S.V.D.P. Management, Inc.
and Consolidated Entities

Consolidated Financial Statements
and Supplemental Schedules

Years Ended December 31, 2015 and 2014

MHM

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McCann P.C.
An Independent CPA Firm

S.V.D.P. Management, Inc. and Consolidated Entities

Contents

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Independent Auditors' Report

To the Audit Committee
S.V.D.P. Management, Inc. and Consolidated Entities
San Diego, California

Report on the Consolidated Financial Statements

We have audited the accompanying financial statements of **S.V.D.P. Management, Inc. and Consolidated Entities** (the "Organization"), a nonprofit corporation, which comprise the consolidated statements of financial position as of December 31, 2015 and 2014, and the related consolidated statements of activities, and cash flows for the years then ended, and the related notes to the consolidated financial statements.

Management's Responsibility for the Consolidated 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.

Auditors' 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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

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

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

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of **S.V.D.P. Management, Inc. and Consolidated Entities** as of December 31, 2015 and 2014, and the changes in its net assets and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

Other Matter

Our audits were conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The statement of financial position of S.V.D.P. Management, Inc. as of December 31, 2015 and 2014, and the related statement of activities for the years then ended, is presented for purposes of additional analysis and is not a required part of the consolidated financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The information has been subjected to the auditing procedures applied in the audits of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the 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 consolidated financial statements as a whole.

Mayer Hoffman McCann P.C.

San Diego, California
May 24, 2016

Consolidated Statements of Financial Position

As of December 31,	**2015**	2014
Current assets:		
Cash and cash equivalents	**$ 1,412,542**	$ 2,485,091
Investments	**657,034**	675,756
Contributions receivable	**1,170**	44,285
Grants receivable	**155,635**	3,614
Inventory - automobiles	**203,022**	269,065
Prepaid expenses and other current assets	**759,615**	628,299
Total current assets	**3,189,018**	4,106,110
Property and equipment:		
Land	**17,017,269**	19,760,423
Buildings and improvements	**169,867,929**	169,788,719
Furniture and equipment	**7,943,141**	7,411,688
	194,828,339	196,960,830
Less accumulated depreciation and amortization	**(52,331,673)**	(47,618,376)
Construction in progress	**-**	31,828
Net property and equipment	**142,496,666**	149,374,282
Designated cash fund and statutory reserves	**4,919,798**	4,768,342
Due from Martha's Village and Kitchen, Inc.	**4,452,025**	3,952,807
Due from St. Vincent de Paul Village, Inc.	**7,762,120**	7,380,415
Charitable remainder trust	**339,119**	375,518
Property held for sale	**2,855,029**	-
Bond issuance costs, net	**195,655**	210,974
Deposits and other assets	**218,169**	352,836
Total assets	**$ 166,427,599**	$ 170,521,284
Current liabilities:		
Accounts payable	**$ 932,764**	$ 772,438
Accrued liabilities	**320,295**	314,690
Accrued interest	**4,878,904**	4,037,558
Current portion of long-term debt	**461,315**	3,786,384
Total current liabilities	**6,593,278**	8,911,070
Forgivable debt	**4,225,543**	4,225,543
Long-term debt, net of current portion	**53,131,944**	50,592,806
Interest rate swap liability	**1,359,141**	1,340,082
Development fee payable to St. Vincent de Paul Village, Inc.	**47,405**	107,405
Notes payable to Martha's Village and Kitchen, Inc.	**4,298,727**	4,298,727
Deferred grant revenue	**14,554,957**	15,888,241
Total liabilities	**84,210,995**	85,363,874
Noncontrolling limited partners' interests in real estate limited partnerships	**12,251,869**	15,452,483
Net assets:		
Unrestricted	**69,625,616**	69,329,409
Temporarily restricted	**339,119**	375,518
Total net assets	**69,964,735**	69,704,927
Total liabilities and net assets	**$ 166,427,599**	$ 170,521,284

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

Consolidated Statements of Activities

Year Ended December 31,	**2015**	2014
Contributions from organizations, foundations and individuals	**$ 118,739**	$ 1,334,818
Sales of donated automobiles	**2,070,608**	3,118,530
Contract charges for services to St. Vincent de Paul Village, Inc. and Martha's Village and Kitchen, Inc.	**1,719,219**	1,810,305
Rental income	**6,803,200**	6,799,424
Grant income	**1,913,491**	1,386,698
Interest income	**116,984**	129,562
Miscellaneous income	**58,407**	179,752
Total revenue, contributions and other	**12,800,648**	14,759,089
Expenses and donations:		
Administration	**1,488,182**	1,111,013
Fundraising	**392,179**	382,496
Program expenses:		
Salaries and employee benefits	**2,449,784**	3,058,508
Advertising	**354,581**	258,243
Preparation expense of donated automobiles	**49,172**	193,428
Other	**3,776,595**	2,843,710
Interest	**1,711,897**	1,723,233
Depreciation and amortization	**4,986,393**	5,013,630
Loss on acquisition of partnership interest	**191,392**	-
Loss on abandonment of construction in progress	**11,561**	-
Gain on sale of fixed assets	**(2,019)**	-
Loss on disposal of fixed assets	**253,157**	1,920
Total program expenses	**13,782,513**	13,092,672
Donation to St. Vincent de Paul Village, Inc.	**-**	600,000
Donation to Martha's Village and Kitchen, Inc.	**214,505**	467,482
Total expenses and donations	**15,877,379**	15,653,663
Change in unrestricted net assets from operations before equity of limited partners in losses of limited partnerships	**(3,076,731)**	(894,574)
Loss on mark-to-market of interest rate swap	**(19,059)**	(464,450)
Change in unrestricted net assets before noncontrolling equity of limited partners in operating results of limited partnerships	**(3,095,790)**	(1,359,024)
Equity of limited partners in operating results of real estate limited partnerships	**3,391,997**	3,237,013
Change in unrestricted net assets	**296,207**	1,877,989
Changes in temporarily restricted net assets:		
Change in value of charitable remainder trust	**(36,399)**	(11,048)
Change in temporarily restricted net assets	**(36,399)**	(11,048)
Change in net assets	**259,808**	1,866,941
Net assets at beginning of year	**69,704,927**	67,837,986
Net assets at end of year	**$ 69,964,735**	$ 69,704,927

