u>	<u>-</u>	<u>11,776,459</u>
Supporting services:						
Management and general	1,303,771	-	1,303,771	1,253,028	-	1,253,028
Fundraising	242,744	-	242,744	236,297	-	236,297
Total Supporting Services	<u>1,546,515</u>	<u>-</u>	<u>1,546,515</u>	<u>1,489,325</u>	<u>-</u>	<u>1,489,325</u>
Total Expenses	<u>13,645,823</u>	<u>-</u>	<u>13,645,823</u>	<u>13,265,784</u>	<u>-</u>	<u>13,265,784</u>
CHANGE IN NET ASSETS	(578,587)	(7,456)	(586,043)	(137,626)	2,614	(135,012)
NET ASSETS, BEGINNING OF YEAR	<u>6,430,327</u>	<u>18,800</u>	<u>6,449,127</u>	<u>6,567,953</u>	<u>16,186</u>	<u>6,584,139</u>
NET ASSETS, END OF YEAR	<u>\$ 5,851,740</u>	<u>\$ 11,344</u>	<u>\$ 5,863,084</u>	<u>\$ 6,430,327</u>	<u>\$ 18,800</u>	<u>\$ 6,449,127</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, 2023  
 (WITH SUMMARIZED COMPARATIVE TOTALS FOR THE YEAR ENDED SEPTEMBER 30, 2022)

	2023									2022 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				
EXPENSES:											
Salaries	\$ 2,642,653	\$ 190,151	\$ 156,760	\$ 2,989,564	\$ 761,382	\$ 140,729	\$ 902,111	\$ -	\$ 3,891,675	\$ 3,663,500	
Payroll taxes and employee benefits	715,758	46,371	49,943	812,072	179,046	23,422	202,468	-	1,014,540	1,000,910	
<b>Total Salaries and Related Expenses</b>	<b>3,358,411</b>	<b>236,522</b>	<b>206,703</b>	<b>3,801,636</b>	<b>940,428</b>	<b>164,151</b>	<b>1,104,579</b>	<b>-</b>	<b>4,906,215</b>	<b>4,664,410</b>	
Utilities	91,567	-	6,927	98,494	16,286	-	16,286	-	114,780	119,882	
Repairs and maintenance	57,873	-	1,425	59,298	12,521	-	12,521	-	71,819	110,633	
Purchases (including in-kind donations)	6,178,930	-	-	6,178,930	-	-	-	-	6,178,930	5,941,121	
Supplies	87,589	840	852	89,281	24,559	2,218	26,777	-	116,058	107,813	
Truck expenses and hauling fees	476,804	-	-	476,804	-	-	-	-	476,804	408,060	
Licenses and permits	5,304	225	537	6,066	3,994	1,615	5,609	-	11,675	13,558	
Computer, telephone and office expenses	66,584	3,376	6,052	76,012	118,921	52,765	171,686	-	247,698	220,095	
Auto	4,000	2,253	1,101	7,354	4,598	-	4,598	-	11,952	11,264	
Insurance	95,589	6,708	10,062	112,359	56,466	-	56,466	-	168,825	167,896	
Professional fees	-	-	-	-	41,357	-	41,357	-	41,357	39,352	
Advertising and public relations	13,911	-	-	13,911	1,703	21,461	23,164	51,714	88,789	95,808	
Equipment rentals	11,258	-	-	11,258	13,360	-	13,360	-	24,618	28,848	
Interest	-	-	-	-	1,960	-	1,960	-	1,960	54,862	
Credit card charges and bank fees	49,548	-	-	49,548	5,055	-	5,055	-	54,603	69,716	
Depreciation	90,368	-	2,512	92,880	42,386	-	42,386	-	135,266	127,336	
Meetings and conventions	6,267	29,603	1,131	37,001	20,177	534	20,711	-	57,712	56,027	
Conference support	-	237,990	-	237,990	-	-	-	-	237,990	279,531	
Family assistance	596,430	123,429	-	719,859	-	-	-	-	719,859	775,729	
Training and development expenses	-	16,421	14,206	30,627	-	-	-	-	30,627	35,793	
<b>Total Expenses</b>	<b>11,190,433</b>	<b>657,367</b>	<b>251,508</b>	<b>12,099,308</b>	<b>1,303,771</b>	<b>242,744</b>	<b>1,546,515</b>	<b>51,714</b>	<b>13,697,537</b>	<b>13,327,734</b>	
Costs of Direct Benefits of Special Event	-	-	-	-	-	-	-	(51,714)	(51,714)	(61,950)	
<b>TOTAL EXPENSES REPORTED BY FUNCTION ON THE STATEMENT OF ACTIVITIES</b>	<b>\$ 11,190,433</b>	<b>\$ 657,367</b>	<b>\$ 251,508</b>	<b>\$ 12,099,308</b>	<b>\$ 1,303,771</b>	<b>\$ 242,744</b>	<b>\$ 1,546,515</b>	<b>\$ -</b>	<b>\$ 13,645,823</b>	<b>\$ 13,265,784</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, 2023  
 (WITH SUMMARIZED COMPARATIVE TOTALS FOR THE YEAR ENDED SEPTEMBER 30, 2022)

