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

Consolidated Financial Statements
and Supplemental Schedules
Years Ended December 31, 2018 and 2017

MHM

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, 2018 and 2017, and the related consolidated statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the consolidated financial statements.

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, 2018 and 2017, 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, 2018 and 2017, 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.

Emphasis of Matter

As discussed in Note 2 to the financial statements, in 2018 the Organization adopted Accounting Standards Update (ASU) No. 2016-14, *Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities.* Our opinion is not modified with respect to this matter.

Mayer Hoffman McCann P.C.

San Diego, California
June 28, 2019

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

Consolidated Statements of Financial Position

As of December 31,		**2018**		2017
Assets				
Current assets:				
Cash and cash equivalents	**$**	**3,776,698**	$	4,775,584
Investments		**717,147**		764,782
Contributions receivable		**5,200**		140
Grants receivable		**12,156**		1,360
Inventory - automobiles		**125,013**		103,430
Prepaid expenses and other current assets		**658,509**		730,022
Total current assets		**5,294,723**		6,375,318
Property and equipment:				
Land		**15,699,600**		15,699,600
Buildings and improvements		**163,316,943**		163,178,745
Furniture and equipment		**7,368,793**		7,206,084
		186,385,336		186,084,429
Less accumulated depreciation and amortization		**(61,653,466)**		(57,250,921)
Construction in progress		**2,582,246**		735,843
Net property and equipment		**127,314,116**		129,569,351
Designated cash fund and statutory reserves		**4,591,056**		4,978,809
Due from Martha's Village and Kitchen, Inc.		**1,513,061**		1,463,061
Note and accrued interest receivable from St. Vincent de Paul Village, Inc.		**3,581,760**		-
Due from St. Vincent de Paul Village, Inc.		**9,952,003**		11,822,755
Charitable remainder trust		**327,522**		374,433
Deposits and other assets		**159,801**		181,158
Total assets	**$**	**152,734,042**	$	154,764,885
Liabilities and Net Assets				
Current liabilities:				
Accounts payable	**$**	**856,891**	$	619,719
Accrued liabilities		**320,372**		307,424
Current portion of accrued interest		**10,324**		15,526
Current portion of long-term debt		**7,924,937**		89,993
Total current liabilities		**9,112,524**		1,032,662
Accrued interest, net of current portion		**9,201,704**		6,564,380
Long-term debt, net of current portion		**40,893,977**		49,552,378
Forgivable debt		**4,185,543**		4,185,543
Less unamortized bond issuance costs, net		**-**		(165,019)
Net long-term debt		**45,079,520**		53,572,902
Interest rate swap liability		**1,005,758**		1,189,781
Deferred grant revenue		**10,555,105**		11,888,389
Total liabilities		**74,954,611**		74,248,114
Noncontrolling limited partners' interests in real estate limited partnerships		**4,642,432**		6,298,272
Net assets:				
Without donor restrictions		**69,803,239**		70,695,788
With donor restrictions		**3,333,760**		3,522,711
Total net assets		**73,136,999**		74,218,499
Total liabilities and net assets	**$**	**152,734,042**	$	154,764,885

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

Consolidated Statements of Activities

Year Ended December 31,	Without Donor Restrictions	With Donor Restrictions	2018	2017 Total
Revenue, contributions and other:				
Contributions from organizations, foundations and individuals	$ 69,941	$ -	$ 69,941	$ 3,825,223
Sales of donated automobiles	2,067,214	-	2,067,214	2,470,132
Contract charges for services to St. Vincent de Paul Village, Inc.	1,489,510	-	1,489,510	1,467,857
Rental income	7,197,795	-	7,197,795	6,439,460
Grant income	1,459,260	-	1,459,260	1,638,301
Interest income	349,520	-	349,520	40,027
Gain on sale of property held for sale	-	-	-	2,065,189
Miscellaneous income	137,095	-	137,095	415,401
Gain on mark-to-market of interest rate swap	184,023	-	184,023	49,265
Change in value of charitable remainder trust	-	(46,911)	(46,911)	27,141
Net assets released from donor restrictions	142,040	(142,040)	-	-
Total revenue, contributions and other	13,096,398	(188,951)	12,907,447	18,437,996
Expenses and donations:				
Program expenses	12,621,123	-	12,621,123	12,203,617
Administration	1,867,444	-	1,867,444	2,244,112
Fundraising	417,404	-	417,404	394,485
Donation to St. Vincent de Paul Village, Inc.	738,812	-	738,812	2,035,000
Total expenses and donations	15,644,783	-	15,644,783	16,877,214
Change in net assets from operations before equity of limited partners in losses of limited partnerships	(2,548,385)	(188,951)	(2,737,336)	1,560,782
Equity of limited partners in operating results of real estate limited partnerships	1,655,836	-	1,655,836	2,780,447
Change in net assets	(892,549)	(188,951)	(1,081,500)	4,341,229
Net assets at beginning of year	70,695,788	3,522,711	74,218,499	69,877,270
Net assets at end of year	$ 69,803,239	$ 3,333,760	$ 73,136,999	$ 74,218,499

