



# **St. Vincent de Paul Village, Inc.**

Financial Statements  
Years Ended December 31, 2018 and 2017



# St. Vincent de Paul Village, Inc.

## Contents

---

<b>Independent Auditors' Report</b>	3-4
<b>Financial Statements</b>	
Statements of Financial Position	5
Statements of Activities	6-7
Statements of Cash Flows	8-9
Statements of Functional Expenses	10-11
Notes to Financial Statements	12-40



**Mayer Hoffman McCann P.C.**  
10616 Scripps Summit Court ■ San Diego, CA 92131  
Main: 858.795.2000 ■ Fax: 858.795.2001 ■ [www.mhmcpa.com](http://www.mhmcpa.com)

## **Independent Auditors' Report**

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

### **Report on the Financial Statements**

We have audited the accompanying financial statements of **St. Vincent de Paul Village, Inc.** (the "Village"), a nonprofit corporation, which comprise the statements of financial position as of December 31, 2018 and 2017, and the related statements of activities, functional expenses and cash flows for the years then ended, and the related notes to the financial statements.

### ***Management's Responsibility for the Financial Statements***

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

### ***Auditors' Responsibility***

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

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

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

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



## ***Opinion***

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of **St. Vincent de Paul Village, Inc.** as of December 31, 2018 and 2017, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

## **Other Matters**

### *Supplemental Information*

Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards* is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements.

The information has been subjected to the auditing procedures applied in the audits of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole.

## **Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated July 9, 2019 on our consideration of the Organization's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the **St. Vincent de Paul Village's** internal control over financial reporting and compliance.

## **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  
July 9, 2019

# St. Vincent de Paul Village, Inc.

## Statements of Financial Position

<i>December 31,</i>	<b>2018</b>	2017
<b>Assets</b>		
Current assets:		
Cash	\$ 153,284	\$ 703,465
Investments	2,219,582	1,594,188
Grants receivable, net of allowance	1,902,049	2,176,850
Contributions receivable	507,340	651,555
Pledge receivable, current portion	-	400,000
Bequests receivable	249,042	299,219
Prepaid expenses and other receivables, net of allowance	1,245,984	858,359
Total current assets	6,277,281	6,683,636
Property and equipment:		
Equipment, furniture and vehicles	2,940,708	2,649,246
Buildings and leasehold improvements	6,047,532	5,988,724
Construction in process	88,319	146,455
	9,076,559	8,784,425
Less accumulated depreciation and amortization	(6,300,017)	(5,786,983)
Net property and equipment	2,776,542	2,997,442
Other assets:		
Property held for sale	1,058,023	515,365
Deposits	64,077	68,100
Pledge receivable, less current portion, net of discount	19,588	-
Investment in limited partnership	59	44
Pooled income fund	108,939	114,994
Charitable remainder trust	554,174	300,325
Cash surrender value of insurance	346,070	314,305
Beneficial interest in gift annuity	25,766	27,714
Beneficial interest in perpetual trusts	1,180,447	1,287,280
Endowment fund	3,423,490	3,763,851
Total other assets	6,780,633	6,391,978
Total assets	\$ 15,834,456	\$ 16,073,056
<b>Liabilities and Net Assets</b>		
Current liabilities:		
Line of credit	\$ 2,000,000	\$ -
Accounts payable and accrued liabilities	1,832,473	2,441,982
Deferred grant revenue	245,353	459,813
Deferred rent, current portion	-	5,830
Loan payable	-	74,840
Total current liabilities	4,077,826	2,982,465
Note payable and accrued interest to S.V.D.P. Management, Inc.	3,581,760	-
Margin loan	682,380	756,594
Due to S.V.D.P. Management, Inc.	9,952,066	11,822,813
Forgivable debt and related accrued interest	2,331,040	2,271,202
Total liabilities	20,625,072	17,833,074
Net assets (deficit):		
Without donor restrictions	(11,251,059)	(7,070,220)
With donor restrictions	6,460,443	5,310,202
Total net deficit	(4,790,616)	(1,760,018)
Total liabilities and net assets	\$ 15,834,456	\$ 16,073,056

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

# St. Vincent de Paul Village, Inc.

## Statements of Activities

<i>Years Ended December 31,</i>	<b>Without Donor Restrictions</b>	<b>With Donor Restrictions</b>	<b>2018</b>	<b>2017 Total</b>
Revenue, contributions and other:				
Contributions from organizations, foundations and individuals	\$ 11,695,854	\$ 2,180,897	\$ 13,876,751	\$ 10,216,146
Sales of donated goods	3,256,642	-	3,256,642	3,696,824
Grants	11,689,694	-	11,689,694	10,240,960
Contributions from S.V.D.P. Management, Inc.	738,812	-	738,812	2,035,000
Special events, net of direct benefit expense of approximately \$199,000 and \$201,000, respectively	1,227,119	-	1,227,119	1,264,918
Interest, investment, shared expenses and other income (loss)	509,692	(301,147)	208,545	1,102,669
Change in value of split interest agreements	-	(6,688)	(6,688)	(30,844)
Change in value of beneficial interest in perpetual trusts	-	(61,735)	(61,735)	144,871
Net medical revenue	2,896,684	-	2,896,684	2,595,042
Net assets released from restrictions	661,086	(661,086)	-	-
<b>Total revenue, contributions and other</b>	<b>32,675,583</b>	<b>1,150,241</b>	<b>33,825,824</b>	<b>31,265,586</b>
Expenses, contributions and other:				
Programs and services for the homeless	27,100,444	-	27,100,444	23,189,125
Cost of retail program	3,674,797	-	3,674,797	3,600,650
Fundraising	3,339,032	-	3,339,032	3,012,434
Administration	2,742,149	-	2,742,149	2,404,192
<b>Total expenses, contributions and other</b>	<b>36,856,422</b>	<b>-</b>	<b>36,856,422</b>	<b>32,206,401</b>
Change in net assets	(4,180,839)	1,150,241	(3,030,598)	(940,815)
Net (deficit) assets at beginning of year	(7,070,220)	5,310,202	(1,760,018)	(819,203)
<b>Net (deficit) assets at end of year</b>	<b>\$ (11,251,059)</b>	<b>\$ 6,460,443</b>	<b>\$ (4,790,616)</b>	<b>\$ (1,760,018)</b>

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

# St. Vincent de Paul Village, Inc.

## Statement of Activities

<i>Years Ended December 31,</i>	<b>Without Donor Restrictions</b>	<b>With Donor Restrictions</b>	<b>2017</b>
Revenue, contributions and other:			
Contributions from organizations, foundations and individuals	\$ 10,018,726	\$ 197,420	\$ 10,216,146
Sales of donated goods	3,696,824	-	3,696,824
Grants	10,240,960	-	10,240,960
Contributions from S.V.D.P. Management, Inc.	2,035,000	-	2,035,000
Special events, net of direct benefit expense of approximately \$201,000 and \$222,000, respectively	1,264,918	-	1,264,918
Interest, investment, shared expenses and other income	1,102,669	-	1,102,669
Change in value of split interest agreements	-	(30,844)	(30,844)
Change in value of beneficial interest in perpetual trusts	-	144,871	144,871
Net medical revenue	2,595,042	-	2,595,042
Net assets released from restrictions	320,400	(320,400)	-
<b>Total revenue, contributions and other</b>	<b>31,274,539</b>	<b>(8,953)</b>	<b>31,265,586</b>
Expenses, contributions and other:			
Programs and services for the homeless	23,189,125	-	23,189,125
Cost of retail program	3,600,650	-	3,600,650
Fundraising	3,012,434	-	3,012,434
Administration	2,404,192	-	2,404,192
<b>Total expenses, contributions and other</b>	<b>32,206,401</b>	<b>-</b>	<b>32,206,401</b>
Change in net assets	(931,862)	(8,953)	(940,815)
Reclassification to implement ASU 2016-14:			
Underwater endowment	49,412	(49,412)	-
Net (deficit) assets at beginning of year	(6,187,770)	5,368,567	(819,203)
<b>Net deficit at end of year - see Note 2</b>	<b>\$ (7,070,220)</b>	<b>\$ 5,310,202</b>	<b>\$ (1,760,018)</b>