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

Consolidated Statements of Cash Flows

Year Ended December 31,	**2015**	2014
Operating activities:		
Change in net assets	**$ 259,808**	$ 1,866,941
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Depreciation and amortization	**4,986,393**	5,013,630
Bad debt expense	**13,719**	21,973
Non cash interest expense	**120,275**	91,262
Non cash contribution expense	**-**	25,850
Noncontrolling limited partners' equity in operating results of limited partnerships	**(3,391,997)**	(3,237,013)
Loss on acquisition of partnership interest	**191,392**	-
Gain on sale of property held for sale	**-**	(32,158)
Gain on sale of fixed assets	**(2,019)**	-
Loss on mark-to-market of interest rate swap	**19,059**	464,450
Realized and unrealized (gain) loss on investments	**18,722**	(38,219)
Loss on disposal of fixed assets	**253,157**	1,920
Loss on abandonment of construction in progress	**11,561**	-
Change in value of charitable remainder trust	**36,399**	11,048
Changes in operating assets and liabilities:		
Contributions and bequests receivable	**43,115**	10,715
Grants receivable	**(152,021)**	(3,614)
Inventory- automobiles	**66,043**	36,595
Prepaid expenses and other current assets	**(145,035)**	(167,541)
Due from Martha's Village and Kitchen, Inc.	**(499,218)**	(415,123)
Due to/from St. Vincent de Paul Village, Inc.	**(381,705)**	(2,044,166)
Deposits and other assets	**105,580**	349,607
Accounts payable	**160,326**	(44,669)
Accrued liabilities	**5,605**	(79,724)
Accrued interest	**841,346**	770,679
Development fee payable to St. Vincent de Paul Village, Inc.	**(60,000)**	(60,000)
Deferred grant revenue	**(1,333,284)**	(1,334,534)
Net cash provided by operating activities	**1,167,221**	1,207,909
Investing activities:		
Proceeds from sale of investments	**-**	263,854
Proceeds from sale of property held for sale	**-**	191,000
Purchases of property and equipment	**(1,406,941)**	(271,120)
Increase in designated cash fund and statutory reserves	**(151,456)**	(177,173)
Proceeds from sale of fixed assets	**5,400**	1,955
Net cash provided by (used in) investing activities	**(1,552,997)**	8,516
Financing activities:		
Payments on long-term debt	**(906,205)**	(875,630)
Limited partnership distribution to St. Vincent de Paul Village, Inc.	**(9)**	(9)
Capital contributions to limited partnerships	**219,441**	-
Net cash used in financing activities	**(686,773)**	(875,639)
Net change in cash and cash equivalents	**(1,072,549)**	340,786
Cash and cash equivalents at beginning of year	**2,485,091**	2,144,305
Cash and cash equivalents at end of year	**$ 1,412,542**	$ 2,485,091

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

Year Ended December 31,		**2015**		2014
Interest paid	**$**	**752,200**	$	825,700
Income taxes paid	**$**	**6,400**	$	7,200

Supplemental Disclosure of Noncash Financing Activities

In 2015, Toussaint Teen Center, L.P. was dissolved and its assets were acquired by S.V.D.P. for consideration of $100. As a result of the dissolution, S.V.D.P. recorded an decrease in unrestricted net assets of $317,224.

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

(1) Organization And Significant Accounting Policies

Organization

S.V.D.P. Management, Inc. ("S.V.D.P."), develops, maintains and leases property, receives and sells donated automobiles and provides contract services for St. Vincent de Paul Village, Inc. (the "Village") and Martha's Village and Kitchen, Inc. ("MVK") which through their fundraising activities, provide charitable services for the homeless in San Diego and Indio, California.

S.V.D.P. is the general partner of Martha's Village, L.P., Villa Harvey Mandel, L.P., 16th and Market, L.P., 3137 El Cajon Boulevard, L.P., and limited partner and general partner of Village Place Apartments, L.P. Until December 31, 2015, S.V.D.P. was also the general partner of Toussaint Teen Center, L.P. S.V.D.P. is the sole member of Bishop Maher Center, LLC, which is the managing general partner of 15th & Commercial, L.P. A summary of the limited partnerships are as follows:

Toussaint Teen Center, L.P.
In 1997, S.V.D.P. purchased land and a building in San Diego, California. S.V.D.P. rehabilitated the building for use as a center for homeless teenagers in transition. The cost of the property was approximately $1,051,000 and the rehabilitation costs were approximately $3,007,000. It was S.V.D.P.'s intention to have the building qualify for low-income housing credits under Section 42 of the Code.

In 1999, S.V.D.P. formed a California limited partnership, Toussaint Teen Center, L.P. ("Teen Center"), to acquire, develop, finance and operate the 21-unit building for rental to low-income individuals. S.V.D.P. became the general partner and Father Joe Carroll became the limited partner.

On May 30, 2002, S.V.D.P. entered into an amended and restated agreement of limited partnership wherein S.V.D.P. contributed its interest in the rehabilitated building and certain other costs to the Teen Center, Father Joe Carroll withdrew, U.S.A. Institutional Tax Credit Fund XXVII, L.P. was admitted as the investment partner and The Richman Group Capital Corporation was admitted as the special limited partner.

In accordance with the amended agreement, the limited partners contributed approximately $838,000 to the Teen Center. Of that contribution approximately $709,000 is to be held in a restricted account until 2015, but may be released earlier under certain conditions. Teen Center profits and losses are allocated 0.01% to both S.V.D.P. and the special limited partner and 99.98% to the investment partner. In 2004, decisions regarding special elections were made with the consent of the limited partners for special allocation of profits and losses in accordance with Section 704(c) of the Code.

Organization, cont'd

The partners received approximately $143,000 annually of federal low-income housing tax credits from the TCAC until 2008. In the event all of the credit is recaptured or all of the reported credit becomes unavailable, the limited partners have the option to have the general partner pay for certain amounts of the credits taken by the limited partners.

On December 31, 2015, the partnership was terminated. The assets of the partnership, including cash, building, land and furniture and fixtures were transferred to S.V.D.P. as of December 31, 2015.

Village Place Apartments, L.P.

Village Place Apartments, L.P. ("Village Place") is a California limited partnership formed to develop and operate affordable housing, including housing that qualifies for low-income housing credits under Section 42 of the Internal Revenue Code (the "Code"). At the date of formation of Village Place, January 16, 1997, S.V.D.P. became the general partner and on June 1, 1997, under the first amendment to the limited partnership agreement, Columbia Housing Partners Corporate Tax Credit V Limited Partnership was admitted as the sole investment limited partner. The investment limited partner has made an investment of approximately $473,000. Also under the amendment, Columbia Housing SLP Corporation was admitted to the partnership as a special limited partner on July 1, 1997 to provide advice and assistance relating to the administration, management and direction of the business of the partnership as well as other services. The special limited partner has invested $10 in the partnership. Partnership profits and losses are allocated 0.01% to the general partner and 99.99% to the investment limited partner beginning in 1998.

The partners received approximately $66,000 annually of federal low-income housing tax credits from California Tax Credit Allocation Committee ("TCAC") through 2007.

In October 2013, the limited partner and special limited partner sold their Partnership interest to S.V.D.P. and the Village. S.V.D.P. made an investment of $100 and the Village an investment of $10. Partnership profits and losses are allocated 0.01% to the general partner and 99.99% to the investment limited partners. A gain on investment in limited partnership of approximately $328,000 was recorded.

Village Place is operated under a regulatory agreement that regulates rent charges, operating methods and other matters.

Organization, cont'd

Martha's Village, L.P.

Martha's Village, L.P. ("Martha's Village") is a California limited partnership formed in 1999 to acquire, own, develop and operate low-income housing, including housing that will qualify for low-income housing credits, under Section 42 of the Code.

Construction of the low-income transitional housing building was substantially completed in January 2001 and was subsequently placed in service, at which time Martha's Village commenced operations.

Under the first amendment to the first amended and restated agreement of limited partnership effective on August 24, 2001, MVK, the original general partner, transferred its general partnership interest of approximately $280,000 to S.V.D.P. Banc of America Housing Fund III D Limited Partnership continued as the limited partner. The original general partner, MVK, contributed land valued at $280,000 to the partnership. The limited partner has contributed cash of approximately $2,615,000. Partnership profits and losses are allocated 0.01% to the general partner and 99.99% to the limited partner. The partners received approximately $312,000 annually of federal low-income housing tax credits from the TCAC until 2010. The partners received approximately $26,000 of Federal low-income housing tax credits from TCAC in 2011 as partial credits of approximately $286,000 were taken in 2001.

