St. Vincent de Paul Village, Inc.
dba Father Joe's Villages

Audit of Financial Statements
Years Ended December 31, 2022 and 2021

The report accompanying these financial statements was issued by
BDO USA, P.C., a Virginia professional corporation, and the U.S. member of
BDO International Limited, a UK company limited by guarantee.

St. Vincent de Paul Village, Inc.
dba Father Joe's Villages

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Years Ended December 31, 2022 and 2021

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Independent Auditor's Report

The Audit Committee
St. Vincent de Paul Village, Inc.
dba Father Joe's Villages
San Diego, California

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of St. Vincent de Paul Village, Inc. doing business as Father Joe's Villages (the Village), which comprise the statements of financial position as of December 31, 2022 and 2021, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Village as of December 31, 2022 and 2021, 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.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards,* issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Village and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Emphasis of a Matter

As discussed in Note 2 to the financial statements, in 2022 the Village adopted Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) Topic 842, *Leases* (ASC 842). Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Village's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Village's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Village's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

BDO USA, P.C.

January 19, 2024

Financial Statements

St. Vincent de Paul Village, Inc.
dba Father Joe's Villages

Statements of Financial Position

December 31,		**2022**		2021
Assets				
Current Assets				
Cash and cash equivalents	$	**15,966,626**	$	11,681,368
Investments		**15,944,772**		13,953,964
Grants receivable		**5,425,422**		6,165,342
Contributions and bequests receivable, current portion		**5,287,278**		4,173,531
Insurance receivable		**-**		2,284,157
Patient receivables, net		**405,585**		371,032
Prepaid expenses and other assets		**720,130**		315,266
Total Current Assets		**43,749,813**		38,944,660
Non-Current Assets				
Contributions and bequests receivable, net		**767,284**		1,363,108
Split-interest agreements		**3,282,227**		3,356,470
Endowment investments		**4,127,790**		4,723,743
Operating lease right-of-use assets		**3,876,245**		-
Property and equipment, net		**2,944,665**		2,108,782
Total Assets	$	**58,748,024**	$	50,496,763
Liabilities and Net Assets				
Current Liabilities				
Accounts payable and accrued liabilities	$	**3,994,978**	$	3,451,977
Accrued payroll related liabilities		**1,820,923**		1,715,374
Operating lease liabilities, current portion		**763,266**		-
Current portion of accrued interest		**787,444**		80,899
Current portion of debt		**3,887,890**		426,890
Due to related parties		**2,916,983**		3,850,576
Refundable advance		**952,991**		1,311,909
Contingency reserve		**2,514,785**		-
Total Current Liabilities		**17,639,260**		10,837,625
Non-Current Liabilities				
Operating lease liabilities, net of current portion		**3,112,979**		-
Accrued interest, net of current portion		**-**		590,996
Debt, net of current portion		**-**		3,461,000
Total Liabilities		**20,752,239**		14,889,621
Net Assets				
Without donor restrictions		**24,689,355**		25,926,490
With donor restrictions		**13,306,430**		9,680,652
Total Net Assets		**37,995,785**		35,607,142
Total Liabilities and Net Assets	$	**58,748,024**	$	50,496,763

See accompanying notes to financial statements.

St. Vincent de Paul Village, Inc.
dba Father Joe's Villages

Statement of Activities

Year ended December 31, 2022

	Without Donor Restrictions	With Donor Restrictions	Total
Support and Revenue			
Contributions and bequests	$ 27,253,133	$ 5,344,563	$ 32,597,696
Grants	23,103,151	-	23,103,151
Contract income	3,557,919	-	3,557,919
Patient service revenue, net	2,852,940	-	2,852,940
In-kind contributions	1,794,510	-	1,794,510
Special events	1,351,946	-	1,351,946
Investment return	(2,227,512)	(396,983)	(2,624,495)
Other income	185,599	-	185,599
Change in value of split-interest agreements	(58,103)	(20,422)	(78,525)
Net assets released from restrictions	1,301,380	(1,301,380)	-
Total Support and Revenue	59,114,963	3,625,778	62,740,741
Expenses			
Program expenses	51,868,454	-	51,868,454
Management and general	4,909,581	-	4,909,581
Fundraising	3,574,063	-	3,574,063
Total Expenses	60,352,098	-	60,352,098
Change in Net Assets	(1,237,135)	3,625,778	2,388,643
Net Assets, beginning of year	25,926,490	9,680,652	35,607,142
Net Assets, end of year	$ 24,689,355	$ 13,306,430	$ 37,995,785

See accompanying notes to financial statements.