	<u>2023</u>	<u>2022</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	\$ (586,043)	\$ (135,012)
Adjustments to reconcile change in net assets to net cash (used in) provided by operating activities:		
Depreciation	135,266	127,336
Interest - debt issuance costs	-	38,664
Net realized and unrealized (gains) losses on investments	(164,018)	452,150
Changes in assets and liabilities:		
Accounts receivable	303,946	2,230
Prepaid expenses	(32,154)	6,972
Inventory	15,069	(25,040)
Accounts payable and accrued expenses	17,311	(72,406)
Accrued compensated absences	21,016	9,908
Refundable advance	(26,245)	(26,964)
	<u>(315,852)</u>	<u>377,838</u>
Net Cash (Used In) Provided By Operating Activities		
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchase of investments	(28,172)	(252,601)
Proceeds from sales of investments	96,052	188,810
Purchase of fixed assets	(305,935)	(99,734)
	<u>(238,055)</u>	<u>(163,525)</u>
Net Cash Used In Investing Activities		
CASH FLOWS FROM FINANCING ACTIVITIES:		
Repayment of mortgage payable	-	(612,034)
	<u>-</u>	<u>(612,034)</u>
Net Cash Used In Financing Activities		
NET CHANGE IN CASH AND CASH EQUIVALENTS	(553,907)	(397,721)
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	<u>861,863</u>	<u>1,259,584</u>
CASH AND CASH EQUIVALENTS, END OF YEAR	<u>\$ 307,956</u>	<u>\$ 861,863</u>
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION:		
Cash paid during the year for interest	<u>\$ 1,960</u>	<u>\$ 16,198</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, 2023

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

*Adoption of ASU No. 2016-02*

As of October 1, 2022, the Society adopted Financial Accounting Standards Board ("FASB") Accounting Standards Update ("ASU") No. 2016-02, *Leases (Topic 842)* ("ASC 842"). This ASU requires all lessees to recognize a right-of-use asset for the underlying leased asset and a lease liability for the corresponding lease liability for all lease agreements with a term greater than 12 months, initially measured at the present value of the lease payments. It also requires that initial direct costs (incremental costs of a lease that would not have been incurred if the lease had not been obtained) be assessed and added to the right-of-use asset and be included in its subsequent amortization.

In accordance with ASC 842, the modified retrospective method was applied to all lease agreements in effect at October 1, 2022. Under the modified retrospective method, the cumulative effect of applying ASC 842 is recognized at the date of initial application. There was no cumulative effect of initially applying the policy as of the date of application.

As of October 1, 2022 (the implementation date of ASC 842), right-of-use assets and the corresponding lease liabilities were recognized based on the present value of lease payments as of the application date over the remaining life of the lease term. Thereafter, right-of-use assets and the corresponding lease liabilities will be recognized as of the lease commencement date based on the present value of lease payments over the life of the lease term. To determine the present value of lease payments, the Society must use the rate implicit in the lease if it is readily determinable; otherwise, the Society may use either (a) a borrowing rate based on similar debt or (b) the practical expedient option provided by ASC 842, which allows an entity to use a risk-free rate for each class of underlying asset for a period comparable to the lease term to discount the lease payments to present value. The Society considers the lease term to be the non-cancellable period that it has the right to use the underlying asset, including all periods covered by an option to (1) extend the lease, if the Society is reasonably certain to exercise the option, (2) terminate the lease, if the Society is reasonably certain not to exercise that option, and (3) extend or not to terminate the lease, in which exercise of the option is controlled by the lessor. The Society has elected to use the practical expedient provided by ASC 842 to determine the present value of its lease payments. The Society's right-of-use assets and lease liabilities relate to vehicles and office equipment.

CENTRAL COUNCIL OF THE SOCIETY OF ST. VINCENT DE PAUL  
IN THE DIOCESE OF ROCKVILLE CENTRE, INC.  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2023

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

Change in Accounting Principle (cont'd.)