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

Consolidated Statement of Activities

Year Ended December 31,	Without Donor Restrictions	With Donor Restrictions	2017
Revenue, contributions and other:			
Contributions from organizations, foundations and individuals	$ 676,945	$ 3,148,278	$ 3,825,223
Sales of donated automobiles	2,470,132	-	2,470,132
Contract charges for services to St. Vincent de Paul Village, Inc.	1,467,857	-	1,467,857
Rental income	6,439,460	-	6,439,460
Grant income	1,638,301	-	1,638,301
Interest income	40,027	-	40,027
Gain on sale of property held for sale	2,065,189	-	2,065,189
Miscellaneous income	415,401	-	415,401
Gain on mark-to-market of interest rate swap	49,265	-	49,265
Change in value of charitable remainder trust	-	27,141	27,141
Total revenue, contributions and other	15,262,577	3,175,419	18,437,996
Expenses and donations:			
Program expenses	12,203,617	-	12,203,617
Administration	2,244,112	-	2,244,112
Fundraising	394,485	-	394,485
Donation to St. Vincent de Paul Village, Inc.	2,035,000	-	2,035,000
Total expenses and donations	16,877,214	-	16,877,214
Change in net assets from operations before equity of limited partners in losses of limited partnerships	(1,614,637)	3,175,419	1,560,782
Equity of limited partners in operating results of real estate limited partnerships	2,780,447	-	2,780,447
Change in net assets	1,165,810	3,175,419	4,341,229
Net assets at beginning of year	69,529,978	347,292	69,877,270
Net assets at end of year	$ 70,695,788	$ 3,522,711	$ 74,218,499

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

Year Ended December 31,

	Property Management and Affordable Housing	Vehicle Donation Program	Turning the Key Initiative	Total	Management and General	Fundraising	**2018 Total Expenses**	**2017 Total Expenses**
Depreciation and Amortization	$ 4,592,179	$ -	$ -	$ 4,592,179	$ -	$ -	**$ 4,592,179**	**$ 4,429,120**
Salaries and Employee Related Expenses	1,790,262	152,588	-	1,942,850	1,293,109	391,591	**3,627,550**	**3,367,561**
Interest Expense	1,313,022	-	-	1,313,022	-	-	**1,313,022**	**1,569,063**
Occupancy	1,175,452	-	-	1,175,452	45,798	1,084	**1,222,334**	**1,164,210**
Donation to St. Vincent de Paul Village, Inc.	-	738,812	-	738,812	-	-	**738,812**	**2,035,000**
Repairs and Maintenance	610,425	-	-	610,425	68,574	-	**678,999**	**588,844**
Professional Fees	362,044	110,229	588	472,861	148,520	3,400	**624,781**	**786,989**
Miscellaneous	418,815	4,023	-	422,838	65,551	13,297	**501,686**	**590,744**
Security Services	487,867	-	-	487,867	4,799	-	**492,666**	**302,009**
Insurance	407,659	-	-	407,659	28,455	-	**436,114**	**412,678**
Advertising	1,332	308,998	-	310,330	7,736	2,538	**320,604**	**265,182**
Contract Services	104,000	25,688	-	129,688	142,847	-	**272,535**	**204,490**
Management and Investor Service Fees	212,787	-	-	212,787	-	-	**212,787**	**201,415**
Supplies	146,675	608	-	147,283	27,102	3,309	**177,694**	**156,601**
Car Prep Expenses	-	174,756	-	174,756	-	-	**174,756**	**220,207**
Licenses and Fees	117,290	1,384	-	118,674	10,346	2,039	**131,059**	**559,301**
Rent	-	-	100,000	100,000	-	-	**100,000**	**-**
Postage and Printing	2,452	-	-	2,452	24,607	146	**27,205**	**23,800**
Total	$ 11,742,261	$ 1,517,086	$ 100,588	$ 13,359,935	$ 1,867,444	$ 417,404	**$ 15,644,783**	**$ 16,877,214**
% of Total	75%	10%	1%	86%	11%	3%	**100%**	**100%**

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

Consolidated Statements of Cash Flows

Year Ended December 31,	**2018**	2017
Operating activities:		
Change in net assets	**$ (1,081,500)**	$ 4,341,229
Reconciliation of change in net assets to net cash from operating activities:		
Depreciation and amortization	**4,592,179**	4,429,124
Noncontrolling limited partners' equity in operating results of limited partnerships	**(1,655,836)**	(2,780,447)
Gain on sale of property held for sale	**-**	(2,065,189)
Debt forgiveness	**-**	(500,000)
Non cash interest (income) expense	**(99,450)**	104,660
Realized and unrealized (gain) loss on investments	**47,635**	(74,744)
Gain on mark-to-market of interest rate swap	**(184,023)**	(49,265)
Change in value of charitable remainder trust	**46,911**	(27,141)
Bad debt expense	**15,501**	26,153
Loss on sale of fixed assets	**-**	3,345
Changes in operating assets and liabilities:		
Contributions receivable	**(5,060)**	263
Grants receivable	**(10,796)**	1,183
Inventory- automobiles	**(21,583)**	116,332
Prepaid expenses and other current assets	**56,011**	111,918
Due from Martha's Village and Kitchen, Inc.	**(50,000)**	(120,000)
Due from St. Vincent de Paul Village, Inc.	**(326,558)**	(2,663,101)
Deposits and other assets	**-**	(5,889)
Accounts payable	**237,172**	(384,897)
Accrued liabilities	**12,948**	(278,924)
Accrued interest	**978,305**	649,641
Deferred grant revenue	**(1,333,284)**	(1,333,284)
Net cash from operating activities	**1,218,572**	(499,033)
Investing activities:		
Increase in note receivable from St. Vincent de Paul Village, Inc.	**(1,285,000)**	-
Purchases of property and equipment	**(835,213)**	(514,517)
Net change in designated cash fund and statutory reserves	**387,753**	15,180
Proceeds from sale of property held for sale	**-**	8,789,040
Proceeds from sale of fixed assets	**-**	3,250
Purchases of investments	**-**	(2,696)
Net cash from investing activities	**(1,732,460)**	8,290,257
Financing activities:		
Payments on long-term debt	**(484,994)**	(4,782,635)
Limited partnership distribution to St. Vincent de Paul Village, Inc.	**(4)**	(10)
Proceeds from long-term debt	**-**	109,463
Net cash from financing activities	**(484,998)**	(4,673,182)
Net change in cash	**(998,886)**	3,118,042
Cash, beginning of year	**4,775,584**	1,657,542
Cash, end of year	**$ 3,776,698**	$ 4,775,584

