

St. Vincent de Paul Village, Inc.



Financial Statements and Compliance Reports Years Ended December 31, 2015 and 2014



St. Vincent de Paul Village, Inc.

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Independent Auditors' Report

To the Audit Committee
St. Vincent de Paul Village, Inc.
San Diego, California

Report on the Financial Statements

We have audited the accompanying financial statements of **St. Vincent de Paul Village, Inc.** (the "Village"), a nonprofit corporation, which comprise the statements of financial position as of December 31, 2015 and 2014, and the related statements of activities, and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these 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.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and 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 auditors' judgment, including the assessment of the risks of material misstatement of the 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 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 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 financial statements referred to above present fairly, in all material respects, the financial position of **St. Vincent de Paul Village, Inc.** as of December 31, 2015 and 2014, 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.

Other Matters

Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The Statements of Functional Expenses on pages 9 and 10 are presented for purposes of additional analysis and is not a required part of the 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 financial statements.

Supplemental Information

Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards* is presented for purposes of additional analysis and is not a required part of the 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 financial statements.

The information has been subjected to the auditing procedures applied in the audits of the financial statements 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 stated, in all material respects, in relation to the financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated May 24, 2016 on our consideration of the Organization's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. 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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the **St. Vincent de Paul Village's** internal control over financial reporting and compliance.

Mayer Hoffman McCann P.C.

San Diego, California

May 24, 2016

St. Vincent de Paul Village, Inc.

Statements of Financial Position

<i>December 31,</i>	2015	2014
Assets		
Current assets:		
Cash	\$ 1,316,845	\$ 463,302
Investments	1,293,588	1,552,222
Grants receivable	1,880,258	1,590,184
Contributions receivable	346,164	1,120,517
Pledge receivable, current portion	400,000	400,000
Bequests receivable	485,542	1,143,333
Prepaid expenses and other receivables	719,652	1,158,850
Total current assets	6,442,049	7,428,408
Property and equipment:		
Equipment, furniture and vehicles	2,672,027	3,076,816
Buildings and leasehold improvements	5,265,476	5,236,924
Construction in process	134,842	27,922
	8,072,345	8,341,662
Less accumulated depreciation and amortization	(5,104,072)	(5,095,450)
Net property and equipment	2,968,273	3,246,212
Other assets:		
Investment in limited partnership	46	49
Deposit	71,900	72,000
Pledge receivable, less current portion, net of discount	721,097	1,059,751
Pooled income fund	122,194	135,804
Charitable remainder trust	327,733	369,143
Development fee receivable from affiliates	47,405	107,405
Due from Martha's Village and Kitchen, Inc.	968,885	968,057
Cash surrender value of insurance	241,515	202,826
Beneficial interest in gift annuity	26,128	36,290
Beneficial interest in perpetual trusts	1,157,576	1,252,047
Endowment fund	3,046,815	2,928,210
Total other assets	6,731,294	7,131,582
Total assets	\$ 16,141,616	\$ 17,806,202
Liabilities and Net Assets		
Current liabilities:		
Accounts payable and accrued liabilities	\$ 1,962,956	\$ 1,630,148
Deferred rent, current portion	6,762	4,410
Deferred grant revenue	100,000	32,499
Total current liabilities	2,069,718	1,667,057
Deferred rent, less current portion	12,822	6,870
Margin loan	897,477	12,972
Line of credit	1,999,950	1,500,000
Due to S.V.D.P. Management, Inc.	7,762,120	7,380,415
Forgivable debt and related accrued interest	2,148,574	2,046,800
Total liabilities	14,890,661	12,614,114
Net assets:		
Unrestricted	(4,371,697)	(2,204,908)
Temporarily restricted	1,640,828	3,389,322
Permanently restricted	3,981,824	4,007,674
Total net assets	1,250,955	5,192,088
Total liabilities and net assets	\$ 16,141,616	\$ 17,806,202

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

St. Vincent de Paul Village, Inc.

Statements of Activities

<i>Years Ended December 31,</i>	2015	2014
Changes in unrestricted net assets:		
Revenue, contributions and other:		
Contributions from organizations, foundations and individuals	\$ 10,293,247	\$ 10,223,102
Sales of donated goods	4,915,577	4,728,637
Grants	9,662,497	7,831,665
Contributions from S.V.D.P. Management, Inc.	-	600,000
Special events, net of direct benefit expense of approximately \$133,000 and \$113,000, respectively	816,471	659,549
Interest, investment, shared expenses and other income	406,861	568,261
Net medical revenue	1,729,140	1,268,303
Net assets released from donor restrictions	1,851,612	597,795
Total revenue, contributions and other	29,675,405	26,477,312
Expenses, contributions and other:		
Programs and services for the homeless	22,260,264	19,986,132
Cost of retail program	4,369,777	3,868,213
Fundraising	2,770,801	1,940,924
Administration	2,441,352	2,234,913
Total expenses, contributions and other	31,842,194	28,030,182
Change in unrestricted net assets	(2,166,789)	(1,552,870)
Changes in temporarily restricted net assets:		
Contributions	105,021	2,716,651
Change in value of split interest agreements	(51,192)	(24,710)
Net realized and unrealized loss on endowment fund	-	(111,963)
Net assets released from donor restrictions	(1,802,323)	(547,317)
Change in temporarily restricted net assets	(1,748,494)	2,032,661
Changes in permanently restricted net assets:		
Contributions	72,972	167,121
Change in value of permanently restricted net assets	(49,533)	60,048
Net assets released from donor restrictions	(49,289)	(50,478)
Change in permanently restricted net assets	(25,850)	176,691
Change in net assets	(3,941,133)	656,482
Net assets at beginning of year	5,192,088	4,535,606
Net assets at end of year	\$ 1,250,955	\$ 5,192,088

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

St. Vincent de Paul Village, Inc.

Statements of Cash Flows

<i>Years Ended December 31,</i>	2015	2014
Operating Activities		
Change in net assets from operations	\$ (3,941,133)	\$ 656,482
Reconciliation of change in net assets to net cash used in operating activities:		
Depreciation and amortization	535,077	421,717
Change in value of temporarily restricted split interest agreements	51,192	24,710
Distributions from temporarily restricted split interest agreements	13,989	21,743
Change in value of permanently restricted split interest agreements	53,322	(60,442)
Distributions from permanently restricted split interest agreements	41,149	53,159
Contributions of securities	(542,355)	(716,714)
Contributions restricted for long-term purposes	(72,972)	(167,121)
Realized and unrealized (gain) loss on investments	35,979	(44,024)
Realized and unrealized loss on endowment	119,889	111,963
Change in cash surrender value of insurance	(38,689)	(35,733)
Loss on disposal of fixed assets	50,999	-
Gain on investment in limited partnership	(6)	(7)
Changes in operating assets and liabilities:		
Deposit	100	-
Grants receivable	(290,074)	(335,752)
Contributions receivable	657,791	(944,571)
Pledges receivable	338,654	(1,459,751)
Bequests receivable	774,353	(450,752)
Prepaid expenses and other receivables	439,198	(530,061)
Development fee receivable from affiliates	60,000	60,000
Due from Martha's Village and Kitchen, Inc.	(828)	38,754
Beneficial interest in gift annuity	-	114,809
Accounts payable and accrued liabilities and related accrued interest	391,893	(244,400)
Deferred grant revenue	67,501	19,998
Deferred rent	8,304	11,280
Due to S.V.D.P. Management, Inc.	381,705	2,044,166
Net cash used in operating activities	(864,962)	(1,410,547)
Investing Activities		
Purchases of property and equipment	(308,136)	(1,441,486)
Proceeds from sale of investments	911,971	685,987
Purchases of investments	(385,455)	(188,783)
Net cash provided by (used in) investing activities	218,380	(944,282)
Financing Activities		
Proceeds from forgivable debt	42,689	666,749
Net borrowings on line of credit	499,950	500,000
Net borrowings (payments) on margin loan	884,505	(438,927)
Contributions restricted for long-term investment	72,972	167,121
Distribution from limited partnership	9	9
Net cash provided by financing activities	1,500,125	894,952
Net change in cash	853,543	(1,459,877)
Cash, beginning of year	463,302	1,923,179
Cash, end of year	\$ 1,316,845	\$ 463,302

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

St. Vincent de Paul Village, Inc.

