

**NATIONAL COUNCIL OF THE UNITED STATES,
SOCIETY OF ST. VINCENT DE PAUL, INC. AND SUBSIDIARIES**

**CONSOLIDATED FINANCIAL STATEMENTS
AND
INDEPENDENT AUDITORS' REPORT
YEARS ENDED SEPTEMBER 30, 2023 AND 2022**

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Independent Auditors' Report

Board of Directors
National Council of the United States, Society of
St. Vincent de Paul, Inc. and Subsidiaries
St. Louis, Missouri

Opinion

We have audited the accompanying consolidated financial statements of National Council of the United States, Society of St. Vincent de Paul, Inc. and Subsidiaries (a not-for-profit organization), which comprise the consolidated statements of financial position as of September 30, 2023 and 2022, and the related consolidated statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the consolidated financial statements.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of National Council of the United States, Society of St. Vincent de Paul, Inc. and Subsidiaries as of September 30, 2023 and 2022, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits 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 Consolidated Financial Statements section of our report. We are required to be independent of National Council of the United States, Society of St. Vincent de Paul, Inc. and Subsidiaries and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. 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 Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated 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 consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about National Council of the United States, Society of St. Vincent de Paul, Inc. and Subsidiaries' ability to continue as a going concern within one year after the date that the consolidated financial statements are available to be issued.

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated 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 consolidated 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 consolidated 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 consolidated 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 National Council of the United States, Society of St. Vincent de Paul, Inc. and Subsidiaries' 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 consolidated financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about National Council of the United States, Society of St. Vincent de Paul, Inc. and Subsidiaries' 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 Supplementary Information

Our audits were conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The consolidating statements of financial position and consolidating statements of activities are presented for purposes of additional analysis and are not a required part of the consolidated financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the consolidated financial statements as a whole.

Anders Minkler Huber & Helms LLP

February 13, 2024

**National Council of the United States,
Society of St. Vincent de Paul, Inc. and Subsidiaries
Consolidated Statements of Financial Position
September 30, 2023 and 2022**

Assets

	<u>2023</u>	<u>2022</u>
Current Assets		
Cash and cash equivalents	\$ 2,769,116	\$ 2,340,093
Investments, at fair value	8,898,827	7,961,002
Accounts receivable, net	79,443	29,318
Interest receivable	18,161	13,077
Grants receivable	1,291,748	912,935
Inventories	385,793	342,431
Prepaid expenses and other current assets	380,570	385,800
Total Current Assets	<u>13,823,658</u>	<u>11,984,656</u>
Property and Equipment, net	1,959,813	1,868,353
Operating Right-of-Use Assets	780,825	-
Bequest and Trust Receivable	186,000	35,000
Assets Held Under Split-interest Agreements	<u>73,492</u>	<u>71,620</u>
Total Assets	<u>\$ 16,823,788</u>	<u>\$ 13,959,629</u>

Liabilities and Net Assets

Current Liabilities		
Current maturities of operating lease liabilities	\$ 165,741	\$ -
Current maturities of long-term debt	249,509	247,052
Accounts payable	1,289,319	1,237,568
Accrued salaries and payroll taxes	160,178	109,207
Escrow funds	569,447	545,786
Deferred revenue	23,829	35,514
Total Current Liabilities	<u>2,458,023</u>	<u>2,175,127</u>
Long-term Operating Lease Liabilities	611,132	-
Long-term Debt	179,733	429,236
Liabilities Under Split-interest Agreements	<u>58,140</u>	<u>57,655</u>
Total Liabilities	<u>3,307,028</u>	<u>2,662,018</u>
Net Assets		
Without donor restrictions		
Available for general activities	6,394,443	4,482,350
Board designated funds	3,470,485	2,729,302
Total without donor restrictions	<u>9,864,928</u>	<u>7,211,652</u>
With donor restrictions	<u>3,651,832</u>	<u>4,085,959</u>
Total Net Assets	<u>13,516,760</u>	<u>11,297,611</u>
Total Liabilities and Net Assets	<u>\$ 16,823,788</u>	<u>\$ 13,959,629</u>

**National Council of the United States,
Society of St. Vincent de Paul, Inc. and Subsidiaries
Consolidated Statement of Activities
Year Ended September 30, 2023**

	Without Donor <u>Restrictions</u>	With Donor <u>Restrictions</u>	<u>Total</u>
Revenue, Gains, and Other Support			
Contributions	\$ 4,576,578	\$ 2,708,906	\$ 7,285,484
Council solidarity dues	2,178,312	-	2,178,312
Private grants and contracts	3,451	2,535,061	2,538,512
Federal grant revenue	-	6,228,198	6,228,198
Publication and other sales	1,664,877	-	1,664,877
In-kind contributions	1,350,193	-	1,350,193
Investment income	767,626	97,835	865,461
Regions and other income	82,763	-	82,763
Meeting income	487,146	-	487,146
Net assets released from restrictions			
Satisfaction of time and usage restrictions	<u>12,004,127</u>	<u>(12,004,127)</u>	<u>-</u>
Total Revenue, Gains, and Other Support	<u>23,115,073</u>	<u>(434,127)</u>	<u>22,680,946</u>
Expenses			
Program Services	<u>16,767,220</u>	<u>-</u>	<u>16,767,220</u>
Supporting Activities			
Membership development	198,179	-	198,179
Management and general	2,139,503	-	2,139,503
Fundraising	<u>1,356,895</u>	<u>-</u>	<u>1,356,895</u>
Total Supporting Activities	<u>3,694,577</u>	<u>-</u>	<u>3,694,577</u>
Total Expenses	<u>20,461,797</u>	<u>-</u>	<u>20,461,797</u>
Change in Net Assets	2,653,276	(434,127)	2,219,149
Net Assets, Beginning of Year	<u>7,211,652</u>	<u>4,085,959</u>	<u>11,297,611</u>
Net Assets, End of Year	<u>\$ 9,864,928</u>	<u>\$ 3,651,832</u>	<u>\$13,516,760</u>

**National Council of the United States,
Society of St. Vincent de Paul, Inc. and Subsidiaries
Consolidated Statement of Activities
Year Ended September 30, 2022**

	Without Donor <u>Restrictions</u>	With Donor <u>Restrictions</u>	<u>Total</u>
Revenue, Gains, and Other Support			
Contributions	\$ 3,125,272	\$ 2,913,717	\$ 6,038,989
Council solidarity dues	1,831,576	-	1,831,576
Private grants and contracts	150,000	781,823	931,823
Federal grant revenue	-	3,687,706	3,687,706
Publication and other sales	1,490,739	-	1,490,739
In-kind contributions	1,382,532	677,730	2,060,262
Investment loss	(988,698)	(115,574)	(1,104,272)
Regions and other income	86,877	-	86,877
Meeting income	433,757	-	433,757
Forgiveness of Paycheck Protection Program loans	75,300	-	75,300
Net assets released from restrictions			
Satisfaction of time and usage restrictions	<u>8,156,894</u>	<u>(8,156,894)</u>	<u>-</u>
Total Revenue, Gains, and Other Support	<u>15,744,249</u>	<u>(211,492)</u>	<u>15,532,757</u>
Expenses			
Program Services	<u>13,473,059</u>	<u>-</u>	<u>13,473,059</u>
Supporting Activities			
Membership development	134,301	-	134,301
Management and general	1,885,333	-	1,885,333
Fundraising	<u>948,185</u>	<u>-</u>	<u>948,185</u>
Total Supporting Activities	<u>2,967,819</u>	<u>-</u>	<u>2,967,819</u>
Total Expenses	<u>16,440,878</u>	<u>-</u>	<u>16,440,878</u>
Change in Net Assets	(696,629)	(211,492)	(908,121)
Net Assets, Beginning of Year	<u>7,908,281</u>	<u>4,297,451</u>	<u>12,205,732</u>
Net Assets, End of Year	<u>\$ 7,211,652</u>	<u>\$ 4,085,959</u>	<u>\$11,297,611</u>