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

Year Ended December 31,		**2018**		2017
Interest paid	**$**	**334,700**	**$**	**653,400**
Income taxes paid	**$**	**12,400**	**$**	**8,100**

Supplemental Disclosure of Noncash Investing and Financing Activities

In 2017, S.V.D.P. acquired $559,486 of property and equipment additions that are included in accounts payable and debt.

In 2017, S.V.D.P funded an interest reserve with proceeds from debt from a new lender. The interest reserve has a balance of $755,946 at December 31, 2017.

In 2017, S.V.D.P. refinanced $5,140,431 of debt with a new lender.

In 2018, S.V.D.P. acquired $1,684,067 of property and equipment additions that are included in debt.

In 2018, S.V.D.P. reclassified $1,653,817 of accrued interest on the San Diego Housing Commission note payable previously included in the note principal balance to accrued interest at the direction of the San Diego Housing commission.

In 2018, a note receivable from St. Vincent de Paul Village, Inc. was established with a principal amount of $2,030,000 and accrued interest receivable of $167,310. This note represents a reclassification of cash advances previously recorded as Due from St. Vincent de Paul Village, Inc. for the period of 2014 through 2017.

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

(1) Description of Organizations

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") which through fundraising activities provides charitable services for the homeless in San Diego, California.

Martha's Village & Kitchen, Inc. ("MVK") is located in Indio, California and provides shelter, food and other services similar to the Village programs. In 2016, S.V.D.P. terminated their relationship with MVK.

S.V.D.P. is the general partner of 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 November 30, 2016, S.V.D.P. was also the general partner of Martha's Village, 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:

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. On June 1, 1997, Columbia Housing Partners Corporate Tax Credit V Limited Partnership was admitted as the sole investment limited partner and Columbia Housing SLP Corporation was admitted to the partnership as a special limited partner. 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.

(1) Description of Organizations, Cont'd

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.

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 tenants at 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"),

(1) Description of Organizations, Cont'd

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.

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.

(1) Description of Organizations, Cont'd

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.

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, LLC 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 contributed approximately $1,042,000 to fund a services reserve to fund services of the project. Projected losses of approximately $11,059,000 are 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.

(1) Description of Organizations, Cont'd

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, 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.

(2) Summary of Significant Accounting Policies

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 two classes of net assets: net assets without donor restrictions and net assets with donor restrictions.

Net Assets Without Donor Restrictions – Net assets without donor restrictions are free of donor-imposed restrictions. All revenues, gains, and losses that are not restricted by donors are included in this classification. All expenditures are reported in the without donor restrictions class of net assets, including expenditures funded by restricted contributions. Expenditures funded by restricted contributions are reported in the without donor restrictions net asset class because the use of restricted contributions in accordance with donors' stipulations results in the release of such restrictions.

Net Assets With Donor Restrictions – Net assets with donor restrictions are limited as to use by donor-imposed stipulations that may expire with the passage of time or that may be satisfied by action of S.V.D.P. Net assets with donor restrictions are designated by donors for specific purposes, and include unconditional pledges, split-interest agreements and interests in trusts held by others.

Basis of accounting, cont'd

Expirations of restrictions on net assets as the result of the passage of time and/or fulfilling donor-imposed stipulations are reported as net assets released from restrictions between the applicable classes of net assets in the consolidated statements of activities.

Cash and cash equivalents

S.V.D.P.'s cash consists of cash on deposit with banks. Cash equivalents represents money market funds or short-term investments with original maturities of three months or less from the date of purchase, except for those amounts that are held in the investment portfolio which are invested for long-term purposes.

Investments

S.V.D.P. 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 consolidated statements 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 net assets without donor restrictions, unless restricted by donor.

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

Contributions receivable

S.V.D.P. 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. 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.

Contributions 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.

Grants receivable

S.V.D.P. is awarded grants from federal, state, county and city agencies. 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.

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

Inventory

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

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 $4,592,000 and $4,429,000 for the years ended December 31, 2018 and 2017, 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. Approximately $369,000 and $84,000 of interest was capitalized in 2018 and 2017, respectively.