Statements of Cash Flows, Continued

<i>Years Ended December 31,</i>	2015	2014
Supplemental Disclosure of Cash Flow Information:		
Cash paid during the period for:		
Interest	\$ 106,908	\$ 102,144

Noncash Investing and Financing Activities:

The Village received stock contributions of \$542,355 and \$716,714 for the years ended December 31, 2015 and 2014, respectively. Of which, \$20,010 and \$50,000 of the stock contributions received were contributions to the permanently restricted endowment.

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

St. Vincent de Paul Village, Inc.

Statement of Functional Expenses

Year Ended December 31, 2015

	Housing and Supportive Services	Medical Clinic	Toussaint	Total	Cost of Retail Program	Management and General	Fundraising	Total Expenses
Salaries & Employee Related Expenses	\$ 7,965,332	\$ 1,521,214	\$ 825,339	\$ 10,311,885	\$ 1,854,626	\$ 587,978	\$ 834,927	\$ 13,589,416
Rent	2,570,148	109,424	112,671	2,792,243	498,106	214,120	66,073	3,570,542
Food	1,924,113	1,102	64,784	1,989,999	2,871	-	3,431	1,996,301
Contract Services	-	213,860	-	213,860	-	1,574,209	131,495	1,919,564
Miscellaneous	826,255	114,816	55,863	996,934	361,973	9,281	160,060	1,528,248
Employee Benefits	947,563	120,958	88,717	1,157,238	282,664	-	77,905	1,517,807
Utilities	748,127	37,580	86,798	872,505	256,433	-	-	1,128,938
HUD Sub-Recipient Expenses	925,068	-	-	925,068	-	-	-	925,068
Contract Services - UCSD	-	586,103	-	586,103	-	-	-	586,103
Professional Fees	13,807	278,850	5,439	298,096	24,566	55,764	163,608	542,034
Depreciation	437,911	-	21,261	459,172	75,905	-	-	535,077
Supplies	409,409	13,818	22,517	445,744	68,574	-	16,708	531,026
Repair & Maintenance	386,247	19,874	45,409	451,530	43,556	-	24,071	519,157
Insurance	296,274	13,815	11,945	322,034	79,687	-	57,907	459,628
Vehicle	71,501	807	9,201	81,509	351,230	-	1,429	434,168
Advertising	283	-	-	283	141,768	-	264,893	406,944
Printing	882	1,666	72	2,620	4,301	-	386,024	392,945
Special Events	-	-	-	-	-	-	311,859	311,859
Commodities Donations to Others	-	-	-	-	281,702	-	-	281,702
Postage	2,431	93	79	2,603	4,247	-	241,303	248,153
Telephone	78,229	2,357	11,490	92,076	37,568	-	29,108	158,752
Medical & Dental	4,788	125,615	626	131,029	-	-	-	131,029
Direct Client Expenses	62,903	7,456	57,374	127,733	-	-	-	127,733
Total	\$ 17,671,271	\$ 3,169,408	\$ 1,419,585	\$ 22,260,264	\$ 4,369,777	\$ 2,441,352	\$ 2,770,801	\$ 31,842,194
% of Total	55%	10%	5%	70%	14%	7%	9%	100%

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

St. Vincent de Paul Village, Inc.

Statement of Functional Expenses

<i>Year Ended December 31, 2014</i>									
	Housing and Supportive Services	Medical Clinic	Toussaint	Total	Cost of Retail Program	Management and General	Fundraising	Total Expenses	
Salaries & Employee Related Expenses	\$ 6,743,677	\$ 1,118,892	\$ 765,860	\$ 8,628,429	\$ 1,694,613	\$ 420,386	\$ 434,000	\$ 11,177,428	
Rent	2,554,196	107,727	110,897	2,772,820	463,075	209,929	66,072	3,511,896	
Food	2,044,158	216	65,129	2,109,503	636	-	87	2,110,226	
Contract Services	2,700	242,596	-	245,296	-	1,546,770	134,509	1,926,575	
Employee Benefits	850,672	98,601	88,546	1,037,819	249,675	-	30,566	1,318,060	
Miscellaneous	786,028	65,954	46,258	898,240	185,285	10,342	98,036	1,191,903	
Utilities	667,773	38,138	69,855	775,766	246,401	-	-	1,022,167	
HUD Sub-Recipient Expenses	863,241	-	-	863,241	-	-	-	863,241	
Contract Services - UCSD	-	511,215	-	511,215	-	-	-	511,215	
Professional Fees	4,700	283,785	13,479	301,964	8,893	47,111	83,061	441,029	
Vehicle	65,569	119	13,286	78,974	357,531	-	-	436,505	
Repair & Maintenance	366,166	11,809	27,829	405,804	16,634	-	6,772	429,210	
Insurance	292,134	15,018	9,405	316,557	50,584	-	57,485	424,626	
Depreciation	321,039	-	24,263	345,302	76,415	-	-	421,717	
Supplies	318,775	11,979	9,144	339,898	38,501	-	1,512	379,911	
Commodities Donations to Others	-	-	-	-	372,541	-	-	372,541	
Advertising	395	-	-	395	70,858	375	245,340	316,968	
Printing	1,610	1,158	34	2,802	3,579	-	310,113	316,494	
Special Events	-	-	-	-	-	-	258,727	258,727	
Postage	2,615	11	131	2,757	2,351	-	206,396	211,504	
Medical & Dental	9,279	132,048	786	142,113	-	-	-	142,113	
Telephone	74,055	3,885	10,694	88,634	30,641	-	8,248	127,523	
Direct Client Expenses	69,702	6,069	42,832	118,603	-	-	-	118,603	
Total	\$ 16,038,484	\$ 2,649,220	\$ 1,298,428	\$ 19,986,132	\$ 3,868,213	\$ 2,234,913	\$ 1,940,924	\$ 28,030,182	
% of Total	57%	9%	5%	71%	14%	8%	7%	100%	

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

St. Vincent de Paul Village, Inc.

Notes to Financial Statements

(1) Organization and Significant Accounting Policies

Organization

The accompanying financial statements present the operations of St. Vincent de Paul Village, Inc. (the “Village”). The Village is comprised of the following operating activities:

Programs and Services for the homeless and those at-risk for homelessness (the “Centers” which are Joan Kroc Center, Bishop Maher Center, Josue AIDS Homes and Paul Mirabile Center): The Centers provide comprehensive services for homeless men, women and children. They provide interim, transitional and rapid re-housing programs, as well as, an array of services including medical and dental care, case management, meals, job skills training, addiction treatment, mental health services and therapeutic childcare. The Centers receive support through state and Federal grants, foundations and contributions from Fundraising and Retail activities.

Medical Clinic: The medical and dental services provided by the Centers are through our licensed primary care clinic that is a Federally Qualified Health Center (“FQHC”). The services provided are primarily sourced by a combined residency program in psychiatry and family medicine with the University of California San Diego (“UCSD”), a premier partnership and training site which is considered to be a “best practice” approach to serving the homeless.

Toussaint Academy San Diego (“TASD”): is a licensed group home that services homeless youth. TASD provides residents with medical services, meals, education and life skills support, as well as, a safe place to live.

Retail: Retail's primary source of funds is from the sale of donated used furniture, clothing and other items through daily warehouse auctions, the furniture warehouse and four retail thrift stores.

Fundraising: Through its fundraising efforts, the Village finances the programs and services described above.

S.V.D.P. Management, Inc., (“S.V.D.P.”), is an affiliated organization which develops, maintains and leases property, and provides funding and services to the Village for its operating activities.