Villa Harvey Mandel, L.P.

Villa Harvey Mandel, L.P. ("Villa Harvey Mandel"), a California limited partnership, was formed for the purpose of developing, managing, and operating a 90-unit multi-family apartment complex that qualifies for low-income housing credits under Section 42 of the Code to be known as Villa Harvey Mandel Apartments ("VHM") located in San Diego, California.

From October 19, 2001 to February 12, 2002, the general partner of Villa Harvey Mandel was S.V.D.P., and the limited partner was Father Joe Carroll. On February 12, 2002, the initial limited partner, Father Joe Carroll withdrew from Villa Harvey Mandel and TRGHT, Inc. and The Richman Group Capital Corporation were admitted to the partnership as the investor limited partner and special limited partner, respectively. On February 12, 2002, TRGHT, Inc. withdrew from the partnership as the investor limited partner, and U.S.A. Institutional Tax Credit Fund XXVIII, L.P. was admitted as the investor limited partner. Therefore, beginning on February 12, 2002, the investor limited partner was U.S.A. Institutional Tax Credit Fund XXVIII, L.P. and the special limited partner was The Richman Group Capital Corporation.

Organization, cont'd

Under the amended and restated agreement of limited partnership, the investment partner has contributed approximately $7,228,000 through December 31, 2007. Villa Harvey Mandel profits and losses are allocated 0.01% to both S.V.D.P. and the special limited partner and 99.98% to the investment partner.

Villa Harvey Mandel expects to generate an aggregate of approximately $911,000 of low-income housing tax credits on an annual basis from TCAC. The credits became available for use by its partners pro rata over a ten-year period beginning in June 2003. In order to qualify for these credits, Villa Harvey Mandel must comply with various federal and state requirements. These requirements include, but are not limited to, renting to low-income tenantsat rental rates which do not exceed specified percentages of area median gross income for the first 15 years of operation. Villa Harvey Mandel has also agreed to maintain and operate VHM as low-income housing for another 40 years after that period ends.

16th and Market, L.P.

16th and Market, L.P. ("16th and Market"), a California limited partnership, was formed for the purpose of developing, managing and operating a 136-unit multi-family apartment complex that qualifies for low-income housing credits under Section 42 of the Code, to be known as 16th and Market located in San Diego, California.

On April 6, 2007, the partnership was formed with S.V.D.P. as general partner, and Father Joe Carroll, as limited partner (the "initial limited partner"). On May 24, 2007 an amended agreement was filed admitting Chelsea Investment Corporation 16th and Market, LLC ("CIC"), as administrative general partner. On June 1, 2007, Father Joe Carroll withdrew as the limited partner, U.S.A. Institutional Tax Credit Fund LX, L.P., was admitted as the investment partner and The Richman Group Capital Corporation was admitted as the special limited partner.

In 2007 and 2006, S.V.D.P. received from Ballpark Village, LLC ("BPV") restricted contributions of approximately $71,000 and $1,137,000, respectively, as a reimbursement of certain costs of construction which were invested in 16th and Market. In addition, S.V.D.P. transferred land valued at $8,000,000 to 16th and Market and obtained a $1,000,000 loan from the Affordable Housing Program ("AHP"), which was invested in 16th and Market. In 2012 S.V.D.P. contributed cash of approximately $823,000 to 16th and Market.

BPV contributed approximately $19,037,000 directly to the partnership in June 2009 which constituted equity credit for S.V.D.P. in accordance with the partnership agreement.

Organization, cont'd

Partnership profits and losses are allocated 0.005% to both S.V.D.P. and the administrative general partner and 99.99% to the investment partner.

The Partnership expects to generate approximately $2,607,000 in annual low-income housing tax credits from the California TCAC. The tax credits are available for use by the partners pro rata over a ten-year period beginning in 2010. In order to qualify for these credits, 16th and Market must comply with various federal and state requirements. These requirements include, but are not limited to, renting to low-income tenants at rental rates which do not exceed specified percentages of area median gross income for the first 15 years of operations. The Partnership has also agreed to maintain and operate as low-income housing for another 40 years after that period ends.

3137 El Cajon Boulevard, L.P.

3137 El Cajon Boulevard, L.P. ("Boulevard Apartments") was formed as a California limited partnership to develop, manage, operate and finance a 24-unit multi-family apartment complex for low-income rental housing that qualifies for low income housing credits under Section 42 of the Code with a filing to the state on August 20, 2007. On September 14, 2007, the partnership formation was completed with S.V.D.P. as the general partner and Father Joe Carroll as the limited partner. On May 1, 2008, the agreement was amended to continue the partnership with S.V.D.P. as the general partner, admit TRGHT, Inc. as the investor limited partner and The Richman Group Capital Corporation, as the special limited partner, Father Joe Carroll withdrew as the initial limited partner. On August 19, 2008, the existing investment partner, TRGHT, Inc. received a full refund of its capital contribution and withdrew from Boulevard Apartments. U.S.A. Institutional Tax Credit Fund LXVII L.P. was admitted as the new investment partner.

Under the amended and restated agreement of the limited partnership the investment partner has contributed approximately $3,651,000. S.V.D.P. transferred land valued at $1,210,000 and $400,000 from a HUD construction grant. Profits and losses are allocated 0.01% to S.V.D.P. and 99.99% to the investment partner.

The Partnership expects to generate an aggregate of approximately $4,017,000 of low-income housing tax credits from TCAC. The tax credits are available for use by the partners pro rata over a ten-year period beginning in 2010. In order to qualify for these credits, Boulevard Apartments must comply with various federal and state requirements. These requirements include, but are not limited to, renting to low-income housing tenants at rental rates which do not exceed specific percentages of area median gross income for the first 15 years of operations. The Partnership has also agreed to maintain and operate as low-income housing for another 40 years after that period ends.

Organization, cont'd

15th & Commercial, L.P.

15th & Commercial, L.P. ("15th & Commercial") was initially established in June 2009 with S.V.D.P. as the general partner and Father Joe Carroll as the limited partner. In December 2009, the partnership certificate was amended to include 15th & Commercial CIC, LLC as a co-general partner. In April 2011, S.V.D.P. Management and 15th & Commercial CIC were replaced as general partners by Bishop Maher Center LLC. S.V.D.P. is the sole member of this LLC. Father Joe Carroll withdrew as the limited partner and 15th Investment CIC, LLC was admitted as the limited partner.

In April 2011, the Partnership admitted MCAP San Diego, LLC as a Class B limited partner and MCAP IV Special Partner, LLP as special limited partner. Bishop Maher Center, LLC continues as the managing general partner and 15th Investment CIC, LLC remains limited partner. Upon achievement of certain requirements, the Class B limited partner will contribute approximately $1,042,000 to fund a services reserve which will be available to fund services of the project. Projected losses of approximately $11,059,000 will be available for allocation to the Class B and special limited partners.