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, 2018 or 2017.

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. In 2018, S.V.D.P. recorded no impairment loss, and no properties were sold in 2018. In 2017, S.V.D.P. recorded no impairment loss. Properties were sold in 2017 with a related gain of approximately $2,065,000.

Due to/from related parties

Amounts reported as due to/from related parties, included in the accompanying statements of financial position, arise typically from the collaborative activities between the Village and S.V.D.P. as documented in Note 4 to further the mission of the organization.

Bond issuance costs

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

Contributions

Contributions received are recorded as net assets without donor restrictions or net assets with donor restrictions, depending on the existence and/or nature of any donor-imposed restrictions.

Contributions that are restricted by the donor are reported as an increase in net assets without donor restrictions if the restriction expires in the reporting period in which the contribution is recognized.

All other donor restricted contributions are reported as an increase in net assets with donor restrictions, depending on the nature of the restriction. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the consolidated statements of activities as net assets released from restrictions.

Contributed property and equipment are recorded at fair value at the date of donation. Contributions with donor-imposed stipulations regarding how long the contributed assets must be used are recorded as net assets with donor restrictions; otherwise, the contributions are recorded as net assets without donor restrictions.

Grant revenue

S.V.D.P. is awarded grants from federal, state and private agencies. 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.

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.

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. Such allocations are determined by management on an equitable basis.

The expenses that are allocated include the following:

Expense	Method of Allocation
Rent	Square Footage
Utilities	Square Footage
Admin Allocation Contract	Head Count and Expenditure Disbursement

Advertising

S.V.D.P. expenses advertising costs as incurred. Advertising costs for the years ended December 31, 2018 and 2017 were approximately $310,000 and $262,000, respectively.

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 statements of activities.

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.

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 and investments. S.V.D.P. maintains its cash and cash equivalents and investments with high credit quality financial institutions. At times, such amounts may exceed federally insured limits. S.V.D.P. has not experienced any losses in such accounts. Management believes that S.V.D.P. is not exposed to any significant credit risk with respect to its cash and cash equivalents and investments.

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. 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, 2018, the federal statute of limitation remains open for the 2016 through 2018 tax years and the statute of limitations for the state income tax returns remains open for the 2015 through 2018 tax years.

Reclassifications

Certain amounts in the 2017 consolidated financial statements have been reclassified to conform with the 2018 classifications. These reclassifications have no effect on reported net assets or change in net assets.

New accounting pronouncement

In August of 2016, the Financial Accounting Standards Board issued Accounting Standards Update ("ASU") 2016-14, Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities. This standard changes presentation and disclosure requirements of not-for-profit entities. The primary changes are a decrease in the number of net asset classes from three to two, requiring disclosures of qualitative information on how the not-for-profit entity manages its liquid available resources and liquidity risks and requiring

New accounting pronouncement, cont'd

reporting of expenses by function and nature. This standard is effective for all fiscal years beginning after December 15, 2017 and S.V.D.P. has adjusted the presentation of these statements accordingly. No net asset reclassification was necessary upon adoption of the ASU.

(3) Availability and Liquidity

As indicated by the accompanying consolidated financial statements, S.V.D.P. has in excess of $9,100,000 in total current liabilities. This exceeds the total of $6,400,000 available liquid assets. Roughly $7,900,000 of the total current liabilities is attributed to the note payable that is due in full by August 30, 2019. However, this note payable will likely be refinanced through a construction loan. Because of this, S.V.D.P. will not be hindered in its ability to meet its obligations. It is also expected that Martha's Village and Kitchen, Inc., will be paying its balance of $1,500,000 in full within the next year. S.V.D.P. also has approximately $403,000 available through its margin loan at year end.

S.V.D.P.'s financial assets are comprised of the following:

December 31,		**2018**
Financial assets at year-end:		
Cash and cash equivalents	**$**	**3,776,698**
Investments		**717,147**
Contributions receivable		**5,200**
Grants receivable		**12,156**
Other accounts receivable		**226,602**
Designated cash fund and statutory reserves		**4,591,056**
Due from Martha's Village and Kitchen, Inc.		**1,513,061**
Due from St. Vincent de Paul Village, Inc.		**13,533,763**
Charitable remainder trust		**327,522**
Deposits and other assets		**159,801**
Total financial assets		**24,863,006**
Less amounts not available to be used within one year:		
Net assets with donor restrictions		**3,333,760**
Less net assets with purpose restrictions to be met in less than a year		**(3,006,238)**
Receivables and other assets scheduled to be collected in more than one year		**18,124,819**
		18,452,341
Financial assets available to meet general expenditures over the next twelve months	**$**	**6,410,665**

(4) Related Party Transactions

Related party rental income

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

Aggregate minimum lease payments expected to be received by S.V.D.P., Village Place and 15th & Commercial from the Village's operating activities in the five years subsequent to December 31, 2018 and thereafter are as follows:

Year Ending December 31,		
2019	$	2,756,613
2020		761,356
2021		777,644
2022		794,286
2023		279,340
Thereafter		93,883
Total	$	5,463,122

Included in rental income were amounts from Village of approximately $3,061,000 and $2,904,000 in 2018 and 2017, respectively.