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

# St. Vincent de Paul Village, Inc.

## Statements of Cash Flows

<i>Years Ended December 31,</i>	<b>2018</b>	<b>2017</b>
<b>Operating Activities</b>		
Change in net assets	\$ (3,030,598)	\$ (940,815)
Reconciliation of change in net assets to net cash from operating activities:		
Depreciation and amortization	513,545	559,072
Contribution of split interest agreement	(252,534)	-
Change in value of split interest agreements	72,357	(109,883)
Distributions from split interest agreements	41,164	59,427
Contributions of securities	(910,482)	(1,451,725)
Contributions restricted for long-term purposes	-	(35,300)
Realized and unrealized (gain) loss on investments	78,088	(120,437)
Realized and unrealized (gain) loss on endowment	283,632	(354,286)
Change in cash surrender value of insurance	(31,765)	(34,033)
Loss on disposal of property and equipment	139,666	6,527
Loss (gain) on investment in limited partnership	(15)	6
Bad debt expense	316,769	36,000
Debt forgiveness	-	(125,160)
Non cash interest expense	99,450	-
Donated property	(542,658)	(515,365)
Changes in operating assets and liabilities:		
Deposits	4,023	-
Grants receivable, net of allowance	(5,968)	(161,078)
Contributions receivable	144,215	(3,639)
Pledges receivable	380,412	368,051
Bequests receivable	50,177	1,469,937
Prepaid expenses and other receivables, net of allowance	(423,625)	(20,145)
Accounts payable and accrued liabilities and related accrued interest	(549,671)	297,813
Deferred grant revenue	(214,460)	331,827
Deferred rent	(5,830)	(5,196)
Due to S.V.D.P. Management, Inc.	326,563	2,663,156
Net cash from operating activities	<b>(3,517,545)</b>	<b>1,914,754</b>
<b>Investing Activities</b>		
Purchases of property and equipment	(432,311)	(551,482)
Proceeds from sale of investments	286,214	1,163,761
Purchases of investments	(22,485)	(6,000)
Net cash from investing activities	<b>(168,582)</b>	<b>606,279</b>
<b>Financing Activities</b>		
Net (payments) borrowings on line of credit	2,000,000	(1,996,325)
Borrowings on note payable to S.V.D.P. Management, Inc.	1,285,000	-
Payments on loan payable	(74,840)	-
Net (payments) borrowings on margin loan	(74,214)	(574,236)
Contributions restricted for long-term investment	-	35,300
Net cash from financing activities	<b>3,135,946</b>	<b>(2,535,261)</b>
Net change in cash	<b>(550,181)</b>	<b>(14,228)</b>
Cash, beginning of year	<b>703,465</b>	<b>717,693</b>
Cash, end of year	<b>\$ 153,284</b>	<b>\$ 703,465</b>

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



# St. Vincent de Paul Village, Inc.

## Statements of Cash Flows, Continued

---

<i>Years Ended December 31,</i>	<b>2018</b>	<b>2017</b>
<b>Supplemental Disclosure of Cash Flow Information:</b>		
Cash paid during the year for:		
Interest	\$ 105,602	\$ 102,914

### **Noncash Investing and Financing Activities:**

The Village received stock contributions of \$910,482 and \$1,451,725 for the years ended December 31, 2018 and 2017, respectively. Of which, \$35,300 of the stock contributions received were contributions to the endowment for the year ended December 31, 2017.

During 2018, a note payable to S.V.D.P. was established with a principal amount of \$2,030,000 and accrued interest of \$167,310. This note represents a reclassification of cash advances previously recorded as Due to S.V.D.P. Management, Inc. for the period of 2014 through 2017.

---

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

# St. Vincent de Paul Village, Inc.

## Statement of Functional Expenses

*Year Ended December 31, 2018*

	Housing and Supportive Services	Medical Clinic	Total	Cost of Retail Program	Management and General	Fundraising	Total Expenses
Salaries & Employee Related Expenses	\$ 9,432,232	\$ 2,108,302	\$ 11,540,534	\$ 1,826,946	\$ 724,528	\$ 984,814	\$ 15,076,822
Rent	2,461,986	203,288	2,665,274	437,117	266,091	66,073	3,434,555
Contract Services	1,194,467	298,782	1,493,249	46,651	1,442,712	136,855	3,119,467
Direct Client Expenses	2,269,186	10,886	2,280,072	-	-	-	2,280,072
Employee Benefits	1,107,430	159,046	1,266,476	200,901	-	82,570	1,549,947
Food	1,116,586	2,537	1,119,123	-	-	948	1,120,071
Utilities	852,776	67,190	919,966	159,341	-	-	1,079,307
Miscellaneous	274,004	360,525	634,529	55,342	13,526	176,041	879,438
Repair & Maintenance	625,092	38,527	663,619	39,627	85,663	30,590	819,499
Contract Services - UCSD	-	807,783	807,783	-	-	-	807,783
Professional Fees	12,108	205,094	217,202	143,235	203,526	257,374	821,337
Advertising	-	-	-	168,256	-	574,410	742,666
Occupancy Expense	662,336	2,648	664,984	41,276	2,491	-	708,751
Supplies	541,901	28,637	570,538	82,107	3,612	17,266	673,523
Depreciation and Amortization	502,161	1,944	504,105	9,440	-	-	513,545
Insurance	324,494	16,914	341,408	95,088	-	60,169	496,665
Special Events	-	-	-	-	-	443,489	443,489
Licenses & Fees	77,320	246,980	324,300	6,346	-	72,105	402,751
Interest	165,141	266,760	431,901	-	-	-	431,901
Vehicle	68,298	-	68,298	302,923	-	2,728	373,949
Printing	8,506	4,681	13,187	5,408	-	304,937	323,532
Bad Debt Expense	280,769	36,000	316,769	-	-	-	316,769
Medical & Dental	22,914	168,061	190,975	-	-	-	190,975
Postage	1,522	55	1,577	114	-	116,124	117,815
Telephone	61,248	3,327	64,575	11,863	-	12,539	88,977
Commodities Donations to Others	-	-	-	42,816	-	-	42,816
<b>Total</b>	<b>\$ 22,062,477</b>	<b>\$ 5,037,967</b>	<b>\$ 27,100,444</b>	<b>\$ 3,674,797</b>	<b>\$ 2,742,149</b>	<b>\$ 3,339,032</b>	<b>\$ 36,856,422</b>
<b>% of Total</b>	<b>60%</b>	<b>14%</b>	<b>74%</b>	<b>10%</b>	<b>7%</b>	<b>9%</b>	<b>100%</b>