The Partnership was formed for the purpose of development, construction, and operations of a 12-story project that includes a child development center, 150 beds of transitional housing and 64 units of permanent supportive housing. Construction financing closed and the groundbreaking took place in May 2010. The construction of the project was completed in December 2011.

Under the amended and restated Agreement of the Limited Partnership ("Partnership Agreement") profits or losses are allocated 49.90% to the limited partner, 50.08% to the Class B limited partner, 0.01% to the special limited partner, and 0.01% to the managing general partner.

All of the Partnerships will continue to operate until such date as determined by the limited partnership agreements or until terminated in accordance with the provisions of the applicable partnership agreements.

Principles of consolidation

S.V.D.P., Village Place, Martha's Village, Teen Center, Villa Harvey Mandel, 16th and Market, Boulevard Apartments, 15th & Commercial, and Bishop Maher Center, LLC have been consolidated and all material partner agency transactions and accounts have been eliminated in the accompanying consolidated financial statements.

Basis of accounting

The accompanying consolidated financial statements are prepared on the accrual basis of accounting in accordance with authoritative guidance. Accordingly, S.V.D.P. 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 donations are considered to be available for unrestricted use unless specifically restricted by the donor. S.V.D.P. has no permanently restricted net assets.

Investments

S.V.D.P. carries investments in equity securities with readily determinable fair values and all investments in debt securities at fair value with realized and unrealized gains and losses included in the consolidated statements of activities. 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.

Inventory

Inventory consists primarily of donated automobiles. Donated automobiles are stated at estimated fair value at the time of donation.

Property held for sale

Property held for sale is stated at the lower of its carrying amount or fair value less cost to sell. Impairment losses are recorded when indicators of impairment are present and the undiscounted estimated cash flows from the property are less than the carrying value. A property was sold in 2014 with a related gain of approximately $32,000. This gain is included in miscellaneous income in the accompanying consolidated statement of activities for the year ended December 31, 2014.

Contributions and bequests receivable

S.V.D.P. records promises to give and receive cash and other assets at fair value in the period in which the promise is made. Conditional promises to give are recognized when the conditions are substantially met in accordance with authoritative guidance for non-profit organizations. Unconditional promises to give that are expected to be collected within one year are recorded at net realizable value. Unconditional promises to give that are expected to be collected in future years are recorded at the present value of estimated future cash flows. The discounts on those amounts are computed using a current risk-adjusted interest rate. Accretion of the discount is included in contribution revenue. Conditional promises to give are not recorded as contributions until such time as the conditions are substantially met.

Contributions and bequests receivable, cont'd

S.V.D.P. provides for losses on contributions receivable using the allowance method. The allowance is based on experience and other circumstances, which may affect the ability of donors to meet their obligations. Receivables are written off when deemed uncollectible.

S.V.D.P. records bequests at fair market value based on the S.V.D.P.'s share of the underlying assets in the trust as specified by the trust agreement. Bequests receivable are expected to be collected within one year.

All receivables are unsecured and thus, are subject to credit risk.

Grant revenue

S.V.D.P. is awarded grants from federal, state and private agencies. Grants are typically awarded for a multi-year period, with the amount awarded negotiated in advance. Grant revenue is recognized when the related program costs are incurred. Unexpended grant funds received in advance of the related expenditures are reported as deferred grant revenue.

Long-lived assets

S.V.D.P. 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. S.V.D.P. determined there was no impairment at December 31, 2015 or 2014.

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.

Cash equivalents

S.V.D.P. considers all highly-liquid investments with an original maturity of three months or less to be cash equivalents.

Concentration of credit risk

Financial instruments which potentially subject S.V.D.P. to concentrations of credit risk consist primarily of cash and cash equivalents. S.V.D.P. maintains its cash and cash equivalents with high credit quality financial institutions. At times, such amounts may exceed federally insured limits. S.V.D.P. believes it is not exposed to significant credit risk and has not experienced such losses.

Advertising

S.V.D.P. expenses advertising costs as incurred. Advertising costs for the years ended December 31, 2015 and 2014 were approximately $355,000 and $258,000, respectively.

Income taxes

S.V.D.P. 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.

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 forty 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 and amortization expense related to property and equipment was approximately $4,986,000 and $4,970,000 for the years ended December 31, 2015 and 2014, respectively.

S.V.D.P. capitalizes interest cost related to the development and construction of property and equipment. The capitalized interest is recorded as part of the asset it relates to and will be amortized over the asset's useful life once the asset is ready for its intended use. No interest was capitalized in 2015 and 2014, respectively.

During 2015, S.V.D.P. determined that certain projects recorded in construction in progress were not going to be completed as originally planned. As a result the projects were abandoned and the related costs recorded in construction in progress were recorded as loss on abandoned construction in progress on the statement of activities.

Bond issuance costs

Bond issuance costs are capitalized and amortized over the term of the bond using the straight-line method.

Derivative financial instruments

S.V.D.P. makes limited use of derivative instruments for the purpose of managing interest rate risks. Interest rate swap agreements are used to convert S.V.D.P.'s floating rate long-term debt to a fixed interest rate. As required by authoritative guidance, S.V.D.P. recognizes all derivatives as either assets or liabilities in the consolidated statements of financial position and measures those instruments at fair value. Changes in fair value of those instruments are reported in the consolidated statement of activities.

Functional expenses

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

Reclassifications

Certain amounts in the 2015 consolidated financial statements have been reclassified to conform with the 2014 classifications. These reclassifications have no effect on reported net assets or change in net assets.

(2) Related Party Transactions

Contract services with St. Vincent de Paul Village, 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.

Contract services with Martha's Village and Kitchen, Inc.

S.V.D.P. has a service contract with MVK to provide administrative services. The charges under this contract were approximately $70,000 and $187,000 in 2015 and 2014.

Related party rental income

S.V.D.P., Village Place, 16th and Market, and 15th & Commercial lease property for the various operating activities of the Village and MVK under long-term operating leases expiring at various dates through 2028. Generally these leases are adjusted annually for changes in the Consumer Price Index.

Related party rental income, cont'd

Aggregate minimum lease payments expected to be received by S.V.D.P., Village Place, 16th and Market, and 15th & Commercial from the Village's and MVK's operating activities in the five years subsequent to December 31, 2015 and thereafter are as follows:

Year Ending December 31,	MVK	Village	Totals
2016	$ 100,000	$ 2,937,093	$ 3,037,093
2017	-	2,349,136	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	$ 100,000	$ 9,269,700	$ 9,369,700

Included in rental income were amounts from partner agencies of approximately $3,397,000 and $3,343,000 in 2015 and 2014, respectively.

15th & Commercial operating subsidy and CAM charges from St. Vincent de Paul Village, Inc.

An operating subsidy is mandated by the 15th & Commercial transitional housing lease. Per the lease agreement, on December 3 of each calendar year the Village shall pay 15th & Commercial 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. This payment is to supplement the difference between the maximum allowable 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 CAM charges for the property leased from 15th & Commercial. The CAM charges were approximately $463,000 and $403,000 in 2015 and 2014, respectively.

Donations to related parties

S.V.D.P. made no donations to the Village in 2015 and made donations to support the operations of the Village of approximately $600,000 in 2014. S.V.D.P. made donations to support the operations of MVK of approximately $215,000 and $467,000 in 2015 and 2014, respectively.