15th & Commercial operating subsidy and Common Area Maintenance (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 3rd 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 $118,000 and $202,000 in 2018 and 2017, respectively.

The Village pays CAM charges for the property leased from 15th & Commercial. The CAM charges were approximately $485,000 and $356,000 in 2018 and 2017, respectively.

Related party rental expense

On July 1, 2018, S.V.D.P. entered into a long-term operating sub-lease for Single Residence Occupancy units on the sixth and seventh floors of the 1506 Commercial Street building with Village. The original monthly rent amount per the sub-lease agreement is $16,667 with an annual adjustment for consumer price index ("CPI"), beginning 12 months from the date S.V.D.P. entered into the sub-lease, expiring June 30, 2023. S.V.D.P.'s rental expense was approximately $100,000 for 2018.

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 $1,490,000 and $1,468,000 in 2018 and 2017, respectively.

Due from St. Vincent de Paul Village, Inc.

S.V.D.P. pays for services on behalf of Village and provides cash advances from time to time. At December 31, 2018 and 2017, the Village owed S.V.D.P. approximately $9,952,000 and $11,823,000 respectively.

Note and interest receivable due from St. Vincent de Paul Village, Inc.

A note receivable from St. Vincent de Paul Village was established in 2018 with a principal amount of $2,030,000. This note represents a reclassification of cash advances previously recorded as Due from St. Vincent de Paul Village, Inc. for the period of 2014 through 2017 funding any operating losses of the Medical Clinic, a Federally Qualified Health Clinic ("FQHC"). The receivable amount may increase year over year based upon the Uniform Data Systems ("UDS") Reporting, which is a standardized reporting system that provides consistent information about health centers. The principal of the note will be adjusted no less often than annually based on the total costs of operations as defined by the UDS, Table 8A. The note bears simple interest at the rate of 3% per annum. The term is five years with auto-renewal for consecutive periods of two years unless terminated by either Party. Payment of the loan shall be determined and mutually agreed upon by both parties but no later than the date that the FQHC becomes cash accretive. Interest income was approximately $100,000 for 2018. Interest receivable was approximately $267,000 for 2018 with interest accrued retroactively for years 2014 through 2017 being approximately $167,000. As of December 31, 2018, the principal amount due is $3,315,000.

Contributions to St. Vincent de Paul Village, Inc.

S.V.D.P. made donations to support the operations of the Village of $739,000 and $2,035,000 in 2018 and 2017, 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 $26,000 of continuum of care funding to S.V.D.P. in both 2018 and 2017.

Martha's Village & Kitchen, Inc.

As S.V.D.P. terminated their relationship with MVK in 2016, the related contract to provide administrative services was also terminated. No charges were incurred in 2018 or 2017.

S.V.D.P leases property, on a month to month basis, for operating activities of MVK for $20,000 per month through December 2018. Rental income was $240,000 for 2018 and 2017.

At December 31, 2018 and 2017, a receivable balance of approximately $1,513,000 and $1,463,000, respectively, was due from MVK.

(5) Prepaid Expenses and Other Receivables

S.V.D.P's prepaid expenses and other current assets are comprised of the following:

December 31,		**2018**		2017
Prepaid expenses	**$**	**431,907**	$	363,130
Accounts receivable		**226,602**		366,892
Prepaid expenses and other receivables	**$**	**658,509**	$	730,022

(6) Debt

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

		2018		2017
In June 1998, S.V.D.P. issued $7,485,000 of Certificates of Participation Bonds ("Bonds") to the California Statewide Communities Development Authority. Proceeds from the issuance of the Bonds were used to repay certain indebtedness and provide reserve funds for future properties. The Bonds are collateralized by certain real estate and a bank letter of credit that expires on December 1, 2018. The letter of credit require that S.V.D.P. maintain certain minimum liquidity, debt service coverage and debt to equity covenants. The initial interest rate on the Bonds was 4% which is subject to periodic adjustments. The Bonds were fully paid in July 2018.	**$**	**-**	$	395,001

(6) Debt, Cont'd

	2018	2017
Note payable due in May 2022 held by S.V.D.P., bears interest at 3%. 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. to borrow up to $8,250,000 to repay certain indebtedness and to finance a portion of the predevelopment costs. The note is secured by a deed of trust, bears interest at 5.75%. The note is payable to bank in full August 30, 2019. S.V.D.P. may extend the term of the note up to 24 months if certain conditions are met.	**7,872,632**	6,557,277
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.	**590,887**	640,153
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%. Effective 2018, the San Diego Housing Commission changed the interest calculation from compounding annually to a per diem rate. The per diem amount increases annually and includes the principal along with the accrued interest compounded in February of each year. With this change, accrued interest of approximately $1,892,000 for the year ended December 31, 2018 has been classified as such on the balance sheet to reflect the original note payable principal of $2,000,000. For the year ended December 31, 2017, approximately $1,654,000 of accrued interest was reflected in the principal balance and $94,000 of accrued interest payable was reflected as such on the balance sheet. Interest payments of approximately $63,000 and $87,000 were paid by Villa Harvey Mandel in 2018 and 2017, respectively.	**2,000,000**	3,653,817

(6) Debt, Cont'd

	2018	2017
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.	**2,721,255**	2,761,982
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

(6) Debt, Cont'd

	2018	2017
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
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