St. Vincent de Paul Village, Inc.
dba Father Joe's Villages

Statement of Activities

Year ended December 31, 2021

	Without Donor Restrictions	With Donor Restrictions	Total
Support and Revenue			
Contributions and bequests	$ 24,235,486	$ 1,983,928	$ 26,219,414
Grants	19,242,995	-	19,242,995
Contract income	1,078,199	-	1,078,199
Patient service revenue, net	3,831,761	-	3,831,761
In-kind contributions	1,232,017	-	1,232,017
Special events	670,548	-	670,548
Investment return	343,327	407,606	750,933
Other income	564,021	-	564,021
Change in value of split-interest agreements	(37,177)	136,823	99,646
Net assets released from restrictions	938,165	(938,165)	-
Total Support and Revenue	52,099,342	1,590,192	53,689,534
Expenses			
Program expenses	36,851,501	-	36,851,501
Management and general	2,360,399	-	2,360,399
Fundraising	2,450,078	-	2,450,078
Total Expenses	41,661,978	-	41,661,978
Change in Net Assets Before Non-Operating Activities	10,437,364	1,590,192	12,027,556
Loss on Non-Reimbursable Grant Expenses	(1,036,106)	-	(1,036,106)
Insurance Proceeds	1,930,996	-	1,930,996
Forgiveness Of Debt	4,676,212	-	4,676,212
Change in Net Assets	16,008,466	1,590,192	17,598,658
Net Assets, beginning of year	9,918,024	8,090,460	18,008,484
Net Assets, end of year	$ 25,926,490	$ 9,680,652	$ 35,607,142

See accompanying notes to financial statements.

St. Vincent de Paul Village, Inc.
dba Father Joe's Villages

Statement of Functional Expenses

Year ended December 31, 2022

	Program Expenses					
	Housing and Supportive Services	Medical Clinic	Total Program Expenses	Management and General	Fundraising	Total Expenses
Salaries and employee related expenses	$ 14,985,754	$ 3,956,881	$ 18,942,635	$ 645,329	$ -	$ 19,587,964
Contract services	9,655,298	1,253,707	10,909,005	1,661,277	3,437,736	16,008,018
Employee benefits	3,358,924	491,811	3,850,735	27,815	-	3,878,550
Direct client expenses	3,720,135	11,619	3,731,754	-	-	3,731,754
Rent	3,339,306	239,979	3,579,285	-	-	3,579,285
Contingency reserve	-	-	-	2,514,785	-	2,514,785
Food	2,508,643	5,176	2,513,819	804	-	2,514,623
Supplies	1,770,496	497,107	2,267,603	50,890	13,986	2,332,479
Repair and maintenance	1,248,546	47,389	1,295,935	-	-	1,295,935
Licenses and fees	156,410	687,196	843,606	2,669	2,031	848,306
Utilities	763,729	54,242	817,971	3,581	-	821,552
Insurance	569,779	115,094	684,873	-	-	684,873
Professional fees	439,722	73,714	513,436	2,323	111,500	627,259
Depreciation and amortization	556,552	8,871	565,423	-	-	565,423
Contract services - UCSD	-	322,487	322,487	-	-	322,487
Bad debt expense	268,049	46,769	314,818	-	-	314,818
Miscellaneous	135,631	28,006	163,637	108	(651)	163,094
Interest	25,467	103,810	129,277	-	-	129,277
Medical and dental	-	116,361	116,361	-	-	116,361
Telephone	84,992	8,892	93,884	-	-	93,884
Vehicle	65,829	10,837	76,666	-	-	76,666
Occupancy expense	71,961	4,248	76,209	-	-	76,209
Special events	50,116	343	50,459	-	9,327	59,786
Printing and postage	5,241	3,335	8,576	-	134	8,710
Total Expenses	$ 43,780,580	$ 8,087,874	$ 51,868,454	$ 4,909,581	$ 3,574,063	$ 60,352,098

See accompanying notes to financial statements.

