

St. Vincent De Paul of Baltimore, Inc. and Subsidiaries

For the Fiscal Year Ended September 30, 2015

*Financial Statements
and
Report of Independent Auditor*

JOHN C. WALSH & CO.
CERTIFIED PUBLIC ACCOUNTANT

FINANCIAL STATEMENTS

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
St. Vincent de Paul of Baltimore, Inc. and Subsidiaries
Baltimore, Maryland

We have audited the accompanying consolidated financial statements of the St. Vincent de Paul of Baltimore, Inc. (a non-profit organization) and Subsidiaries, which is comprised of the consolidated statement of financial position as of September 30, 2015 and 2014 and the related consolidated statement of activities and changes in net assets and statement of cash flows for the year then ended and the related notes to the consolidated financial statements. The prior year summarized comparative information has been derived from the Organization's 2014 consolidated financial statements and, in our report dated February 6, 2015, we expressed an unqualified opinion on those consolidated financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with accounting principles generally accepted in the United States of America: this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and, with respect to St. Vincent De Paul of Baltimore, Inc., the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of the St. Vincent de Paul of Baltimore, Inc. (a non-profit organization) and Subsidiaries as of September 30, 2015 and 2014, and the changes in its net assets and the changes in its cash flows for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

Other Reporting Required By Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated February 3, 2016 on our consideration of the St. Vincent de Paul of Baltimore, Inc.'s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grants. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

John C. Walsh & Co.

February 3, 2016

St. Vincent de Paul of Baltimore, Inc. and Subsidiaries
Consolidated Statement of Financial Position
September 30, 2015 and 2014

	2015	2014
Assets		
Cash and Cash Equivalents	\$ 526,832	\$ 507,040
Accounts Receivable	2,133,856	2,906,964
Pledges Receivable (Note 3)	1,776,539	1,465,128
Investments (Note 4 and 5)	76,769	66,568
Security Deposit and Prepaid Expenses	101,701	20,778
Inventory	54,570	54,447
Buildings and Equipment, Net of Accumulated Depreciation (Notes 7 and 9)	14,716,372	9,516,032
Total Assets	\$ 19,386,639	\$ 14,536,957
Liabilities and Net Assets		
Accounts Payable and Accrued Expenses	\$ 1,755,645	\$ 1,524,420
Accrued Pension Liability (Note 11)	706,906	615,356
Notes Payable (Note 10)	338,428	409,857
Loans Payable (Note 9)	1,909,393	477,627
Total Liabilities	\$ 4,710,372	\$ 3,027,260
Commitments (Notes 10, 11 and 13)		
Net Assets		
Unrestricted	\$ 13,676,145	\$ 10,494,590
Temporarily Restricted (Note 12)	2,177,625	\$ 1,980,884
Retained Earnings-Deficit	(1,177,503)	(965,777)
Total Net Assets	\$ 14,676,267	\$ 11,509,697
Total Liabilities and Net Assets	\$ 19,386,639	\$ 14,536,957

St. Vincent de Paul of Baltimore, Inc. and Subsidiaries
Consolidated Statement of Activities and Changes in Net Assets
For the Year Ended September 30, 2015
(With Comparative Totals for 2014)

	2015 Total	2014 Total
Public Support		
Contributions and Grants	\$ 7,482,613	\$ 4,741,542
Government Grants	11,649,604	10,224,676
Donated Food, Clothing and Services	3,700,097	4,186,162
Total Public Support	\$ 22,832,314	\$ 19,152,380
Other Revenue		
Program Income and Sales	\$ 1,979,141	\$ 2,400,911
Investment Income	32,773	2,260
Miscellaneous	137,026	11,011
Total Other Revenue	\$ 2,148,940	\$ 2,414,182
Total Support and Revenue	\$ 24,981,254	\$ 21,566,562
Expenses		
Program Services	\$ 20,508,811	\$ 19,514,915
Administrative Services:		
Management and General	138,449	26,756
Fund Development	565,692	558,441
Total Direct Expenses	\$ 21,212,952	\$ 20,100,112
Excess of Revenues Over Direct Expenses	\$ 3,768,302	\$ 1,466,450
Unfunded Pension Liability	(91,550)	120,610
Depreciation	(578,416)	(524,817)
Change in Net Assets, Before Extraordinary Item	\$ 3,098,336	\$ 1,062,243
Gain from Forgiveness of Debt (Note 9)	68,234	440,819
Change in Net Assets, After Extraordinary Item	\$ 3,166,570	\$ 1,503,062
Net Assets, Beginning of Year	11,509,697	10,006,635
Net Assets, End of Year	\$ 14,676,267	\$ 11,509,697

St. Vincent de Paul of Baltimore, Inc. and Subsidiaries
Consolidated Statement of Cash Flows
For the Years Ended September 30, 2015 and 2014