Pass through grant to Martha's Village and Kitchen, Inc.

In 2015, the County of Riverside, Department of Public Social Services, transferred a grant award for program services at MVK from a pass through awarded to S.V.D.P. to a direct award to MVK. No amounts were passed through to MVK in 2015. The amount passed through to MVK in 2014 was approximately $472,000.

Notes payable to Martha's Village and Kitchen, Inc.

S.V.D.P. has two notes payable to MVK in exchange for costs advanced to Martha's Village L.P.

A note of approximately $4,236,000 at December 31, 2015 and 2014, is collateralized by a trust deed on the property, bears interest at 0.5% per annum and is due May 8, 2055. The second note of approximately $63,000 at December 31, 2015 and 2014, is collateralized by a trust deed on the property, bears interest at 0.5% per annum and is due and payable on May 8, 2055. Interest only payments in arrears are required based on the availability of cash as defined by the note agreement. Total interest expense on the notes was approximately $22,000 for the years ended December 31, 2015 and 2014.

Due from Martha's Village and Kitchen, Inc.

During 2001, S.V.D.P. advanced approximately $4,772,000 to MVK for building construction. The total amount due to S.V.D.P. for the advance was $2,400,000 at December 31, 2015 and 2014. Interest at 3% per annum is charged on these advances, which amounted to approximately $72,000 in 2015 and 2014. At December 31, 2015 and 2014, interest receivable was approximately $555,000 and $483,000, respectively.

In addition to the advances for construction of the building, S.V.D.P. provides cash advances and contributions to MVK from time to time. S.V.D.P. had a receivable due from MVK of approximately $2,052,000 and $1,553,000 at December 31, 2015 and 2014 respectively, which includes interest payable to S.V.D.P. on the amounts advanced. The total amount due from MVK, including the construction advance was approximately $4,452,000 and $3,953,000 at December 31, 2015 and 2014, respectively.

Due to/from St. Vincent de Paul Village, Inc.

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

Development fee payable to St. Vincent de Paul Village, Inc.

On February 12, 2002, the Village and CIC entered into an agreement with Villa Harvey Mandel 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 will receive 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. The balance due to the Village for the remaining portion of the developer fee was approximately $47,000 and $107,000 at December 31, 2015 and 2014, respectively.

Pass through grant from St. Vincent de Paul Village, Inc.

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

(3) Debt

Long-term debt consisted of the following at December 31:

	2015	2014
Note held by S.V.D.P. payable to a bank in $30,387 monthly installments of principal and interest. The note is due April 14, 2017. Interest at the bank's reference rate plus 2% (total interest rate of 2.84% at December 31, 2015) secured by a deed of trust.	**$ 3,289,082**	$ 3,582,915
In June 1998, S.V.D.P. issued $7,485,000 of Certificates of Participation Bonds ("Bonds") to the California Statewide Communities Development Authority. Proceeds from the issuance of the Bonds were used to repay certain indebtedness and provide reserve funds for future properties. The Bonds are collateralized by certain real estate and a bank letter of credit that expires on December 1, 2018. The agreement provided that no more than $7,485,000 and $110,737 may be drawn under the principal and interest portion, respectively, of these letters of credit. The letters of credit require that S.V.D.P. maintain certain debt service coverage and debt to equity covenants. The initial interest rate on the Bonds was 4% which is subject to periodic adjustments. The interest rate in effect at December 31, 2015 was 0.01%. S.V.D.P. is required to set aside in a designated sinking fund $375,000 each year as collateral for the letters of credit. The Bonds are due February 1, 2028.	**1,145,001**	1,520,001

(3) Debt, Cont'd

	2015	2014
Note payable due in May 2017 held by S.V.D.P., bears interest at 3%, and had an initial maturity of ten years. The Lender is obligated to extend the maturity for five consecutive one year periods as long as S.V.D.P. continues to satisfactorily perform its obligations under the agreement. The unsecured loan requires interest only payments quarterly, which are deferred if cash is not available at the date due. The loan is to provide working capital for services to clients or predevelopment cost of new facilities.	**500,000**	500,000
Note held by S.V.D.P. payable to a bank in $7,135 monthly installments of principal and interest and a final payment upon maturity of the remaining balance estimated to be approximately $1,129,000. The note is due May 16, 2017. Interest at 4.5%, secured by a deed of trust.	**1,165,591**	1,197,245
Note held by S.V.D.P. payable to a bank in $31,674 monthly installments of principal and interest and a final payment upon maturity of the remaining balance estimated to be approximately $4,108,000. The note is due January 31, 2024. Interest at 4.55%, secured by a deed of trust.	**5,368,917**	5,498,092
Mortgage note payable in monthly installments of $7,195 through 2027 by Village Place, bears interest at 6% and is collateralized by property and equipment.	**730,282**	771,434
Note payable to the San Diego Housing Commission by Villa Harvey Mandel in annual installments commencing April 1, 2004 of the greater of 50% of Villa Harvey Mandel's residual receipts as defined in the loan agreement or $27,034, applied first to unpaid interest and then to principal. The term is 55 years, due February 1, 2057 and is secured by a deed of trust. The interest is compounded annually at the note rate of 5.6%. At December 31, 2015 and 2014, total interest of approximately $1,525,000 and $1,402,000 has been accrued, respectively, of which approximately $1,425,000 and $1,304,000 in 2015 and 2014, respectively, has been added to principal. In April of each year the unpaid interest is added to principal. Payments of $71,301 and $68,587 were paid by Villa Harvey Mandel in 2015 and 2014, respectively.	**3,424,505**	3,304,231

(3) Debt, Cont'd

	2015	2014
Loan payable by Villa Harvey Mandel in annual installments commencing April 1, 2004 of the remaining balance of the residual receipts calculation under the Order of Priority as defined in Section 8 (b) of the loan agreement. The term is 55 years, due September 30, 2057 with interest at 5%, secured by a deed of trust, a security agreement, an assignment of rent and leases, and an assignment of agreements.	**920,000**	920,000
In May 2010, 16th and Market entered into an agreement with the Department of Housing and Community Development in the form of a Multi Housing Program ("MHP") loan. The term of the loan is 55 years. Interest on the unpaid principal balance shall accrue at the simple interest rate of 3% per annum. Payments in the amount of 0.42% per annum on the unpaid principal balance of the loan shall commence on the last day of the initial operating year and continue up to and including the 29th year of the loan. In the 30th year of the loan, and continuing annually thereafter, payments will be the lesser of the full amount of interest accruing on the unpaid principal or an amount determined that is necessary to cover the costs of continued monitoring for compliance. The loan is collateralized by a deed of trust on the properties and assignment of rents.	**10,000,000**	10,000,000
In June 2007, 16th and Market closed construction financing with a bank and received proceeds from Series B bonds issued by the Housing Authority of the City of San Diego for $3,010,000. A deed of trust was recorded on the property. The maturity date of the loan is December 1, 2044. Interest accrues at 6.15% after conversion to permanent financing. Interest and principal are due monthly.	**2,835,740**	2,869,563