St. Vincent de Paul Village, Inc.
dba Father Joe's Villages

Statement of Functional Expenses

Year ended December 31, 2021

	Program Expenses					
	Housing and Supportive Services	Medical Clinic	Total Program Expenses	Management and General	Fundraising	Total Expenses
Salaries and employee related expenses	$ 13,095,032	$ 3,367,458	$ 16,462,490	$ 115,385	$ -	$ 16,577,875
Contract services	2,859,540	168,386	3,027,926	1,990,317	2,269,147	7,287,390
Employee benefits	3,444,295	337,207	3,781,502	16,392	-	3,797,894
Direct client expenses	2,620,209	5,956	2,626,165	-	1,962	2,628,127
Rent	2,703,433	229,012	2,932,445	-	-	2,932,445
Food	1,366,912	493	1,367,405	-	23	1,367,428
Supplies	1,123,032	161,008	1,284,040	15,630	2,705	1,302,375
Repair and maintenance	820,018	29,466	849,484	-	-	849,484
Licenses and fees	163,045	261,938	424,983	-	400	425,383
Utilities	669,760	23,862	693,622	10	-	693,632
Insurance	392,041	24,796	416,837	48,273	-	465,110
Professional fees	621,929	207,084	829,013	-	104,287	933,300
Depreciation and amortization	546,784	7,195	553,979	-	-	553,979
Contract services - UCSD	-	776,662	776,662	-	-	776,662
Bad debt expense	-	-	-	174,060	-	174,060
Miscellaneous	92,242	18,378	110,620	-	38,726	149,346
Interest	26,525	108,150	134,675	-	-	134,675
Medical and dental	55,478	268,303	323,781	-	-	323,781
Telephone	55,374	4,898	60,272	-	-	60,272
Vehicle	71,356	2,559	73,915	-	-	73,915
Occupancy expense	105,299	4,328	109,627	-	-	109,627
Special events	3,999	-	3,999	-	32,828	36,827
Printing and postage	5,039	3,020	8,059	332	-	8,391
Total Expenses	$ 30,841,342	$ 6,010,159	$ 36,851,501	$ 2,360,399	$ 2,450,078	$ 41,661,978

See accompanying notes to financial statements.

St. Vincent de Paul Village, Inc.
dba Father Joe's Villages

Statements of Cash Flows

Year ended December 31,	**2022**	2021
Cash Flows Provided by (Used in) Operating Activities		
Change in net assets	**$ 2,388,643**	$ 17,598,658
Adjustments to reconcile of change in net assets to net cash provided by operating activities:		
Depreciation and amortization	**565,423**	553,979
Contribution of split-interest agreement	**-**	(211,640)
Change in value of split-interest agreements	**20,422**	(142,602)
Realized and unrealized losses (gains) on investments	**2,879,463**	(538,229)
Non-reimbursable grant expenses	**-**	1,036,106
Bad debt expense	**314,818**	174,060
Forgiveness of debt and accrued interest	**-**	(4,676,212)
Noncash operating lease expense	**709,316**	-
Changes in operating assets and liabilities:		
Grants receivable	**540,487**	(5,590,882)
Contributions and bequests receivable	**(517,923)**	7,109,909
Patient receivables, net	**(149,938)**	(54,699)
Insurance receivable	**2,284,157**	(2,284,157)
Prepaid expenses and other assets	**(404,864)**	267,519
Accounts payable and accrued liabilities	**543,001**	490,772
Accrued payroll related liabilities	**105,549**	497,197
Operating lease liabilities	**(709,316)**	-
Accrued interest	**115,549**	134,675
Refundable advance	**(358,918)**	520,725
Due to related parties	**(933,593)**	1,343,126
Contingency reserve	**2,514,785**	-
Net Cash Provided by Operating Activities	**9,907,061**	16,228,305
Cash Flows Provided by (Used in) Investing Activities		
Proceeds from sale of investments	**-**	24,000
Distributions from split-interest agreements	**53,821**	58,307
Purchases of property and equipment	**(1,401,306)**	(513,750)
Purchases of investments	**(4,274,318)**	(8,343,254)
Net Cash Used in Investing Activities	**(5,621,803)**	(8,774,697)
Net Change in Cash and Cash Equivalents	**4,285,258**	7,453,608
Cash and Cash Equivalents, beginning of year	**11,681,368**	4,227,760
Cash and Cash Equivalents, end of year	**$ 15,966,626**	$ 11,681,368
Noncash Investing and Financing Activities		
Operating right-of-use assets in exchange for lease obligations	**$ 4,585,561**	$ -