	2015	2014
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in Net Assets	\$ 3,166,570	\$ 1,503,062
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by (Used in) Operating Activities:		
Depreciation	578,416	524,817
Gain from Forgiveness of Debt	(68,234)	(440,819)
Decrease (Increase) In:		
Accounts and Pledges Receivable	461,697	(642,294)
Other Current Assets	(81,046)	12,279
(Decrease) Increase In:		
Deferred Revenues	-	(1,002,653)
Accounts Payable and Accrued Expenses	322,775	(56,927)
	\$ 4,380,178	\$ (102,535)
 CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of Property and Equipment	\$ (5,778,756)	\$ (518,435)
Net Loan Proceeds and (Repayments)	1,428,571	(554,429)
Net Investment Activity	(10,201)	(29,045)
	\$ (4,360,386)	\$ (1,101,909)
 Net Increase in Cash and Cash Equivalents	\$ 19,792	\$ (1,204,444)
 Cash and Cash Equivalents, Beginning of Year	507,040	1,711,484
 Cash and Cash Equivalents, End of Year	\$ 526,832	\$ 507,040
 NON-CASH FINANCING ACTIVITY:		
Forgiveness of Debt	\$ 68,234	\$ 440,819

St. Vincent de Paul of Baltimore, Inc. and Subsidiaries
Notes to Consolidated Financial Statements
For the Year Ended September 30, 2015

Note 1 - Operations

St. Vincent de Paul of Baltimore, Inc. (SVDP) is a charitable organization incorporated in the State of Maryland in 1867. Its purpose is to ensure that those impacted by poverty have the skills and resources to achieve their full potential.

The consolidated financial statements include the activity of St. Vincent de Paul of Baltimore, Inc. and St. Vincent de Paul Enterprises, Inc. which are collectively referred to herein as the Organization. All intercompany transactions have been eliminated.

St. Vincent de Paul Enterprises, Inc. is a fully owned subsidiary for profit corporation organized under the laws of the State of Maryland doing business as "KidzTable". The corporation provides meals and food to schools, Headstart programs, daycare centers and after school programs. They began operations in September 2010.

Note 2 - The Organization and Its Significant Accounting Policies

Basis of Accounting:

The accompanying financial statements are presented on the accrual basis of accounting, and in accordance with FASB ASC 958, *Not -for Profit Entities*.

In June 2009, The Financial Accounting Standards Board (FASB) issued FASB ASC105, *Generally Accepted Accounting Principles*, which established the FASB Accounting Standards Codification as the sole source of authoritative generally accepted accounting principles. Pursuant to the provisions of FASB ASC 105, SVDP has updated references to GAAP in its financial statements issued for the year ended September 30, 2010. The adoption of FASB ASC 105 did not impact SVDP's financial position or result of operations.

Certain amounts in the prior year's financial statements have been reclassified to conform to the current year's presentation. These reclassifications had no effect on the previously reported change in net assets.

Net Assets:

SVDP is required to report information regarding its financial position and activities according to the following classes of net assets.

Unrestricted net assets are the net assets that are neither permanently restricted nor temporarily restricted by donor-imposed stipulation.

Temporarily restricted net assets result from contributions whose use is limited by donor-imposed stipulations that either expire by passage of time or can be fulfilled and removed by actions of the organization pursuant to these stipulations. Net assets may be temporarily restricted for various purposes, such as use in future periods or use for specific purposes.

Cash and Cash Equivalents:

Cash and cash equivalents consist of highly liquid investments with an initial maturity of three months or less. At times during the year, SVDP maintains cash balances at financial institutions in excess of the FDIC insurance limits. Management believes the risk in these situations to be minimal.

Comparative Financial Information:

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 of the prior year summarized financial statements in conformity with generally accepted accounting principles. Accordingly, such summarized information should be read in conjunction with SVDP's financial statements for the year ended September 30, 2013 from which the summarized information was derived.

St. Vincent de Paul of Baltimore, Inc. and Subsidiaries
Notes to Consolidated Financial Statements
For the Year Ended September 30, 2015

Note 2 - Organization and Significant Accounting Policies (Continued)

Estimates:

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain 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.

Program Services:

There are eighteen main programs as follows:

Homelessness and Supportive Housing:

Beans and Bread is a Homeless day resource program serving 300 people daily.

Home Connections is permanent housing serving 60 chronically homeless individuals.

Frederick Ozanam house is a recovery based transitional housing serving 20 homeless men.

Cottage Avenue Community is transitional housing for 15 families.

Sarah's Hope, Mount Street is a comprehensive 75 bed shelter serving homeless families in Baltimore City.

Sarah's Hope, Hannah More is a comprehensive 85 bed shelter serving homeless families in Baltimore County.

Front Door, Baltimore City is a rapid rehousing and shelter diversion program serving 60 families per year in Baltimore City.

Front Door, Baltimore County is a rapid rehousing program serving 40 families per year in Baltimore County.

Child and Family Services:

Camp St. Vincent is a summer day camp serving 250 homeless children from Baltimore City and County.

Head Start provides educational, health and social services for 728 pre-school children and their families.

Workforce Development:

Career Connections is a drop-in employment resource program serving 200 adults per year.

Next Course provides occupational skills training for careers in the food service industry serving 100 adults per year.

Kids Career Academy provides occupational skills training for careers in the child development field serving 125 adults per year.

Healthy Careers Academy provides occupational skills training for careers in the healthcare industry serving 100 adults per year.