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

# St. Vincent de Paul Village, Inc.

## Statement of Functional Expenses, Continued

*Year Ended December 31, 2017*

	Housing and Supportive Services	Medical Clinic	Total	Cost of Retail Program	Management and General	Fundraising	Total Expenses
Salaries & Employee Related Expenses	\$ 8,514,181	\$ 1,798,298	\$ 10,312,479	\$ 1,673,091	\$ 603,175	\$ 867,668	\$ 13,456,413
Rent	2,439,606	198,116	2,637,722	417,941	222,897	66,073	3,344,633
Contract Services	603,661	198,117	801,778	-	1,392,763	142,178	2,336,719
Direct Client Expenses	1,656,895	9,915	1,666,810	-	-	-	1,666,810
Employee Benefits	1,084,398	168,728	1,253,126	262,223	-	65,251	1,580,600
Food	1,495,706	1,980	1,497,686	209	-	2,732	1,500,627
Utilities	781,336	60,459	841,795	210,536	327	-	1,052,658
Professional Fees	18,650	239,567	258,217	126,487	156,726	269,480	810,910
Contract Services - UCSD	-	692,296	692,296	-	-	-	692,296
Miscellaneous	317,778	70,054	387,832	133,935	19,493	93,068	634,328
Advertising	-	-	-	160,367	-	479,272	639,639
Repair & Maintenance	511,036	54,533	565,569	29,623	3,635	29,861	628,688
Depreciation and Amortization	483,352	-	483,352	75,719	-	-	559,071
Supplies	486,040	29,246	515,286	23,287	-	7,125	545,698
Insurance	317,220	13,720	330,940	96,459	-	57,929	485,328
Special Events	-	-	-	-	-	400,929	400,929
Vehicle	63,140	-	63,140	292,560	-	203	355,903
Printing	3,358	9,976	13,334	6,272	-	323,971	343,577
Licenses & Fees	40,419	210,324	250,743	5,464	-	64,353	320,560
Occupancy Expense	219,413	-	219,413	2,066	5,176	-	226,655
Interest	162,753	-	162,753	-	-	-	162,753
Medical & Dental	18,189	134,281	152,470	-	-	-	152,470
Postage	1,459	508	1,967	-	-	126,136	128,103
Telephone	42,083	2,334	44,417	12,597	-	16,205	73,219
Commodities Donations to Others	-	-	-	71,814	-	-	71,814
Bad Debt Expense	-	36,000	36,000	-	-	-	36,000
<b>Total</b>	<b>\$ 19,260,673</b>	<b>\$ 3,928,452</b>	<b>\$ 23,189,125</b>	<b>\$ 3,600,650</b>	<b>\$ 2,404,192</b>	<b>\$ 3,012,434</b>	<b>\$ 32,206,401</b>
<b>% of Total</b>	<b>60%</b>	<b>12%</b>	<b>72%</b>	<b>11%</b>	<b>8%</b>	<b>9%</b>	<b>100%</b>

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

# St. Vincent de Paul Village, Inc.

## Notes to Financial Statements

---

### (1) Description of the Organization

#### *Organization*

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

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

Medical Clinic: The medical and dental services provided by the Centers are through our licensed primary care clinic that is a Federally Qualified Health Center (“FQHC”). Under FQHC guidelines, payment for services provided to Medicare and Medi-Cal patients is reimbursed at an all-inclusive rate per visit. The services provided are primarily sourced by a combined residency program in psychiatry and family medicine with the University of California San Diego (“UCSD”), a premier partnership and training site which is considered to be a “best practice” approach to serving the homeless.

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

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

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

### (2) Summary of Significant Accounting Policies

#### *Basis of accounting*

The accompanying financial statements are prepared on the accrual basis of accounting in accordance with the authoritative guidance related to not-for-profit entities. Accordingly, the Village is required to report information regarding its financial position and activities according to two classes of net assets: net assets without donor restrictions and net assets with donor restrictions.

# St. Vincent de Paul Village, Inc.

## Notes to Financial Statements

---

### *Basis of accounting, cont'd*

*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 the Village. Net assets with donor restrictions are designated by donors for specific purposes, and include unconditional pledges, split-interest agreements, interests in trusts held by others, and accumulated appreciation on donor-restricted endowments which have not been appropriated by the Board of Directors (the "Board") for distribution. Some net assets with donor restrictions are required by donors to be held in perpetuity.

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 statement of activities.

### *Cash and cash equivalents*

Village's cash consists of cash on deposit with banks. Cash equivalents represent 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*

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

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

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

# St. Vincent de Paul Village, Inc.

## Notes to Financial Statements

---

### *Investments, cont'd*

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 the gift.

### *Grants receivable*

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

At December 31, 2018 and 2017, the Village had approximately \$2,130,000 and \$2,177,000, respectively, in grants receivable. Management determined an allowance for doubtful accounts of approximately \$228,000 was necessary at December 31, 2018. No allowance was recorded at December 31, 2017.

### *Contributions, pledges and bequests receivable*

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

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

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

# St. Vincent de Paul Village, Inc.

## Notes to Financial Statements

---

### *Medical clinic receivable*

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

Accounts receivable are recorded on the accrual basis at full billing rates and consist of amounts billed for services provided. Contractual allowances adjust receivables and revenues to net realizable amounts based on Medicare and Medi-Cal regulations, and based on management's valuation of the private accounts. In the case of Medicare, reasonable estimates are made and reported in the period services are rendered, and differences between the estimates and actual receipts are included in the statement of activities in the period in which they are determined. In the case of Medi-Cal, payments under the new payment system are final, unless the number of reimbursable visits is changed as a result of an audit by the State of California, Department of Health and Human Services. The allowances for estimated uncollectible accounts are based on past experience and on an analysis of current receivable balances. Accounts deemed uncollectible are written off in the period deemed uncollectible. The allowance is recorded as a deduction from the medical clinic revenue. Management determined an allowance for doubtful accounts of approximately \$85,000 was necessary at both December 31, 2018 and 2017.

### *Property and equipment*

Property and equipment is stated at cost. Depreciation and amortization are provided for using the straight-line method over the estimated useful lives of the assets, which range from five to ten years. Leasehold improvements are amortized over the shorter of the life of the asset or the lease term. All items with a value of \$5,000 or greater are capitalized. Depreciation and amortization expense was approximately \$514,000 and \$559,000 for 2018 and 2017, respectively.

### *Long-lived assets*

The Village records impairment losses on long-lived assets used in operations when indicators of impairment are present and the undiscounted cash flows estimated to be generated by those assets are less than the assets' carrying amount. At December 31, 2018, the Village has not identified any indicators of impairment or recorded any impairment of long-lived assets.

### *Property held for sale*

Property held for sale is stated at the lower of its carrying amount or fair value less cost to sell.

# St. Vincent de Paul Village, Inc.

## Notes to Financial Statements

---

### *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 Centers, S.V.D.P., and various limited partnerships documented in Note 4 to further the mission of the organization.

### *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 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.

### *Contributed services*

Services provided by volunteers in the medical and dental clinics are measured by the fair value of the service received. Contributed services of approximately \$192,000 and \$208,000 were included in contribution income on the statements of activities and professional fees on the statements of functional expenses for 2018 and 2017, respectively. Other services received from volunteers are not of a type permitted to be recognized in the financial statements in accordance with the authoritative guidance; thus, no value was recorded.

