

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

For the Fiscal Year Ended September 30, 2014

*Financial Statements
and
Report of Independent Auditor*

JOHN C. WALSH & CO.
CERTIFIED PUBLIC ACCOUNTANT

FINANCIAL STATEMENTS

CONTENTS

Independent Auditor's Report	1-2
Audited Consolidated Financial Statements	
Consolidated Statement of Financial Position	3
Consolidated Statements of Activities and Changes in Net Assets	4
Consolidated Statements of Cash Flows	5
Notes to Consolidated Financial Statements	6-13
Supplementary Information	
Independent Auditor's Report on Supplementary Financial Information	14
Consolidating Schedule of Financial Position	15
Consolidating Schedule of Activities and Changes in Net Assets	16
Stand-Alone Schedules of Financial Position of St. Vincent De Paul of Baltimore, Inc.	17
Stand-Alone Schedules of Activities and Changes in Net Assets of St. Vincent De Paul of Baltimore, Inc.	18
Stand-Alone Schedules of Functional Expenses of St. Vincent De Paul of Baltimore, Inc.	19

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

CERTIFIED PUBLIC ACCOUNTANT

1101 FIFTEENTH STREET, N. W.

SUITE 207

WASHINGTON, D. C. 20005

202-833-9000

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, 2014 and 2013 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 2013 consolidated financial statements and, in our report dated January 14, 2014, 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

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, 2014 and 2013, 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 6, 2015 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 6, 2015

St. Vincent de Paul of Baltimore, Inc. and Subsidiaries
Consolidated Statement of Financial Position
September 30, 2014 and 2013

	2014	2013
Assets		
Cash and Cash Equivalents	\$ 507,040	\$ 1,711,484
Accounts Receivable	2,906,964	2,741,138
Pledges Receivable (Note 3)	1,465,128	988,660
Investments (Note 4 and 5)	66,568	37,523
Security Deposit and Prepaid Expenses	20,778	35,320
Inventory	54,447	52,184
Buildings and Equipment, Net of Accumulated Depreciation (Notes 7 and 9)	9,516,032	9,522,414
Total Assets	\$ 14,536,957	\$ 15,088,723
Liabilities and Net Assets		
Accounts Payable and Accrued Expenses	\$ 1,524,420	\$ 1,296,657
Accrued Pension Liability (Note 11)	615,356	900,046
Deferred Revenues	-	1,002,653
Line of Credit (Note 10)	409,857	964,286
Notes Payable (Note 9)	477,627	918,446
Total Liabilities	\$ 3,027,260	\$ 5,082,088
Commitments (Notes 10, 11 and 13)		
Net Assets		
Unrestricted	\$ 10,494,590	\$ 10,352,214
Temporarily Restricted (Note 12)	1,980,884	\$ 105,075
Retained Earnings-Deficit	(965,777)	(450,654)
Total Net Assets	\$ 11,509,697	\$ 10,006,635
Total Liabilities and Net Assets	\$ 14,536,957	\$ 15,088,723

St. Vincent de Paul of Baltimore, Inc. and Subsidiaries
Consolidated Statement of Activities and Changes in Net Assets
For the Year Ended September 30, 2014
(With Comparative Totals for 2013)

	<u>2014</u> <u>Total</u>	<u>2013</u> <u>Total</u>
Public Support		
Contributions and Grants	\$ 4,741,542	\$ 3,967,409
Government Grants	10,224,676	10,733,489
Donated Food, Clothing and Services	4,186,162	3,982,999
Total Public Support	<u>\$ 19,152,380</u>	<u>\$ 18,683,897</u>
Other Revenue		
Program Income and Sales	\$ 2,400,911	\$ 2,125,523
Investment Income	2,260	2,058
Miscellaneous	11,011	45,495
Total Other Revenue	<u>\$ 2,414,182</u>	<u>\$ 2,173,076</u>
 Total Support and Revenue	 <u>\$ 21,566,562</u>	 <u>\$ 20,856,973</u>
Expenses		
Program Services	\$ 19,514,915	\$ 19,173,714
Administrative Services:		
Management and General	26,756	41,953
Fund Development	558,441	525,893
Total Direct Expenses	<u>\$ 20,100,112</u>	<u>\$ 19,741,560</u>
Excess of Revenues Over Direct Expenses	\$ 1,466,450	\$ 1,115,413
Unfunded Pension Liability	120,610	393,072
Depreciation	<u>(524,817)</u>	<u>(349,909)</u>
Change in Net Assets, Before Extraordinary Item	\$ 1,062,243	\$ 1,158,576
Gain from Forgiveness of Debt (Note 9)	<u>440,819</u>	<u>90,819</u>
Change in Net Assets, After Extraordinary Item	\$ 1,503,062	\$ 1,249,395
Net Assets, Beginning of Year	<u>10,006,635</u>	<u>8,757,240</u>
Net Assets, End of Year	<u><u>\$ 11,509,697</u></u>	<u><u>\$ 10,006,635</u></u>