(3) Debt, Cont'd

	2015	2014
In May 2008, Boulevard Apartments entered into a residual receipts loan agreement with the Redevelopment Agency of the City of San Diego for a maximum of $2,400,000. The note bears simple interest at the rate of 3% per annum. The term is 55 years with 50% of residual receipts paid to the agency in years 1 through 30 and 80% in years 31 through 55. The note is secured by a deed of trust.	**2,400,000**	2,400,000
In December 2010, Boulevard Apartments entered into a loan agreement with the Department of Housing and Community Development for the Multi Housing-Supportive Housing Program for a maximum of $2,081,535. The note bears simple interest of 3% per annum. The term is 55 years with a required payment of 0.42% per annum on the unpaid principal balance of the loan commencing on the last day of the initial operating year and continuing up to and including the 29th anniversary of the interest payment date. Commencing on the 30th anniversary of the interest payment date and continuing annually thereafter, loan payments are due in an amount equal to the lesser of the full amount of interest accruing on the unpaid principal for the immediately preceding 12 month period, or the amount determined necessary to cover the costs of continued monitoring for compliance by the requirements of the program. Additional payments are required from net cash flow towards repayment of the loan. Secured by a deed of trust on the property.	**2,081,535**	2,081,535
In February 2009, Boulevard Apartments entered into a residual receipts loan agreement with the San Diego Housing Commission for a maximum of $600,000. The note bears simple interest of 3% per annum. The term is 55 years with a required payment of 10% of the annual receipts for years 2012 through 2039 and 16% from 2040 through 2063. The note is secured by a deed of trust. All principal and accrued interest is due December 31, 2063.	**600,000**	600,000

(3) Debt, Cont'd

	2015	2014
In May 2010, 15th & Commercial entered into a residual receipts loan agreement with the Redevelopment Agency of the City of San Diego for a maximum of $7,300,000 secured by a deed of trust. The note bears simple interest at the rate of 3% per annum. The term is 55 years with 50% of residual receipts paid to the agency in years 1 through 30 and 80% in years 31 through 55.	**6,674,196**	6,674,196
In May 2010, 15th & Commercial entered into a residual receipts loan agreement with the Mental Health Services Act Housing Program ("MHSA") for a maximum of $2,357,000 secured by an MHSA deed of trust. The term is 55 years and the note bears simple interest at the rate of 3% per annum. Annual payments of accrued interest and outstanding principal shall be made from 19% of the residual receipts and the initial payment date will be April 1st of the first full fiscal year following the Certificate of Occupancy. Secured by a deed of trust on the property.	**2,357,000**	2,357,000
Note payable to the San Diego Housing Commission by 15th & Commercial not to exceed $3,500,000. The term is 55 years, due January 1, 2066 with interest at 3% and is secured by a deed of trust. On May 1, 2012 and annually on May 1st of each year thereafter during the term of the note, residual receipts shall be calculated for the immediately previous calendar year and a commission of 18% of such residual receipts shall be paid to the San Diego Housing Commission. A one-time payment of $299,941 was due and paid in January 2013; applied to both principal and interest.	**3,463,813**	3,463,813
Note payable to California Tax Credit Allocation Committee with a maturity date of May 12, 2065 and no stated interest rate. Note is secured by a deed of trust on the property.	**6,637,597**	6,637,597
Other debt	**-**	1,568
Total debt	**53,593,259**	54,379,190
Less current portion	**(461,315)**	(3,786,384)
Long-term portion	**$ 53,131,944**	$ 50,592,806

(3) Debt, Cont'd

Maturities of long-term debt in each of the five years subsequent to December 31, 2015 and thereafter are as follows:

Year Ending December 31,	Amount
2016	461,315
2017	4,933,432
2018	238,291
2019	250,931
2020	263,149
Thereafter	47,446,141
Total	$ 53,593,259

Forgivable debt consisted of the following as of December 31:

	2015	2014
AHP loan payable to a bank by Villa Harvey Mandel, forgivable in 2020 and secured by a deed of trust, a security agreement, an assignment of rents, and fixture filing. Interest accrues at 1%. The loan is forgivable as long as the Villa Harvey Mandel is in compliance with specific affordable housing requirements.	**$ 900,000**	$ 900,000
AHP loan payable to bank by Martha's Village due in 2031. Interest at Federal Housing Loan Bank ("FHLB") rate (0.6% and 0.7% at December 31, 2015 and 2014, respectively), collateralized by a trust deed on the property. The loan and accrued interest is forgivable as long as Martha's Village is in compliance with specific affordable housing regulations.	**500,000**	500,000
AHP loan payable to bank by S.V.D.P. on behalf of 16th and Market. The loan is forgivable 15 years from January 2, 2009, the date of completion of 16th and Market, and interest does not accrue, as long as 16th and Market is in compliance with specific affordable housing requirements. The loan is collateralized by a deed of trust on the property.	**1,000,000**	1,000,000

(3) Debt, Cont'd

	2015	2014
AHP loan payable to bank by S.V.D.P. for 15th & Commercial Project and bears interest at the FHLB rate (0.6% and 0.7% at December 31, 2015 and 2014, respectively). The loan and accrued interest is forgivable 15 years from completion of the 15th & Commercial Project, as long as 15th & Commercial is in compliance with specific affordable housing requirements. The loan is collateralized by a deed of trust on the property with assignment of leases and rents, security agreement and fixture filing.	**1,500,000**	1,500,000
AHP loan payable to bank by S.V.D.P. for Boulevard Apartments due in 2024 and bears interest at the FHLB rate (0.6% and 0.7% at December 31, 2015 and 2014, respectively). The loan and accrued interest is forgivable as long as Boulevard Apartments is in compliance with specific affordable housing requirements. The loan is collateralized by a deed of trust on the property with assignment of rents, security agreement and fixture filing.	**325,543**	325,543
Total forgivable debt	**$ 4,225,543**	$ 4,225,543

The agreements with the banks require that S.V.D.P. maintain certain financial and non-financial loan covenants. Management is not aware of any violations of these covenants.

Interest rate swap

16th and Market entered into an interest rate swap agreement, with a trade date of June 22, 2007, with a bank to reduce the exposure to the floating interest rate of LIBOR plus a spread as defined in the agreement. The rate was 1.22% and 1.15% at December 31, 2015 and 2014, respectively. The interest rate swap agreement became effective on December 1, 2009. This swap set the interest rate at 6.15% and the notional amount begins with $3,010,000 and declines monthly through the term which expires December 1, 2044. At December 31, 2015 and 2014, the notional principal amount under the interest rate swap agreement totaled approximately $2,836,000 and $2,870,000, respectively. At December 31, 2015 and 2014, the estimated fair value of the interest rate swap agreement was a liability of approximately $1,359,000 and $1,340,000, respectively. The change in fair value on the interest rate swap agreement was a loss of approximately $19,000 and $464,000 for the years ended December 31, 2015 and 2014, respectively.

(4) Contingent Liability

In May 2012, the Village obtained a $2,000,000 revolving LOC that requires interest only payments with a maturity date of September 16, 2018. The monthly interest payments are calculated using the prime rate plus 1%. The rate at December 31, 2015 and 2014, was 4.50% and 4.25%, respectively. As of December 31, 2015 and 2014 the amount outstanding on the line was $2,000,000 and $1,500,000, respectively. S.V.D.P. is the guarantor on the LOC.

The LOC is cross collateralized by deeds of trust, an Assignment of Rents and a Commercial Security Agreement. The LOC has both financial and reporting requirements. At December 31, 2015, management is not aware of any violations of these covenants.