### *Sales of donated goods*

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



# St. Vincent de Paul Village, Inc.

## Notes to Financial Statements

---

### *Grant revenue*

The Village is awarded grants from state and Federal 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.

### *Net medical clinic revenue*

The Village has agreements with third-party payers that provide for payments to the FQHC at amounts different from its established rates. A summary of the historical and current payment arrangements with major third-party payors is as follows:

**Medicare** – Medicare services rendered to Medicare program beneficiaries are paid under a cost-based reimbursement system. The Village is reimbursed at a tentative (“interim”) rate, with final settlement determined after submission of the annual cost reports by the FQHC and audits thereof by the fiscal intermediary.

**Medi-Cal** – Medical services rendered to Medi-Cal beneficiaries are paid under a “prospective payment system” (“PPS”), using rates established by the FQHC’s “base year – fiscal year ended December 31, 2009” cost report filed under the previous cost based reimbursement system.

**Other Payors** – The FQHC also has entered into payment agreements with certain commercial carriers, health maintenance organizations, preferred-provider organizations, and patients considered eligible for coverage under certain Federal Financial Assistance grants. The basis for payment to the FQHC under these agreements includes discounts from established charges and prospectively determined per-visit rates. Patients under 200% of the Federal poverty guidelines are charged on a sliding-fee discount basis depending upon family size and income.

Net medical service revenues are reported at the estimated net realizable amounts from patients, third-party payers and others for services rendered and include estimated retroactive revenue adjustments. Retroactive adjustments are considered in the recognition of revenue on an estimated basis in the period the related services are rendered, and such estimated amounts are revised in future periods as adjustments become known.

### *Charity care*

The Village provides care without charge or at amounts less than its established rates to patients who meet certain criteria. Because the Village does not pursue collection of amounts determined to qualify as charity care, such amounts are not reported as revenue in the accompanying statements of activities. Charges foregone for services furnished by the Village totaled approximately \$133,000 and \$210,000 for 2018 and 2017, respectively.

# St. Vincent de Paul Village, Inc.

## Notes to Financial Statements

---

### *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 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
Food	Meal Count
Salaries & Employee Related Expenses	Time & Activity Sheets

### *Advertising*

The Village expenses advertising costs as incurred. Advertising costs were approximately \$811,000 and \$710,000 for 2018 and 2017, respectively, which is included in advertising and special events on the statement of functional expenses.

### *Use of estimates*

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

# St. Vincent de Paul Village, Inc.

## Notes to Financial Statements

---

### *Concentration of credit risk*

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

### *Income taxes*

The Village is exempt from income taxes on the basis that it qualifies under Section 501(c)(3) of the Internal Revenue Code and Section 23701(d) of the California Revenue and Taxation Code. All tax-exempt entities are subject to review and audit by federal, state and other applicable agencies. Such agencies may review the taxability of unrelated business income, or the qualification of the organization as a tax-exempt entity under Internal Revenue Code 501(c)(3) and applicable state statutes. At December 31, 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 financial statements have been reclassified to conform to the 2018 classifications. Total net assets and change in net assets are unchanged due to these reclassifications.

### *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, reporting of the underwater amounts of donor-restricted endowment funds in net assets with donor restrictions, requiring disclosures of qualitative information on how the not-for-profit entity manages its liquid available resources and liquidity risks and requiring reporting of expenses by function and nature, as well as enhanced endowment disclosures. This standard is effective for all fiscal years beginning after December 15, 2017 and the Village has adjusted the presentation of these statements accordingly.

# St. Vincent de Paul Village, Inc.

## Notes to Financial Statements

### *New accounting pronouncement, cont'd*

A recap of the net asset reclassification driven by the adoption of ASU 2016-14 as of December 31, 2017 follows:

Net Assets Classifications	ASU 2016-14 Classifications		
	Without donor restrictions	With donor restrictions	Total Net Assets
As previously presented:			
Unrestricted	\$ (7,119,632)	\$ -	\$ (7,119,632)
Temporarily Restricted	-	1,056,829	1,056,829
Permanently Restricted	-	4,302,785	4,302,785
Net assets as previously presented	(7,119,632)	5,359,614	(1,760,018)
Reclassification to implement ASU 2016-14:			
Underwater endowment	49,412	(49,412)	-
Net (deficit) assets, as reclassified	<u>\$ (7,070,220)</u>	<u>\$ 5,310,202</u>	<u>\$ (1,760,018)</u>

### **(3) Availability and Liquidity**

As indicated by the accompanying financial statements, the Village's net assets declined by approximately \$3,031,000 for the year ended December 31, 2018, and total liabilities exceeded assets by approximately \$4,791,000 as of that date. These conditions were alleviated by a favorable current ratio with current assets exceeding current liabilities by more than \$2,199,000 providing sufficient liquidity to pay short-term obligations. Management has evaluated the Village's current financial position and believes that, in spite of the deficit position in net asset position, the Village has the ability to continue as a going concern.

Management has determined that with operational changes implemented in 2018, the Village's ability to continue operations is largely dependent on its ability to service short-term debt and meet its obligations as they become due. It is management's belief the deficiency in net assets will not impair Village's ability to meet its current obligations or continue operations. The Village's deficiency is primarily due to its long-term obligations totaling approximately \$16,547,000 consisting of: 1) approximately \$13,534,000 due to S.V.D.P. Management, Inc., an affiliated party, which terms are defined in Note 1 with additional detail provided in the related party transaction information addressed in Note 4, 2) approximately \$2,331,000 in forgivable debt and accrued interest, for which terms are described in Note 13, and 3) approximately \$682,000 outstanding on the self-funded margin loan as described in Note 13.

# St. Vincent de Paul Village, Inc.

## Notes to Financial Statements

### (3) Availability and Liquidity, Cont'd

The related party debt owed to S.V.D.P. Management, Inc. is not due for the foreseeable future. In addition, the Village has \$625,000 available through the margin loan at year end. Therefore, management believes Village's deficiency in net assets, primarily due to long-term obligations, does not hinder its ability to meet obligations as they become due and do not cause a concern related to its continuing operations.

The Village's financial assets are comprised of the following:

<i>December 31,</i>	<b>2018</b>
Financial assets at year-end:	
Cash	\$ 153,284
Investments	2,219,582
Grants receivable, net	1,902,049
Contributions receivable	507,340
Pledge receivable	19,588
Bequests receivable	249,042
Medical clinic receivable, net of allowance	479,580
Note receivable, net of allowance	72,000
Pooled income fund	108,939
Charitable remainder trust	554,174
Cash surrender value of insurance	346,070
Beneficial interest in gift annuity	25,766
Beneficial interest in perpetual trusts	1,180,447
Endowment fund, less margin loan	2,741,110
Total financial assets	<u>10,558,971</u>
Less amounts not available to be used within one year:	
Net assets with donor restrictions	6,460,443
Less net assets with purpose restrictions to be met in less than a year	(1,226,983)
Receivables scheduled to be collected in more than one year	91,588
	<u>5,325,048</u>
Financial assets available to meet general expenditures over the next twelve months	<u>\$ 5,233,923</u>

# St. Vincent de Paul Village, Inc.

## Notes to Financial Statements

### (4) Related Party Transactions

#### *Related party rental expense*

The Centers rent their facilities from S.V.D.P., Village Place, L.P., and 15th & Commercial, L.P., all affiliates, under long-term operating leases that expire at various dates through 2028. The Centers' rental expense was approximately \$2,772,000 and \$2,619,000 for 2018 and 2017, respectively.