**National Council of the United States,
Society of St. Vincent de Paul, Inc. and Subsidiaries
Consolidated Statement of Functional Expenses
Year Ended September 30, 2023**

	Program Services			Supporting Activities				Total Expenses
	Disaster	Council and Conference Assistance	Total	Membership Development	Management and General	Fundraising	Total	
Personnel Cost								
Salaries and payroll taxes	\$ 5,531,531	\$ 1,497,879	\$ 7,029,410	\$ 119,605	\$ 1,306,559	\$ 470,681	\$ 1,896,845	\$ 8,926,255
Benefit plan contributions	95,970	54,448	150,418	6,612	66,020	20,040	92,672	243,090
Staff insurance	556,843	270,192	827,035	30,179	160,094	105,308	295,581	1,122,616
Total Personnel Cost	6,184,344	1,822,519	8,006,863	156,396	1,532,673	596,029	2,285,098	10,291,961
Accounting	17,478	9,375	26,853	-	138,580	-	138,580	165,433
Administration	26,620	67,378	93,998	-	28,880	76,301	105,181	199,179
Advertising	4,680	36,707	41,387	-	30,477	5,111	35,588	76,975
Bad debt (recovery)	-	(22,000)	(22,000)	-	-	-	-	(22,000)
Computer maintenance	16,620	81,278	97,898	2,068	24,669	23,204	49,941	147,839
Depreciation	2,208	74,970	77,178	31,289	14,208	7,840	53,337	130,515
Disaster service supplies and assistance	1,486,799	-	1,486,799	-	-	-	-	1,486,799
Dues and subscriptions	7,264	29,766	37,030	-	9,058	6,228	15,286	52,316
Equipment rentals	-	32,781	32,781	-	-	-	-	32,781
Grants and allocations	-	2,248,235	2,248,235	-	-	-	-	2,248,235
Insurance	10,673	32,530	43,203	1,415	11,745	4,234	17,394	60,597
International council	-	272,035	272,035	-	-	-	-	272,035
Legal fees	43,238	31,047	74,285	-	87,483	8,592	96,075	170,360
Material and printing	6,963	47,627	54,590	-	2,292	9,885	12,177	66,767
Materials for resale	-	110,698	110,698	-	-	-	-	110,698
Meetings	1,298	479,980	481,278	-	23,676	50	23,726	505,004
Occupancy related	-	3,979	3,979	561	3,044	1,680	5,285	9,264
Office and postage	133,827	109,783	243,610	1,905	32,420	180,864	215,189	458,799
Other	6,453	204	6,657	-	8,266	-	8,266	14,923
Professional fees	285,936	102,289	388,225	-	35,893	399,658	435,551	823,776
Rent	81,095	155,714	236,809	-	51,746	-	51,746	288,555
Repairs and maintenance	8,260	53,168	61,428	1,684	9,135	5,041	15,860	77,288
Store cost of sales	-	1,437,186	1,437,186	-	-	-	-	1,437,186
Taxes - UBIT and real estate	-	9,309	9,309	-	-	-	-	9,309
Telephone	49,075	18,779	67,854	1,449	10,976	4,608	17,033	84,887
Training	-	740	740	-	3,256	1,939	5,195	5,935
Travel, meals, and entertainment	106,399	993,147	1,099,546	-	72,122	21,405	93,527	1,193,073
Utilities	3,153	45,613	48,766	1,412	8,904	4,226	14,542	63,308
Total Expenses	<u>\$ 8,482,383</u>	<u>\$ 8,284,837</u>	<u>\$ 16,767,220</u>	<u>\$ 198,179</u>	<u>\$ 2,139,503</u>	<u>\$ 1,356,895</u>	<u>\$ 3,694,577</u>	<u>\$ 20,461,797</u>

**National Council of the United States,
Society of St. Vincent de Paul, Inc. and Subsidiaries
Consolidated Statement of Functional Expenses
Year Ended September 30, 2022**

	Program Services			Supporting Activities				Total Expenses
	Disaster	Council and Conference Assistance	Total	Membership Development	Management and General	Fundraising	Total	
Personnel Cost								
Salaries and payroll taxes	\$ 3,606,255	\$ 1,588,435	\$ 5,194,690	\$ 55,348	\$ 1,147,068	\$ 304,475	\$ 1,506,891	\$ 6,701,581
Benefit plan contributions	38,719	60,530	99,249	3,136	56,070	11,299	70,505	169,754
Staff insurance	101,648	221,130	322,778	11,597	142,692	61,793	216,082	538,860
Total Personnel Cost	3,746,622	1,870,095	5,616,717	70,081	1,345,830	377,567	1,793,478	7,410,195
Accounting	12,453	18,000	30,453	-	146,374	-	146,374	176,827
Administration	32,259	55,379	87,638	-	49,534	38,157	87,691	175,329
Advertising	3,635	19,356	22,991	-	10,781	1,206	11,987	34,978
Bad debt (recovery)	-	(25,000)	(25,000)	-	-	-	-	(25,000)
Computer maintenance	6,581	101,301	107,882	1,180	12,654	19,581	33,415	141,297
Depreciation	2,790	101,845	104,635	58,356	14,118	6,632	79,106	183,741
Disaster service supplies and assistance	933,364	147,500	1,080,864	-	-	-	-	1,080,864
Dues and subscriptions	6,473	21,215	27,688	-	6,723	7,334	14,057	41,745
Equipment rentals	-	30,714	30,714	-	-	-	-	30,714
Grants and allocations	-	2,639,231	2,639,231	-	-	-	-	2,639,231
Insurance	3,386	25,644	29,030	886	24,990	4,130	30,006	59,036
Interest	-	2,601	2,601	165	1,636	768	2,569	5,170
International council	-	267,020	267,020	-	-	-	-	267,020
Legal fees	17,426	5,415	22,841	-	73,445	-	73,445	96,286
Material and printing	-	54,054	54,054	-	2,920	7,765	10,685	64,739
Materials for resale	-	87,903	87,903	-	-	-	-	87,903
Meetings	5,529	622,504	628,033	-	9,190	6,664	15,854	643,887
Occupancy related	-	4,508	4,508	305	3,028	1,423	4,756	9,264
Office and postage	39,900	107,456	147,356	855	25,078	121,783	147,716	295,072
Other	4,039	-	4,039	-	8,514	-	8,514	12,553
Professional fees	174,114	126,193	300,307	-	20,595	321,813	342,408	642,715
Rent	10,944	155,070	166,014	-	50,969	-	50,969	216,983
Repairs and maintenance	-	45,809	45,809	880	9,548	4,105	14,533	60,342
Store cost of sales	-	1,409,773	1,409,773	-	-	-	-	1,409,773
Taxes - UBIT and real estate	-	4,515	4,515	-	213	-	213	4,728
Telephone	12,955	18,860	31,815	870	10,753	4,188	15,811	47,626
Training	-	1,040	1,040	-	8,263	2,066	10,329	11,369
Travel, meals, and entertainment	57,135	454,157	511,292	-	40,509	19,632	60,141	571,433
Utilities	692	30,604	31,296	723	9,668	3,371	13,762	45,058
Total Expenses	\$ 5,070,297	\$ 8,402,762	\$ 13,473,059	\$ 134,301	\$ 1,885,333	\$ 948,185	\$ 2,967,819	\$ 16,440,878