*Adoption of ASU No. 2016-02 (cont'd.)*

The Society has also utilized the following practical expedients:

- Short-term leases - for leases that are for a period of 12 months or less, the Society will not apply the recognition requirements of ASC 842.
- For leases that contain related non-lease components, such as maintenance, the Society will account for these payments as a single lease component.

In addition, the Society has utilized transitional practical expedients as follows:

- As of October 1, 2022, the Society has not reassessed:
  - Whether any expired or existing contracts are or contain leases;
  - The lease classification for any expired or existing leases; and
  - Initial direct costs related to any expired or existing leases

Leases are classified as either finance or operating leases. For operating leases, the lease liability is initially and subsequently measured at the present value of the future payments at the lease commencement date. For finance leases, the lease liability is initially measured in the same manner and is subsequently measured similar to financed purchases, with interest expense recorded in connection with the lease liability. The classification between operating and finance leases determines whether lease expenses are recognized based on an effective interest method or on a straight-line basis, respectively, over the term of the lease.

The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for lease payments made at or before the lease commencement date, plus any initial direct costs incurred and less any incentives received. Right-of-use assets under finance leases are amortized on a straight-line basis over the lease term. Right-of-use assets for operating and finance leases are periodically reduced by impairment losses.

The Society monitors for events or changes that could require a reassessment of its leases. When a reassessment results in the remeasurement of a lease liability, a corresponding adjustment will be made to the carrying amount of the corresponding right-of-use asset unless doing so would reduce the carrying amount of the right-of-use asset to an amount less than zero.

Operating lease right-of-use assets are presented as "Operating lease right-of-use assets" on the statement of financial position, and operating lease liabilities are presented as "Operating lease liabilities" on the statement of financial position.

In addition, the Society leases certain equipment on a short-term (less than 12 months) basis. Total short-term lease expense included in operating expenses for the year ended September 30, 2023 was \$244,047.

CENTRAL COUNCIL OF THE SOCIETY OF ST. VINCENT DE PAUL  
IN THE DIOCESE OF ROCKVILLE CENTRE, INC.  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2023

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

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, 2022, 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.

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's 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.

CENTRAL COUNCIL OF THE SOCIETY OF ST. VINCENT DE PAUL  
IN THE DIOCESE OF ROCKVILLE CENTRE, INC.  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2023

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

Fair Value Measurement (cont'd.)

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, 2023 in accordance with FASB ASC Topic 820.

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, 2023.

Inventory

Inventory, which consists primarily of donated clothing and furniture, is valued at the lower of cost or 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.

CENTRAL COUNCIL OF THE SOCIETY OF ST. VINCENT DE PAUL  
IN THE DIOCESE OF ROCKVILLE CENTRE, INC.  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2023

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

Fixed Assets (cont'd.)

The estimated useful lives of the assets are as follows:

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

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 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. For the year ended September 30, 2023, in-kind contributions had an estimated value of \$5,878,403.

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, 2023

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, 2023

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 2020.

CENTRAL COUNCIL OF THE SOCIETY OF ST. VINCENT DE PAUL  
IN THE DIOCESE OF ROCKVILLE CENTRE, INC.  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2023

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

New Accounting Pronouncement

*ASU No. 2016-13*

In June 2016, the FASB issued ASU No. 2016-13, *Financial Instruments - Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments*. This ASU modifies the measurement of expected credit losses on certain financial instruments and broadens the information that an entity must consider in developing its expected credit loss estimate to include such factors as current market conditions. Under current guidance, recognition of the full amount of credit losses generally is delayed until the loss is probable of occurring.

The amendments in ASU No. 2016-13 are effective for nonpublic entities for fiscal years beginning after December 15, 2022, and interim periods within that year, based on the update in ASU No. 2019-10 to defer the implementation date.

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.

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, 2023.

*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.

*Exchange Traded Funds and Equities:* Valued at the official closing prices (typically last sale) on the exchange on which the securities are traded. Exchange traded funds and equities are categorized as Level 1 of the fair value hierarchy.



CENTRAL COUNCIL OF THE SOCIETY OF ST. VINCENT DE PAUL  
 IN THE DIOCESE OF ROCKVILLE CENTRE, INC.  
 NOTES TO FINANCIAL STATEMENTS  
 SEPTEMBER 30, 2023

Note 4 - Fair Value Measurement (cont'd.)