See accompanying notes to financial statements.

1. Description of the Organization

Organization

The accompanying financial statements present the operations of St. Vincent de Paul Village, Inc. dba Father Joe's Villages (the Village). The Village is comprised of the following operating activities in San Diego, California:

Programs and Services for the Homeless and Those At-Risk for Homelessness at the Joan Kroc Center, Bishop Maher Center, and Paul Mirabile Center (the Centers) - The Centers provide comprehensive services for single adults and families with children. The services include shelter, meals, health (medical and dental care) and wellness programs, chaplaincy support, case management, job skills training, and therapeutic childcare. The Centers receive support through state and federal grants, foundations, and contributions from fundraising and retail activities.

Village's Health Center - The Village's campus is also home to the Village Health Center (VHC), which is a Federally Qualified Health Center (FQHC). The VHC provides medical, dental, and behavioral health services to individuals experiencing homelessness or who are at risk for experiencing homelessness. 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 that is considered to be a best-practice approach to serving the homeless. Under FQHC guidelines, payment for services provided to Medicare and Medi-Cal patients is reimbursed at an all-inclusive rate per visit.

In April 2019, the Village entered into an agreement with the Western Pharmacy Group Holdings, LLC (WPG) to create a California limited liability company (the LLC) to operate a pharmacy to serve the homeless and those at-risk for homelessness. WPG is the sole manager of the LLC with the Village being a member. Both parties have a 50% interest, distributions, and management rights, with profits being distributed equally between WPG and the Village. In November 2020, WPG informed the Village of its desire to dissolve the LLC. In April 2021, WPG and the Village entered into a Pharmacy Transition Agreement whereby the LLC returned FQHC pharmacy operations to the Village. The Village ceased pharmacy operations shortly thereafter and now refers patients out for pharmacy activities. The Village agreed to withdraw as a member of the LLC effective July 31, 2021.

2. Summary of Significant Accounting Policies

Basis of Accounting

The accompanying financial statements are prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States. 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. Contributions are received and recorded in one of these two categories depending on the existence and/or nature of any donor restrictions.

Net Assets Without Donor Restrictions – Some net assets with donor restrictions are temporary in nature and consist of unexpected contributions restricted for particular programs or time periods. Other net assets have perpetual donor restrictions, where the principal of the contributions are restricted in perpetuity and the income from which is utilized for the purposes specified by the donors. Net assets with donor restrictions that are temporary in nature are transferred to net assets without donor restrictions as expenditures are incurred for the restricted programs or as time or other restrictions are met. 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.

Net Assets with Donor Restrictions – Net assets with donor restrictions are limited as to use by donor-imposed restrictions 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. When a restriction is satisfied, 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.

Reclassifications

Certain items from the prior year financial statements have been reclassified to conform to the current year presentation. These reclassifications had no impact on net assets or changes to net assets previously reported.

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.

Performance Indicator

The Village's statements of activities distinguish between operating and non-operating revenues and expenses and other changes in net assets. Operating revenues result primarily from exchange transactions associated with the provision of healthcare services, and other grants and contributions from various state, local, and private organizations. Non-operating activities include insurance proceeds, forgiveness of debt, and losses on bad debt that are not in the ordinary course of business. Operating expenses are all expenses incurred to provide healthcare services and support the mission of the Village.

Cash and Cash Equivalents

The 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 investment objectives. The Village held cash and equivalent balances in excess of federally insured limits as of December 31, 2022 and 2021.