**National Council of the United States,
Society of St. Vincent de Paul, Inc. and Subsidiaries
Consolidated Statements of Cash Flows
Years Ended September 30, 2023 and 2022**

	<u>2023</u>	<u>2022</u>
Cash Flows From Operating Activities		
Change in net assets	\$ 2,219,149	\$ (908,121)
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	130,515	183,741
Donated securities	(100,039)	(220,079)
Realized gain from sales of investments	(126,212)	(96,989)
Unrealized (gain) loss on investments	(553,722)	1,406,994
Change in allowance for doubtful accounts	22,000	25,000
Change in value of split interest annuity agreements	(1,387)	7,037
Forgiveness of Paycheck Protection Program loans	-	(75,300)
Noncash lease expense	(3,952)	-
(Increase) decrease in assets:		
Accounts receivable	(72,125)	(1,163)
Grants receivable	(378,813)	(310,732)
Interest receivable	(5,084)	1,796
Inventories	(43,362)	(49,097)
Prepaid expenses and other current assets	5,230	(5,908)
Bequest and trust receivable	(151,000)	83,288
Increase (decrease) in liabilities:		
Accounts payable	51,751	390,164
Accrued salaries and payroll taxes	50,971	1,552
Escrow funds	23,661	13,593
Deferred revenue	(11,685)	(30,813)
Net Cash Provided by Operating Activities	<u>1,055,896</u>	<u>414,963</u>
Cash Flows From Investing Activities		
Purchases of investments	(204,292)	(958,709)
Proceeds from sales of investments	46,440	478,195
Purchases of property and equipment	(221,975)	(61,387)
Net Cash Used in Investing Activities	<u>(379,827)</u>	<u>(541,901)</u>
Cash Flows From Financing Activities		
Payments on long-term debt	(247,046)	(729,292)
Net Cash Used in Financing Activities	<u>(247,046)</u>	<u>(729,292)</u>
Net Increase (Decrease) in Cash and Cash Equivalents	429,023	(856,230)
Cash and Cash Equivalents, Beginning of Year	<u>2,340,093</u>	<u>3,196,323</u>
Cash and Cash Equivalents, End of Year	<u>\$ 2,769,116</u>	<u>\$ 2,340,093</u>

**National Council of the United States,
Society of St. Vincent de Paul, Inc. and Subsidiaries
Consolidated Statements of Cash Flows
Years Ended September 30, 2023 and 2022**

	<u>2023</u>	<u>2022</u>
Supplemental Disclosures of Cash Flow Information		
Cash Paid for Interest	\$ 5,631	\$ 8,041

Noncash Operating Activities

During fiscal year 2023, the Organization capitalized operating right-of-use assets totaling \$936,723 for assets under leases with corresponding operating lease liabilities for \$928,298.

**National Council of the United States,
Society of St. Vincent de Paul, Inc. and Subsidiaries
Notes to Consolidated Financial Statements
September 30, 2023 and 2022**

1. Nature of Operations and Basis of Presentation

Organization

The National Council of the United States, Society of St. Vincent de Paul, Inc. ("National Council"), a not-for-profit organization, was established in 1914 and incorporated in 1946, and receives support from various areas across the United States of America with the purpose of providing a means for its members to grow in holiness while offering person to person service to those who are needy and suffering.

In June 2017, Society of St. Vincent de Paul National Foundation ("National Foundation"), a wholly-owned subsidiary was formed. National Foundation is a not-for-profit organization, whose purpose is to organize and manage a national fundraising program to provide continuing support solely to the National Council to assist in fulfilling its charitable mission and purpose.

In February 2017, Disaster Services Corporation - Society of St. Vincent de Paul USA ("DSC"), a wholly-owned subsidiary was formed. DSC is a not-for-profit organization whose purpose is to organize, oversee, and implement the National Council's disaster response to national and regional man-made and natural disasters. DSC provides a wide-range of disaster recovery related services including disaster preparation and recovery training, disaster relief and recovery assistance, capacity building, training, education, and administration of disaster programs. Sometimes DSC collaborates with other disaster relief and recovery agencies, organizations, and businesses to provide the optimum post-first responder long-term recovery assistance to those in need.

In September 2019, the Society of St. Vincent de Paul National Stores ("National Stores"), a not-for-profit organization, was formed to provide clothing and household items to individuals and families in need and to serve as a Society of St. Vincent de Paul Thrift Store best practices training facility for National Council members.

Principles of Consolidation

The accompanying consolidated financial statements include the accounts of the National Council, National Foundation, DSC, and National Stores (collectively referred to as the "Society" or the "Organization"). All significant inter-entity accounts and transactions have been eliminated in the consolidation.

Description of Programs and Services

The Society provides a wide range of human services to people in need in the form of member Council and Conference assistance, and disaster assistance for the poor. The Society offers its members spiritual and leadership development, training, and program development, as well as tangible assistance to those in need on a person-to-person basis. This aid may take the form of consultation, intervention, or through direct dollar or in-kind services.

**National Council of the United States,
Society of St. Vincent de Paul, Inc. and Subsidiaries
Notes to Consolidated Financial Statements
September 30, 2023 and 2022**

Programs and services are provided in the following principal areas:

Disaster Relief - The Society provides assistance including food and support directly to those in need, as well as training and assistance to Society members as they assist victims in times of natural disaster.

Council and Conference Assistance - The Society provides assistance in the form of spiritual and leadership development, training, and program development to Society member Councils and Conferences in their work in providing person-to-person assistance to the poor in their local communities.

Thrift Store - The Society, via National Stores, accepts donations of new and slightly used clothing and household items to sell at affordable prices to needy individuals and families, while operating as a best practice training facility for Society member Thrift Stores nationwide. Local Council-operated stores also collect household goods and clothing for sale and for distribution at no charge to families in need as determined by local Vincentian groups.

Basis of Presentation

The accompanying consolidated financial statements have been prepared in accordance with the provisions of Financial Accounting Standards Board ("FASB"), Accounting Standards Codification (the "FASB ASC"), which is the source of authoritative, non-governmental accounting principles generally accepted in the United States of America ("GAAP"). All references to authoritative accounting guidance contained in our disclosures are based on the general accounting topics within the FASB ASC.