(5) Designated Cash Funds and Statutory Reserves

S.V.D.P. maintains certain reserves as follows as of December 31,

	2015	2014
Reserve funds - 15th & Commercial	**$ 1,781,368**	$ 1,706,008
Investments - Teen Center	**824,170**	829,703
Replacement reserve - 16th and Market	**512,471**	437,081
Reserves under CalHFA loan - Village Place	**287,079**	278,590
Operating reserve - 16th and Market	**268,043**	268,016
Replacement reserve - Villa Harvey Mandel	**259,043**	236,599
Designated sinking fund - S.V.D.P.	**220,241**	220,038
Operating reserve - Boulevard Apartments	**171,785**	171,733
Replacement reserve - Martha’s Village	**145,138**	170,272
Operating reserve of at least $125,000 - Martha’s Village	**128,631**	128,310
Tenants’ security deposits - 16th and Market	**103,998**	100,580
Operating reserve of at least $75,000 - Villa Harvey Mandel	**75,694**	75,505
Replacement reserve - Boulevard Apartments	**54,020**	56,427
Tenants’ security deposits - Villa Harvey Mandel	**29,344**	30,362
Tenants’ security deposits - 15th & Commercial	**28,712**	29,256
Tenants’ security deposits - Village Place	**16,900**	17,555
Tenants’ security deposits - Boulevard Apartments	**13,161**	12,307
Total designated cash and statutory reserves	**$ 4,919,798**	$ 4,768,342

(6) Note Receivable

In November 2012, S.V.D.P. settled its investment in a donated partnership interest for approximately $800,000 in cash and a $400,000 note receivable. The note was to be paid in $20,000 installments beginning November 2014 through November 2019 with the remaining $280,000 due in October 2020. Advance payments were made in 2015 and 2014, respectively. The note receivable was paid off at December 2015 and had a balance of $106,000 at December 2014 and is recorded in deposits and other assets on the accompanying consolidated statements of financial position.

(7) Charitable Remainder Trust

S.V.D.P. is the beneficiary under a charitable remainder trust. 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 S.V.D.P.

For the charitable remainder trust, the beneficial interest in the trust is recorded at the net present value of the amount estimated to be received in the future based on recent life expectancy tables and a discount rate of 7.25% at December 31, 2015. The value of the charitable remainder trust was approximately $339,000 and $376,000 at December 31, 2015 and 2014, respectively.

(8) Investments

The cost and fair value of investments as of December 31, 2015 are summarized as follows:

	Cost	Fair Value
Short-term:		
Cash and money market funds	$ 811	$ 811
Mutual funds	725,180	656,223
Totals	$ 725,991	$ 657,034

The cost and fair value of investments as of December 31, 2014 are summarized as follows:

	Cost	Fair Value
Short-term:		
Cash and money market funds	$ 6,882	$ 6,882
Mutual funds	680,896	668,874
Totals	$ 687,778	$ 675,756

(8) Investments, Cont'd

Fair values have been determined by reference to the most recent market quotations for the respective investments (see Note 12).

S.V.D.P. maintains certain investments in accordance with statutory requirements. These investments are reported as designated cash funds and statutory reserves on the consolidated statements of financial position (see Note 5).

(9) 401(k) Profit Sharing Plan

S.V.D.P. participates in a profit-sharing retirement plan that covers all eligible employees of S.V.D.P. and the Village. Each Organization makes matching contributions on a discretionary basis. There were no matching contributions made to the plan for the years ended December 31, 2015 and 2014.

(10) Temporarily Restricted Net Assets

Temporarily restricted net assets are available for the following periods or purposes:

	2015	2014
Restricted for use in future periods:		
Charitable remainder trust	**$ 339,119**	$ 375,518
Totals	**$ 339,119**	$ 375,518

(11) Noncontrolling Limited Partners' Interests in Real Estate Limited Partnerships

	Village Place Apartments, L.P.	Martha's Village, L.P.	Toussaint Teen Center, L.P.	Villa Harvey Mandel, L.P.	16th and Market, L.P.	3137 El Cajon Boulevard, L.P.	15th & Commercial, L.P.	Total limited partners' Interest in limited partnerships
December 31, 2013	$ 51	$ 587,498	$ (191,392)	$2,337,340	$13,455,180	$1,743,277	$ 757,551	$18,689,505
Income distributions	(9)	-	-	-	-	-	-	(9)
Equity of limited partners in operating results of limited partnerships	7	(3,338)	-	(494,488)	(2,123,943)	(420,165)	(195,086)	(3,237,013)
December 31, 2014	49	584,160	(191,392)	1,842,852	11,331,237	1,323,112	562,465	15,452,483
Loss on acquisition of partnership interest	-	-	**191,392**	-	-	-	-	**191,392**
Income distributions	**(9)**	-	-	-	-	-	-	**(9)**
Equity of limited partners in operating results of limited partnerships	**6**	**(289,477)**	-	**(544,356)**	**(1,757,411)**	**(410,167)**	**(390,592)**	**(3,391,997)**
December 31, 2015	**$ 46**	**$ 294,683**	**$ -**	**$1,298,496**	**$9,573,826**	**$ 912,945**	**$ 171,873**	**$12,251,869**

(12) Fair Value Measurement

In accordance with authoritative guidance, S.V.D.P. uses fair value accounting methods to value its financial assets and liabilities. Fair value is based on the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. In order to increase consistency and comparability in fair value measurements, the fair value authoritative guidance establishes a fair value hierarchy that prioritizes observable and unobservable inputs used to measure fair value into three broad levels, which are described below:

Level 1: Quoted prices (unadjusted) in active markets that are accessible at the measurement date for identical assets or liabilities. The fair value hierarchy gives the highest priority to Level 1 inputs.

Level 2: Observable inputs other than Level 1 prices such as quoted prices for similar assets or liabilities; quoted prices in inactive markets; or model-derived valuations in which all significant inputs are observable or can be derived principally from or corroborated with observable market data.

Level 3: Unobservable inputs are used when little or no market data is available. The fair value hierarchy gives the lowest priority to Level 3 inputs.

In determining fair value, S.V.D.P. utilizes valuation techniques that maximize the use of observable inputs and minimize the use of unobservable inputs to the extent possible as well as considers counterparty credit risk in its assessment of fair value.

The following table summarizes the valuation of S.V.D.P.'s financial instruments in accordance with authoritative guidance at December 31, 2015:

	Level 1	Level 2	Level 3	Total
Designated cash fund and statutory reserves	$ 824,170	$ -	$ -	$ 824,170
Equity securities – Mutual funds	656,223	-	-	656,223
Charitable remainder trust	-	-	339,119	339,119
Total assets measured at fair value	$ 1,480,393	$ -	$ 339,119	$ 1,819,512
Interest rate swap liability	$ -	$ -	$ (1,359,141)	$ (1,359,141)

(12) Fair Value Measurement, Cont'd

The following table summarizes the valuation of S.V.D.P.'s financial instruments in accordance with authoritative guidance at December 31, 2014:

	Level 1	Level 2	Level 3	Total
Designated cash fund and statutory reserves	$ 829,703	$ -	$ -	$ 829,703
Equity securities – Mutual funds	668,874	-	-	668,874
Charitable remainder trust	-	-	375,518	375,518
Total assets measured at fair value	$ 1,498,577	$ -	$ 375,518	$ 1,874,095
Interest rate swap liability	$ -	$ -	$ (1,340,082)	$ (1,340,082)

The following table summarizes S.V.D.P.'s fair value measurements using significant Level 3 inputs, and changes therein, for the years ended December 31, 2015 and 2014:

	Charitable Remainder Trust	Interest Rate Swap Liability
Balance at December 31, 2013	$ 386,566	(875,632)
Loss on mark-to-market of interest rate swap	-	(464,450)
Change in valuation	(11,048)	-
Balance at December 31, 2014	375,518	(1,340,082)
Loss on mark-to-market of interest rate swap	-	(19,059)
Change in valuation	(36,399)	-
Balance at December 31, 2015	**$ 339,119**	**$ (1,359,141)**

Investments in government securities are valued using market prices in active markets and are designated as Level 1 instruments. Level 1 instrument valuations are obtained from real time quotes for transactions in active exchange markets involving identical assets.