Client Assistance:

Parish Conferences is volunteer led assistance to people in need of assistance through a network of 40 parish-based groups, with technical support provided by the Community Services Corporation

Mobile Clothing Bank provides clothing distribution to over 5,000 homeless and low-income individuals each year. This program closed in 2014.

St. Vincent de Paul of Baltimore, Inc. and Subsidiaries
Notes to Consolidated Financial Statements
For the Year Ended September 30, 2015

Note 2 - Organization and Significant accounting Policies (Continued)

Healthy Food Access:

Food Share is a food assistance program distributing 2 million pounds of food per year to meal programs and food pantries in Baltimore City and County. This program closed in 2014.

KidzTable is a social enterprise seeking to expand access to healthy foods by providing 6,000 fresh nutritious meals daily to children in schools, pre-schools, and summer camps throughout the greater Baltimore Region.

Donated Services and Materials:

SVDP receives donated services from a variety of unpaid volunteers assisting SVDP in support of its programs.

SVDP receives donations of food provided by various individuals and parishes as well as the government surplus food distribution by its Food Share program. The approximate fair value of the donations is \$365,732 and \$1,413,541 for the years ended September 30, 2015 and 2014, respectively, and is included in contributions and expenses in the Statement of Activities.

SVDP receives donations of clothing and excess clothing which is sold for income to support program expenses and other items.

Income Tax Status:

SVDP is exempt from Federal and State income taxes under Section 501(c)(3) of the Internal Revenue Code.

Uncertain Tax Positions

In June 2006, The Financial Accounting Standards Board (FASB) released ASC 740-10, Income Taxes, that provides guidance for reporting uncertainty in come taxes. For the year ended September 30, 2014, SVDP has considered FASB ASC 740-10 and determined that no material uncertain tax positions qualify for either recognition or disclosure in the financial statements.

Functional Allocation of Expenses

The cost of providing the various programs and other activities have been summarized on a functional basis in the Statement of Activities and Change in Net Assets. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

Note 3 - Pledges Receivable

The Pledges Receivable in the amount of \$1,776,539 are detailed below. The Pledges receivable are \$1,791,672 less a future value discount of \$15,133.

	2015	2014
Pledges Receivable	\$ 1,791,672	\$ 1,475,128
Due within One Year	1,182,748	1,275,128
Due within Two to Six Years	\$ 608,924	\$ 200,000
Discount	15,133	10,000
Net Long-Term Receivable	<u>\$ 593,791</u>	<u>\$ 190,000</u>

St. Vincent de Paul of Baltimore, Inc. and Subsidiaries
Notes to Consolidated Financial Statements
For the Year Ended September 30, 2015

Note 4 - Investments

Investments are stated at fair value and are as follows:

	2015		2014	
	Cost	Fair Market Value	Cost	Fair Market Value
T. Rowe Price				
Blue Chip Growth	\$ 22,418	\$ 26,087	\$ 24,054	\$ 28,891
Growth Stock	23,143	25,715	15,541	18,879
Media & Telecommunications	24,436	24,967	16,526	18,798
	\$ 69,997	\$ 76,769	\$ 56,121	\$ 66,568

The funds held in the T. Rowe Price Summit Cash Reserves Fund for the years ended September 30, 2015 and 2014 in the amounts of \$316,021 and \$265,045 respectively have been considered as cash and are included in Cash on the Statement of Financial Position and are available for the general and capital operations of SVDP.

The investment funds stated above are assets held for the Section 457 retirement plans approved by the Board of Directors in the fiscal year September 30, 2012.

Note 5 - Fair Value Measurements

In accordance with Statement of Financial Accounting Standards (SFAS) No. 157, SVDP has categorized its financial instruments, based on the priority of the inputs to the valuation technique, into a three-level fair value hierarchy. The fair value hierarchy gives the highest priority to quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). If the inputs used to measure the financial instruments fall within different levels of hierarchy, the categorization is based on the lowest level input that is significant to the fair value measurement of the instrument. Investments recorded in the Statement of Financial Position are categorized based on the inputs to valuation techniques as follows:

Level 1. These are investments where values are based on unadjusted quoted prices for identical assets in an active market SVDP has the ability to access.

Level 2. These are investments where values are based on quoted prices in markets that are not active or model inputs that are observable either directly or indirectly for substantially the full-term of the investments.

Level 3. These are investments where values are based on quoted prices or valuation techniques that require that are both unobservable and significant to the overall fair value measurement. These inputs reflect assumptions of management about assumptions market participants would use in pricing the investments. These investments include non-readily marketable securities that do not have an active market.

Financial assets recorded on the Statement of Financial Position are categorized based on the inputs to the valuation technique as follows for the year ended September 30, 2015:

	Level 1	Level 2	Level 3	Total
Asset Category				
Investments	\$ 76,769	\$ -	\$ -	\$ 76,769

St. Vincent de Paul of Baltimore, Inc. and Subsidiaries
Notes to Consolidated Financial Statements
For the Year Ended September 30, 2015

Note 6 - Investment and Note Receivable-Social Enterprise

During the fiscal year ended September 30, 2010, SVDP formed and capitalized a social enterprise, St. Vincent de Paul Enterprises, Inc. to provide catering services, training and employment opportunities. St. Vincent de Paul of Baltimore, Inc. is the sole stockholder of the corporation.