Net assets and revenues, expenses, gains, and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets of the Society and changes therein are classified into two categories of net assets, as applicable, and reported as follows:

Net assets without donor restrictions - Net assets that are not subject to donor-imposed stipulations. Board designated funds are established by the Board of Directors and represent net assets without donor restrictions that have been set aside for particular purposes.

Net assets with donor restrictions - Net assets subject to donor-imposed stipulations that may be satisfied by specific activities or the passage of time, or are required to be maintained in perpetuity by the Society. The income earned on any related investments may be subject to donor-imposed stipulations.

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2. Summary of Significant Accounting Policies

Use of Estimates

The preparation of consolidated financial statements in conformity with GAAP requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Fair Value Measurements

The Society follows guidance issued by the FASB on fair value measurements, which establishes a framework for measuring fair value, clarifies the definition of fair value within that framework, and expands disclosures about the use of fair value measurements. This guidance applies whenever fair value is the applicable measurement. The three general valuation techniques used to measure fair value are the market approach, cost approach, and income approach.

Cash and Cash Equivalents

The Society considers all short-term investments with an original maturity of three months or less at the time of purchase to be cash equivalents.

Investments

The Society carries investments at fair value with unrealized holding gains and losses included in earnings. Realized gains and losses are included in earnings and are derived using the average cost method for determining the cost of securities sold. Dividend and interest income is recognized when earned.

Accounts Receivable

Accounts receivable consist of amounts due related to contributions.

The Society provides an allowance for doubtful accounts equal to the estimated losses that will be incurred in the collection of accounts receivable. This estimate is based on a historical experience coupled with a review of the current status of existing receivables. The allowance and associated accounts receivable are reduced when the receivables are determined to be uncollectible. The allowance for doubtful accounts totaled \$3,000 and \$25,000 as of September 30, 2023 and 2022, respectively.

Grants Receivable

Grants receivable include amounts due from various funding sources under binding contracts with the Society for services rendered prior to year-end.

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Inventories

Inventory consists of printed program specific materials and supplies held for sale to National Council members, goods held for distribution to a DSC program, and new and donated items held for sale by National Stores. Inventory is a mix of items contributed by individuals, organizations, commercial enterprises, or purchased by the Society. Purchased inventory is stated at the lower of cost or net realizable value. Donated inventory is valued at an estimated net realizable value based on historical sales. Cost is determined by the first in, first out ("FIFO") method and market is considered the lower of prevailing replacement cost or net realizable value.

Property and Equipment

Property and equipment acquisitions with a life of one year or greater and a cost in excess of \$3,000 are capitalized and recorded at cost, while maintenance and repairs are expensed as incurred. When assets are sold or otherwise disposed of, the related cost and accumulated depreciation are removed from the accounts. Any gain or loss arising from such disposition is included as income or expense in the year of disposition.

Depreciation is computed using the straight-line method over the estimated useful lives of the assets.

The estimated lives for computing depreciation on property and equipment are:

<u>Classification</u>	<u>Years</u>
Building and improvements	40
Office furniture and equipment	3-10
Database software	5

Leases

The Society leases certain equipment, vehicles, and office space. The Society assesses whether an arrangement qualifies as a lease (conveys the right to control the use of an identified asset for a period of time in exchange for consideration) at inception and only reassesses its determination if the terms and conditions of the arrangement are modified. The Society has recognized a liability representing the future lease payments and a right-of-use ("ROU") asset representing its right to use the underlying asset for the lease term. As most of the leases do not provide an implicit rate, the Society elected to use the practical expedient to use the risk-free rate of return at the commencement date in determining the present value of lease payments. The Society has elected to treat leases with a lease term of 12 months or less as short term leases and are not recorded on the consolidated statement of financial position. Lease expense is recognized on a straight-line basis over the lease term for short term leases, and variable lease expenses are recognized in the period in which they are incurred. The Society has elected not to separate lease components from nonlease components when allocating consideration under the terms of the lease.

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The Society's leases may include one or more options to renew, with renewal terms that can extend the lease term up to 5 years. The exercise of lease renewal options is at the Society's sole discretion. The Society has determined certain lease renewal options will be exercised, and have included them in the ROU asset and lease liability. In determining which renewal options the Society is likely to execute, management reviewed the need for the location, the improvements at that location, the cost to move operations at that facility, and the possibility of relocation.

The lease agreements include charges for common area maintenance, and are billed to the Society monthly based on the expected charges for the year by the lessor. The Society has elected to treat these charges as variable lease payments and these variable lease payments are included in lease expense in the period the obligation is incurred. The lease agreements do not contain any material residual value guarantees or material restrictive covenants.

Split-Interest Agreements

Under charitable gift annuity contracts, the Society receives immediate and unrestricted title to contributed assets and agrees to make fixed recurring payments over the stipulated period. Contributed assets are recorded at fair value on the date of receipt. The related liability for future payments to be made to the specified beneficiaries is recorded at fair value using present value techniques and risk-adjusted discount rates designed to reflect the assumptions market participants would use in pricing the liability. The excess of contributed assets over the annuity liability is recorded as a contribution without donor restriction. In subsequent years, the liability for future annuity payments is reduced by payments made to the specified beneficiaries and is adjusted to reflect amortization of the discount and changes in actuarial assumptions at the end of the year. Upon termination of the annuity contract, the remaining liability is removed and recognized as income.

The Society has various gift annuities. The amount of net present value of the guaranteed payments to beneficiaries under these gift annuity contracts is based upon life expectancies and discount rates.

Long-Lived Asset Impairment

The Society evaluates the recoverability of the carrying value of long-lived assets whenever events or circumstances indicate the carrying amount may not be recoverable. If a long-lived asset is tested for recoverability and the undiscounted estimated future cash flows expected to result from the use and eventual disposition of the asset are less than the carrying amount of the asset, the asset cost is adjusted to fair value and an impairment loss is recognized as the amount by which the carrying amount of a long-lived asset exceeds its fair value. Management does not believe any impairment exists as of September 30, 2023 or 2022.

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Escrow Funds

The escrow funds liability represents funding from other Councils and Conferences that have ceased operations, but still had open bank balances. Per the Society's bylaws, these Councils and Conferences are required to remit cash to the Society until they reopen or meet certain objectives. The Society has the escrow funds in a separate investment account and is included in investments along with an escrow liability, both included in the consolidated statements of financial position.

Endowment Fund

The State of Missouri enacted the State Prudent Management of Institutional Funds Act ("SPMIFA") effective August 28, 2009. The Society follows FASB guidance on accounting for the net assets classification of restricted endowment funds for a not-for-profit organization that is subject to the enacted version of the SPMIFA. The Society has determined that the donor restricted contributions meet the definition of endowment funds under SPMIFA.

The Society has interpreted the SPMIFA as requiring the preservation of the original gift amount. As a result of this interpretation, the Society classifies the original value of gifts donated to the permanent endowment as net assets with donor restrictions. The remaining portion of funds is appropriated for expenditure by the Society in a manner consistent with the standard of prudence prescribed by SPMIFA.

Support and Revenue

Contributions and grants are recorded as received. All contributions and grants are available for general activities unless specifically restricted by the donor. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the consolidated statements of activities as net assets released from restrictions.