Martha’s Village & Kitchen, Inc. (“MVK”) is located in Indio, California and provides shelter, food, and other services similar to the Village programs.

St. Vincent de Paul Village, Inc.

Notes to Financial Statements

Basis of accounting

The accompanying financial statements are prepared on the accrual basis of accounting in accordance with the authoritative guidance related to not-for-profit entities. Accordingly, the Village is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets. All contributions are considered to be available for unrestricted use unless specifically restricted by the donor.

Investments

The Village carries investments in equity securities with readily determinable fair values and investments in debt securities at fair value with realized and unrealized gains and losses included in the statement of activities in accordance with authoritative guidance.

Investments consist of marketable securities and are accounted for as follows:

Marketable securities consist of mutual funds, equity, and fixed income securities and are recorded at fair market value. The fair value of investments in securities is based on quoted market prices and is valued at the closing price on the last business day of the year.

Realized gains and losses on the sale of investments are calculated using the specific-identification method. Unrealized gains and losses represent the change in the fair market value of the individual investments for the period or since the acquisition date, if acquired during the period, and are recorded as a component of unrestricted net assets, unless restricted by donor.

Donated investments are initially recorded at fair value on, or near, the date of the gift.

Contributions, pledges and bequests

The Village records contributions, pledges and bequests consisting of cash and other assets by donors at fair value in the period in which the commitment is made. Contributions receivable consist of contributions received within 21 days of year end that are dated prior to year end. Pledges receivable consist of unconditional promises to give. Unconditional promises to give that are expected to be collected in future years are recorded at the present value of their estimated future cash flows. Discounts on those amounts are computed using interest rates applicable to the years in which the promises are received. Amortization of the discounts is included in contributions. Conditional promises to give are recognized when the conditions are substantially met in accordance with the authoritative guidance. Bequests receivable consist of trusts held by others in which the donor has passed, and the Village is named as a beneficiary.

Restricted contributions, whose restrictions are met within the same reporting period, are recorded as unrestricted contributions.

St. Vincent de Paul Village, Inc.

Notes to Financial Statements

Medical clinic revenue and receivable

As a FQHC, the Village provides services to all persons regardless of their ability to pay, using a sliding fee scale based on patient family size and income. Some patients are covered by Medi-Cal and other insurance payors. These payors limit payment for services based upon their respective schedules of usual, customary, and reasonable fees. Being a FQHC allows the Village to obtain additional reimbursement for the services provided.

Accounts receivable consist of amounts billed for services provided. The allowance for estimated uncollectible accounts is based on past experience and on an analysis of current receivable balances. Accounts deemed uncollectible are written-off in the period deemed uncollectible. The allowance is recorded as a deduction from the medical clinic revenue. Management determined an allowance for doubtful accounts of approximately \$219,000 and \$346,000 was necessary at December 31, 2015 and 2014.

Grants revenue and receivable

The Village is awarded grants from Federal, state, county and city agencies. Those grants funded renew annually, with the amount awarded negotiated in advance. Grant revenue is recognized as revenue when the related program costs are incurred. Unexpended grant funds received in advance of the related expenditures are reported as deferred grant revenue.

At December 31, 2015 and 2014, the Village had approximately \$1,880,000 and \$1,590,000, respectively, in grants receivable. Management has determined that no allowance is necessary on the grants receivable.

Donated goods

The Village recognizes revenue related to the sale of donated food, furniture, clothing and other items at the time of sale.

Expiration of donor restrictions

The expiration of a donor restriction on a contribution is recognized in the period in which the restriction expires and at that time the related resources are reclassified to unrestricted net assets. A restriction expires when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both.

St. Vincent de Paul Village, Inc.

Notes to Financial Statements

Long-lived assets

The Village records impairment losses on long-lived assets used in operations when indicators of impairment are present and the undiscounted cash flows estimated to be generated by those assets are less than the assets' carrying amount.

Use of estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates. Significant estimates used in preparation of these financial statements include the valuation of split-interest agreements, beneficial interest in perpetual trusts, and the functional allocation of expenses.

Concentration of credit risk

Financial instruments which potentially subject the Village to concentrations of credit risk consist primarily of cash. The Village maintains its cash with high-credit quality financial institutions. At times, such amounts may exceed federally insured limits. The Village has not experienced any losses in such accounts. Management believes that the Village is not exposed to any significant credit risk with respect to its cash.

Contributed services

Services provided by volunteers in the medical and dental clinics are measured by the fair value of the service received. Contributed services of approximately \$279,000 and \$284,000 were included in contribution income on the statements of activities and professional fees on the statements of functional expenses for 2015 and 2014, respectively. Other services received from volunteers are not of a type permitted to be recognized in the financial statements in accordance with the authoritative guidance; thus, no value was recorded.

Property and equipment

Property and equipment is stated at cost. Depreciation and amortization are provided for using the straight-line method over the estimated useful lives of the assets, which range from five to ten years. Leasehold improvements are amortized over the shorter of the life of the asset or the lease term. All items with a value of \$5,000 or greater are capitalized. Depreciation expense was approximately \$535,000 and \$422,000 for 2015 and 2014, respectively.

St. Vincent de Paul Village, Inc.

Notes to Financial Statements

Income taxes

The Village is exempt from income taxes on the basis that it qualifies under Section 501(c)(3) of the Internal Revenue Code and Section 23701(d) of the California Revenue and Taxation Code. All tax-exempt entities are subject to review and audit by federal, state and other applicable agencies. Such agencies may review the taxability of unrelated business income, or the qualification of the organization as a tax-exempt entity under Internal Revenue Code 501(c)(3) and applicable state statutes. At December 31, 2015, the federal statute of limitation remains open for the 2012 through 2015 tax years. The statute of limitations for the state income tax returns remains open for the 2011 through 2015 tax years.

Advertising

The Village expenses advertising costs as incurred. Advertising costs were approximately \$485,000 and \$374,000 for 2015 and 2014, respectively.

Functional expenses

The cost of providing various programs and services has been summarized on a functional basis in the statements of activities. Accordingly, certain costs have been allocated among the programs and services benefited.

Reclassifications

Certain reclassifications have been made to the 2014 balances to conform to the 2015 financial statement presentation. These reclassifications have no affect on total reported net assets or change in net assets.

(2) Related Party Transactions

Related party rental expense

The Centers rent their facilities from S.V.D.P., Village Place, L.P., and 15th & Commercial, L.P., all affiliates, under long-term operating leases that expire at various dates through 2028. The Centers' rental expense was approximately \$2,797,000 and \$2,748,000 for 2015 and 2014, respectively.

Fundraising paid approximately \$66,000 in 2015 and 2014 to S.V.D.P. under a lease for office space.

St. Vincent de Paul Village, Inc.

Notes to Financial Statements

Related party rental expense, cont'd

Retail leases two warehouses from S.V.D.P. as well as retail space from 16th and Market, L.P. Total rent expense under these leases was approximately \$294,000 and \$289,000 for 2015 and 2014, respectively.

Total future minimum lease payments in the years subsequent to December 31, 2015 are as follows:

<i>December 31,</i>		Centers		Retail		Total
2016	\$	2,692,332	\$	244,761	\$	2,937,093
2017		2,114,973		234,163		2,349,136
2018		1,891,155		-		1,891,155
2019		1,887,425		-		1,887,425
2020		26,337		-		26,337
Thereafter		178,554		-		178,554
Total	\$	8,790,776	\$	478,924	\$	9,269,700

15th & Commercial, L.P. operating subsidy and CAM charges

An operating subsidy is mandated by the 15th & Commercial, L.P. transitional housing lease. Per the lease agreement, on December 3 of each calendar year the Village shall pay 15th & Commercial, L.P. a subsidy payment in an amount equal to the Section 42 Breakpoint less the amount of property expenses that the Village paid for the calendar year. Section 42 Breakpoint is the difference between the market rate that could be charged for an apartment unit and the maximum rent that can be charged for a similar but low income apartment unit. This payment is to supplement the difference between the maximum allowable California Tax Credit Allocation Committee ("TCAC") rent rate charged to tenants and the cost to maintain the units. The subsidy was approximately \$107,000 and \$143,000 in 2015 and 2014, respectively.