	2015	2014
Capital Stock and Paid in Capital	\$ 160,000	\$ 10,000
Note and Other Receivable	21,203	27,086
Net Operating Income (Loss)	(1,177,503)	(964,777)
Total Investment	<u>\$ (996,300)</u>	<u>\$ (927,691)</u>

St. Vincent de Paul Enterprises, Inc. has suffered losses during the past fiscal years totaling \$1,177,503 and as of the fiscal year ended September 30, 2015 their total liabilities exceeded their total assets by \$1,016,503. The liabilities included an amount due to St. Vincent de Paul of Baltimore, Inc. in the amount of \$536,646 for advance deposit for food services. During the fiscal year ended September 30, 2015, St. Vincent contributed additional paid in capital in the amount of \$150,000 and in October 2015 an additional paid in capital contribution of \$100,000 was made. In addition, the corporation was unable to pay for leasing of the facilities and administrative services totaling \$249,927 during the year ended September 30, 2015. These costs have not been included in the financial statements due to the uncertainty of the ability for St. Vincent DePaul Enterprises' ability to pay for them. These were additional costs that St. Vincent De Paul of Baltimore, Inc. subsidized. These factors as well as certain conditions create an uncertainty about the Social Enterprise's ability to continue as a going concern. Management of the company is developing a long term plan to reduce their liabilities through the restructuring their operating environment. The financial statements do not include any adjustment that might be necessary if the Enterprise is unable to continue as a going concern.

Note 7 - Buildings and Equipment

Buildings and equipment are recorded at acquisition cost or, if donated, at fair value at the date of donation. The land has been acquired through a series of donations. It is not practical to ascertain the fair value of the land at the date of donation and therefore no value has been assigned to the land. Depreciation is calculated on the straight-line method over estimated useful lives ranging from 5 to 40 years.

	2015	2014
Building and Improvements	\$ 17,468,509	\$ 11,961,387
Furniture and Vehicles	1,982,813	1,711,179
	<u>\$ 19,451,322</u>	<u>\$ 13,672,566</u>
Accumulated Depreciation	(4,734,950)	(4,156,534)
	<u>\$ 14,716,372</u>	<u>\$ 9,516,032</u>

Certain property and equipment used in the Programs were acquired partially using funds from U.S. Department of Housing and Urban Development (HUD), State of Maryland and Baltimore City grants. These grants require that the facilities be used for transitional housing for homeless individuals for a minimum of 10 to 20 years or the property may revert to granting Agency. The loans will be converted to a grant if all the terms of the loan are met.

Note 8 - Pension Plan

On October 1, 1999, SVDP established an independent 403(b) Retirement Plan. The Plan is available to employees as defined in the employer's employee handbook, who are at least 21 years old. Contributions by the employees are voluntary. SVDP may elect to provide a year-end match that is determined annually by the Board of Directors. The contributions for the years ended September 30, 2015 and 2014 were \$274,580 and \$209,009, respectively. During the year ended September 30, 2012, SVDP approved a supplemental Section 403(b) and Section 457B and 457F plans for contributions for certain personnel. The contributions for the year 2015 and 2014 for all plans are included in the figures above.

St. Vincent de Paul of Baltimore, Inc. and Subsidiaries
Notes to Consolidated Financial Statements
For the Year Ended September 30, 2015

Note 9 - Loans Payable

Notes payable consist of the following:

	2015	2014
HUD/SHP	\$ 409,393	\$ 477,627
State of Maryland	1,500,000	-
	\$ 1,909,393	\$ 477,627

In October, 1999, SVDP received a grant from the City of Baltimore, as a pass-through from HUD (HUD/SHP), to be used for the rehabilitation of Cottage Avenue properties to be used as transitional housing facilities for homeless people of Baltimore City. The amount of the grant is not to exceed \$739,180 and at September 30, 2002, SVDP had received \$682,329 of funds. The entire amount of the grant proceeds received must be paid back to the City if the project ceases to be used as supportive housing for homeless persons within ten (10) years from the date of initial occupancy. If the project is used as supportive housing for more than 10 years, then the amount required to be repaid is reduced by 10% for each year in excess of the ten years the project is used as supportive housing. No interest accrues in the event of default. Also, in the event of default, property will be conveyed to another nonprofit organization. During the fiscal year 2015 and 2014, \$68,234 of the debt was forgiven in each fiscal year.

In July 2014, SVDP received a grant from the State of Maryland Department of Housing and Community Development to be used for the rehabilitation costs of a shelter, transitional or other housing facility for homeless households located at 1114 N. Mount Street known as Sarah's Hope properties. The amount of the grant was \$1,500,000. The entire amount of the grant proceeds received must be paid back to the State if the project ceases to be used as housing for homeless households within fifteen (15) years from the date of initial occupancy or the recipient refinances, sells, assigns, transfers or conveys the Property or the Project. The Recipient has executed a leasehold Deed of Trust, Security Agreement, and Notice of Repayment securing the Grant which shall constitute a valid first lien on the real property on which the project is located.

Note 10 - Notes Payable and Line of Credit

SVDP has established a \$500,000 line of credit with the M & T Bank at the Overnight LIBOR plus 3% with an all-in rate of 3.25%. The line was established in April 2011, with an on demand maturity. During the fiscal years ended September 30, 2015 and 2014, there were no advances under a line of credit.