St. Vincent de Paul of Baltimore, Inc. and Subsidiaries
Consolidated Statement of Cash Flows
For the Years Ended September 30, 2014 and 2013

	2014	2013
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in Net Assets	\$ 1,503,062	\$ 1,249,395
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by (Used in) Operating Activities:		
Depreciation	524,817	349,909
Gain from Forgiveness of Debt	(440,819)	(90,819)
Decrease (Increase) In:		
Accounts and Pledges Receivable	(642,294)	(338,606)
Other Current Assets	12,279	68,707
(Decrease) Increase In:		
Deferred Revenues	(1,002,653)	(17,047)
Accounts Payable and Accrued Expenses	(56,927)	210
	\$ (102,535)	\$ 1,221,749
 CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of Property and Equipment	\$ (518,435)	\$ (2,515,109)
Net Loan Proceeds and (Repayments)	(554,429)	964,286
Net Investment Activity	(29,045)	(37,523)
	\$ (1,101,909)	\$ (1,588,346)
 Net Increase in Cash and Cash Equivalents	\$ (1,204,444)	\$ (366,597)
 Cash and Cash Equivalents, Beginning of Year	1,711,484	2,078,081
 Cash and Cash Equivalents, End of Year	\$ 507,040	\$ 1,711,484
	.	
 NON-CASH FINANCING ACTIVITY:		
Forgiveness of Debt	\$ 440,819	\$ 90,819

St. Vincent de Paul of Baltimore, Inc. and Subsidiaries
Notes to Consolidated Financial Statements
For the Year Ended September 30, 2014

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, 2014

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, Mount Street is a rapid rehousing and shelter diversion program serving 60 families per year in Baltimore County.

Front Door, Hannah More is a rapid rehousing program serving 20 families per year in Baltimore County.

Child and Family Services:

Camp St. Vincent is a summer day camp serving 185 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.

Emergency 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, 2014

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 \$1,413,541 and \$1,433,423 for the years ended September 30, 2014 and 2013, 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 \$1,465,128 are detailed below. The Pledges receivable are \$1,475,128 less a future value discount of \$10,000.

	2014	2013
Pledges Receivable	\$ 1,475,128	\$ 1,001,160
Due within One Year	<u>1,275,128</u>	<u>753,600</u>
Due within Two to Six Years	\$ 200,000	\$ 247,500
Discount	<u>10,000</u>	<u>12,500</u>
Net Long-Term Receivable	<u>\$ 190,000</u>	<u>\$ 235,000</u>

St. Vincent de Paul of Baltimore, Inc. and Subsidiaries
Notes to Consolidated Financial Statements
For the Year Ended September 30, 2014

Note 4 - Investments

Investments are stated at fair value and are as follows:

	2014		2013	
	Cost	Fair Market Value	Cost	Fair Market Value
T. Rowe Price				
Blue Chip Growth	\$ 24,054	\$ 28,891	\$ 13,381	\$ 15,040
Growth Stock	15,541	18,879	9,927	11,131
Media & Telecommunications	16,526	18,798	9,935	11,352
	\$ 56,121	\$ 66,568	\$ 33,243	\$ 37,523

The funds held in the T. Rowe Price Summit Cash Reserves Fund for the years ended September 30, 2014 and 2013 in the amounts of \$265,045 and \$516,055 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, 2010:

Asset Category	Level 1	Level 2	Level 3	Total
Investments	\$ 66,568	\$ -	\$ -	\$ 66,568

St. Vincent de Paul of Baltimore, Inc. and Subsidiaries
Notes to Consolidated Financial Statements
For the Year Ended September 30, 2014

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. The corporation began operations in September 2010 and for the year ended September 30, 2011 and 2010 incurred a net operating loss in the amount of \$18,567 and \$7,801 respectively. The note receivable carries an interest rate of 5% with interest accrual beginning September 1, 2011 and quarterly payments in the amount of \$2,272.82 beginning December 1, 2011 with the final payment due June, 2016.