The Village pays common area maintenance ("CAM") charges for the property leased from 15th & Commercial, L.P. The CAM charges were approximately \$463,000 and \$403,000 in 2015 and 2014, respectively.

Contract services with S.V.D.P. Management, Inc.

S.V.D.P. has a service contract with the Village to provide administrative services. The charges under this contract were approximately \$1,649,000 and \$1,624,000 in 2015 and 2014, respectively.

St. Vincent de Paul Village, Inc.

Notes to Financial Statements

Due to/from S.V.D.P Management, Inc.

The Village and S.V.D.P. provide cash advances and contributions to each other from time to time. The Village owed S.V.D.P. \$7,762,000 and \$7,380,000 as of December 31, 2015 and 2014, respectively.

Contributions from S.V.D.P. Management, Inc.

The Village received contributions from S.V.D.P. to support operations in the amount of approximately \$600,000 in 2014. The Village did not receive contributions from S.V.D.P. in 2015.

Pass-through grant to S.V.D.P. Management, Inc.

The Village has been awarded a grant from the Department of Housing and Urban Development to fund the continuum of care program. Village passed through approximately \$19,000 and \$23,000 of continuum of care funding to S.V.D.P. in 2015 and 2014, respectively.

Due from Martha's Village and Kitchen, Inc.

In previous years, the Village provided cash advances to MVK, an affiliate of the Village. As of December 31, 2015 and 2014, MVK owed the Village approximately \$969,000 and \$968,000, respectively. Approximately \$200,000 of this balance is related to payroll expenses paid by the Village on behalf of MVK.

Investment in Village Place Apartments, L.P.

During 2015, the Village recognized a gain on investment in limited partnership of \$6 which is included in interest, investment, shared expenses and other income on the statement of activities and received a distribution of \$9. The investment in limited partnership is stated at estimated fair value. The value of the investment in the partnership was \$46 at December 31, 2015.

During 2014, the Village recognized a gain on investment in limited partnership of \$7 which is included in interest, investment, shared expenses and other income on the statement of activities and received a distribution of \$9. The investment in limited partnership is stated at estimated fair value. The value of the investment in the partnership was \$49 at December 31, 2014.

St. Vincent de Paul Village, Inc.

Notes to Financial Statements

(3) Leases

In addition to the related party leases described in Note 2, the Village leases thrift stores under noncancelable operating leases that expire at various dates through 2022. Rent expense under these operating leases was approximately \$204,000 and \$174,000 for 2015 and 2014, respectively.

The Village also has non-cancelable lease agreements for vehicles that expire at various dates through 2022. The leases include both a fixed amount for the vehicles, and a variable rate depending on the number of miles driven. The rental amounts include a consumer price index (“CPI”) increase after 24 months from the date the Village entered into the leases. Rent expense under these operating leases aggregated to approximately \$241,000 and \$219,000 for 2015 and 2014, respectively. Aggregate future minimum lease payments under operating leases in the years subsequent to December 31, 2015 are as follows:

<i>Year Ending December 31,</i>	Thrift Stores	Vehicles	Total
2016	\$ 233,480	\$ 201,392	\$ 434,872
2017	195,589	194,226	389,815
2018	181,174	185,756	366,930
2019	92,995	185,756	278,751
2020	94,852	173,293	268,145
Thereafter	170,387	197,290	367,677
	\$ 968,477	\$ 1,137,713	\$ 2,106,190

(4) Grant Agreements

The Village has entered into seven grant agreements with the U.S. Department of Housing and Urban Development (“HUD”) and other governmental agencies whereby these grants will subsidize a portion of the operating costs of the Family Living Center Program, T ASD, Fresh Start Program, Solutions Projects “Four”, Solutions Projects “Two and Five.”, Rapid Re-Housing for Families (“RRHFF”) Program and Rapid Rehousing for Singles (“RRHFS”) Program. HUD funds are also passed through to S.V.D.P.

St. Vincent de Paul Village, Inc.

Notes to Financial Statements

(4) Grant Agreements, Cont'd

The Village is committed to certain matching funds that are to be provided by Fundraising. The seven agreements designate the following commitments for the years ending December 31, 2016 and 2017:

Grant Agreement	Commitment		2016		2017
Family Living Center	HUD Commitment	\$	508,728	\$	127,182
	Village Commitment		127,182		31,796
		\$	635,910	\$	158,978
Toussaint Academy San Diego	HUD Commitment	\$	395,425	\$	98,856
	Village Commitment		98,856		24,714
		\$	494,281	\$	123,570
Fresh Start	HUD Commitment	\$	203,951	\$	-
	Village Commitment		50,988		-
		\$	254,939	\$	-
Solutions Project "Four"	HUD Commitment	\$	70,426	\$	-
	Village Commitment		16,856		-
		\$	87,282	\$	-
Solutions Project "Two and Five"	HUD Commitment	\$	220,933	\$	-
	Village Commitment		51,869		-
		\$	272,802	\$	-
Boulevard Apartments	HUD Commitment	\$	45,233	\$	34,879
	Village Commitment		11,308		8,720
		\$	56,541	\$	43,599
RRHFF Program	HUD Commitment	\$	669,590	\$	583,425
	Village Commitment		167,398		145,856
		\$	836,988	\$	729,281
RRHFS Program	HUD Commitment	\$	108,928	\$	544,638
	Village Commitment		27,232		136,159
		\$	136,160	\$	680,797
Summary	HUD Commitment	\$	2,223,214	\$	1,388,980
	Village Commitment		551,689		347,245
		\$	2,774,903	\$	1,736,225

St. Vincent de Paul Village, Inc.

Notes to Financial Statements

(4) Grant Agreements, Cont'd

These grant agreements and certain other grant support are subject to review by the grantor agencies, which could lead to requests for reimbursements by the grantor agencies for expenditures disallowed under the terms of the grants. Management believes that such disallowances, if any, will not be significant.

The Village is a pass-through entity for certain HUD projects. As a result, it has contracted with sub-recipients to perform the tasks required by the project agreements. The following is a summary of commitments to the sub-recipients for the years ending December 31, 2016 and 2017:

	2016	2017	Totals
Solutions Project "Four"	\$ 38,121	\$ -	\$ 38,121
Solutions Project "Two and Five"	142,540	-	142,540
Boulevard Apartments	22,634	16,975	39,609
Totals	\$ 203,295	\$ 16,975	\$ 220,270

(5) Development Fee Receivable from Affiliates

On February 12, 2002, the Village and Chelsea Investment Corporation ("CIC") entered into an agreement with Villa Harvey Mandel, L.P., an affiliate of the Village, to supervise and oversee the development of the Villa Harvey Mandel project for a development fee of approximately \$1,095,000. The development fee was earned as services were performed. The Village will receive 60% and CIC has received 40% of the development fee. A portion of the fee was deferred and the cash portion of the development fee has been paid in full to CIC. As of December 31, 2015 and 2014, approximately \$47,000 and \$107,000, respectively, of the development fee remained due to the Village.

(6) 401(k) Profit Sharing

The Village participates in a profit-sharing retirement plan that covers all eligible employees of the Village and its partner agencies. Each organization makes matching contributions on a discretionary basis. There was no matching contribution made to the plan for the years ended December 31, 2015 and 2014.

St. Vincent de Paul Village, Inc.