SVDP established a \$1,000,000 revolver line with M & T Bank at the Overnight LIBOR plus 2% with an all-in rate of 2.25%. The line was established in April 2011, with an expiration date of April 2017. The loan was to bridge collection of pledges to finance the renovations of the Beans and Bread Center. The agreement requires interest only during construction with principal payments to commence once construction has been completed. The outstanding balances of the line of credit as of September 30, 2015 and 2014 were \$267,000 and \$267,000 respectively. The line of credit was converted in May 2014 to a note payable requiring monthly interest only payments with balance reductions as pledges are collected.

SVDP established a \$1,000,000 revolver line with M & T Bank at the Overnight LIBOR plus 2%. The line was established to bridge the collection of pledges related to the collection of pledges for Sarah's Hope, Mount Street Shelter, with an expiration date of December 31, 2017. The agreement requires interest only through December 31, 2017. Advances and pay downs can be made against the revolver through December 31, 2017; after which no additional draws can be taken and the outstanding principal at that time will be termed out. Principal payments made after December 31, 2017 will be a permanent reduction of the revolver. Outstanding principal and interest is due in its entirety upon maturity at December 31, 2021. Marketable securities of St. Vincent De Paul Foundation, Inc. in the amount of \$1,333,333 are pledged as security. The securities are held in a custody account at M & T Bank. At September 30, 2015 and 2015, there were no advances under the revolver line of credit.

St. Vincent de Paul of Baltimore, Inc. and Subsidiaries
Notes to Consolidated Financial Statements
For the Year Ended September 30, 2015

Note 10 - Notes Payable and Line of Credit

SVDP established an equipment loan during the fiscal year with M & T Bank. The balance outstanding at September 30, 2015 and 2014 was \$71,428 and \$142,857 respectively which is secured by the equipment as per the financing agreement with the M & T Bank at the Overnight LIBOR plus 3% with an all-in rate of 3.25%. The agreement calls for monthly principal payments of \$5,952 plus interest.

SVDP Enterprises, Inc. established a \$100,000 line of credit with the M & T Bank at Overnight LIBOR plus 3% with an all-in rate of 3.19. The line was established in August 2011. During the year ended September 30, 2015 and 2014, additional advances were made under the line of credit with the entire balance being repaid by the end of the fiscal year.

Notes payable consist of the following:

	2015	2014
SVDP- Revolver Line	\$ 267,000	\$ 267,000
SVDP- Equipment Loan	71,428	142,857
TOTAL	\$ 338,428	\$ 409,857

Note 11 - Pension Plan

SVDP has received the Pension Plan assets for their employees due to the separation from the Archdiocese of Baltimore Lay Employees Pension Plan. The plan had been closed to contribution since June 30, 2011 and no contributions have been made since that date. SVDP has adopted the recognition provisions of FASB ASC 715-20, *Compensation-Retirement Benefits-Defined Benefit Plans-General-Disclosure*, which requires that the funded status of defined benefit pension plans be fully recognized in the Statement of Financial Position. The annual measurement date is June 30 for the pension benefits.

	2015	2014
Projected Benefit Obligation, End of Year	\$ 2,655,814	\$ 2,496,878
Fair Value of Assets, End of Year	1,948,908	1,881,522
Unfunded Status	<u>\$ 706,906</u>	<u>\$ 615,356</u>

The underlying rates used to determine the net periodic benefit cost were as follows:

Weighted average discount rate	4.25%	4.25%
Expected long term rate of return	7.00%	7.00%

The expected future benefit payments the plan expects to pay for each of the next five fiscal years and in aggregate for the

Next Fiscal Year	\$ -	\$ 61,130
Fiscal Year +2	72,023	62,375
Fiscal Year +3	75,396	71,688
Fiscal Year +4	87,117	74,624
Fiscal Year +5	89,204	84,488
For Fiscal Year +6 through +10	676,805	495,191
	\$ 1,000,545	\$ 857,869

The trustees have allocated day-to-day investment decisions to a professional investment manager who has sole discretion in making investments on behalf of the of the Trust Fund. The Trustees have provided general investment guidelines to the investment manager that investments may include securities for which there is an active market and which are obtainable by a licensed broker-dealer "over the counter" or on a recognized exchange and any other lawful investments which are approved by the Trustees.

St. Vincent de Paul of Baltimore, Inc. and Subsidiaries
Notes to Consolidated Financial Statements
For the Year Ended September 30, 2015

Note 12 - Temporarily Restricted Net Assets and Satisfaction of Purpose Restrictions

Temporarily restricted net assets are restricted for the following purposes:

	<u>2015</u>	<u>2014</u>
Fiscal Year Operating Activities	\$ 409,627	\$ 558,666
Capital Projects	1,564,998	1,419,918
SVDP Foundation Grants	<u>203,000</u>	<u>2,300</u>
Total	<u>\$ 2,177,625</u>	<u>\$ 1,980,884</u>

Satisfaction of purpose restrictions:

During 2015 and 2014, donor restricted designations were met and funds released for the following purposes:

	<u>2015</u>	<u>2014</u>
Fiscal Year Operating Activities	\$ 558,666	\$ 99,740
Capital Projects	3,198,661	415,097
SVDP Foundation Grants	<u>2,300</u>	<u>5,335</u>
Total	<u>\$ 3,759,627</u>	<u>\$ 520,172</u>

Note 13 - Operating Leases

SVDP entered into a lease with 2305 North Charles, LLC beginning July 1, 2008 for 3,260 square feet of office space. The original term of the lease was four years ending June 30, 2012 which was extended until June 30, 2016. A lease extension was signed in December 2015. The base rent for future periods is as follows:

September 30, 2016	<u>\$ 67,599</u>
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SVDP entered into a lease with FRP Hollander95, LLC beginning July 1, 2012 for 10,852 square feet of office and warehouse facility space. The original term of the lease is ten years ending June 30, 2022. The base rent for future periods is as follows:

September 30, 2016	\$ 57,683
September 30, 2017	59,270
September 30, 2018	60,900
September 30, 2019 to 2022	<u>330,559</u>
Total	<u>\$ 508,412</u>

SVDP entered into a lease with City of Baltimore on August 14, 2014 for 41,668 square feet and a parking lot. The original term of the lease is five years ending June 30, 2019. The lease requires annual rent of \$86,000 payable in monthly installments of \$7,166.66.

St. Vincent De Paul Enterprises, Inc. entered into leases for delivery trucks with Ryder Truck Rentals for five trucks. The base rent for future periods is as follows:

September 30, 2016	\$ 93,300
September 30, 2017	93,300
September 30, 2018	93,300
September 30, 2019	<u>69,975</u>
Total	<u>\$ 349,875</u>

Note 14 - Subsequent Events

In preparing these financial statements, SVDP has evaluated events and transactions for potential recognition or disclosure through February 3, 2016, the date the financial statements were issued

JOHN C. WALSH & CO., P. C.

CERTIFIED PUBLIC ACCOUNTANT

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
St. Vincent de Paul of Baltimore, Inc. and Subsidiaries
Baltimore, Maryland

We have audited the consolidated financial statements of St. Vincent De Paul of Baltimore, Inc. and Subsidiaries as of and for the year September 30, 2015, and our report thereon dated February 3, 2016, which expressed an unqualified opinion on those financial statements appears on page 1. Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements taken as a whole. The accompanying other financial information on pages 15-19 is presented for the 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 related directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the information and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the 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 states in all material respects in relation to the financial statements as a whole.

John C. Walsh & Co.

February 3, 2016

St. Vincent de Paul of Baltimore, Inc. and Subsidiaries
Consolidating Statement of Financial Position
September 30, 2015 and 2014

Assets	SVDP	SVDP Enterprises	Eliminating	2015	2014
Cash and Cash Equivalents	\$ 508,239	\$ 18,593	\$ -	\$ 526,832	\$ 507,040
Accounts Receivable	1,976,874	270,738	(113,756)	2,133,856	2,906,964
Pledges Receivable (Note 3)	1,776,539	-	-	1,776,539	1,465,128
Investments (Note 4 and 5)	76,769	-	-	76,769	66,568
Security Deposit and Prepaid Expenses	637,847	500	(536,646)	101,701	20,778
Inventory	-	54,570	-	54,570	54,447
Investments and Note Receivable-Social Enterprise (Note 6)	187,308	-	(187,308)	-	-
Buildings and Equipment, Net of Accumulated Depreciation (Notes 7 and 9)	14,701,127	15,245	-	14,716,372	9,516,032
Total Assets	\$ 19,864,703	\$ 359,646	\$ (837,710)	\$ 19,386,639	\$ 14,536,957
Liabilities and Net Assets					
Accounts Payable and Accrued Expenses	\$ 1,056,206	\$ 1,376,149	\$ (676,710)	\$ 1,755,645	\$ 1,524,420
Accrued Pension Liability (Note 11)	706,906	-	-	706,906	615,356
Notes Payable (Note 10)	338,428	-	-	338,428	409,857
Loans Payable (Note 9)	1,909,393	-	-	1,909,393	477,627
Total Liabilities	\$ 4,010,933	\$ 1,376,149	\$ (676,710)	\$ 4,710,372	\$ 3,027,260
Commitments (Notes 10, 11 and 13)					
Net Assets and Owner's Equity					
Unrestricted	\$ 13,676,145	\$ -	\$ -	\$ 13,676,145	\$ 10,494,590
Temporarily Restricted (Note 12)	2,177,625	-	-	2,177,625	1,980,884
Capital Stock and Paid in Capital		\$ 160,000	\$ (160,000)	-	-
Retained Earnings		(1,176,503)	(1,000)	(1,177,503)	(965,777)
Total Net Assets	\$ 15,853,770	\$ (1,016,503)	\$ (161,000)	\$ 14,676,267	\$ 11,509,697
Total Liabilities and Net Assets	\$ 19,864,703	\$ 359,646	\$ (837,710)	\$ 19,386,639	\$ 14,536,957

St. Vincent de Paul of Baltimore, Inc. and Subsidiaries
Consolidating Statement of Activities and Changes in Net Assets
September 30, 2015 and 2014