Investments

The Village carries investments in equity securities and mutual funds and reports them at fair 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. These investments are reported at fair value using Level 1 inputs, such as quoted prices on national exchanges. Unrealized gains and losses are included in the change in net assets in the accompanying statements of activities. Gains and losses on sales of investments are determined using the specific identification method.

Donated investments are initially recorded at fair value on, or near, the date of the gift. It is the Village's policy to sell donated investments as soon as it is practical.

The Village has a 0.01% investment in Village Place Apartments, L.P., a limited partnership. The investment is stated at fair value with a value of $95 and $111 at December 31, 2022 and 2021, respectively, and is included in investments on the statements of financial position.

On November 1, 2022, the Village was admitted as a limited partner to Villa Harvey Mandel, L.P., a limited partnership. The Village made a $1 capital contribution for a 0.01% investment. The investment is stated at fair value with a value of $2 at December 31, 2022.

Split-Interest Agreements

The Village receives contributions in the form of charitable remainder trusts, beneficial interests in gift annuities or perpetual trusts, and gifts that are pooled and invested, with income being distributed to the donor (pooled income).

The pooled income fund consists of contributions from many donors that are pooled and invested as a group. Donors receive allocations of the income generated from these investments, in accordance with the terms of the respective agreements, until their death. Upon their death, the remaining undistributed assets become the property of the Village.

The Village maintains multiple charitable remainder trusts, which provides for the transfer of assets from donors to a trust, with income beneficiaries receiving income distributions for a specified period or for their lifetime, after which the remaining assets are transferred to the Village. Distributions, if any, are made in accordance with the terms of the respective agreements.

Beneficial interests in gift annuities represent agreements in which the Village acts as trustee and holds the contributed assets. The Village recognizes the assets (annuity policies) at fair value. The agreements with the donors stipulate that the Village will make fixed annuity payments to the designated beneficiaries for their lifetimes. Upon the death of the beneficiaries, the remaining assets are retained by the Village.

Beneficial interests in perpetual trusts represent the Village's irrevocable right to receive the income earned on the assets held in perpetual trusts administered by a third party. The assets are held in perpetuity and the corpus will never be distributed to the Village. The fair value of the beneficial interest in perpetual trusts approximates the expected future cash receipts from the trusts' assets.

All of the assets held under the aforementioned split-interest agreements are measured at fair value, using Level 3 inputs, and are subject to fluctuation in market value.

Grants Receivable and Revenue

The Village is awarded grants from federal, state, county, and city agencies. Grants are typically awarded for a multi-year period, with the amount awarded negotiated in advance. Grant revenue is most appropriately classified as conditional contributions, and therefore, revenue is recognized as conditions are met, which is typically as allowable costs are incurred.

The Village provides for losses on grants, 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. Management determined that an allowance of $199,433 and $0 was considered necessary at December 31, 2022 and 2021, respectively.

The Village has $14,568,332 in conditional grants outstanding as of December 31, 2022, that will be recognized when the service is provided, or a related qualified expenditure is incurred.

Refundable Advance

From time to time, the Village will receive funding prior to the conditions stipulated by the grantors being met. The Village records these as refundable advances and recognizes the funds as grant revenues once the conditions have been met.

Contributions 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 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. The discount rate used was 1.60% at December 31, 2022 and 2021.

Bequests receivable consist of amounts from wills or trusts in which the donor has passed, and the Village is named as a beneficiary, and the amount to be received is known or reasonably estimable.

Management determined that no allowance was considered necessary at December 31, 2022 and 2021.

Patient Receivables

Patient receivables include charges for amounts due from all patients or third-party payors less estimated contractual adjustments provided to third-party payors and discounts and implicit price concessions provided to uninsured patients relating to allowances for the excess of established charges over the payments to be received by or on behalf of patients. The Village determines its estimates of contractual adjustments and discounts based on contractual agreements, its discount policies, and historical experience. The Village determines its estimate of implicit price concessions based on its historical collection experience with this class of patients. Accounts deemed uncollectible are written off in the period deemed uncollectible. Management determined an allowance for doubtful accounts of $220,000 and $174,060 was necessary at December 31, 2022 and 2021, respectively.