Fundraising paid approximately \$66,000 in 2018 and 2017 to S.V.D.P. under a lease for office space.

Retail leases two warehouses from S.V.D.P. Total rent expense under these leases was approximately \$219,000 in both 2018 and 2017.

Effective January 1, 2019, the related party retail and fundraising leases were terminated with the transfer of these divisions to S.V.D.P., see Note 19.

Total future minimum lease payments in the years subsequent to December 31, 2018 are as follows:

<i>December 31,</i>	Total
2019	\$ 2,756,613
2020	761,356
2021	777,644
2022	794,286
2023	279,340
Thereafter	93,883
Total	\$ 5,463,122

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

An operating subsidy is mandated by the 15th & Commercial, L.P. transitional housing lease. Per the lease agreement, on December 3rd of each calendar year the Village shall pay 15th & Commercial, L.P. a subsidy payment in an amount equal to the Section 42 Breakpoint less the amount of property expenses that the Village paid for the calendar year. Section 42 Breakpoint is the difference between the market rate that could be charged for an apartment unit and the maximum rent that can be charged for a similar but low income apartment unit. This payment is to supplement the difference between the maximum allowable California Tax Credit Allocation Committee ("TCAC") rent rate charged to tenants and the cost to maintain the units. The subsidy was approximately \$118,000 and \$202,000 in 2018 and 2017, respectively.

# St. Vincent de Paul Village, Inc.

## Notes to Financial Statements

---

### *15th & Commercial, L.P. operating subsidy and CAM charges, cont'd*

The Village pays common area maintenance (“CAM”) charges for the property leased from 15th & Commercial, L.P. The CAM charges were approximately \$485,000 and \$356,000 in 2018 and 2017, respectively.

### *Rental income from S.V.D.P. Management, Inc.*

On July 1, 2018, the Village 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 S.V.D.P. 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 Village entered into the sub-lease, expiring June 30, 2023. The Village’s rental income was approximately \$100,000 for 2018.

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

S.V.D.P. has a service contract with the Village to provide administrative services. The charges under this contract were approximately \$1,490,000 and \$1,468,000 in 2018 and 2017, respectively.

### *Due to S.V.D.P Management, Inc.*

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

### *Note payable and accrued interest due to S.V.D.P Management, Inc.*

A note payable to S.V.D.P. was established in 2018 with a principal amount of \$2,030,000. This note represents a reclassification of cash advances previously recorded as Due to S.V.D.P. Management, Inc. for the period of 2014 through 2017 funding any operating losses of the Medical Clinic, a Federally Qualified Health Clinic (“FQHC”). The loan 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, which are advanced from S.V.D.P. Management, Inc. 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 expense was approximately \$100,000 for 2018. Accrued interest payable 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 outstanding is \$3,315,000.

# St. Vincent de Paul Village, Inc.

## Notes to Financial Statements

---

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

The Village received contributions from S.V.D.P. to support operations in the amount of approximately \$739,000 and \$2,035,000 in 2018 and 2017, respectively.

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

The Village has been awarded a grant from the Department of Housing and Urban Development to fund the continuum of care program. Village passed through approximately \$26,000 of continuum of care funding to S.V.D.P. in both 2018 and 2017.

### *Investment in Village Place Apartments, L.P.*

During 2018, the Village recognized a gain on investment in limited partnership of \$19 which is included in interest, investment, shared expenses and other income on the statement of activities and received a distribution of \$4. The investment in limited partnership is stated at estimated fair value. The value of the investment in the partnership was \$59 at December 31, 2018.

During 2017, the Village recognized a gain on investment in limited partnership of \$4 which is included in interest, investment, shared expenses and other income on the statement of activities and received a distribution of \$10. The investment in limited partnership is stated at estimated fair value. The value of the investment in the partnership was \$44 at December 31, 2017.

## **(5) Leases**

In addition to the related party leases described in Note 4, the Village leases thrift stores under non-cancelable operating leases that expire at various dates through 2022. Rent expense under these operating leases was approximately \$214,000 and \$199,000 for 2018 and 2017, respectively.

The Village also has non-cancelable lease agreements for vehicles that expire at various dates through 2022. The leases include both a fixed amount for the vehicles, and a variable rate depending on the number of miles driven. The rental amounts include a consumer price index (“CPI”) increase after 24 months from the date the Village entered into the leases. Rent expense under these operating leases aggregated to approximately \$222,000 and \$223,000 for 2018 and 2017, respectively.

Effective January 1, 2019, all thrift store property leases and all but one vehicle lease were transferred to S.V.D.P. with the transfer of the Village’s retail division. Therefore, the Village has no future minimum lease payments under these leases at December 31, 2018, see Note 19.



# St. Vincent de Paul Village, Inc.

## Notes to Financial Statements

### (5) Leases, Cont'd

Aggregate future minimum operating lease payments for the remaining vehicle in the years subsequent to December 31, 2018 are as follows:

<i>December 31,</i>	Total
2019	\$ 17,207
2020	17,207
2021	17,207
2022	1,434
<b>Total</b>	<b>\$ 53,055</b>

### (6) Grant Agreements

The Village has entered into four grant agreements with the U.S. Department of Housing and Urban Development (“HUD”) and other governmental agencies whereby these grants will subsidize a portion of the operating costs of the Boulevard Apartments Program, Rapid Re-Housing for Families (“RRHFF”) Program, Rapid Rehousing for Singles (“RRHFS”) Program and Permanent Supportive Housing for Chronically Homeless (“PSHFCH”) Program. HUD funds are also passed through to S.V.D.P.

The Village is committed to certain matching funds that are to be provided by fundraising. The five agreements designate the following commitments for the years ending December 31, 2019 and 2020:

Grant Agreement	Commitment	2019	2020
Boulevard Apartments	HUD Commitment	\$ 50,434	\$ 38,423
	Village Commitment	12,608	9,606
		<b>\$ 63,042</b>	<b>\$ 48,029</b>
RRHFF Program	HUD Commitment	\$ 785,622	\$ 672,185
	Village Commitment	196,406	168,046
		<b>\$ 982,028</b>	<b>\$ 840,231</b>
RRHFS Program	HUD Commitment	\$ 721,301	\$ 614,268
	Village Commitment	180,325	153,567
		<b>\$ 901,626</b>	<b>\$ 767,835</b>
PSHFCH Program	HUD Commitment	\$ 1,682,337	\$ 1,580,177
	Village Commitment	420,584	395,044
		<b>\$ 2,102,921</b>	<b>\$ 1,975,221</b>
Summary	HUD Commitment	\$ 3,239,694	\$ 2,905,053
	Village Commitment	809,923	726,263
		<b>\$ 4,049,617</b>	<b>\$ 3,631,316</b>

# St. Vincent de Paul Village, Inc.

## Notes to Financial Statements

### (6) Grant Agreements, Cont'd

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

The Village is a pass-through entity for certain HUD projects. As a result, it has contracted with sub-recipients to perform the tasks required by the project agreements. The following is a summary of commitments to the sub-recipients for the years ending December 31, 2019 and 2020:

	2019	2020	Totals
Boulevard Apartments	\$ 29,694	\$ 22,868	\$ 52,562
Totals	\$ 29,694	\$ 22,868	\$ 52,562

### (7) 401(k) Profit Sharing

The Village participates in a profit-sharing retirement plan that covers all eligible employees of the Village and its partner agencies. The Village makes matching contributions on a discretionary basis. There was no matching contribution made to the plan for the years ended December 31, 2018 and 2017.