	2014	2013
Capital Stock	\$ 10,000	\$ 10,000
Note and Other Receivable	27,086	25,144
Net Operating Income (Loss)	(964,777)	(449,654)
Total Investment	<u>\$ (927,691)</u>	<u>\$ (414,510)</u>

St. Vincent de Paul Enterprises, Inc. has suffered losses during the fiscal years 2014 and 2013 totaling \$965,777 and as of the fiscal year ended September 30, 2014 their total liabilities exceeded their total assets by \$964,777. 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. 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.

	2014	2013
Building and Improvements	\$ 11,961,387	\$ 11,549,425
Furniture and Equipment	2,217,527	2,108,719
Vehicles	159,545	159,545
	<u>\$ 14,338,459</u>	<u>\$ 13,817,689</u>
Accumulated Depreciation	(4,822,427)	(4,295,275)
	<u>\$ 9,516,032</u>	<u>\$ 9,522,414</u>

Certain property and equipment used in the Frederick Ozanam House and Cottage Avenue Community 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 HUD. Certain property acquired for the Beans and Bread Center expansion was acquired with funds from a loan made by the Mayor and City Council of Baltimore. The loan will be converted to a grant if all the terms of the loan are met.

Note 8 - Pension Plan

SVDP's Pension Plan was previously part of the Retirement Plan for Lay Employees of the Archdiocese of Baltimore. During the fiscal year ended September 30, 2013, SVDP officially withdrew from the Archdiocese plan and established the Retirement Plan for Employees of St. Vincent De Paul of Baltimore. The withdrawal included the transfer of all assets and related liabilities as calculated by an independent actuarial. The plan is closed for future contributions. The current funding statistics for the plan are contained in Note 15 of this report.

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, 2014 and 2013 were \$209,009 and \$279,094, 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 2013 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, 2014

Note 9 - Notes Payable

Notes payable consist of the following:

	2014	2013
City of Baltimore	\$ -	\$ 22,585
City of Baltimore - Bank Street	-	350,000
HUD/SHP	477,627	545,861
	\$ 477,627	\$ 918,446

In April, 1999 SVDP received a loan, collateralized by a deed of trust, from the Mayor and City Council of Baltimore (City), Maryland for the renovations of the St. Ambrose Center. Under the loan agreement, if SVDP meets certain loan requirements, the City will forgive \$22,585 of the debt annually, over the next 15 years. Interest shall accrue only in the event of default, at a rate of prime plus four percent. At the conclusion of the 15-year period, SVDP will have relieved its obligation under the note payable. During the fiscal years 2014 and 2013, \$22,585 of the debt was forgiven for each fiscal year. The balance of the debt was forgiven in 2014.

In August, 2008 SVDP received a loan in the amount of \$350,000, collateralized by a deed of trust, from the Mayor and City Council of Baltimore (City), Maryland for the acquisition of certain real property for the renovation and expansion of the Beans and Bread Center. Under the loan agreement, if SVDP meets all loan requirements by December 31, 2009 which was subsequently extended to December 31, 2013 and is not in material breach of any of the terms of the loan documents, the City will forgive the debt so the outstanding principal will be converted into a grant from the Lender to SVDP in accordance with the Grant Agreement of the even date. The note carries an interest rate of 0%. SVDP received notification in December 2013 from the City that all requirements of the loan have been met and that the debt has been forgiven.

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 2014 and 2013, \$68,234 of the debt was forgiven in each fiscal year.

Note 10 - 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, 2014 and 2013, 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. During the fiscal year ended September 30, 2013, there were advances totaling \$700,000 under the line of credit. The outstanding balances of the line of credit as of September 30, 2014 and 2013 were \$234,000 and \$700,000 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.