Grant and program revenue is generally recognized as income in the period that specific services are provided.

Council solidarity dues do not contain a contribution element and are recognized over the membership period as members simultaneously receive and consume the benefits of the membership. Cash received in advance associated with subsequent year's dues are recognized as dues in advance and is recognized on a straight-line basis over the period for which the dues relate. Publications and other sales are recognized at point-in-time at the time of sale. Meeting income is recognized over time over the duration of the meeting, which is typically one to three days in length.

Donated Materials (In-Kind)

Donated noncash assets are recorded as contributions at their fair values at the date of donation.

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Functional Expense Allocation

The costs of program services and supporting activities have been summarized on a functional basis in the consolidated statements of activities. The consolidated statements of functional expenses presents the natural classification detail of expenses by function. Accordingly, certain costs have been allocated among the programs services and supporting activities benefited.

Income Taxes

The Society is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code (the "Code"), except on net income derived from unrelated business activities as defined in the Code. Accordingly, the Society files as a tax exempt organization.

The Society follows guidance issued by the FASB on accounting for income taxes and has evaluated its tax positions, expiring statutes of limitations, audits, proposed settlements, changes in tax law and new authoritative rulings, and believes that no provision for income taxes is necessary to cover any uncertain tax positions. The Society's returns for tax years 2020 and later remain subject to examination by taxing authorities.

Reclassifications

Certain amounts in the 2022 consolidated financial statements have been reclassified to conform to the 2023 presentation.

Recent Accounting Pronouncement

Credit Losses on Financial Instruments

The FASB has issued new guidance on the presentation of financial assets measured at amortized cost. Such assets will be presented at the net amount expected to be collected over their remaining contractual lives. Estimated credit losses will be based on relevant information about historical experience, current conditions, and reasonable and supportable forecasts that affect the collectibility of the reported amounts. The standard will also change the accounting for credit losses related to securities available for sale and purchased financial assets with a more-than-insignificant amount of credit deterioration since origination. The guidance will be required for the first fiscal year beginning after December 15, 2022. Based on a preliminary analysis, the Society has not yet determined what impact, if any, this new guidance will have on its consolidated financial statements.

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3. Change in Accounting Principle

Effective October 1, 2022, the Society adopted FASB ASC 842, *Leases*. The new standard establishes a ROU model that requires a lessee to record an ROU asset and a lease liability on the consolidated statement of financial position for all leases. Leases are classified as either finance or operating, with classification affecting the pattern of expense recognition in the consolidated statement of activities.

The Society elected to adopt FASB ASC 842, *Leases*, using the transition method that allows the Society to initially apply the new lease standard at the adoption date and, if applicable, recognize a cumulative effect adjustment to the opening balance of net assets in the period of adoption. As a result, the Society reporting for the comparative period presented in the consolidated financial statements is in accordance with FASB ASC 840, *Leases*.

The Society elected to adopt the package of practical expedients available under the transition guidance. This package includes the following: relief from determination of lease contracts included in existing or expiring leases at the point of adoption, relief from having to reevaluate the classification of leases in effect at the point of adoption, and relief from reevaluation of existing leases that have initial direct costs associated with the execution of the lease contract. The Society did not elect to adopt the practical expedient to use hindsight to determine the lease term and assess the impairment of the ROU assets. The adoption of FASB ASC 842, *Leases*, resulted in the recognition of ROU assets of \$928,724 and operating lease liabilities of \$920,849 as of October 1, 2022.

4. Investments

A summary of the fair value of the Society's investments as of September 30, is as follows:

	<u>2023</u>	<u>2022</u>
Money market funds	\$ 719,197	\$ 577,103
Exchange trade funds	11,015	11,100
Mutual funds:		
Small cap	39,938	31,135
Large cap	463,853	45,737
U.S. core equity	3,063,638	2,644,060
International	263,027	569,190
Emerging markets	253,300	213,802
Real estate	143,940	122,282
Fixed income	615,801	608,382
Certificates of deposit	1,394,939	1,235,029
Government bonds	<u>1,930,179</u>	<u>1,903,182</u>
	<u>\$ 8,898,827</u>	<u>\$ 7,961,002</u>

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5. Fair Value Measurements

The framework for measuring fair value establishes a fair value hierarchy which prioritizes the inputs to valuation techniques used to measure fair value into Levels 1, 2, and 3. 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). The three levels of the fair value hierarchy are described as follows:

- | | |
|---------|--|
| Level 1 | Inputs to the valuation methodology are unadjusted quoted prices for identical instruments in active markets. |
| Level 2 | Inputs to the valuation methodology to include quoted prices for similar instruments in active markets, quoted prices for identical or similar instruments in inactive markets, inputs other than quoted prices that are observable for the instrument, or inputs that are derived principally from or corroborated by observable market data by correlation or other means. |
| Level 3 | Inputs to the valuation methodology are unobservable and significant to the fair value measurement. |

The instruments' 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 maximize the use of relevant observable inputs and minimize the use of unobservable inputs.

Following is a description of the valuation methodologies used for instruments measured at fair value.

- | | |
|---------|--|
| Level 1 | Instruments consist of money market funds, exchange traded funds, and mutual funds. Exchange traded funds and mutual funds are traded on national exchanges and are stated at the last reported sales price on the day of valuation. Money market funds are valued at the net asset value ("NAV") of shares held by the Society at year end based on quoted market prices. |
| Level 2 | Instruments consist of certificates of deposit and government bonds. These securities are valued using evaluated pricing, which incorporates modeling techniques, information from extensive market sources, observed transaction data, credit quality information, perceived market movements, news, and other relevant information. |
| Level 3 | Instruments consists of split-interest agreements. These investments are valued at a price provided by a counterparty or fund manager. |

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The following tables represent the Society's Level 3 financial instruments, the valuation techniques used to measure the fair value of those financial instruments, and the significant unobservable inputs for those inputs measured on a nonrecurring basis at September 30,:

<u>2023</u>	<u>Fair Value</u>	<u>Valuation Technique(s)</u>	<u>Unobservable Inputs</u>
Split-interest agreements	\$ 73,492	Fair value of trust assets	Undistributed income

<u>2022</u>	<u>Fair Value</u>	<u>Valuation Technique(s)</u>	<u>Unobservable Inputs</u>
Split-interest agreements	\$ 71,620	Fair value of trust assets	Undistributed income

6. Property and Equipment

Property and equipment at September 30, is as follows:

	<u>2023</u>	<u>2022</u>
Land	\$ 198,400	\$ 198,400
Building and improvements	1,598,922	1,581,635
Office furniture and equipment	199,865	206,012
Database software	<u>278,088</u>	<u>569,333</u>
	2,275,275	2,555,380
Less accumulated depreciation	<u>315,462</u>	<u>687,027</u>
	<u>\$ 1,959,813</u>	<u>\$ 1,868,353</u>

Depreciation expense for the years ended September 30, 2023 and 2022 totaled \$130,515 and \$183,741, respectively.

7. Leases

The Society has operating leases of certain equipment, vehicles, and office space. The weighted average remaining lease term of the operating leases is 6.14 years. The weighted average discount rate is 3.88 percent. Operating cash flows from the operating leases totaled \$184,549 for the year ended September 30, 2023.