Two of the Village's primary payors are Medicare and Medi-Cal. 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 statements of activities in the period in which they are determined. In the case of Medi-Cal, payments under the 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.

Leases (Effective January 1, 2022)

Effective January 1, 2022, the Village accounts for leases of property, plant, and equipment in accordance with Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) Topic 842, *Leases* (ASC 842). The Village determines if an arrangement is a lease at inception and then assesses for classification as either an operating or finance lease. Assets and obligations related to operating leases are included in operating lease right-of-use (ROU) assets and operating lease liabilities in the statements of financial position.

ROU assets represent the Village's right to use an underlying asset for the lease term and lease liabilities represent the Village's obligation to make lease payments arising from the lease. Operating lease ROU assets and lease liabilities are recognized at the lease commencement date based on the present value of the lease payments over the lease term. Certain lease terms may include options to extend or terminate the lease, and these are included in the determination of the operating lease ROU asset and lease liability when it is reasonably certain that the Village will exercise those options. Lease expense for operating leases is recognized in an amount equal to the lease payments over the lease term.

The Village's agreements with lease and non-lease components are all accounted for as a single lease component. For leases with an initial term of 12 months or less, the Village elected the exemption from recording ROU assets and lease liabilities for all leases that qualify, and records rent expense on a straight-line basis over the lease term.

For leases that include variable payments, which may vary based upon changes in facts or circumstances after the start of the lease, the Village has made an accounting policy election to exclude variable payments from lease ROU assets and lease liabilities to the extent not considered fixed, and instead expenses as incurred. There were no variable lease costs during the year ended December 31, 2022.

Leases (Through December 31, 2021)

Prior to January 1, 2022, the Village accounted for all leases as operating leases. The Village recognized rent expense on a straight-line basis over the term of the lease.

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 5 to 39 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 $565,423 and $553,979 for the years ended December 31, 2022 and 2021, respectively.

The Village records impairment losses on property and equipment 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, 2022 and 2021, the Village has not identified any indicators of impairment or recorded any impairment of property and equipment.

Due to Related Parties

Amounts reported as due to related parties, included in the accompanying statements of financial position, arise typically from the collaborative activities between the Village, S.V.D.P. Management, Inc. (S.V.D.P.), and various limited partnerships documented in Note 12 to further the mission of the organization.

Contributions

Contributions received are recorded when an unconditional promise to give is made and is 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 is satisfied, 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.

Throughout the year, the Village hosts many fundraising events. Funds collected in advance of events taking place are deferred until the event occurs.

Contributed Food and Services

The Village receives significant in-kind contributed food and services from a variety of agencies and community partners. All contributed food and services are directly or indirectly to support the Village's programs and services. Contributed food and supplies are valued at fair value at the time of receipt. The Village recognizes in-kind contribution revenue and a corresponding expense, at the estimated fair value, at the time the contribution is received.

Donated services provided by volunteers in the medical and dental clinics are measured by the fair value of the service received, based on amounts paid for comparable services and information provided by the donor. 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. These amounts are included in in-kind donations and related expenses and are included in their natural expense account classifications.

All contributed food and services received by the Village are used in programs or other activities. The Village does not monetize any contributed food and services.

The Village receives a significant amount of volunteer services from individuals and businesses that do not meet the criteria for recognition and are not reflected in the accompanying financial statements.

Contract Income

The Village provides supportive services to various low-income housing properties and performs other services under contracts. Revenue under these contracts are recognized as performance obligations are satisfied, typically, monthly as services are available or performed. There are no contract assets or liabilities. See Note 12 for additional details regarding certain contract charges.

Other Income

The Village's other income includes sub-lease rental income as described in Note 12 and gains or losses on disposals of property and equipment.

Patient Service Revenue

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.