St. Vincent de Paul of Baltimore, Inc. and Subsidiaries
Notes to Consolidated Financial Statements
For the Year Ended September 30, 2014

Note 10 - Line of Credit (Continued)

SVDP established an equipment loan during the fiscal year with M & T Bank. The balance outstanding at September 30, 2014 and 2013 was \$142,857 and \$214,286 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, 2014, additional advances were made under the line of credit with the entire balance being repaid by the end of the fiscal year. The outstanding balance as of September 30, 2013 was \$50,000 .

Line of Credit payable consist of the following:

	<u>2014</u>	<u>2013</u>
SVDP- Revolver Line	\$ 267,000	\$ 700,000
SVDP- Equipment Loan	142,857	214,286
St. Vince De Paul Enterprises	-	50,000
TOTAL	<u>\$ 409,857</u>	<u>\$ 964,286</u>

Note 11 - Pension Plan

SVDP has received the Pension Plan assets for their employees due to the separation from the Archdiocese of Baltimore

	<u>2014</u>	<u>2013</u>
Projected Benefit Obligation, End of Year	\$ 2,496,878	\$ 2,518,709
Fair Value of Assets, End of Year	1,881,522	1,618,663
Funded Status	<u>\$ 615,356</u>	<u>\$ 900,046</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	\$ -	\$ 59,427
Fiscal Year +2	61,130	61,067
Fiscal Year +3	71,688	70,995
Fiscal Year +4	74,624	74,840
Fiscal Year +5	84,488	84,933
For Fiscal Year +6 through +10	<u>495,191</u>	<u>506,607</u>
	<u>\$ 787,121</u>	<u>\$ 857,869</u>

The trustees have the responsibility to formulate investment policies and strategies for the Plan. With the investment objective of providing secure retirement benefits for Plan participants, the investment strategy is to preserve capital while maintaining the highest possible return commensurate with moderate level of risk.

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, 2014

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

Temporarily restricted net assets are restricted for the following purposes:

	<u>2014</u>	<u>2013</u>
Fiscal Year Operating Activities	\$ 558,666	\$ 99,740
Capital Projects	1,419,918	-
SVDP Foundation Grants	<u>2,300</u>	<u>5,335</u>
Total	<u>\$ 1,980,884</u>	<u>\$ 105,075</u>

Satisfaction of purpose restrictions:

During 2014 and 2013, donor restricted designations were met and funds released for the following purposes:

	<u>2014</u>	<u>2013</u>
Fiscal Year Operating Activities	\$ 99,740	\$ 95,561
Capital Projects	415,097	2,253,808
SVDP Foundation Grants	<u>5,335</u>	<u>27,397</u>
Total	<u>\$ 520,172</u>	<u>\$ 2,376,766</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. The base rent for future periods is as follows:

September 30, 2014	\$ 85,596
September 30, 2015	88,161
September 30, 2016	<u>67,599</u>
Total	<u>\$ 241,356</u>

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, 2014	\$ 54,637
September 30, 2015	56,140
September 30, 2016	57,683
September 30, 2017 to 2022	<u>450,729</u>
Total	<u>\$ 619,189</u>

SVDP leased warehouse space for operations of the Food Share and Mobile Clothing Bank programs beginning in July, 2002. On November 16, 2011, SVDP entered into a one year lease extension ending November 30, 2013 with an annual base rent of \$50,058.

SVDP entered into an agreement with Ryder Truck Rental, Inc. to lease three trucks for use in transporting goods for the Mobile Clothing Bank and Food Share Program. The base rent on the future periods is as follows:

September 30, 2014 and thereafter	<u>\$ 55,374</u>
-----------------------------------	------------------

Note 14 - Subsequent Events

In preparing these financial statements, SVDP has evaluated events and transactions for potential recognition or disclosure through February 6, 2015, the date the financial statements were issued

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

CERTIFIED PUBLIC ACCOUNTANT

1101 FIFTEENTH STREET, N. W.

SUITE 207

WASHINGTON, D. C. 20005

202-833-9000

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, 2014, and our report thereon dated February 6, 2015, 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 6, 2015

St. Vincent de Paul of Baltimore, Inc. and Subsidiaries
Consolidating Statement of Financial Position
September 30, 2014 and 2013