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The maturities of lease liabilities as of September 30, 2023, are as follows:

<u>Years Ending September 30,</u>	
2024	\$ 192,196
2025	154,727
2026	113,056
2027	96,821
2028	96,459
Thereafter	<u>217,033</u>
Total Lease Payments	870,292
Less: Present Value Discount	<u>93,419</u>
Present Value of Lease Liabilities	<u>\$ 776,873</u>

The components of lease expense, included in equipment rentals and rent expense on the consolidated statement of functional expenses for the year ended September 30, 2023, are as follows:

Operating lease expense	\$ 188,501
Short-term lease expense	74,356
Variable lease expense	<u>58,479</u>
Total lease expense	<u>\$ 321,336</u>

As of September 30, 2023, National Stores has an additional operating lease that has not yet commenced of approximately \$1,192,000. This operating lease is expected to commence in May 2024 with an initial lease term of 87 months with three additional options to renew for sixty month terms. The exercise of the lease renewal options is at the Society's sole discretion.

Lease expense related to the operating leases for the year ended September 30, 2022 totaled \$216,983.

8. Lines of Credit

The National Council has a line of credit agreement of \$250,000 scheduled to expire on July 29, 2024. Borrowings are charged interest at U.S. Prime Rate (8.5 percent at September 30, 2023) less 0.65 percent and are secured by certain investments of the National Council. At September 30, 2023 and 2022, there were no borrowings outstanding under the line of credit agreement.

DSC has a line of credit agreement of \$150,000 scheduled to expire on September 15, 2025. Borrowings are charged interest at U.S. Prime Rate plus 3.00 percent. At September 30, 2023 and 2022, there were no borrowings outstanding under the line of credit agreement.

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National Stores had a line of credit agreement of \$50,000 with the National Council that expired on January 11, 2023. Borrowings were charged interest at 0.50 percent. At September 30, 2023, there has been no new line of credit agreed to.

9. Long-term Debt

Long-term debt at September 30, is as follows:

	<u>2023</u>	<u>2022</u>
DSC's Paycheck Protection Program ("PPP") loan with consecutive monthly principal and interest payments at an interest rate of 1.00 percent; monthly principal payments of \$21,054 beginning September 2021; the note matures in April 2025.	\$ <u>429,242</u>	\$ <u>676,288</u>
	429,242	676,288
Less current maturities	<u>249,509</u>	<u>247,052</u>
	<u>\$ 179,733</u>	<u>\$ 429,236</u>

In April 2020, DSC applied for and received approval for a loan under the PPP established by the CARES Act totaling \$1,487,330. In July 2021, DSC applied for and was notified that \$557,732 of its loan was forgiven and the remaining loan balance was extended to the fifth anniversary of the original disbursement date of the the loan, April 2025. Principal payments on the loan totaling \$21,054 began on September 1, 2021 and are payable in monthly installments through April 2025. In January 2022, National Stores applied for and was notified that \$75,300 of principal and accrued interest on the loan was forgiven. The remaining balance was paid in four consecutive principal and interest payments of \$2,257 through May 2022.

Maturities of long-term debt as of September 30, 2023, are as follows:

<u>Years Ending September 30.</u>	
2024	\$ 249,509
2025	<u>179,733</u>
	<u>\$ 429,242</u>

National Stores has a promissory note of \$500,000 with the National Council. Borrowings are charged interest at 1.25 percent. The note requires interest-only payments beginning with all outstanding principal and interest due on February 1, 2026. At September 30, 2023 and 2022, there were borrowings of \$500,000 outstanding, which were eliminated upon consolidation.

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10. Liquidity and Availability of Financial Assets

The following reflects Society's financial assets as of September 30, reduced by amounts not available for general use within one year because of contractual or donor-imposed restrictions or internal designations. Amounts not available include amounts set aside for operating and other reserves that could be drawn upon if the Board approves that action.

	<u>2023</u>	<u>2022</u>
Cash and cash equivalents	\$ 2,769,116	\$ 2,340,093
Investments, at fair value	5,296,059	4,838,070
Accounts receivable, net	79,443	29,318
Grants receivable	1,291,748	912,935
Contractual or donor-imposed restrictions and internal designations:		
Board designated funds	(3,470,485)	(2,729,302)
Donor restrictions	<u>(3,651,832)</u>	<u>(4,085,959)</u>
Financial Assets Available to Meet Cash Needs for Expenditures Within One Year	<u>\$ 2,314,049</u>	<u>\$ 1,305,155</u>

Although the Society does not intend to spend from its Board designated funds, as described in Note 12, (other than amounts appropriated for general expenditure as part of the Board of Directors' annual budget approval and appropriation), these amounts could be made available if necessary.

The Society's primary sources of support are contributions, grants, Council solidarity dues, and investment income. Some support is required to be used in accordance with the purpose restrictions imposed by the donors. As part of a liquidity management plan, the Society invests cash in short-term investments. The investments total above excludes investments that will mature subsequent to one year from the consolidated statements of financial position date and escrow investments that are not available to management.

11. Related Party Transactions

The Society receives support from the Society's Councils located in the United States of America noted as Council solidarity. Each Council is charged a fee per year based on the Councils' revenues. This support is used for general administration of the Society. The Society received solidarity and other support for other activities of the Organization from Councils and Conferences in the amounts of \$3,927,991 and \$3,286,465 and paid support to Councils and Conferences in the amounts of \$1,300,151 and \$1,647,428 for the years ended September 30, 2023 and 2022, respectively. There are also various other disaster grants paid to Councils and Conferences.

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The Society supports the International Council General, Society of St. Vincent de Paul, Inc. located in Paris, France. The amount remitted was \$272,035 and \$267,020 for the years ended September 30, 2023 and 2022, respectively. The Society paid additional support to international Councils totaling \$598,416 and \$778,732 for the years ended September 30, 2023 and 2022, respectively.

12. Board Designated Funds

The Society's Board of Directors has designated a portion of net assets without donor restrictions to support the operations of the Society. The composition of and changes in Board designated net assets were as follows for the years ended at September 30, as follows:

	<u>2023</u>	<u>2022</u>
Board designated net assets, beginning of year	\$ 2,729,302	\$ 3,056,869
Contributions	675,416	323,215
Investment income, net	52,036	63,634
Net appreciation (depreciation)	285,665	(455,113)
Amounts appropriated for expenditure	<u>(271,934)</u>	<u>(259,303)</u>
Board designated net assets, end of year	<u>\$ 3,470,485</u>	<u>\$ 2,729,302</u>

The Society's Board of Directors has designated net assets without donor restrictions at September 30, as follows:

	<u>2023</u>	<u>2022</u>
Designated for special purpose fund	\$ 1,604	\$ 1,604
Designated for domestic extension/twinning fund	12,238	12,238
Designated for National Council support fund	215,051	-
Designated for Ozanam cause fund	219,734	3,625
Designated for direct mail revenue fund	207,750	218,774
Designated for bequests fund	<u>2,814,108</u>	<u>2,493,061</u>
	<u>\$ 3,470,485</u>	<u>\$ 2,729,302</u>