As part of the Village's mission to serve the community, the Village provides care to patients even though they may lack adequate insurance or may participate in programs that do not pay established rates. Uncompensated care is defined as write-offs on patient accounts without insurance payment. Charity care is a subset of uncompensated care representing those patients that are approved by the Village for a discount under its charity care policy guidelines. Throughout the admission, billing, and collection processes, certain patients are identified by the Village as indigent or qualifying for charity care. The Village provides care to these patients without charge or at amounts less than its established rates or actual costs. Net patient service revenue is reflected net of the charity care reserves. Charity care reserves are based on gross revenue foregone. The actual costs for charity care in accordance with the Village's charity care policy aggregated to $245,160 and $191,753 for the years ended December 31, 2022 and 2021, respectively.

The Village has agreements with third-party payors that provide for payments to the Village 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 - Medical 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 Village 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 Village's "base year - fiscal year ended December 31, 2009" cost report filed under the previous cost-based reimbursement system.

Other Payors - The Village 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 Village under these agreements includes discounts from established charges and prospectively determined per-visit rates. Per the Village's charity care policy, patients under 200% of the federal poverty guidelines are charged on a sliding-fee discount basis depending upon family size and income.

Net patient service revenues are reported at the estimated net realizable amounts from patients, third-party payors, and others for services rendered and include estimated retroactive revenue adjustments. Revenue is recorded when the services are provided. 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.

Estimates of contractual allowances are based upon the payment terms specified in the related contractual agreements. The Village accrues for amounts that it believes may ultimately be due to or from the third-party payors. Normal estimation differences between final settlements and amounts accrued in previous years are reported as changes in estimates in the current year. Outstanding receivables, net of allowances for contractual discounts and bad debts, are included in patient receivables in the accompanying statements of financial position.

Performance obligations are determined based on the nature of the services provided by the Village. The Village measures the performance obligation from encounters with the patient to the point when it is longer required to provide services to that patient, and, generally, performance obligations are satisfied over time to patients in the Village's treatment centers for mental health and for co-occurring substance use disorders. Certain performance obligations are satisfied at a point in time (usually outpatient behavioral health services and dental) and are generally recognized when services are provided to patients and the Village does not believe it is required to provide additional services related to that encounter.

The Village determines the transaction price based on the standard charges for goods and services provided, reduced by contractual adjustments provided to third-party payors, discounts provided to uninsured, and under-insured patients in accordance with the Village's policy and/or implicit price concessions provided to uninsured and under-insured patients. The Village closely monitors its historical collection rates, as well as changes in applicable laws, rules and regulations, and contract terms, to ensure that provisions for contractual allowances are made using the most accurate information available. However, due to the complexities involved in these estimations, actual payments from payers may be different from the amounts management estimates and records. The Village's primary collection risks relate to uninsured patients and the portion of the bill that is the patient's responsibility, primarily co-payments and deductibles. Payments for services may also be denied due to issues over patient eligibility for medical coverage, or the Village's ability to demonstrate medical necessity for services rendered and payor authorization. The Village determines its estimate of implicit price concessions based on its historical collection experience with this class of patients.

Concentrations

Revenue from one donor and one grantor accounted for approximately 29% of total support and revenue for the year ended December 31, 2022. Revenue from one grantor accounted for 18% of total support and revenue for the year ended December 31, 2021.

Receivables from one grantor and one donor accounted for approximately 49% and 55% of total receivables at December 31, 2022 and 2021, respectively.

Functional Expenses

The financial statements report certain categories of expenses that are attributed to program, supporting, and fundraising functions. Therefore, expenses require allocation on a reasonable basis that is consistently applied. Direct costs that relate to a specific reporting unit are allocated to that reporting unit if it can be reasonably identified. Direct costs that relate to all operating and administrative units are allocated directly to those units on a pro rata basis, either by time and activity sheets, allocated square footage, or another reasonable basis that is appropriate for the individual expense.

The expenses that are allocated include the following:

Expense	Method of Allocation
Rent	Square footage
Occupancy	Square footage
Utilities	Square footage
Insurance	Time and activity/Property and vehicle usage
Food	Meal count
Salaries and employee related expenses	Time and activity

Fair Value Measurements

Fair value is a market-based measurement determined based on assumptions that market participants would use in pricing an asset or liability. There are three levels that prioritize the inputs used in measuring fair value as follows:

Level 1 – This level consists of observable market inputs such as quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2 - This level consists of observable market inputs, other than quoted prices in active markets, that are observable either directly or indirectly.