	<u>SVDP</u>	<u>SVDP Enterprises</u>	<u>Eliminating</u>	<u>2014</u>	<u>2013</u>
Assets					
Cash and Cash Equivalents	\$ 456,383	\$ 50,657	\$ -	\$ 507,040	\$ 1,711,484
Accounts Receivable	2,660,245	344,931	(98,212)	2,906,964	2,741,138
Pledges Receivable (Note 3)	1,465,128	-	-	1,465,128	988,660
Investments (Note 4 and 5)	66,568	-	-	66,568	37,523
Security Deposit and Prepaid Expenses	549,795	7,629	(536,646)	20,778	35,320
Inventory	-	54,447	-	54,447	52,184
Investments and Note Receivable-Social Enterprise (Note 6)	37,086	-	(37,086)	-	-
Buildings and Equipment, Net of Accumulated Depreciation (Notes 7 and 9)	<u>9,507,578</u>	<u>8,454</u>	<u>-</u>	<u>9,516,032</u>	<u>9,522,414</u>
Total Assets	<u>\$ 14,742,783</u>	<u>\$ 466,118</u>	<u>\$ (671,944)</u>	<u>\$ 14,536,957</u>	<u>\$ 15,088,723</u>
Liabilities and Net Assets					
Accounts Payable and Accrued Expenses	\$ 764,469	\$ 1,420,895	\$ (660,944)	\$ 1,524,420	\$ 1,296,657
Accrued Pension Liability (Note 11)	615,356	-	-	615,356	900,046
Deferred Revenues	-	-	-	-	1,002,653
Line of Credit (Note 10)	409,857	-	-	409,857	964,286
Notes Payable (Note 9)	<u>477,627</u>	<u>-</u>	<u>-</u>	<u>477,627</u>	<u>918,446</u>
Total Liabilities	<u>\$ 2,267,309</u>	<u>\$ 1,420,895</u>	<u>\$ (660,944)</u>	<u>\$ 3,027,260</u>	<u>\$ 5,082,088</u>
Commitments (Notes 10, 11 and 13)					
Net Assets and Owner's Equity					
Unrestricted	\$ 10,494,590	\$ -	\$ -	\$ 10,494,590	\$ 10,352,214
Temporarily Restricted (Note 12)	1,980,884	-	-	1,980,884	105,075
Capital Stock and Paid in Capital	-	\$ 10,000	\$ (10,000)	-	-
Retained Earnings	<u>-</u>	<u>(964,777)</u>	<u>(1,000)</u>	<u>(965,777)</u>	<u>(450,654)</u>
Total Net Assets	<u>\$ 12,475,474</u>	<u>\$ (954,777)</u>	<u>\$ (11,000)</u>	<u>\$ 11,509,697</u>	<u>\$ 10,006,635</u>
Total Liabilities and Net Assets	<u>\$ 14,742,783</u>	<u>\$ 466,118</u>	<u>\$ (671,944)</u>	<u>\$ 14,536,957</u>	<u>\$ 15,088,723</u>

St. Vincent de Paul of Baltimore, Inc. and Subsidiaries
Consolidating Statement of Activities and Changes in Net Assets
September 30, 2014 and 2013