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13. Net Assets With Donor Restrictions

Net assets with donor restrictions at September 30, are restricted for the following purposes:

	<u>2023</u>	<u>2022</u>
Domestic disaster	\$ 1,173,201	\$ 884,405
International relief and assistance	644,594	718,168
Friends of the poor	623,848	711,270
Friends of the poor walk	-	394,121
Committee and regional funds	54,279	51,825
Other funds	236,062	99,570
Grants	164,191	104,158
Building fund	387,273	365,556
House in a box program	368,384	756,886
	<u>\$ 3,651,832</u>	<u>\$ 4,085,959</u>

Net assets released from restrictions of purpose for the years ended September 30, are as follows:

	<u>2023</u>	<u>2022</u>
Domestic disaster	\$ 1,466,676	\$ 2,005,964
International relief and assistance	637,316	846,006
Friends of the poor	565,500	803,300
Friends of the poor walk	460,903	415,861
Committee and regional funds	189,107	19,501
Other funds	8,434	10,380
Grants	189,967	296,663
Building fund	64,133	68,796
House in a box program	2,194,298	304,936
Disaster case management	6,227,793	3,385,487
	<u>\$ 12,004,127</u>	<u>\$ 8,156,894</u>

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14. Endowment Funds

The National Foundation's endowment consists of an individual fund established to support the Society. As required by GAAP, net assets associated with endowment funds, including funds designated by the Board of Directors to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions. The Society's endowment consists only of donor-designated funds; there were no board designated endowment funds during September 30, 2023. The endowment fund is for general operating purposes. The endowment funds as of September 30, 2023 are as follows:

Total original donor-restricted gift amount and amounts required to be maintained in perpetuity by donor	\$ 100,000
Accumulated investment gains	<u>3,365</u>
	<u><u>\$ 103,365</u></u>

Changes in endowment net assets for the year ended September 30, 2023 are as follows:

Endowment net assets, beginning of year	\$ -
Endowment fund established	100,000
Net unrealized appreciation	<u>3,365</u>
Endowment net assets, end of year	<u><u>\$ 103,365</u></u>

The Society has adopted investment and spending policies, approved by the Board of Directors, for endowment assets that attempt to provide a predictable stream of funding to the Society, while also maintaining the purchasing power of those endowment assets over the long-term. Disbursements that would exceed the spending policies require the approval of the Board of Directors. The Society considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

- 1) The duration and preservation of the fund
- 2) The purposes of the Society and the donor-restricted endowment fund
- 3) General economic conditions
- 4) The possible effect of inflation and deflation
- 5) The expected total return from income and the appreciation of investments
- 6) Other resources of the Society
- 7) The investment policies of the Society

From time to time, certain donor-restricted endowment funds may have fair values less than the amount required to be maintained by donors or by law (underwater endowments). The Society has interpreted SPMIFA to permit spending from underwater endowments in accordance with prudent measures required under law. There were no such deficiencies as of September 30, 2023.

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15. Contributed Nonfinancial Assets

The Society received the following contributions of nonfinancial assets for the years ended September 30:

	2023	2022
Donated inventory	\$ 1,350,193	\$ 1,382,532
Donated supplies	-	670,652
Donated office space	-	6,398
Donated airfare	-	680
	\$ 1,350,193	\$ 2,060,262

Donated inventory received by the National Stores is recorded as in-kind contributions on the consolidated statements of activities with a corresponding increase to inventory. Donated inventory is valued at an estimated net realizable value based on historical sales. Donated inventory is sold to generate money to use in the operations of the Society's programs.

Donated supplies received by DSC are recorded as in-kind contributions on the consolidated statements of activities. Donated supplies were valued by a third-party provider based on the replacement value of the items donated and were used in the operation of the Society's programs. DSC received the use of an office space within the Archdiocese Council of New Orleans for disaster efforts in Louisiana from February 2022 through December 2023. Using publicly available commercial real estate rental listings, DSC estimated the annual donated rent to be \$3,413. The amount of donated office space is recorded as in-kind contributions on the consolidated statement of activities and as rent expense on the consolidated statement of functional expenses. A portion of the donated office space is included in prepaid expenses and other current assets on the consolidated statements of financial position for the future benefit of the donated space.

16. Retirement Plan

The Society maintains a contributory retirement savings plan under Section 403(b) of the Code covering substantially all employees who meet certain eligibility requirements. Contributions for the years ended September 30, 2023 and 2022 totaled \$243,090 and \$169,754, respectively.

**National Council of the United States,
Society of St. Vincent de Paul, Inc. and Subsidiaries
Notes to Consolidated Financial Statements
September 30, 2023 and 2022**

17. Risks and Uncertainties

Concentration of Credit Risk

Financial instruments, which potentially subject the Society to concentrations of credit risk, consist principally of cash and cash equivalents, receivables, and investments. The Society maintains its cash with four major financial institutions. Deposits at these banks are insured by the Federal Deposit Insurance Corporation ("FDIC") up to \$250,000. As of September 30, 2023, the Society had deposits of approximately \$1,700,000 in excess of FDIC limits. The Society performs ongoing credit evaluations of its customers and maintains allowances, as needed, for potential credit losses. Although the Society is directly affected by the financial stability of its customer base, management does not believe significant credit risk exists at September 30, 2023. The Society maintains its investments primarily with one brokerage firm. Securities held at this firm are insured by the Securities Investor Protection Corporation ("SIPC") up to \$500,000. As of September 30, 2023, the Society had securities of approximately \$7,800,000 in excess of SIPC limits.

Investments

The Society invests in various investment securities. Investment securities are exposed to various risks such as interest rate, market, and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such change could materially affect the amounts reported in the accompanying consolidated statements of financial position.

18. Subsequent Events

The Organization has evaluated subsequent events through February 13, 2024, the date the consolidated financial statements were available to be issued. In October 2023, DSC modified its line of credit agreement to increase the available borrowings up to \$700,000 and modified the scheduled maturity date to October 16, 2024. Borrowings are charged interest at the 1-month SOFR rate plus 4.612 percent. See Note 7 for an additional lease agreement entered into by National Stores that has not yet commenced as of September 30, 2023.