Notes to Financial Statements

(7) Prepaid Expenses and Other Receivables

The Village's prepaid expenses and other receivables are comprised of the following:

<i>December 31,</i>	2015		2014
Net medical clinic receivable	\$	438,207	\$ 924,432
Prepaid expenses		178,411	188,811
Inventory		53,186	4,044
Accounts receivable		49,848	41,563
Prepaid expenses and other receivables	\$	719,652	\$ 1,158,850

(8) Investments

The cost and fair value of investments are summarized as follows:

<i>December 31,</i>	2015	
	Cost	Fair Value
Mutual funds	\$ 1,011,361	\$ 916,413
Cash	329,815	329,815
Municipal bonds	15,000	16,179
Equities	-	30,912
Estimated accrued interest	-	269
Totals	\$ 1,356,176	\$ 1,293,588

<i>December 31,</i>	2014	
	Cost	Fair Value
Mutual funds	\$ 950,542	\$ 934,060
Cash	573,488	573,488
Municipal bonds	20,000	20,283
Equities	-	24,241
Estimated accrued interest	-	350
Totals	\$ 1,544,030	\$ 1,552,222

Fair values have been determined by reference to the most recent market quotations for the respective investments.

St. Vincent de Paul Village, Inc.

Notes to Financial Statements

(8) Investments, Cont'd

Investment return included in interest, investment, shared expenses and other income are comprised of the following:

<i>December 31,</i>	2015	2014
Investment income	\$ 63,027	\$ 65,970
Realized gain	246	41
Unrealized loss	(90,024)	(13,934)
Fees	(9,228)	(8,053)
Totals	\$ (35,979)	\$ 44,024

(9) Pooled Income Fund and Charitable Remainder Trust

The Village is the beneficiary under one pooled income fund and a charitable remainder trust that are administered by third parties.

The pooled income fund is an arrangement whereby donors contribute cash into the fixed income investment account. Donors are assigned a specific number of units based on the fair value of their contribution to the pool as a whole. Investment income is distributed to each donor proportionally based on the donors units. When a donor dies, the donor's share in the fund is distributed to the Village. The amounts to be received were recorded at the present value of the contribution based on the donor's life expectancy and a discount rate at the time of contribution.

The charitable remainder trust is an arrangement whereby a donor contributes assets in exchange for distributions to a designated beneficiary over the remainder of the beneficiary's life. At the end of that time, the remaining assets will be given to the Village.

The charitable remainder trust is administered by a third-party trustee and has its beneficial interest in the trust recorded at fair value based on the present value of the future benefits expected to be received from the trust at the date the agreement was recorded. The discount rate on the present value of expected benefits is 3.50%.

Total unamortized discounts for the pooled income fund were approximately \$35,000 and \$37,000 as of December 31, 2015, and 2014, respectively.

Total unamortized discounts for the charitable remainder trust were approximately \$200,000 and \$211,000 as of December 31, 2015, and 2014, respectively.

St. Vincent de Paul Village, Inc.

Notes to Financial Statements

(10) Line of Credit

The Village had a \$2,275,000 non-revolving line of credit (“LOC”) from a bank that expired in June 2013. In May 2013, the outstanding LOC of \$2,275,000 was paid off with proceeds from a \$1,275,000 5-year term loan contributed by S.V.D.P. and a \$1,000,000 new revolving LOC from a bank secured by the Village. This revolving LOC allows for advances up to \$2,000,000 and requires interest only payments with a maturity date of September 16, 2018. The monthly interest payments are calculated using the prime rate plus 1.0%. The rate at December 31, 2015 was 4.50%. S.V.D.P. is a guarantor on the LOC and it is collateralized by a deed of trust and an Assignment of Rents and Commercial Security Agreement.

At December 31, 2015 and 2014 the outstanding balance was approximately \$2,000,000 and \$1,500,000, respectively. Interest expense related to the LOC was approximately \$52,000 and \$50,000 for 2015 and 2014, respectively.

The LOC has both financial and reporting requirements. At December 31, 2015, management is not aware of any violations of these covenants.

(11) Debt

In February 2012, the Village was awarded a loan of \$1,000,000 from the EHAP of the State of California for tenant improvements at 15th & Commercial, L.P. The loan is secured by a deed of trust on the property and bears interest at 3.0%. The loan and interest will be forgiven in seven years from the project date of recordation by the County Recorder of the Notice of Completion if certain conditions are met. The Village has drawn the full amount of the loan and the entire balance remains outstanding as of December 31, 2015 and 2014. Interest expense related to the loan was \$30,000 for 2015 and 2014, respectively. Accrued interest related to the loan was \$105,000 and \$75,000 for 2015 and 2014, respectively.

In September 2013, the Village was awarded a loan of approximately \$568,000 from the EHAP of the State of California for tenant improvements at the Village. The loan is secured by a deed of trust on the property and bears interest at 3.0%. The loan and interest will be forgiven in seven years from the project date of recordation by the County Recorder of the Notice of Completion if certain conditions are met. The Village has drawn approximately \$568,000 of the loan as of December 31, 2015. Interest expense related to the loan was \$17,000 and \$15,000 for 2015 and 2014, respectively. Accrued interest related to the loan was \$32,000 and \$15,000 for 2015 and 2014, respectively.

St. Vincent de Paul Village, Inc.

Notes to Financial Statements

(11) Debt, Cont'd

In October 2013, the Village was awarded a loan of \$430,000 from the EHAP of the State of California for tenant improvements at the Village. The loan is secured by a deed of trust on the property and bears interest at 3.0%. The loan and interest will be forgiven in seven years from the project date of recordation by the County Recorder of the Notice of Completion if certain conditions are met. The Village has drawn approximately \$426,000 of the loan as of December 31, 2015. Interest expense related to the loan was approximately \$12,000 and \$5,000 for 2015 and 2014, respectively. Accrued interest related to the loan was \$17,000 and \$5,000 for 2015 and 2014, respectively.

In February 2011, the Village obtained a margin loan against its restricted endowment investment account in the amount of \$1,000,000 with an interest rate that fluctuates based on the average loan balance for the period. At December 31, 2015, the rate was 3.25%. Interest is paid monthly with income earned on the investment portfolio. The Village reimburses interest expense to the account on a quarterly basis. The principal balance of the loan is collateralized by the restricted endowment investment portfolio with no required principal payments. The loan continues until paid off or the value of the assets in the investment account decline in value. The Village does not intend to take distributions from the endowment while the margin loan is outstanding. The purpose of the loan is to assist in the funding of general operations. At December 31, 2015 and 2014, the outstanding balance on the loan was approximately \$897,000 and \$13,000, respectively. Interest expense related to the loan was approximately \$5,000 and \$12,000 for 2015 and 2014, respectively.

(12) Contingent Liability

The Village is contingently liable as guarantor with respect to approximately \$9,803,000 and \$10,601,000 of indebtedness of S.V.D.P. at December 31, 2015 and 2014, respectively.

The agreements with the bank specific to the above debt require that S.V.D.P. and the Village maintain certain financial and non-financial loan covenants. At December 31, 2015, management is not aware of any violations of these covenants.

In May 2012, S.V.D.P. obtained a \$1,275,000 commercial real estate loan from a bank that requires monthly payments, matures on May 16, 2017, has a five year amortization and a five year declining prepayment penalty. The interest is calculated using a fixed 4.50% interest. As of December 31, 2015 and 2014 S.V.D.P. owed approximately \$1,168,000 and \$1,197,000, respectively, on the loan. The Village is a guarantor on the loan. These loans are cross collateralized by deeds of trust, an Assignment of Rents and Commercial Security Agreement. The loans have both financial and reporting requirements. At December 31, 2015, management is not aware of any violations of these covenants.

St. Vincent de Paul Village, Inc.