	2014			2013
	SVDP	SVDP Enterprises	Eliminating	
Public Support				Total
Contributions and Grants	\$ 2,536,810	\$ -	\$ -	\$ 2,536,810
Government Grants	10,033,427	-	-	10,033,427
Donated Food, Clothing and Services	4,186,162	-	-	4,186,162
Total Public Support	<u>\$ 16,756,399</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 16,756,399</u>
Other Revenue				
Program Income and Sales	\$ 424,722	\$ 2,879,468	\$ (903,279)	\$ 2,400,911
Investment Income	2,260	-	-	2,260
Miscellaneous	275,449	-	(264,438)	11,011
Net Assets Released from Restriction (Note 12)	520,172	-	-	520,172
Total Other Revenue	<u>\$ 1,222,603</u>	<u>\$ 2,879,468</u>	<u>\$ (1,167,717)</u>	<u>\$ 2,934,354</u>
Total Support and Revenue	<u>\$ 17,979,002</u>	<u>\$ 2,879,468</u>	<u>\$ (1,167,717)</u>	<u>\$ 19,690,753</u>
Expenses				
Program Services	\$ 17,290,903	\$ 3,269,215	\$ (1,045,203)	\$ 19,514,915
Administrative Services:				
Management and General	23,894	125,376	(122,514)	26,756
Fund Development	558,441	-	-	558,441
Total Direct Expenses	<u>\$ 17,873,238</u>	<u>\$ 3,394,591</u>	<u>\$ (1,167,717)</u>	<u>\$ 20,100,112</u>
Excess of Revenues Over Direct Expenses	\$ 105,764	\$ -	\$ -	\$ 105,764
Unfunded Pension Liability	120,610	-	-	120,610
Social Enterprise Net Activity	(515,123)	-	515,123	-
Depreciation	(524,817)	-	-	(524,817)
Changes in Unrestricted Net Assets	\$ (813,566)	\$ (515,123)	\$ 515,123	\$ (813,566)
Changes in Temporarily Restricted Net Assets				
Contributions and Other	2,395,981	-	-	2,395,981
Net Assets Released from Restrictions	(520,172)	-	-	(520,172)
Change in Net Assets, Before Extraordinary Item	\$ 1,062,243	\$ (515,123)	\$ 515,123	\$ 1,062,243
Gain from Forgiveness of Debt (Note 9)	440,819	-	-	440,819
Change in Net Assets, After Extraordinary Item	\$ 1,503,062	\$ (515,123)	\$ 515,123	\$ 1,503,062
Net Assets, Beginning of Year	10,457,289	(449,654)	(1,000)	10,006,635
Net Assets, End of Year	<u>\$ 11,960,351</u>	<u>\$ (964,777)</u>	<u>\$ 514,123</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, 2014 and 2013

	2014	2013
Assets		
Cash and Cash Equivalents	\$ 456,383	\$ 1,595,170
Accounts Receivable	2,660,245	2,837,935
Pledges Receivable (Note 3)	1,465,128	988,660
Investments (Note 4 and 5)	66,568	37,523
Security Deposit and Prepaid Expenses	549,795	305,300
Investments and Note Receivable-Social Enterprise (Note 6)	37,086	36,144
Buildings and Equipment, Net of Accumulated Depreciation (Notes 7 and 9)	9,507,578	9,518,405
Total Assets	\$ 14,742,783	\$ 15,319,137
Liabilities and Net Assets		
Accounts Payable and Accrued Expenses	\$ 764,469	\$ 1,126,417
Accrued Pension Liability (Note 11)	615,356	900,046
Deferred Revenues	-	1,002,653
Line of Credit (Note 10)	409,857	914,286
Notes Payable (Note 9)	477,627	918,446
Total Liabilities	\$ 2,267,309	\$ 4,861,848
Commitments (Notes 10, 11 and 13)		
Net Assets		
Unrestricted	\$ 10,494,590	\$ 10,352,214
Temporarily Restricted (Note 12)	1,980,884	105,075
Total Net Assets	\$ 12,475,474	\$ 10,457,289
Total Liabilities and Net Assets	\$ 14,742,783	\$ 15,319,137

St. Vincent de Paul of Baltimore, Inc. and Subsidiaries
Stand Alone Statement of Activities and Changes in Net Assets
September 30, 2014 and 2013