(6) Debt, Cont'd

	2018	2017
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 $299,941 was due and paid in January 2013; applied to both principal and interest.	**3,463,813**	3,463,813
Note payable to California Tax Credit Allocation Committee with a maturity date of May 12, 2065 and no stated interest rate. Note is secured by a deed of trust on the property.	**6,637,596**	6,637,597
Total debt	**48,818,914**	49,642,371
Less current portion	**(7,924,937)**	(89,993)
Long-term portion	**$ 40,893,977**	$ 49,552,378

Maturities of long-term debt in each of the five years subsequent to December 31, 2018 and thereafter are as follows:

Year Ending December 31,	Amount
2019	$ 7,924,937
2020	101,174
2021	108,304
2022	615,105
2023	122,335
Thereafter	39,947,059
Total	$ 48,818,914

(6) Debt, Cont'd

Forgivable debt consisted of the following as of December 31:

	2018	2017
Redevelopment Agency of the City of San Diego (RDA) loan payable to a bank by S.V.D.P. on behalf of Village Place, forgivable in 2028 and secured by a deed of trust. Interest accrues at 3%. The loan is forgivable as long as the Village Place is in compliance with specific affordable housing requirements.	**$ 460,000**	$ 460,000
Affordable Housing Program (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 S.V.D.P. on behalf of 16th and Market. The loan is forgivable 15 years from January 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
AHP loan payable to bank by S.V.D.P. on behalf of 15th & Commercial. The loan is forgivable 15 years from December 2011, the date of completion of 15th & Commercial, and interest does not accrue, 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. on behalf of Boulevard Apartments. The loan is forgivable in 2024 and interest does not accrue, 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	**$ 4,185,543**	$ 4,185,543

(6) Debt, Cont'd

The agreements with the banks require that S.V.D.P. maintain certain financial and non-financial loan covenants. Management believes they are in compliance with, or have obtained waivers for, all debt covenants at December 31, 2018.

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 2.83% and 2.00% at December 31, 2018 and 2017, 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, 2018 and 2017, the notional principal amount under the interest rate swap agreement totaled approximately $2,721,000 and $2,762,000, respectively. At December 31, 2018 and 2017, the estimated fair value of the interest rate swap agreement was a liability of approximately $1,006,000 and $1,190,000, respectively. The change in fair value on the interest rate swap agreement was a gain of approximately $184,000 and $49,000 for the year ended December 31, 2018 and 2017, respectively.

(7) Contingent Liability

In May 2012, the Village obtained a revolving line of credit ("LOC") from a bank which allows for advances up to $2,000,000 and requires interest only payments with a maturity date of July 16, 2019. The monthly interest payments are calculated using the prime rate plus 1.0%. The rate at December 31, 2018 was 6.50%.

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, 2018, the outstanding balance was approximately $2,000,000. No balance was outstanding on the LOC at December 31, 2017.

The LOC has both financial and reporting requirements. At December 31, 2018, management is not aware of any violations of these covenants.

(8) Designated Cash Funds and Statutory Reserves

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

	2018	2017
Reserve funds - 15th & Commercial	$ 1,994,722	$ 1,922,956
Replacement reserve - 16th and Market	719,646	664,594
Interest reserve – S.V.D.P.	387,233	755,946
Reserves under CalHFA loan - Village Place	354,518	333,207
Replacement reserve - Villa Harvey Mandel	329,729	301,691
Operating reserve - 16th and Market	268,097	268,097
Designated sinking fund - S.V.D.P.	-	220,646
Operating reserve - Boulevard Apartments	171,941	171,838
Tenants' security deposits - 16th and Market	102,353	102,352
Operating reserve of at least $75,000 - Villa Harvey Mandel	76,282	76,073
Replacement reserve - Boulevard Apartments	53,180	73,845
Tenants' security deposits - Village Place	41,688	15,600
Tenants' security deposits - 15th & Commercial	39,424	27,847
Tenants' security deposits - Villa Harvey Mandel	37,682	32,462
Tenants' security deposits - Boulevard Apartments	14,561	11,655
Total designated cash and statutory reserves	$ 4,591,056	$ 4,978,809

(9) 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, 2018. The value of the charitable remainder trust was approximately $328,000 and $374,000 at December 31, 2018 and 2017, respectively.

(10) Investments

The cost and fair value of investments as of December 31, 2018 are summarized as follows:

	Cost	Fair Value
Short-term:		
Cash and money market funds	$ 51,378	$ 51,378
Mutual funds	678,023	665,769
Totals	$ 729,401	$ 717,147

The cost and fair value of investments as of December 31, 2017 are summarized as follows:

	Cost	Fair Value
Short-term:		
Cash and money market funds	$ 32,916	$ 32,916
Mutual funds	672,189	731,866
Totals	$ 705,105	$ 764,782

Fair values have been determined by reference to the most recent market quotations for the respective investments (see Note 14).

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 8).

(11) 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, 2018 and 2018.