Notes to Financial Statements

(13) Temporarily Restricted Net Assets

The Village's temporarily restricted net assets are comprised of the following:

<i>December 31,</i>	2015	2014
Restricted for purpose:		
Single fathers	\$ 96,021	\$ -
Mattresses	9,000	-
Educational purposes of children	-	1,038,969
Toussaint Academy San Diego	-	217,931
Restricted for use in future periods:		
Pledge receivable	1,059,751	1,459,751
Charitable remainder trust	327,733	369,143
Pooled income fund	122,194	135,804
Gift annuity	26,129	36,290
Un-appropriated earnings on donor-restricted permanent endowment	-	131,434
Totals	\$ 1,640,828	\$ 3,389,322

The Village has adopted the guidance on net asset classification of donor-restricted endowment funds as described in the authoritative guidance. The Village's permanently restricted net assets are comprised of the following:

<i>December 31,</i>	2015	2014
Restricted for use in future periods:		
General Endowment	\$ 2,869,748	\$ 2,796,776
Beneficial interest in perpetual trusts:		
St. Vincent de Paul Village Fund	537,638	576,724
McEvoy Trust	394,657	441,275
Charles and Lucille Borgerding Fund	179,781	192,899
Totals	\$ 3,981,824	\$ 4,007,674

(14) Permanently Restricted Net Assets

The Village's endowment funds consist of four individual funds, several containing donor restrictions, established to provide funding for general operations, education and children's programs. In accordance with the authoritative guidance, net assets associated with the 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.

St. Vincent de Paul Village, Inc.

Notes to Financial Statements

(14) Permanently Restricted Net Assets, Cont'd

The Village has classified as permanently restricted net assets (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund and (d) market gains, losses and earnings in excess of distributions from endowment funds under the control of a third party. The remaining portion of the donor-restricted endowment fund that is not classified in permanently restricted net assets is classified as temporarily restricted assets until those amounts are appropriated for expenditure by the Village in a manner consistent with the standard of prudence prescribed by the State of California's Uniform Prudent Management of Institutional Funds Act ("UPMIFA"). In accordance with UPMIFA, the governing board may appropriate for expenditure for the uses and purposes for which an endowment fund is established. As such, much of the net realized and unrealized appreciation in the fair value of the assets of an endowment fund over the historic dollar value of the fund is considered prudent, unless the donor's intention is indicated in the endowment.

Endowment net asset composition by the type of fund for the year ended December 31, 2015 is as follows:

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Donor-restricted endowment funds	\$ (720,410)	\$ -	\$ 3,981,824	\$ 3,261,414

Changes in endowment net assets for the year ended December 31, 2015 are as follows:

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Endowment net assets, January 1, 2015	\$ -	\$ 131,434	\$ 4,007,674	\$ 4,139,108
Change in value of split-interest agreements	-	-	(49,533)	(49,533)
Net realized and unrealized loss	(119,889)	-	-	(119,889)
Contributions	-	-	72,972	72,972
Release from restriction	-	-	(49,289)	(49,289)
Margin loan in excess of corpus	(565,164)	-	-	(565,164)
Appropriation of endowment assets for expenditure	(35,357)	(131,434)	-	(166,791)
Endowment net assets, December 31, 2015	\$ (720,410)	\$ -	\$ 3,981,824	\$ 3,261,414

St. Vincent de Paul Village, Inc.

Notes to Financial Statements

(14) Permanently Restricted Net Assets, Cont'd

Endowment net asset composition by the type of fund for the year ended December 31, 2014 is as follows:

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Donor-restricted endowment funds	\$ -	\$ 131,434	\$ 4,007,674	\$ 4,139,108

Changes in endowment net assets for the year ended December 31, 2014 are as follows:

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Endowment net assets, January 1, 2014	\$ -	\$ 243,397	\$ 3,830,983	\$ 4,074,380
Change in value of split-interest agreements	-	-	60,048	60,048
Net realized and unrealized loss	-	(111,963)	-	(111,963)
Contributions	-	-	167,121	167,121
Release from restriction	-	-	(50,478)	(50,478)
Endowment net assets, December 31, 2014	\$ -	\$ 131,434	\$ 4,007,674	\$ 4,139,108

Occasionally, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor requires the Village to retain as a fund of perpetual duration. In accordance with the authoritative guidance, deficiencies of this nature are reported in unrestricted net assets in the year in which they occur. Deficiencies of this nature that are reported in unrestricted net assets were approximately \$720,000 as of December 31, 2015.

The Village has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by the endowment while seeking to maintain the purchasing power of the endowment assets. Endowment assets include those assets of donor-restricted funds that the Village must hold in perpetuity or for a donor-specified period as well as board-designated funds. Under this policy, the funds are invested in a manner intended to produce approximately 5.0% greater than the rate of inflation on a total return basis. Actual returns in any given year may vary from this expected return.

To satisfy its long-term rate-of-return objectives, the Village relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). The Village uses a diversified asset allocation to achieve its long-term objectives within prudent risk parameters.

St. Vincent de Paul Village, Inc.

Notes to Financial Statements

(14) Permanently Restricted Net Assets, Cont'd

The Village's policy is to appropriate for distribution each year 5.0% of the endowment fund's fair value at a specified time during the year. In establishing the policy, the Village considered the long-term expected return on its endowment. Accordingly, over the long-term, the Village expects the current spending policy to allow its endowment to grow at an average annual rate equal to the general inflation rate. This is consistent with the Village's objective to maintain the purchasing power of the endowment assets held in perpetuity for a specified term as well as to provide additional real growth through new gifts and investment return.

(15) Fair Value Measurement

The Village measures fair value at the price that would be received upon sale of an asset, or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

Authoritative guidance establishes a hierarchy for ranking the quality and reliability of the information used to determine fair values, requiring that assets and liabilities carried at fair value be classified and disclosed in one of the following three categories:

Level 1: Unadjusted quoted market prices for identical assets or liabilities in active markets.

Level 2: Unadjusted quoted market prices for similar assets and liabilities in active markets, unadjusted quoted prices for identical or similar assets or liabilities in markets that are not active, or inputs other than quoted prices that are observable for the asset or liability.

Level 3: Significant unobservable inputs for the asset or liability.

St. Vincent de Paul Village, Inc.

Notes to Financial Statements

(15) Fair Value Measurement, Cont'd

The following table summarizes the valuation of the Village's fair value measurements in accordance with authoritative guidance at December 31, 2015:

Asset Category	Level 1	Level 2	Level 3	Total
Equities:				
Healthcare	\$ 2,451	\$ -	\$ -	\$ 2,451
Other	28,461	-	-	28,461
Mutual funds:				
Large blend/growth/value	313,288	-	-	313,288
Bank loan	46,161	-	-	46,161
Bond funds	385,077	-	-	385,077
Small blend	40,084	-	-	40,084
World allocation	49,901	-	-	49,901
Other	81,902	-	-	81,902
Municipal bonds	16,179	-	-	16,179
Sub-total investments	963,504	-	-	963,504
Pooled income fund	-	-	138,280	138,280
Charitable remainder trust	-	-	327,733	327,733
Cash surrender value insurance	-	-	241,515	241,515
Beneficial interest in gift annuity	-	-	95,141	95,141
Beneficial interest in perpetual trusts	-	-	1,157,576	1,157,576
Endowment funds:				
Financial equities	946,082	-	-	946,082
Bond funds	1,116,817	-	-	1,116,817
Foreign securities	376,983	-	-	376,983
Commodities broad basket	114,936	-	-	114,936
Global real estate	94,871	-	-	94,871
Diversified emerging markets	242,646	-	-	242,646
Small value	115,166	-	-	155,166
Sub-total endowment funds	3,007,501	-	-	3,007,501
Total assets measured at fair value	\$ 3,971,005	\$ -	\$ 1,960,245	\$ 5,931,250

St. Vincent de Paul Village, Inc.

Notes to Financial Statements

(15) Fair Value Measurement, Cont'd

The following table summarizes the Village fair value (“FV”), net present value (“NPV”) and cash surrender value (“CSV”) measurements using significant Level 3 inputs, and changes therein, for the year ended December 31, 2015:

	FV Pooled Income Fund	NPV Charitable Remainder Trust	CSV Life Insurance	FV Beneficial Interest in Gift Annuity	NPV Beneficial Interest in Perpetual Trusts	Total
Balance at January 1, 2015	\$ 160,754	\$ 369,143	\$ 202,826	\$ 109,199	\$ 1,252,047	\$ 2,093,969
Distributions	(2,560)	-	-	(13,090)	(41,149)	(56,799)
Change in valuation related to actuarial tables or other observable inputs	(19,914)	(41,410)	38,689	(968)	(53,322)	(76,925)
Balance at December 31, 2015	\$ 138,280	\$ 327,733	\$ 241,515	\$ 95,141	\$ 1,157,576	\$ 1,960,245

The following table represents the Village’s Level 3 financial instruments, the valuation techniques used to measure the fair value of those financial instruments, and the significant unobservable inputs and the ranges of values for those inputs.