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>2014 Total</u>	<u>2013 Total</u>
Public Support				
Contributions and Grants	\$ 2,536,810	\$ 2,204,717	\$ 4,741,527	\$ 3,967,378
Government Grants	10,033,427	191,249	10,224,676	10,733,489
Donated Food, Clothing and Services	4,186,162	-	4,186,162	3,982,999
Total Public Support	<u>\$ 16,756,399</u>	<u>\$ 2,395,966</u>	<u>\$ 19,152,365</u>	<u>\$ 18,683,866</u>
Other Revenue				
Program Income and Sales	\$ 424,722	\$ -	\$ 424,722	\$ 473,995
Investment Income	2,260	15	2,275	2,089
Miscellaneous	275,449	-	275,449	200,557
Net Assets Released from Restriction (Note 12)	520,172	(520,172)	-	-
Total Other Revenue	<u>\$ 1,222,603</u>	<u>\$ (520,157)</u>	<u>\$ 702,446</u>	<u>\$ 676,641</u>
Total Support and Revenue	<u>\$ 17,979,002</u>	<u>\$ 1,875,809</u>	<u>\$ 19,854,811</u>	<u>\$ 19,360,507</u>
Expenses				
Program Services	\$ 17,290,903	\$ -	\$ 17,290,903	\$ 17,229,880
Administrative Services:				
Management and General	23,894	-	23,894	38,667
Fund Development	558,441	-	558,441	525,893
Total Direct Expenses	<u>\$ 17,873,238</u>	<u>\$ -</u>	<u>\$ 17,873,238</u>	<u>\$ 17,794,440</u>
Excess of Revenues Over Direct Expenses	<u>\$ 105,764</u>	<u>\$ 1,875,809</u>	<u>\$ 1,981,573</u>	<u>\$ 1,566,067</u>
Unfunded Pension Liability	120,610	-	120,610	393,072
Net Operating Loss from Social Enterprises	-	-	-	-
Depreciation	(524,817)	-	(524,817)	(349,909)
Change in Net Assets, Before Extraordinary Item	<u>\$ (298,443)</u>	<u>\$ 1,875,809</u>	<u>\$ 1,577,366</u>	<u>\$ 1,609,230</u>
Gain from Forgiveness of Debt (Note 9)	440,819	-	440,819	90,819
Change in Net Assets, After Extraordinary Item	<u>\$ 142,376</u>	<u>\$ 1,875,809</u>	<u>\$ 2,018,185</u>	<u>\$ 1,700,049</u>
Net Assets, Beginning of Year	<u>10,352,214</u>	<u>105,075</u>	<u>10,457,289</u>	<u>8,757,240</u>
Net Assets, End of Year	<u><u>\$ 10,494,590</u></u>	<u><u>\$ 1,980,884</u></u>	<u><u>\$ 12,475,474</u></u>	<u><u>\$ 10,457,289</u></u>

St. Vincent de Paul of Baltimore, Inc.
Stand-Alone Schedule of Functional Expense
September 30, 2014 and 2013

	Program Services				Administrative Services		2014 Total	2013 Total
	Homeless Services & Supportive Housing	Child and Family Services	Workforce Development	Emergency Assistance	Management and General	Fund Development		
Expenses								
Salaries	\$ 1,937,720	\$ 3,863,051	\$ 331,391	\$ 151,079	\$ 706,803	\$ 216,236	\$ 7,206,280	\$ 7,039,101
Employee Benefits	394,777	871,199	80,164	22,156	187,653	40,088	1,596,037	1,717,075
Professional Fees	52,054	946,927	59,005	91,762	111,165	30,309	1,291,222	1,404,204
Supplies	159,238	187,237	34,283	7,060	16,455	17,542	421,815	418,818
Telephone	25,356	32,708	8,768	2,738	5,113	2,085	76,768	69,343
Printing and Postage	14,813	28,928	9,611	1,789	51,618	131,692	238,451	264,940
Occupancy	770,239	591,123	133,322	108,259	86,302	19,426	1,708,671	1,827,541
Insurance	37,721	73,772	8,527	4,145	6,537	2,641	133,343	103,463
Transportation	9,298	96,953	772	27,592	774	201	135,590	123,004
Conference Costs	17,917	57,853	5,297	5,392	29,649	18,636	134,744	140,816
Client Assistance	294,047	-	546	258,292	-	-	552,885	497,839
Miscellaneous	10,194	65,557	20,706	10,776	57,205	26,833	191,271	205,297
Total	\$ 3,723,374	\$ 6,815,308	\$ 692,392	\$ 691,040	\$ 1,259,274	\$ 505,689	\$ 13,687,077	\$ 13,811,441
Indirect Costs	337,248	744,081	75,652	44,976	(1,254,709)	52,752	-	-
Total Program Expenses	\$ 4,060,622	\$ 7,559,389	\$ 768,044	\$ 736,016	\$ 4,565	\$ 558,441	\$ 13,687,077	\$ 13,811,441
Donated Food and Services	1,302,661	1,578,659	47,278	1,238,234	19,329	-	4,186,161	3,982,999
Total Direct Expenses	\$ 5,363,283	\$ 9,138,048	\$ 815,322	\$ 1,974,250	\$ 23,894	\$ 558,441	\$ 17,873,238	\$ 17,794,440