(12) Nature and amount of net assets with donor restrictions

S.V.D.P.'s net assets with donor restrictions are comprised of the following:

	2018	2017
Restricted for purpose:		
Capital projects	**$ 3,006,238**	$ 3,148,278
Restricted for use in future periods:		
Charitable remainder trust	**327,522**	374,433
Totals	**$ 3,333,760**	$ 3,522,711

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

	Village Place Apartments, L.P.	Villa Harvey Mandel, L.P.	16th and Market, L.P.	3137 El Cajon Boulevard, L.P.	Total limited partners' Interest in limited partnerships
December 31, 2016	$ 50	$ 812,037	$ 7,826,528	$ 440,113	$ 9,078,728
Gain on acquisition of partnership interest	(10)	-	-	-	(10)
Equity of limited partners in operating results of limited partnerships	4	(527,410)	(1,812,927)	(440,113)	(2,780,446)
December 31, 2017	$ 44	$ 284,627	$ 6,013,601	$ -	$ 6,298,272
Income distributions	**(4)**	-	-	-	**(4)**
Equity of limited partners in operating results of limited partnerships	**19**	**(284,627)**	**(1,371,228)**	-	**(1,655,836)**
December 31, 2018	**$ 59**	**$ -**	**$ 4,642,373**	**$ -**	**$ 4,642,432**

(14) 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, 2018:

	Level 1	Level 2	Level 3	Total
Equity securities – Mutual funds	$ 665,769	$ -	$ -	$ 665,769
Charitable remainder trust	-	-	327,522	327,522
Total assets measured at fair value	$ 665,769	$ -	$ 327,522	$ 993,291
Interest rate swap liability	$ -	$ -	$ (1,005,758)	$ (1,005,758)

(14) 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, 2017:

	Level 1	Level 2	Level 3	Total
Equity securities – Mutual funds	$ 731,866	$ -	$ -	$ 731,866
Charitable remainder trust	-	-	374,433	374,433
Total assets measured at fair value	$ 731,866	$ -	$ 374,433	$ 1,106,299
Interest rate swap liability	$ -	$ -	$ (1,189,781)	$ (1,189,781)

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, 2018 and 2017:

	Charitable Remainder Trust	Interest Rate Swap Liability
Balance at December 31, 2016	**$** 347,292	$ (1,239,046)
Gain on mark-to-market of interest rate swap	-	49,265
Change in valuation	27,141	-
Balance at December 31, 2017	374,433	(1,189,781)
Gain on mark-to-market of interest rate swap	-	184,023
Change in valuation	(46,911)	-
Balance at December 31, 2018	**$** 327,522	**$** (1,005,758)

Investments in equity 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.

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.

(14) Fair Value Measurement, Cont'd

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.

(15) 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 2018 includes annual payments ranging from approximately $12,000 to $105,000. The aggregate amount of funding required for 2018 was approximately $228,000.

Operating lease expense

S.V.D.P. leases copiers under a non-cancelable operating lease that are utilized by S.V.D.P. and the Village, which expires in 2018. 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 $91,000 and $92,000 for 2018 and 2017, respectively.

In 2017, S.V.D.P. entered into non-cancelable operating leases for washing machines which expire in 2021. Lease expense under these leases was approximately $21,000 for 2018.

Effective January 1, 2019, St. Vincent de Paul Village, Inc.'s thrift store leases were transferred to S.V.D.P. as a result of the transfer of the retail and fundraising divisions, see Note 16. These non-cancelable operating leases expire at various dates through 2029.

Operating lease expense, cont'd

Future minimum lease payments due under these leases are as follows:

Year Ending December 31,	Equipment	Property	Vehicles	Total
2019	$ 152,268	$ 432,894	$ 191,712	$ 776,874
2020	152,497	508,132	179,266	839,8955
2021	137,490	517,486	174,545	829,521
2022	130,350	484,303	40,703	655,356
2023	130,350	362,432	-	492,782
Thereafter	32,588	1,920,695	-	1,953,283
	$ 735,543	$ 4,225,942	$ 586,226	$ 5,547,711

Sub-lease income

S.V.D.P. sub-leases property space to various non-related parties under non-cancelable sub-leases that expire at various dates through 2022. Sub-lease income from these leases was approximately $100,000 for 2018.

Future minimum sub-lease income under these leases is as follows:

Year Ending December 31,	Total
2019	$ 228,6870
2020	168,9675
2021	41,100
2022	31,5006
	$ 470,254

(16) Subsequent Events

S.V.D.P. has evaluated subsequent events through June 28, 2019, which is the date the consolidated financial statements were available to be issued.

During 2018, S.V.D.P.'s Board of Directors approved an organizational restructuring that transferred the retail and fundraising divisions from its affiliated organization St. Vincent de Paul Village, Inc., which will become effective January 1, 2019. The transfer is structured to allow the Village to be more focused on client driven operating activities.

During March 2019, S.V.D.P. extended the non-cancelable operating lease for copiers, see Note 15. The extended lease term expires in 2024.

(16) Subsequent Events, Cont'd

During April 2019, S.V.D.P. executed a non-cancelable operating lease for real property to operate a new thrift store. The lease expires in 2029.

The future minimum payments for these leases have been disclosed at Note 15.

On February 1, 2019, S.V.D.P. entered into an agreement to borrow up to $2,175,000.00 to finance a portion of the predevelopment cost for 407 apartment units. The note is secured by a deed of trust and bears a variable interest rate. This note payable expires August 19, 2019 and S.V.D.P. may extend the term of the note up to 24 months if certain conditions are met.