	2015			2014 Total	
	SVDP	SVDP Enterprises	Eliminating		Total
Public Support					
Contributions and Grants	\$ 3,526,245	\$ -	\$ -	\$ 3,526,245	\$ 2,536,810
Government Grants	11,649,604	-	-	11,649,604	10,033,427
Donated Food, Clothing and Services	3,700,097	-	-	3,700,097	4,186,162
Total Public Support	<u>\$ 18,875,946</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 18,875,946</u>	<u>\$ 16,756,399</u>
Other Revenue					
Program Income and Sales	\$ 496,554	\$ 2,592,471	\$ (1,109,884)	\$ 1,979,141	\$ 2,400,911
Investment Income	32,773	-	-	32,773	2,260
Miscellaneous	137,026	-	-	137,026	11,011
Net Assets Released from Restriction (Note 12)	3,759,627	-	-	3,759,627	520,172
Total Other Revenue	<u>\$ 4,425,980</u>	<u>\$ 2,592,471</u>	<u>\$ (1,109,884)</u>	<u>\$ 5,908,567</u>	<u>\$ 2,934,354</u>
Total Support and Revenue	<u>\$ 23,301,926</u>	<u>\$ 2,592,471</u>	<u>\$ (1,109,884)</u>	<u>\$ 24,784,513</u>	<u>\$ 19,690,753</u>
Expenses					
Program Services	\$ 18,828,895	\$ 2,789,800	\$ (1,109,884)	\$ 20,508,811	\$ 19,514,915
Administrative Services:					
Management and General	124,052	14,397	-	138,449	26,756
Fund Development	565,692	-	-	565,692	558,441
Total Direct Expenses	<u>\$ 19,518,639</u>	<u>\$ 2,804,197</u>	<u>\$ (1,109,884)</u>	<u>\$ 21,212,952</u>	<u>\$ 20,100,112</u>
Excess of Revenues Over Direct Expenses	<u>\$ 3,783,287</u>	<u>\$ (211,726)</u>	<u>\$ -</u>	<u>\$ 3,571,561</u>	<u>\$ (409,359)</u>
Unfunded Pension Liability	(91,550)	-	-	(91,550)	120,610
Social Enterprise Net Activity	(211,726)	-	211,726	-	-
Depreciation	(578,416)	-	-	(578,416)	(524,817)
Changes in Unrestricted Net Assets	<u>\$ 2,901,595</u>	<u>\$ (211,726)</u>	<u>\$ 211,726</u>	<u>\$ 2,901,595</u>	<u>\$ (813,566)</u>
Changes in Temporarily Restricted Net Assets					
Contributions and Other	3,956,368	-	-	3,956,368	2,395,981
Net Assets Released from Restrictions	<u>(3,759,627)</u>	<u>-</u>	<u>-</u>	<u>(3,759,627)</u>	<u>(520,172)</u>
Change in Net Assets, Before Extraordinary Item	<u>\$ 3,098,336</u>	<u>\$ (211,726)</u>	<u>\$ 211,726</u>	<u>\$ 3,098,336</u>	<u>\$ 1,062,243</u>
Gain from Forgiveness of Debt (Note 9)	68,234	-	-	68,234	440,819
Change in Net Assets, After Extraordinary Item	<u>\$ 3,166,570</u>	<u>\$ (211,726)</u>	<u>\$ 211,726</u>	<u>\$ 3,166,570</u>	<u>\$ 1,503,062</u>
Net Assets, Beginning of Year	<u>12,475,474</u>	<u>(964,777)</u>	<u>(1,000)</u>	<u>11,509,697</u>	<u>10,006,635</u>
Net Assets, End of Year	<u>\$ 15,642,044</u>	<u>\$ (1,176,503)</u>	<u>\$ 210,726</u>	<u>\$ 14,676,267</u>	<u>\$ 11,509,697</u>

The Notes to Financial Statements are an integral part of these statements.

St. Vincent de Paul of Baltimore, Inc.
Stand Alone Statement of Financial Position
September 30, 2015 and 2014

	2015	2014
Assets		
Cash and Cash Equivalents	\$ 508,239	\$ 456,383
Accounts Receivable	1,976,874	2,660,245
Pledges Receivable (Note 3)	1,776,539	1,465,128
Investments (Note 4 and 5)	76,769	66,568
Security Deposit and Prepaid Expenses	637,847	549,795
Investments and Note Receivable-Social Enterprise (Note 6)	187,308	37,086
Buildings and Equipment, Net of Accumulated Depreciation (Notes 7 and 9)	14,701,127	9,507,578
Total Assets	\$ 19,864,703	\$ 14,742,783
Liabilities and Net Assets		
Accounts Payable and Accrued Expenses	\$ 1,056,206	\$ 764,469
Accrued Pension Liability (Note 11)	706,906	615,356
Notes Payable (Note 10)	338,428	409,857
Loans Payable (Note 9)	1,909,393	477,627
Total Liabilities	\$ 4,010,933	\$ 2,267,309
Commitments (Notes 10, 11 and 13)		
Net Assets		
Unrestricted	\$ 13,676,145	\$ 10,494,590
Temporarily Restricted (Note 12)	2,177,625	1,980,884
Total Net Assets	\$ 15,853,770	\$ 12,475,474
Total Liabilities and Net Assets	\$ 19,864,703	\$ 14,742,783