Instrument	Fair Value	Principal Valuation Technique	Unobservable Inputs	Range of Significant Input Values
Charitable remainder trust	\$ 327,733	Present value of beneficial interests	Discount rate Years remaining	3.50% 13.8
Beneficial interest in gift annuity	\$ 95,141	Present value of beneficial interests	Discount rate Years remaining	3.50% 3.3 - 10.2
Pooled income fund	\$ 138,280	Present value of beneficial interests	Discount rate Years remaining	4.00% - 9.00% 9.0 – 23.0

St. Vincent de Paul Village, Inc.

Notes to Financial Statements

(15) Fair Value Measurement, Cont'd

The following table summarizes the valuation of the Village's fair value measurements in accordance with authoritative guidance at December 31, 2014:

Asset Category	Level 1	Level 2	Level 3	Total
Equities:				
Technology	\$ 1,486	\$ -	\$ -	\$ 1,486
Other	22,755	-	-	22,755
Mutual funds:				
Large blend/growth/value	312,173	-	-	312,173
Bank loan	46,946	-	-	46,946
Bond funds	387,388	-	-	387,388
Small blend	44,708	-	-	44,708
World allocation	54,365	-	-	54,365
Other	88,480	-	-	88,480
Municipal bonds	20,084	-	-	20,084
Sub-total investments	978,385	-	-	978,385
Pooled income fund	-	-	160,754	160,754
Charitable remainder trust	-	-	369,143	369,143
Cash surrender value insurance	-	-	202,826	202,826
Beneficial interest in gift annuity	-	-	109,199	109,199
Beneficial interest in perpetual trusts	-	-	1,252,047	1,252,047
Endowment funds:				
Financial equities	1,011,648	-	-	1,011,648
Bond funds	1,101,105	-	-	1,101,105
Foreign securities	335,016	-	-	335,016
Commodities broad basket	185,972	-	-	185,972
Diversified emerging markets	186,163	-	-	186,163
Small value	108,306	-	-	108,306
Sub-total endowment funds	2,928,210	-	-	2,928,210
Total assets measured at fair value	\$ 3,906,595	\$ -	\$ 2,093,969	\$ 6,000,564

St. Vincent de Paul Village, Inc.

Notes to Financial Statements

(15) Fair Value Measurement, Cont'd

The following table summarizes the Village fair value (“FV”), net present value (“NPV”) and cash surrender value (“CSV”) measurements using significant Level 3 inputs, and changes therein, for the year ended December 31, 2014:

	FV Pooled Income Fund	NPV Charitable Remainder Trust	CSV Life Insurance	FV Beneficial Interest in Gift Annuity	NPV Beneficial Interest in Perpetual Trusts	Total
Balance at January 1, 2014	\$ 180,021	\$ 384,769	\$ 167,093	\$ 384,481	\$ 1,244,764	\$ 2,361,128
Contributions	-	-	-	-	4,325	4,325
Distributions	(3,564)	-	-	(137,963)	(53,159)	(194,686)
Change in valuation related to actuarial tables or other observable inputs	(15,703)	(15,626)	35,733	(137,319)	56,117	(76,798)
Balance at December 31, 2014	\$ 160,754	\$ 369,143	\$ 202,826	\$ 109,199	\$ 1,252,047	\$ 2,093,969

The following table represents the Village’s Level 3 financial instruments, the valuation techniques used to measure the fair value of those financial instruments, and the significant unobservable inputs and the ranges of values for those inputs.

Instrument	Fair Value	Principal Valuation Technique	Unobservable Inputs	Range of Significant Input Values
Charitable remainder trust	\$ 369,143	Present value of beneficial interests	Discount rate Years remaining	3.25% 14.1
Beneficial interest in gift annuity	\$ 109,199	Present value of beneficial interests	Discount rate Years remaining	3.25% 3.4 - 10.8
Pooled income fund	\$ 160,754	Present value of beneficial interests	Discount rate Years remaining	3.25% - 9.00% 8.0 – 23.0

St. Vincent de Paul Village, Inc.

Notes to Financial Statements

(15) Fair Value Measurement, Cont'd

Management determines the fair value measurement valuation policies and procedures, including those for Level 3 recurring and nonrecurring measurements. The Village's Board of Directors assesses and approves these policies and procedures. At least annually, Management: (1) determines if the current valuation techniques used in fair value measurements are still appropriate, and (2) evaluates and adjusts the unobservable inputs used in the fair value measurements based on current market conditions and third-party information.

Investments in common stock and mutual funds are valued using market prices in active markets (Level 1). Level 1 instrument valuations are obtained from real time quotes for transactions in active exchange markets involving identical assets.

All assets have been valued using a market approach, except for Level 3 assets. Level 3 assets are valued using the income approach. Fair values for assets in Level 3 are calculated using assumptions about discounted cash flow and other present value techniques as discussed below. There were no changes in the valuation techniques used during the current year.

Pooled income funds consist of contributions from many donors that are pooled and invested as a group. Donors receive the income until their death. Upon their death, the value of their asset reverts to the Village. The assets are composed of investment grade fixed income securities which become Level 3 when adjusted using actuarial tables to estimate the remaining lives of the participants and an appropriate interest rate (ranging from 4.00% – 9.00%) to calculate the net present value of the trust.

Beneficial interest in a charitable remainder trust is an asset that will be received upon the death of the donor. While the trust itself is composed of common stock, fixed income securities and mutual funds, the value of those assets is adjusted using actuarial tables to estimate the remaining life of the donor and an appropriate interest rate to calculate the net present value of the trust.

Cash surrender value of life insurance policies are those policies where the donor has identified the Village as the beneficiary. The value is predetermined by the insurance company as the value to be paid if the policy were to be surrendered prior to the death of the insured. In February 2011, the Village obtained three policy loans totaling approximately \$364,000 on the life insurance policies of which the Village has been named as the beneficiary. The notes have annual interest rates that vary between 5.15% and 7.40% which are required to be paid annually. Principal payments are encouraged but have no payment schedule as these amounts reduce the death benefits and cash surrender value of the policies. Interest expense related to the loans was approximately \$14,000 and \$21,000 for 2015 and 2014, respectively.

St. Vincent de Paul Village, Inc.

Notes to Financial Statements

(15) Fair Value Measurement, Cont'd

Beneficial interests in gift annuities are an arrangement whereby the donor contributes assets to the Village in exchange for a promise by the Village to pay them a fixed amount for a specified period of time. The underlying assets are composed of cash equivalents or fixed income securities adjusted using actuarial tables to estimate the remaining life of the donor and an appropriate interest rate (3.50% at December 31, 2015) to calculate the net present value of the asset.

Beneficial interests in perpetual trusts are an arrangement whereby a donor establishes and funds a perpetual trust that is administered by a third party. The Village has the irrevocable right to receive the income earned on the trusts assets in perpetuity, but will never receive the assets. The fair value of the beneficial interest in perpetual trusts approximates the expected future cash receipts from the trusts assets.

Endowment funds are established by donor-restricted gifts to provide a permanent source of income. The donor may place time and/or purpose restrictions on the use of the funds. The endowment funds are invested in money market, mutual funds and equity and debt securities.

(16) Commitments and Contingencies

Litigation

In the normal course of business, the Village is occasionally named as a defendant in various claims. It is the opinion of management that the outcome of any claims would not materially affect the operations or the financial position of the Village.

(17) Subsequent Events

The Village has evaluated subsequent events through May 24, 2016 which is the date the financial statements were available to be issued.

Supplemental Schedules

St. Vincent de Paul Village, Inc.