**National Council of the United States,
Society of St. Vincent de Paul, Inc. and Subsidiaries
Consolidating Statement of Financial Position
September 30, 2022**

	Assets					Consolidated
	National Council	DSC	National Stores	National Foundation	Eliminations	
Current Assets						
Cash and cash equivalents	\$ 566,337	\$ 1,533,282	\$ 224,521	\$ 15,432	\$ 521	\$ 2,340,093
Investments, at fair value	7,773,012	-	-	187,990	-	7,961,002
Accounts receivable, net	39,933	-	-	-	(10,615)	29,318
Interest receivable	13,598	-	-	-	(521)	13,077
Notes receivable from related party	500,158	-	-	-	(500,158)	-
Grants receivable	-	912,935	-	-	-	912,935
Inventories	186,481	-	155,950	-	-	342,431
Prepaid expenses and other current assets	235,593	119,371	30,836	-	-	385,800
Total Current Assets	9,315,112	2,565,588	411,307	203,422	(510,773)	11,984,656
Property and Equipment, net	1,761,540	2,209	104,604	-	-	1,868,353
Bequest and Trust Receivable	35,000	-	-	-	-	35,000
Assets Held Under Split-interest Agreements	71,620	-	-	-	-	71,620
Total Assets	\$ 11,183,272	\$ 2,567,797	\$ 515,911	\$ 203,422	\$ (510,773)	\$ 13,959,629
	Liabilities and Net Assets					
Current Liabilities						
Current maturities of long-term debt	\$ -	\$ 247,052	\$ -	\$ -	\$ -	\$ 247,052
Accounts payable	479,985	760,347	4,498	3,353	(10,615)	1,237,568
Accrued salaries and payroll taxes	-	94,063	15,144	-	-	109,207
Escrow funds	545,786	-	-	-	-	545,786
Deferred revenue	35,514	-	-	-	-	35,514
Notes payable to related party	-	-	500,158	-	(500,158)	-
Total Current Liabilities	1,061,285	1,101,462	519,800	3,353	(510,773)	2,175,127
Long-term Debt	-	429,236	-	-	-	429,236
Liabilities Under Split-interest Agreements	57,655	-	-	-	-	57,655
Total Liabilities	1,118,940	1,530,698	519,800	3,353	(510,773)	2,662,018
Net Assets (Deficit)						
Without donor restrictions						
Available for general activities	4,229,858	56,312	(3,889)	200,069	-	4,482,350
Board designated funds	2,729,302	-	-	-	-	2,729,302
Total without donor restrictions	6,959,160	56,312	(3,889)	200,069	-	7,211,652
With donor restrictions	3,105,172	980,787	-	-	-	4,085,959
Total Net Assets (Deficit)	10,064,332	1,037,099	(3,889)	200,069	-	11,297,611
Total Liabilities and Net Assets	\$ 11,183,272	\$ 2,567,797	\$ 515,911	\$ 203,422	\$ (510,773)	\$ 13,959,629

**National Council of the United States,
Society of St. Vincent de Paul, Inc. and Subsidiaries
Consolidating Statement of Activities
Year Ended September 30, 2023**

	National Council	DSC	National Stores	National Foundation	Eliminations	Consolidated
Revenues, Gains, and Other Support						
Contributions	\$ 6,888,021	\$ 752,804	\$ 14,011	\$ 34,909	\$ (404,261)	\$ 7,285,484
Council solidarity dues	2,178,312	-	-	-	-	2,178,312
Private grants and contracts	250,000	2,801,499	-	-	(512,987)	2,538,512
Federal grant revenue	-	6,228,198	-	-	-	6,228,198
Publication and other sales	246,958	-	1,417,919	-	-	1,664,877
In-kind contributions	-	-	1,350,193	-	-	1,350,193
Investment income	837,899	70	4,074	29,668	(6,250)	865,461
Regions and other income (loss)	18,796	63,967	(6,250)	-	6,250	82,763
Meeting income	487,146	-	-	-	-	487,146
Total Revenues, Gains, and Other Support	<u>10,907,132</u>	<u>9,846,538</u>	<u>2,779,947</u>	<u>64,577</u>	<u>(917,248)</u>	<u>22,680,946</u>
Expenses						
Program Services	<u>6,322,329</u>	<u>8,828,499</u>	<u>2,533,640</u>	<u>-</u>	<u>(917,248)</u>	<u>16,767,220</u>
Supporting Activities						
Membership development	198,179	-	-	-	-	198,179
Management and general	1,287,910	839,338	5,173	7,082	-	2,139,503
Fundraising	1,289,133	67,762	-	-	-	1,356,895
Total Supporting Activities	<u>2,775,222</u>	<u>907,100</u>	<u>5,173</u>	<u>7,082</u>	<u>-</u>	<u>3,694,577</u>
Total Expenses	<u>9,097,551</u>	<u>9,735,599</u>	<u>2,538,813</u>	<u>7,082</u>	<u>(917,248)</u>	<u>20,461,797</u>
Change in Net Assets	1,809,581	110,939	241,134	57,495	-	2,219,149
Net Assets (Deficit), Beginning of Year	<u>10,064,332</u>	<u>1,037,099</u>	<u>(3,889)</u>	<u>200,069</u>	<u>-</u>	<u>11,297,611</u>
Net Assets, End of Year	<u>\$ 11,873,913</u>	<u>\$ 1,148,038</u>	<u>\$ 237,245</u>	<u>\$ 257,564</u>	<u>\$ -</u>	<u>\$ 13,516,760</u>

**National Council of the United States,
Society of St. Vincent de Paul, Inc. and Subsidiaries
Consolidating Statement of Activities
Year Ended September 30, 2022**

	National Council	DSC	National Stores	National Foundation	Eliminations	Consolidated
Revenues, Gains, and Other Support						
Contributions	\$ 5,273,950	\$ 1,139,700	\$ 12,037	\$ 107,501	\$ (494,199)	\$ 6,038,989
Council solidarity dues	1,831,576	-	-	-	-	1,831,576
Private grants and contracts	-	1,234,042	-	-	(302,219)	931,823
Federal grant revenue	-	3,687,706	-	-	-	3,687,706
Publication and other sales	201,245	-	1,289,494	-	-	1,490,739
In-kind contributions	-	677,730	1,382,532	-	-	2,060,262
Investment income (loss)	(1,065,102)	128	-	(32,845)	(6,325)	(1,104,144)
Regions and other income (loss)	5,583	82,966	(1,800)	-	-	86,749
Meeting income	433,757	-	-	-	-	433,757
Forgiveness of Paycheck Protection Program loans	-	-	75,300	-	-	75,300
Total Revenues, Gains, and Other Support	<u>6,681,009</u>	<u>6,822,272</u>	<u>2,757,563</u>	<u>74,656</u>	<u>(802,743)</u>	<u>15,532,757</u>
Expenses						
Program Services	<u>6,441,985</u>	<u>5,382,292</u>	<u>2,451,525</u>	<u>-</u>	<u>(802,743)</u>	<u>13,473,059</u>
Supporting Activities						
Membership development	134,301	-	-	-	-	134,301
Management and general	1,143,898	730,033	6,648	4,754	-	1,885,333
Fundraising	927,812	13,683	-	6,690	-	948,185
Total Supporting Activities	<u>2,206,011</u>	<u>743,716</u>	<u>6,648</u>	<u>11,444</u>	<u>-</u>	<u>2,967,819</u>
Total Expenses	<u>8,647,996</u>	<u>6,126,008</u>	<u>2,458,173</u>	<u>11,444</u>	<u>(802,743)</u>	<u>16,440,878</u>
Change in Net Assets	(1,966,987)	696,264	299,390	63,212	-	(908,121)
Net Assets (Deficit), Beginning of Year	<u>12,031,319</u>	<u>340,835</u>	<u>(303,279)</u>	<u>136,857</u>	<u>-</u>	<u>12,205,732</u>
Net Assets (Deficit), End of Year	<u>\$ 10,064,332</u>	<u>\$ 1,037,099</u>	<u>\$ (3,889)</u>	<u>\$ 200,069</u>	<u>\$ -</u>	<u>\$ 11,297,611</u>