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

Supplemental Schedules

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

Statements of Financial Position

As of December 31,	**2018**	2017
Assets		
Current assets:		
Cash and cash equivalents	**$ 3,253,247**	$ 3,781,750
Investments	**717,147**	764,782
Grants receivable	**12,156**	-
Contributions receivable	**5,200**	140
Inventory - automobiles	**125,013**	103,430
Prepaid expenses and other current assets	**239,476**	385,644
Total current assets	**4,352,239**	5,035,746
Property and equipment:		
Land	**11,366,997**	11,366,997
Buildings and improvements	**37,932,067**	37,831,593
Furniture and equipment	**3,737,900**	3,693,575
	53,036,964	52,892,165
Less accumulated depreciation and amortization	**(27,605,253)**	(26,390,894)
Construction in progress	**2,582,246**	730,943
Net property and equipment	**28,013,957**	27,232,214
Designated cash fund and statutory reserves	**387,233**	976,592
Due from Martha's Village and Kitchen, Inc.	**1,513,061**	1,463,061
Due from St. Vincent De Paul Village, Inc.	**13,403,639**	11,861,078
Charitable remainder trust	**327,522**	374,433
Investment in limited partnerships - intercompany	**42,160,454**	43,384,009
Intercompany accounts receivable	**11,151,778**	10,979,625
Total assets	**$ 101,309,883**	$ 101,306,758
Liabilities and Net Assets		
Current liabilities:		
Accounts payable	**$ 329,437**	$ 232,198
Accrued liabilities	**317,636**	302,108
Current portion of long-term debt	**7,872,632**	-
Total current liabilities	**8,519,705**	534,306
Accrued interest, net of current portion	**278,256**	271,400
Long-term debt, net of current portion	**500,000**	7,452,279
Forgivable debt	**3,285,543**	3,285,543
Less unamortized bond issuance costs, net	**-**	(165,019)
Net long-term debt	**3,785,543**	10,572,803
Total liabilities	**12,583,504**	11,378,509
Net assets:		
Without donor restrictions	**85,392,619**	86,405,538
With donor restrictions	**3,333,760**	3,522,711
Total net assets	**88,726,379**	89,928,249
Total liabilities and net assets	**$ 101,309,883**	$ 101,306,758

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

Statements of Activities

Year Ended December 31,	Without Donor Restrictions	With Donor Restrictions	2018	2017 Total
Contributions from organizations, foundations and individuals	$ 69,941	$ -	$ 69,941	$ 3,825,223
Sales of donated automobiles	2,067,214	-	2,067,214	2,470,132
Contract charges for services to St. Vincent de Paul Village, Inc.	1,489,510	-	1,489,510	1,467,857
Contract income from limited partnerships	154,752	-	154,752	124,146
Rental income	3,306,851	-	3,306,851	3,108,494
Grant income	102,020	-	102,020	279,676
Interest income	441,412	-	441,412	130,347
Gain on sale of property held for sale	-	-	-	1,711,540
Miscellaneous	(2,951)	-	(2,951)	280,882
Change in value of charitable remainder trust	-	(46,911)	(46,911)	27,141
Net assets released from donor restrictions	142,040	(142,040)	-	-
Total revenue, contributions and other	7,770,789	(188,951)	7,581,838	13,425,438
Expenses and donations:				
Program expenses	5,760,048	-	5,760,048	4,884,625
Administration	1,867,444	-	1,867,444	2,244,112
Fundraising	417,404	-	417,404	394,485
Donation to St. Vincent de Paul Village, Inc.	738,812	-	738,812	2,035,000
Total expenses and donations	8,783,708	-	8,783,708	9,558,222
Change in net assets	(1,012,919)	(188,951)	(1,201,870)	3,867,216
Net assets at beginning of year	86,405,538	3,522,711	89,928,249	86,061,033
Net assets at end of year	$ 85,392,619	$ 3,333,760	$ 88,726,379	$ 89,928,249

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

Statement of Activities

Year Ended December 31,	Without Donor Restrictions	With Donor Restrictions	2017
Contributions from organizations, foundations and individuals	$ 676,945	$ 3,148,278	$ 3,825,223
Sales of donated automobiles	2,470,132	-	2,470,132
Contract charges for services to St. Vincent de Paul Village, Inc.	1,467,857	-	1,467,857
Contract income from limited partnerships	124,146	-	124,146
Rental income	3,108,494	-	3,108,494
Grant income	279,676	-	279,676
Interest income	130,347	-	130,347
Gain on sale of property held for sale	1,711,540	-	1,711,540
Miscellaneous	280,882	-	280,882
Change in value of charitable remainder trust	-	27,141	27,141
Total revenue, contributions and other	10,250,019	3,175,419	13,425,438
Expenses and donations:			
Program expenses	4,884,625	-	4,884,625
Administration	2,244,112	-	2,244,112
Fundraising	394,485	-	394,485
Donation to St. Vincent de Paul Village, Inc.	2,035,000	-	2,035,000
Total expenses and donations	9,558,222	-	9,558,222
Change in net assets	691,797	3,175,419	3,867,216
Net assets at beginning of year	85,713,741	347,292	86,061,033
Net assets at end of year	$ 86,405,538	$ 3,522,711	$ 89,928,249

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