St. Vincent de Paul of Baltimore, Inc.
Stand Alone Statement of Activities and Changes in Net Assets
September 30, 2015 and 2014

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>2015 Total</u>	<u>2014 Total</u>
Public Support				
Contributions and Grants	\$ 3,526,245	\$ 3,956,356	\$ 7,482,601	\$ 4,741,527
Government Grants	11,649,604	-	11,649,604	10,224,676
Donated Food, Clothing and Services	3,700,097	-	3,700,097	4,186,162
Total Public Support	<u>\$ 18,875,946</u>	<u>\$ 3,956,356</u>	<u>\$ 22,832,302</u>	<u>\$ 19,152,365</u>
Other Revenue				
Program Income and Sales	\$ 496,554	\$ -	\$ 496,554	\$ 424,722
Investment Income	32,773	12	32,785	2,275
Miscellaneous	137,026	-	137,026	275,449
Net Assets Released from Restriction (Note 12)	3,759,627	(3,759,627)	-	-
Total Other Revenue	<u>\$ 4,425,980</u>	<u>\$ (3,759,615)</u>	<u>\$ 666,365</u>	<u>\$ 702,446</u>
Total Support and Revenue	<u>\$ 23,301,926</u>	<u>\$ 196,741</u>	<u>\$ 23,498,667</u>	<u>\$ 19,854,811</u>
Expenses				
Program Services	\$ 18,828,895	\$ -	\$ 18,828,895	\$ 17,290,903
Administrative Services:				
Management and General	124,052	-	124,052	23,894
Fund Development	565,692	-	565,692	558,441
Total Direct Expenses	<u>\$ 19,518,639</u>	<u>\$ -</u>	<u>\$ 19,518,639</u>	<u>\$ 17,873,238</u>
Excess of Revenues Over Direct Expenses	<u>\$ 3,783,287</u>	<u>\$ 196,741</u>	<u>\$ 3,980,028</u>	<u>\$ 1,981,573</u>
Unfunded Pension Liability	(91,550)	-	(91,550)	120,610
Depreciation	(578,416)	-	(578,416)	(524,817)
Change in Net Assets, Before Extraordinary Item	<u>\$ 3,113,321</u>	<u>\$ 196,741</u>	<u>\$ 3,310,062</u>	<u>\$ 1,577,366</u>
Gain from Forgiveness of Debt (Note 9)	68,234	-	68,234	440,819
Change in Net Assets, After Extraordinary Item	<u>\$ 3,181,555</u>	<u>\$ 196,741</u>	<u>\$ 3,378,296</u>	<u>\$ 2,018,185</u>
Net Assets, Beginning of Year	<u>10,494,590</u>	<u>1,980,884</u>	<u>12,475,474</u>	<u>10,457,289</u>
Net Assets, End of Year	<u><u>\$ 13,676,145</u></u>	<u><u>\$ 2,177,625</u></u>	<u><u>\$ 15,853,770</u></u>	<u><u>\$ 12,475,474</u></u>

St. Vincent de Paul of Baltimore, Inc.
Stand-Alone Schedule of Functional Expense
September 30, 2015 and 2014

	Program Services				Administrative Services		2015 Total	2014 Total
	Homeless Services & Supportive Housing	Child and Family Services	Workforce Development	Client Assistance	Management and General	Fund Development		
Expenses								
Salaries	2,221,956	4,152,779	363,852	56,114	848,136	213,166	7,856,003	7,206,280
Employee Benefits	538,300	1,041,848	100,347	7,755	216,729	53,052	1,958,031	1,596,037
Professional Fees	234,310	1,154,110	48,718	214,767	264,656	26,039	1,942,600	1,291,222
Supplies	108,934	283,151	31,560	3,281	20,930	19,089	466,945	421,815
Telephone	30,569	30,180	5,232	972	15,913	2,133	84,999	76,768
Printing and Postage	14,030	36,586	1,555	1,362	55,855	133,647	243,035	238,451
Occupancy	815,743	568,500	142,808	2,175	113,596	19,947	1,662,769	1,708,671
Insurance	38,024	69,270	4,779	543	5,619	3,171	121,406	133,343
Transportation	9,425	70,233	2,442	431	805	380	83,716	135,590
Conference Costs	19,830	104,065	3,188	9,922	42,915	4,045	183,965	134,744
Client Assistance	765,304	-	-	217,089	-	-	982,393	552,885
Miscellaneous	31,732	43,224	(5,892)	62,255	69,078	32,283	232,680	191,271
Total	4,828,157	7,553,946	698,589	576,666	1,654,232	506,952	15,818,542	13,687,077
Indirect Costs	436,318	931,867	86,177	44,865	(1,557,967)	58,740	0	-
Total Program Expenses	5,264,475	8,485,813	784,766	621,531	96,265	565,692	15,818,542	13,687,077
Donated Food and Services	1,028,658	2,601,210	42,442	-	27,787	-	3,700,097	4,186,161
Total Direct Expenses	6,293,133	11,087,023	827,208	621,531	124,052	565,692	19,518,639	17,873,238