Schedule of Expenditures of Federal Awards

For the Year Ended December 31, 2015

Federal Grantor/Pass-Through Agency/Program	Federal CFDA Number	Grant Identification Number	Federal Expenditures
U.S. Department of Housing and Urban Development:			
Continuum of Care Program- Boulevard Apartments	14.267	CA0802L9D011305 & CA0802L9D011406	\$ 19,423
Continuum of Care Program-Family Living Center	14.267	CA0536L9D011306 & CA0536L9D011407	584,931
Continuum of Care Program-Fresh Start	14.267	CA0537L9D0011306 & CA0537L9D011407	671,443
Continuum of Care Program-Solutions IV	14.267	CA0542L9D011306 & CA0542L9D011407	388,682
Continuum of Care Program-Solutions II/V	14.267	CA0543L9D01306 & CA0543L9D011407	247,897
Continuum of Care Program-TASD	14.267	CA0551L9D011306 & CA0551L9D011407	458,412
Continuum of Care Program-Rapid Rehousing Housing for Families	14.267	CA1348L9D011400	13,145
			<u>2,383,933</u>
Passed-through to subrecipients:			
Continuum of Care Program-Boulevard Apartments	14.267	CA0802L9D011305 & CA0802L9D011406	16,450
Continuum of Care Program-Solutions IV	14.267	CA0542L9D011306 & CA0542L9D011407	455,941
Continuum of Care Program-Solutions II/V	14.267	CA0543L9D01306 & CA0543L9D011407	469,127
			<u>941,518</u>
Pass-through Program from County of San Diego:			
Housing Opportunities for Persons with AIDS-Josue Homes	14.241	541352 & 552134	<u>566,158</u>
Pass-through Program from San Diego Housing Commission:			
Emergency Solutions Grant Program RRH	14.231	SHI-14-01C	39,844
Emergency Solutions Grant Program Interim Housing	14.231	HIT 15-14	81,807
Community Development Block Grants Interim Housing	14.218	HIT 15-14	105,535
Continuum of Care Program -Villa Harvey Mandel/16th and Market	14.267	CA0534L9D011306 & CA0534C9D011407	186,256
Continuum of Care Program -Village Place/15th & Commercial	14.267	CA0545L9D011306 & CA0545L9D011407	242,627
			<u>656,069</u>
Total U.S. Department of Housing and Urban Development:			<u>4,547,678</u>
Department of Homeland Security:			
Pass-through Program from Catholic Charities:			
Emergency Food and Shelter National Board Program - JKC	97.024	EFSP Phase 32	124,659
Emergency Food and Shelter National Board Program - Congregate Food	97.024	EFSP Phase 32	40,259
Total Department of Homeland Security:			<u>164,918</u>

See accompanying notes to Schedule of Expenditures of Federal Awards

St. Vincent de Paul Village, Inc.

Schedule of Expenditures of Federal Awards, Continued

For the Year Ended December 31, 2015

Federal Grantor/Pass-Through Agency/Program	Federal CFDA Number	Grant Identification Number	Federal Expenditures
Department of Health and Human Services:			
Substance Abuse & Mental Health Services (SAMHSA)	93.243	1H79TI025740	\$ 389,095
Health Care for the Homeless - Health Center Cluster	93.224	H80CS10606	1,059,726
Affordable Care Act (ACA) Grants for Capital Development in Health Centers	93.526	C8CCS27687	17,305
Total Department of Health and Human Services:			<u>1,466,126</u>
Department of Agriculture:			
Pass-through Program from California Department of Education			
Child & Adult Care Food Program (CACFP)	10.558	04587-CACFP-37-NP-IC Vendor #N55401	201,003
Total Department of Agriculture:			<u>201,003</u>
Department of Veterans Affairs:			
VA Homeless Providers Grant and Per Diem Program	64.024	03-110-CA	453,976
Passed-through to subrecipients:			
Veterans Village of San Diego	64.024	03-110-CA	227,839
			<u>681,815</u>
Pass-through Program from Veterans Village of San Diego:			
VA Supportive Services for Veteran Families Program	64.033	MOA with VVSD	80,876
			<u>80,876</u>
Total Department of Veterans Affairs:			<u>762,691</u>
			<u>7,142,416</u>
Total Expenditures of Federal Awards			\$ <u>7,142,416</u>

See accompanying notes to Schedule of Expenditures of Federal Awards

St. Vincent de Paul Village, Inc.

Notes to Schedule of Expenditures of Federal Awards

- 1. Basis of Presentation**

The accompanying Schedule of Expenditures of Federal Awards (the “Schedule”) includes the federal award activity of St. Vincent de Paul Village, Inc. under programs of the federal government for the year ended December 31, 2015. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of St. Vincent de Paul Village, Inc., it is not intended to and does not present the financial position, changes in net assets or cash flows of St. Vincent de Paul Village, Inc.
- 2. Summary of Significant Accounting Policies**

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance wherein certain types of expenditures are not allowable or are limited as to reimbursement.
- 3. Subrecipients**

See Schedule of Expenditures of Federal Awards for amounts provided to subrecipients.
- 4. Catalog of Federal Domestic Assistance (CFDA) Number**

The program titles and CFDA numbers were obtained from the Catalog of Federal Domestic Assistance.



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Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With *Government Auditing Standards*

To the Audit Committee
St. Vincent de Paul Village, Inc.
San Diego, California

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of **St. Vincent de Paul Village, Inc.** (the “Village”), which comprise the statement of financial position as of December 31, 2015, and the related statements of activities, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated May 24, 2016.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Village’s internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Village’s internal control. Accordingly, we do not express an opinion on the effectiveness of the Village’s internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity’s financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.



Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Village's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Mayer Hoffman McCann P.C.

San Diego, California

May 24, 2016



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Report on Compliance for Each Major Federal Program; Report on Internal Control Over Compliance; and Report on Schedule of Federal Awards Required by Uniform Guidance

To the Audit Committee
St. Vincent de Paul Village, Inc.
San Diego, California

Report on Compliance for Each Major Federal Program

We have audited **St. Vincent de Paul Village, Inc.**'s (the "Village") compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the Village's major federal program for the year ended December 31, 2015. The Village's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for the Village's major federal program based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Village's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the Village's compliance.



Opinion on Each Major Federal Program

In our opinion, the Village complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal program for the year ended December 31, 2015.

Report on Internal Control Over Compliance

Management of the Village is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Village's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Village's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Mayer Hoffman McCann P.C.

San Diego, California
May 24, 2016

St. Vincent de Paul Village, Inc.

Schedule of Findings and Questioned Costs Year Ended December 31, 2015

Section 1

Summary of Auditors' Results

Financial Statements

- | | |
|---|---------------|
| 1. Type of report the auditor issued on whether the financial statements audited were prepared in accordance with GAAP: | Unmodified |
| 2. Internal control over financial reporting: | |
| a. Material weaknesses identified? | No |
| b. Significant deficiencies identified? | None Reported |
| 3. Noncompliance material to the financial statements noted? | No |

Federal Awards

- | | |
|---|---------------|
| 1. Internal control over major programs: | |
| a. Material weaknesses identified? | No |
| b. Significant deficiencies identified? | None Reported |
| 2. Type of auditors' report issued on compliance for major programs: | Unmodified |
| 3. Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)? | No |

4. Identification of major programs:

CFDA Number

14.267

93.224

Name of Federal Program or Cluster

Continuum of Care Program

Health Care for the Homeless - Health Center Cluster

- | | |
|---|-----------|
| 5. Dollar threshold used to distinguish between Type A and Type B programs: | \$750,000 |
| 6. Auditee qualified as a low-risk auditee? | Yes |

St. Vincent de Paul Village, Inc.

Schedule of Findings and Questioned Costs Year Ended December 31, 2015

Section 2

Financial Statement Findings

None Noted.

Section 3

Federal Award Findings and Questioned Costs

None Noted.

Section 4

Summary Schedule of Prior Year Findings

None Noted.