(12) Fair Value Measurement, Cont'd

The charitable remainder trust is an asset that will be received upon the death of the donor. While the trust itself is composed of Level 1 and Level 2 assets, the value of those assets is adjusted by using actuarial tables to estimate the remaining life of the donor and an appropriate interest rate is used to calculate the net present value of the trust.

The fair value of the interest rate swap is based on the present value of estimated monthly net future cash flows resulting from the swap agreement. Cash outflows per this valuation are based on the contractual fixed interest rate required to be paid by 16th and Market on the notional balances over the swap term. Estimated cash inflows are based on projected future one-month LIBOR rates plus a spread, as defined in the swap agreement, as definitive futures rates are not available upon which such cash inflows are based.

Management has determined that the carrying values of cash, receivables, restricted funds, accounts payable and accrued expenses approximate fair value given the short-term nature of these instruments. Management has no practical or cost effective way of assessing fair value for the developer fee payable and notes payable.

(13) Commitments and Contingencies

Grant agreements

S.V.D.P. has grant agreements and certain other grant support that 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.

Litigation

In the normal course of business, S.V.D.P. 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 S.V.D.P.'s operations or financial position.

Reserves

The limited partnerships are required by contractual agreements to maintain and annually fund reserves for various terms through the termination of the partnerships. The required funding for 2015 includes annual payments ranging from approximately $12,000 to $94,000. The aggregate amount of funding required for 2015 was approximately $228,000.

Operating leases

S.V.D.P. leases copiers under a non-cancelable operating lease that are utilized by S.V.D.P. and the Village. Lease expense for copiers utilized by the Village is passed through to the Village. Lease expense attributable to S.V.D.P., net of expenses passed through to other organizations under this lease was approximately $69,000 and $82,000 for 2015 and 2014, respectively.

Future minimum lease payments due under this lease are as follows:

Year Ending December 31,		Amount
2016	$	188,308
2017		201,857
2018		193,481
	$	583,646

(14) Subsequent Events

S.V.D.P. has evaluated subsequent events through May 24, 2016, which is the date the consolidated financial statements were available to be issued.

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

Supplemental Schedules

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

Statements of Financial Position

As of December 31,	**2015**	2014
Current assets:		
Cash and cash equivalents	**$ 343,994**	$ 476,999
Investments	**657,034**	675,756
Contributions receivable	**1,170**	44,185
Grants receivable	**151,919**	3,614
Inventory - automobiles	**203,022**	269,065
Prepaid expenses and other current assets	**217,994**	296,217
Total current assets	**1,575,133**	1,765,836
Property and equipment:		
Land	**12,400,745**	14,818,899
Buildings and improvements	**35,598,980**	31,931,791
Furniture and equipment	**3,157,345**	2,757,638
	51,157,070	49,508,328
Less accumulated depreciation and amortization	**(22,984,471)**	(20,605,136)
Construction in progress	**-**	31,828
Net property and equipment	**28,172,599**	28,935,020
Designated cash fund and statutory reserves	**1,044,411**	220,038
Due from Martha's Village and Kitchen, Inc.	**4,452,025**	3,952,807
Due from St. Vincent De Paul Village, Inc.	**7,547,905**	7,360,901
Charitable remainder trust	**339,119**	375,517
Property held for sale	**2,855,029**	-
Bond issuance costs, net	**195,655**	210,974
Deposits and other assets	**-**	105,579
Investment in limited partnerships - intercompany	**44,673,721**	48,322,039
Intercompany accounts receivable	**10,433,747**	10,494,456
Total assets	**$ 101,289,344**	$ 101,743,167
Current liabilities:		
Accounts payable	**$ 547,091**	$ 463,608
Accrued liabilities	**300,359**	266,231
Current portion of long-term debt	**381,993**	3,745,215
Total current liabilities	**1,229,443**	4,475,054
Forgivable debt	**2,825,543**	2,825,543
Long-term debt, net of current portion	**11,086,598**	8,554,606
Total liabilities	**15,141,584**	15,855,203
Net assets:		
Unrestricted	**85,808,641**	85,512,446
Temporarily restricted	**339,119**	375,518
Total net assets	**86,147,760**	85,887,964
Total liabilities and net assets	**$ 101,289,344**	$ 101,743,167

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

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

Statements of Activities

Year Ended December 31,	**2015**	2014
Contributions from organizations, foundations		
and individuals	**$ 118,739**	$ 1,334,818
Sales of donated automobiles	**2,070,608**	3,118,530
Contract charges for services to St. Vincent de Paul Village, Inc.		
and Martha's Village and Kitchen, Inc.	**1,719,219**	1,810,305
Contract income from limited partnerships	**302,425**	312,565
Rental income	**3,296,446**	3,196,310
Grant income	**560,794**	53,414
Interest income	**200,333**	207,312
Gain on investment in limited partnership	**-**	-
Miscellaneous	**(49,593)**	39,145
Total revenue, contributions and other	**8,218,971**	10,072,399
Expenses and donations:		
Administration	**1,488,182**	1,111,013
Fundraising	**392,179**	382,496
Program expenses:		
Salaries and employee benefits	**1,860,367**	2,426,814
Advertising	**354,546**	258,243
Preparation expense of donated automobiles	**49,172**	193,428
Other	**1,551,632**	1,093,912
Interest	**390,076**	401,706
Depreciation and amortization	**1,088,241**	1,020,199
Loss on acquisition of partnership interest	**191,392**	-
Loss on abandonment of construction in progress	**11,561**	1,920
Gain on sale of fixed assets	**(2,019)**	-
Loss on investments in limited partersnip - intercompany	**332,942**	237,197
Total program expenses	**5,827,910**	5,633,419
Donation to St. Vincent de Paul Village, Inc.	**-**	600,000
Donation to Martha's Village and Kitchen, Inc.	**214,505**	467,482
Total expenses and donations	**7,922,776**	8,194,410
Change in unrestricted net assets	**296,195**	1,877,989
Changes in temporarily restricted net assets:		
Change in value of charitable remainder trust	**(36,399)**	(11,048)
Change in temporarily restricted net assets	**(36,399)**	(11,048)
Change in net assets	**259,796**	1,866,941
Net assets at beginning of year	**85,887,964**	84,021,023
Net assets at end of year	**$ 86,147,760**	$ 85,887,964

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