### (8) Prepaid Expenses and Other Receivables, Net of Allowance

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

<i>December 31,</i>	2018	2017
Prepaid expenses	\$ 694,404	\$ 424,456
Medical clinic receivable, net of allowance	479,580	325,903
Note receivable, net of allowance	72,000	108,000
Prepaid expenses and other receivables, net of allowance	\$ 1,245,984	\$ 858,359

The Village had approximately \$565,000 and \$411,000 in medical clinic receivables at December 31, 2018 and 2017, respectively. Management determined an allowance for doubtful accounts of approximately \$85,000 was necessary for both years ended 2018 and 2017.

At December 31, 2018 and 2017, the Village carried a note receivable balance of approximately \$180,000. Management determined an allowance for doubtful accounts of approximately \$108,000 and \$72,000 was necessary at December 31, 2018 and 2017, respectively.

# St. Vincent de Paul Village, Inc.

## Notes to Financial Statements

### (9) Investments

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

<i>December 31,</i>	2018	
	Cost	Fair Value
Mutual funds	\$ 1,485,935	\$ 1,450,957
Cash	719,623	719,623
Equities	-	48,400
Municipal bonds	-	598
Estimated accrued interest	-	4
<b>Totals</b>	<b>\$ 2,205,558</b>	<b>\$ 2,219,582</b>

  

<i>December 31,</i>	2017	
	Cost	Fair Value
Mutual funds	\$ 1,033,604	\$ 1,120,050
Cash	425,144	425,144
Municipal bonds	-	48,241
Equities	-	749
Estimated accrued interest	-	4
<b>Totals</b>	<b>\$ 1,458,748</b>	<b>\$ 1,594,188</b>

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

Investment returns net of investment expenses was an approximate \$78,000 loss for the year ended December 31, 2018 and \$120,000 gain for the year ended December 31, 2017.

### (10) Pooled Income Fund and Charitable Remainder Trust

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

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

# St. Vincent de Paul Village, Inc.

## Notes to Financial Statements

### (10) Pooled Income Fund and Charitable Remainder Trust, Cont'd

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

The charitable remainder trust is administered by a third-party trustee and has its beneficial interest in the trust recorded at fair value based on the present value of the future benefits expected to be received from the trust at the date the agreement was recorded. The discount rate on the present value of expected benefits is 3.60%.

Total unamortized discounts for the pooled income fund were approximately \$32,000 and \$25,000 as of December 31, 2018, and 2017, respectively.

Total unamortized discounts for the charitable remainder trust were approximately \$653,000 and \$240,000 as of December 31, 2018, and 2017, respectively.

### (11) Accounts Payable and Accrued Liabilities

The Village's accounts payable and accrued liabilities are comprised of the following:

<i>December 31,</i>	<b>2018</b>	<b>2017</b>
Accounts payable	\$ 739,948	\$ 691,974
Accrued vacation	647,287	710,747
Accrued salaries	240,527	251,816
Accrued expenses	204,711	787,445
Accounts Payable and Accrued Liabilities	\$ 1,832,473	\$ 2,441,982

### (12) Line of Credit

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 September 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, \$2,000,000 was outstanding on the LOC. At December 31, 2017, no balance was outstanding on the LOC. Interest expense related to the LOC was approximately \$44,000 and \$46,000 for 2018 and 2017, respectively.

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

# St. Vincent de Paul Village, Inc.

## Notes to Financial Statements

---

### (13) Debt

In February 2012, the Village was awarded a loan of \$1,000,000 from the Emergency Housing and Assistance Program (“EHAP”) of the State of California for tenant improvements at 15th & Commercial, L.P. The loan is secured by a deed of trust on the property and bears interest at 3.0%. The loan and interest will be forgiven in seven years from the project date of recordation by the San Diego County Recorder of the Notice of Completion if certain conditions are met. The Village has drawn the full amount of the loan and the entire balance remains outstanding as of December 31, 2018 and 2017. Interest expense related to the loan was approximately \$30,000 for 2018 and 2017. Accrued interest related to the loan was \$198,000 and \$167,000 for 2018 and 2017, respectively.

In September 2013, the Village was awarded a loan of approximately \$568,000 from the EHAP of the State of California for tenant improvements at the Village. The loan is secured by a deed of trust on the property and bears interest at 3.0%. The loan and interest will be forgiven in seven years from the project date of recordation by the San Diego County Recorder of the Notice of Completion if certain conditions are met. The Village has drawn approximately \$568,000 of the loan as of December 31, 2018. Interest expense related to the loan was approximately \$17,000 for 2018 and 2017. Accrued interest related to the loan was \$83,000 and \$65,000 for 2018 and 2017, respectively.

In October 2013, the Village was awarded a loan of \$430,000 from the EHAP of the State of California for tenant improvements at the Village. The loan is secured by a deed of trust on the property and bears interest at 3.0%. The loan and interest will be forgiven in seven years from the project date of recordation by the San Diego County Recorder of the Notice of Completion if certain conditions are met. The Village has drawn approximately \$427,000 of the loan as of December 31, 2018. Interest expense related to the loan was approximately \$13,000 for 2018 and 2017. Accrued interest related to the loan was \$55,000 and \$41,000 for 2018 and 2017, respectively.

In July 2016, the Village obtained a loan from a lender of \$200,000 to facilitate the implementation of the Village’s new Electronic Health Records system. The loan is secured by accounts receivable. The loan was due January 9, 2017 and has no stated interest rate. During 2017, the lender forgave approximately \$125,000 of the loan balance and extended the due date to February 14, 2018. At December 31, 2018, no balance was outstanding on the loan.

# St. Vincent de Paul Village, Inc.

## Notes to Financial Statements

---

### **(13) Debt, Cont'd**

In February 2011, the Village obtained a margin loan against its restricted endowment investment account in the amount of \$1,000,000 with an interest rate that fluctuates based on the average loan balance for the period. At December 31, 2018, the rate was 4.0%. Interest is paid monthly with income earned on the investment portfolio. The Village reimburses interest expense to the account on a quarterly basis. The principal balance of the loan is collateralized by the restricted endowment investment portfolio with no required principal payments. The loan continues until paid off or the value of the assets in the investment account decline in value. The Village does not intend to take distributions from the endowment while the margin loan is outstanding. The purpose of the loan is to assist in the funding of general operations. At December 31, 2018 and 2017, the outstanding balance on the loan was approximately \$682,000 and \$757,000, respectively. Interest expense related to the loan was approximately \$26,000 and \$36,000 for 2018 and 2017, respectively.

### **(14) Contingent Liability**

The Village is contingently liable as guarantor with respect to approximately \$7,873,000 and \$6,952,000 of indebtedness of S.V.D.P. at December 31, 2018 and 2017, respectively.