*Corporate Bonds:* Value estimated using recently executed transactions, market price quotations (where observable), bond spreads, or credit default swap spreads. The spread data used is for the same maturity as the bond. If the spread data does not reference the issuer, then data that references a comparable issuer is used. When observable price quotations are not available, fair value is determined based on cash flow models using yield curves, bond or single name credit default swap spreads, and recovery rates based on collateral values as key inputs. Corporate bonds are generally 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, 2023:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Cash and cash equivalents	\$ 159,882	\$ -	\$ -	\$ 159,882
Mutual funds	425,077	-	-	425,077
Equities	53,765	-	-	53,765
Exchange traded funds	626,952	-	-	626,952
Corporate bonds	-	928,129	-	928,129
<b>Total</b>	<b><u>\$ 1,265,676</u></b>	<b><u>\$ 928,129</u></b>	<b><u>\$ -</u></b>	<b><u>\$ 2,193,805</u></b>

Note 5 - Fixed Assets

Fixed assets, net, are summarized as follows:

Land	\$ 1,337,117
Buildings and improvements	5,523,531
Equipment	<u>480,877</u>
	7,341,525
Less: Accumulated depreciation	<u>4,375,568</u>
	<b><u>\$ 2,965,957</u></b>

Depreciation expense related to fixed assets amounted to \$135,266 for the year ended September 30, 2023.

CENTRAL COUNCIL OF THE SOCIETY OF ST. VINCENT DE PAUL  
 IN THE DIOCESE OF ROCKVILLE CENTRE, INC.  
 NOTES TO FINANCIAL STATEMENTS  
 SEPTEMBER 30, 2023

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, 2023:

Community programs	\$ <u>11,344</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, 2023:

Community programs	\$ <u>7,456</u>
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Note 7 - Leases

The Society's right-of-use assets and lease liabilities primarily relate to vehicles and office equipment.

Lease components in the Society's leases are accounted for following the guidance in ASC 842 for the capitalization of long-term leases. At September 30, 2023, the lease liability is equal to the present value of the remaining lease payments, discounted using the rate of a zero coupon U.S. Treasury instrument for the same period of time as the lease term.

Lease activity for the year ended September 30, 2023 was as follows:

Lease cost:

Operating lease cost	\$ 294,159
Short-term lease cost	<u>244,047</u>
Total lease cost	<u>\$ 538,206</u>

Other information:

Cash paid for amounts included in measurement of lease liabilities:	
Operating cash flows from operating leases	<u>\$ 244,047</u>
Weighted-average remaining lease term:	
Operating leases	<u>4.66 years</u>
Weighted-average discount rate:	
Operating leases	<u>4.05%</u>

CENTRAL COUNCIL OF THE SOCIETY OF ST. VINCENT DE PAUL  
 IN THE DIOCESE OF ROCKVILLE CENTRE, INC.  
 NOTES TO FINANCIAL STATEMENTS  
 SEPTEMBER 30, 2023

Note 7 - Leases (cont'd.)

Aggregate future minimum lease payments at September 30, 2023 are as follows:

<u>Years Ending September 30:</u>	
2024	\$ 273,078
2025	195,745
2026	158,381
2027	153,314
2028	144,252
Thereafter	<u>4,103</u>
Total future minimum undiscounted lease payments	928,873
Less: Amount representing interest	<u>74,673</u>
Present Value of future payments	854,200
Less: Current lease liabilities	<u>244,047</u>
Long term lease liabilities	<u><u>\$ 610,153</u></u>

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. In 2023, the pension expense was 5.45% of the base salary expense. The Society funds the plan on a current basis. For the year ended September 30, 2023, the Society contributed \$210,803 to the plan.

CENTRAL COUNCIL OF THE SOCIETY OF ST. VINCENT DE PAUL  
 IN THE DIOCESE OF ROCKVILLE CENTRE, INC.  
 NOTES TO FINANCIAL STATEMENTS  
 SEPTEMBER 30, 2023

Note 9 - 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, 2023, reduced by contractual or donor-imposed restrictions:

Cash and cash equivalents	\$	307,956
Investments		2,193,805
Accounts receivable		<u>149,119</u>
 Total financial assets		 2,650,880
 Less: contractual or donor-imposed restrictions:		
Donor restrictions		<u>(11,344)</u>
 Financial assets available to meet cash needs for general expenditures within one year		 <u><u>\$ 2,639,536</u></u>

Note 10 - Subsequent Events

The Society has evaluated all events or transactions that occurred after September 30, 2023 through April 16, 2024, which is the date that the financial statements were available to be issued. During this period, there were no material subsequent events requiring disclosure.