The agreements with the bank specific to the above debt require that S.V.D.P. and the Village maintain certain financial and non-financial loan covenants. At December 31, 2018, management is not aware of any violations of these covenants.

The Village participates in the State of California Federally Qualified Health Center Medi-Cal reimbursement program. The State of California performs periodic audits that could result in some patient costs and visits not being reimbursable or allowable, or an adjustment in reimbursement rates, under the terms of the program.

# St. Vincent de Paul Village, Inc.

## Notes to Financial Statements

### (15) Nature and amount of net assets with donor restrictions

The Village's net assets with donor restrictions are comprised of the following:

<i>December 31,</i>	<b>2018</b>	2017
<b>Restricted for purpose:</b>		
Family living center	\$ 1,533,190	\$ -
Therapeutic childcare center, Joan Kroc center, and Paul Mirabile center	247,917	-
Therapeutic childcare center	100,000	50,000
Various programs	12,257	14,100
Family support	-	107,120
Single fathers	-	42,576
<b>Restricted for use in future periods:</b>		
Charitable remainder trusts	554,173	300,325
Pooled income fund	108,939	114,994
Gift annuity	25,766	27,714
Pledge receivable	-	400,000
<b>Restricted in perpetuity:</b>		
Endowment fund	3,091,670	3,056,670
<b>Less: Amount underwater</b>	<b>(350,560)</b>	<b>(49,412)</b>
<b>Restricted in perpetuity beneficial interest in perpetual trusts:</b>		
St. Vincent de Paul Village fund	541,467	602,778
McEvoy trust	414,595	441,809
Charles and Lucille Borgerding fund	181,029	201,528
<b>Totals</b>	<b>\$ 6,460,443</b>	<b>\$ 5,310,202</b>

### (16) Endowment Fund

Authoritative guidance related to not-for-profit entities provides guidance on the net asset classification of donor-restricted endowment funds for a not-for-profit organization that is subject to an enacted version of the Uniform Prudent Management of Institutional Funds Act of 2006 ("UPMIFA") and requires additional disclosures about an organization's endowment funds. The Village's endowment funds consist of four individual funds, several containing donor restrictions, established to provide funding for general operations, education and children's programs. In accordance with the authoritative guidance, net assets associated with the funds, including funds designated by the Board of Directors to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions.

# St. Vincent de Paul Village, Inc.

## Notes to Financial Statements

### (16) Endowment Fund, Cont'd

The Village has interpreted UPMIFA as the prudent preservation of the fair value of the original gift of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, the Village classifies net assets with donor restrictions (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund and (d) the remaining portion of the donor-restricted endowment until those amounts are appropriated for expenditures by the Village in a manner consistent with the standard of prudence prescribed by the State of California's UPMIFA. As such, much of the net realized and unrealized appreciation in the fair value of the assets of an endowment fund over the historic dollar value of the fund is considered prudent, unless the donor's intention is indicated in the endowment.

Endowment net asset composition by the type of funds as of December 31, 2018 is as follows:

	Without Donor Restrictions	With Donor Restrictions	Total
<b>Donor-restricted endowment funds:</b>			
Original donor-restricted gift amounts required to be maintained in perpetuity	\$ -	\$ 4,228,761	\$ 4,228,761
Underwater amount	-	(350,560)	(350,560)
<b>Total endowment funds</b>	<b>\$ -</b>	<b>\$ 3,878,201</b>	<b>\$ 3,878,201</b>

Changes in endowment net assets for the year ended December 31, 2018 are as follows:

<b>Endowment assets, January 1, 2018 (as restated)</b>	\$ -	\$ 4,253,372	\$ 4,253,372
Change in value of beneficial interest in perpetual trusts	-	(61,735)	(61,734)
Contributions	-	35,000	35,000
Release from restriction	-	(47,290)	(47,290)
Net realized and unrealized loss	-	(301,146)	(301,146)
<b>Endowment assets, December 31, 2018</b>	<b>\$ -</b>	<b>\$ 3,878,201</b>	<b>\$ 3,878,201</b>



# St. Vincent de Paul Village, Inc.

## Notes to Financial Statements

### (16) Endowment Fund, Cont'd

Endowment net asset composition by the type of fund as of December 31, 2017 (as restated, see Note 2) is as follows:

	Without Donor Restrictions	With Donor Restrictions	Total
<b>Donor-restricted endowment funds:</b>			
Original donor-restricted gift amounts required to be maintained in perpetuity	\$ -	\$ 4,302,785	\$ 4,302,785
Underwater amount	-	(49,413)	(49,413)
<b>Total endowment funds</b>	<b>\$ -</b>	<b>\$ 4,253,372</b>	<b>\$ 4,253,372</b>

Changes in endowment net assets for the year ended December 31, 2018 are as follows:

<b>Endowment assets, January 1, 2017 (as restated)</b>	\$ -	\$ 4,167,676	\$ 4,167,676
Change in value of beneficial interest in perpetual trusts	-	144,871	144,871
Contributions	-	35,300	35,300
Release from restriction	-	(45,063)	(45,063)
Reclassification to implement ASU 2016-14: Underwater endowment	-	(49,412)	(49,412)
<b>Endowment assets, December 31, 2017 (as restated)</b>	<b>\$ -</b>	<b>\$ 4,253,372</b>	<b>\$ 4,253,372</b>

Occasionally, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor requires the Village to retain as a fund of perpetual duration. In accordance with the authoritative guidance, deficiencies of this nature are reported in net assets with donor restrictions in the year in which they occur. Deficiencies of this nature that are reported in net assets with donor restrictions were approximately \$351,000 as of December 31, 2018.

The Village has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by the endowment while seeking to maintain the purchasing power of the endowment assets.

Endowment assets include those assets of donor-restricted funds that the Village must hold in perpetuity or for a donor-specified period as well as board-designated funds. Under this policy, the funds are invested in a manner intended to produce approximately 5.0% greater than the rate of inflation on a total return basis. Actual returns in any given year may vary from this expected return.

# St. Vincent de Paul Village, Inc.

## Notes to Financial Statements

---

### **(16) Endowment Fund, Cont'd**

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

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

### **(17) Fair Value Measurement**

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

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

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

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

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

# St. Vincent de Paul Village, Inc.

## Notes to Financial Statements

### (17) Fair Value Measurement, Cont'd

The following table summarizes the valuation of the Village's fair value measurements in accordance with authoritative guidance at December 31, 2018:

Asset Category	Level 1	Level 2	Level 3	Total
Equities:				
Healthcare	\$ 566	\$ -	\$ -	\$ 566
Other	47,834	-	-	47,834
Mutual funds:				
Large blend/growth/value	466,419	-	-	466,419
Bank loan	201,049	-	-	201,049
Bond funds	729,929	-	-	729,929
Small blend	53,560	-	-	53,560
Municipal bonds	598	-	-	598
Sub-total investments	1,499,955	-	-	1,499,955
Pooled income fund	-	-	113,110	113,110
Charitable remainder trust	-	-	554,174	554,174
Cash surrender value insurance	-	-	346,070	346,070
Beneficial interest in gift annuity	-	-	64,962	64,962
Beneficial interest in perpetual trusts	-	-	1,180,447	1,180,447
Endowment funds:				
Financial equities	845,525	-	-	845,525
Bond funds	1,438,697	-	-	1,438,697
Foreign securities	497,026	-	-	497,026
Commodities broad basket	126,211	-	-	126,211
Global real estate	77,891	-	-	77,891
Diversified emerging markets	329,935	-	-	329,935
Small value	108,205	-	-	108,205
Sub-total endowment funds	3,423,490	-	-	5,682,253
Total assets measured at fair value	\$ 4,923,445	\$ -	\$ 2,258,763	\$ 7,182,208

# St. Vincent de Paul Village, Inc.

## Notes to Financial Statements

### (17) Fair Value Measurement, Cont'd

The following table summarizes the Village fair value (“FV”), net present value (“NPV”) and cash surrender value (“CSV”) measurements using significant Level 3 inputs, and changes therein, for the year ended December 31, 2018:

	FV Pooled Income Fund	NPV Charitable Remainder Trust	CSV Life Insurance	FV Beneficial Interest in Gift Annuity	NPV Beneficial Interest in Perpetual Trusts	Total
Balance at January 1, 2018	\$ 122,607	\$ 300,325	\$ 314,305	\$ 75,560	\$ 1,287,280	\$ 2,100,077
Additions	-	252,534	-	-	-	252,534
Distributions	(3,472)	-	-	(9,130)	(41,164)	(53,766)
Change in valuation related to actuarial tables or other observable inputs	(6,025)	1,315	31,765	(1,468)	(65,669)	(40,082)
Balance at December 31, 2018	\$ 113,110	\$ 554,174	\$ 346,070	\$ 64,962	\$ 1,180,447	\$ 2,258,763

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

Instrument	Fair Value	Principal Valuation Technique	Unobservable Inputs	Range of Significant Input Values
Charitable remainder trust	\$ 554,174	Present value of beneficial interests	Discount rate Years remaining	3.60% 13.13 – 30.31
Beneficial interest in gift annuity	\$ 64,962	Present value of beneficial interests	Discount rate Years remaining	5.50% 4.45 – 8.47
Pooled income fund	\$ 113,110	Present value of beneficial interests	Discount rate Years remaining	4.00% - 9.00% 9.0 – 23.0

# St. Vincent de Paul Village, Inc.

## Notes to Financial Statements

### (17) Fair Value Measurement, Cont'd

The following table summarizes the valuation of the Village's fair value measurements in accordance with authoritative guidance at December 31, 2017:

Asset Category	Level 1	Level 2	Level 3	Total
Equities:				
Healthcare	\$ 6,861	\$ -	\$ -	\$ 6,861
Other	41,380	-	-	41,380
Mutual funds:				
Large blend/growth/value	521,841	-	-	521,841
Bank loan	53,590	-	-	53,590
Bond funds	483,635	-	-	483,635
Small blend	60,984	-	-	60,984
Municipal bonds	749	-	-	749
Sub-total investments	1,169,040	-	-	1,169,040
Pooled income fund	-	-	122,607	122,607
Charitable remainder trust	-	-	300,325	300,325
Cash surrender value insurance	-	-	314,305	314,305
Beneficial interest in gift annuity	-	-	75,560	75,560
Beneficial interest in perpetual trusts	-	-	1,287,280	1,287,280
Endowment funds:				
Financial equities	1,045,832	-	-	1,045,832
Bond funds	1,540,857	-	-	1,540,857
Foreign securities	475,385	-	-	475,385
Commodities broad basket	144,867	-	-	144,867
Global real estate	88,629	-	-	88,629
Diversified emerging markets	318,706	-	-	318,706
Small value	149,575	-	-	149,576
Sub-total endowment funds	3,763,851	-	-	3,763,851
Total assets measured at fair value	\$ 4,932,891	\$ -	\$ 2,100,077	\$ 7,032,968

# St. Vincent de Paul Village, Inc.

## Notes to Financial Statements

### (17) Fair Value Measurement, Cont'd

The following table summarizes the Village fair value (“FV”), net present value (“NPV”) and cash surrender value (“CSV”) measurements using significant Level 3 inputs, and changes therein, for the year ended December 31, 2017:

	FV Pooled Income Fund	NPV Charitable Remainder Trust	CSV Life Insurance	FV Beneficial Interest in Gift Annuity	NPV Beneficial Interest in Perpetual Trusts	Total
Balance at January 1, 2017	\$ 138,985	\$ 337,087	\$ 280,272	\$ 86,471	\$ 1,190,393	\$ 2,033,208
Distributions	(1,881)	-	-	(14,528)	(44,087)	(60,496)
Change in valuation related to actuarial tables or other observable inputs	(14,497)	(36,762)	34,033	3,617	140,974	127,365
Balance at December 31, 2017	\$ 122,607	\$ 300,325	\$ 314,305	\$ 75,560	\$ 1,287,280	\$ 2,100,077

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

Instrument	Fair Value	Principal Valuation Technique	Unobservable Inputs	Range of Significant Input Values
Charitable remainder trust	\$ 300,325	Present value of beneficial interests	Discount rate Years remaining	4.50% 13.34
Beneficial interest in gift annuity	\$ 75,560	Present value of beneficial interests	Discount rate Years remaining	4.50% 2.94 – 9.03
Pooled income fund	\$ 122,607	Present value of beneficial interests	Discount rate Years remaining	4.00% - 9.00% 9.0 – 23.0

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

# St. Vincent de Paul Village, Inc.

## Notes to Financial Statements

---

### (17) Fair Value Measurement, Cont'd

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

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

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

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

Cash surrender value of life insurance policies are those policies where the donor has identified the Village as the beneficiary. The value is predetermined by the insurance company as the value to be paid if the policy were to be surrendered prior to the death of the insured. In February 2011, the Village obtained three policy loans totaling approximately \$364,000 on the life insurance policies of which the Village has been named as the beneficiary. The notes have annual interest rates that vary between 5.15% and 7.40% which are required to be paid annually. Principal payments are encouraged but have no payment schedule as these amounts reduce the death benefits and cash surrender value of the policies. Interest expense related to the loans was approximately \$21,000 for 2018 and 2017.

Beneficial interests in gift annuities are an arrangement whereby the donor contributes assets to the Village in exchange for a promise by the Village to pay them a fixed amount for a specified period of time. The underlying assets are composed of cash equivalents or fixed income securities adjusted using actuarial tables to estimate the remaining life of the donor and an appropriate interest rate (5.50% at December 31, 2018) to calculate the net present value of the asset.

# St. Vincent de Paul Village, Inc.

## Notes to Financial Statements

---

### (17) Fair Value Measurement, Cont'd

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

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

### (18) Commitments and Contingencies

#### *Litigation*

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

### (19) Subsequent Events

The Village has evaluated subsequent events through July 9, 2019 which is the date the financial statements were available to be issued.

During 2018, the Village's Board of Directors approved an organizational restructuring that moved the retail and fundraising divisions to its affiliated organization S.V.D.P. which will become effective January 1, 2019. The restructuring is expected to have an overall positive financial impact on the organization as the move is structured to allow the Village to be more focused on client driven operating activities.

In April 2019, the Village entered into an agreement with Western Pharmacy Group Holdings, LLC ("WPG") to create a California limited liability company ("LLC") that will operate a pharmacy to serve the homeless and those at-risk for homelessness. WPG will be the sole manager of the LLC with Village being a member. Both parties have a 50% interest, distributions and management rights with profits being distributed equally between WPG and the Village.