Level 3 - This level consists of unobservable inputs where there is little or no market data, which require the reporting entity to develop its own assumptions.

Life Insurance

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 took out 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. Proceeds from one of these policies amounted to $1,930,996 during the year ended December 31, 2021. There were no proceeds during the year ended December 31, 2022. The remaining cash surrender value of the other two policies was $52,404 and $66,287 at December 31, 2022 and 2021, respectively, and is included in prepaid expenses and other assets on the statements of financial position.

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.

Adoption of ASC 842, Leases

In February 2016, the FASB issued ASC 842 and subsequent amendments to the initial guidance (collectively, ASC 842). ASC 842 requires lessees to generally recognize on the statement of financial position operating and finance lease liabilities and corresponding ROU assets for leases. Lessor accounting is largely unchanged under ASC 842. Entities are required to use a modified retrospective approach on adoption, with the option of applying the requirements of the standard either (1) retrospectively to each prior comparative reporting period presented or (2) retrospectively at the beginning of the period of adoption, through a cumulative-effect adjustment to net assets, if any. The Village adopted the standard on January 1, 2022, using the modified retrospective approach at the beginning of the period of adoption. Consequently, periods before January 1, 2022, will continue to be reported in accordance with the prior accounting guidance in ASC 840.

In addition, the Village elected the package of practical expedients permitted under the transition guidance within the new standard. This included the hindsight practical expedient to determine the lease term for existing leases. The Village's election of the hindsight practical expedient resulted in the determination that certain renewal options would be reasonably certain in determining the expected lease term. It also allows the Village to carry forward the historical lease classification for leases that commenced before January 1, 2022.

The disclosure requirements of ASC 842 are included within Note 11. Adoption of the standard had no impact on the statement of activities or cash flows.

Adoption of ASC 842 resulted in increases in assets and liabilities in the Village's statements of financial position as follows:

	Balance, December 31, 2021	Transition Adjustment	Balance, January 1, 2022
Assets			
Operating lease right-of-use assets	$ -	$ 4,585,561	$ 4,585,561
Liabilities			
Operating lease liabilities, current portion	-	709,315	709,315
Operating lease liabilities, net of current portion	-	3,876,246	3,876,246

Recent Accounting Pronouncements Adopted

In September 2020, the FASB issued Accounting Standards Update (ASU) 2020-07, *Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets*. The amendments in this ASU apply to not-for-profit organizations that receive contributed nonfinancial assets. The term nonfinancial asset includes fixed assets, use of fixed assets or utilities, materials and supplies, intangible assets, services, and unconditional promises of those assets. The amendments require the Village to present contributed nonfinancial assets as a separate line item in the statements of activities, apart from contributions of cash and other financial assets, and requires additional disclosure of contributed nonfinancial assets. The Village adopted the new standard during the year ended December 31, 2022. The adoption of the standard had no significant impact on the Village's financial statements for the years ended December 2022 and 2021, other than enhanced disclosures.

New Accounting Pronouncements Not Yet Adopted

In June 2016, the FASB issued ASU 2016-13, *Financial Instruments – Credit Losses (Topic 326), Measurement of Credit Losses on Financial Instruments,* which changes the impairment model for most financial assets and certain other instruments. For trade and other receivables, contract assets recognized as a result of applying ASC 606, *Revenue from Contracts with Customers*, loans, and certain other instruments, entities will be required to use a new forward-looking "expected-loss" model that generally will result in earlier recognition of credit losses than under today's incurred-loss model. The revised effective date is for annual periods beginning after December 15, 2022, and should be adopted using a modified retrospective approach, which applies a cumulative-effect adjustment to net assets as of the beginning of the first reporting period in which the guidance is effective. A prospective approach is required for debt securities for which an other-than-temporary impairment had been recognized before the effective date and loans and debt securities acquired with deteriorated credit quality. Early adoption is permitted. Management is currently evaluating the effect that adoption of this new standard will have on the Village's financial statements.

The Village has assessed other accounting pronouncements issued or effective during the years ended December 31, 2022 and 2021, and deemed they were not applicable to the Village or are not anticipated to have a material effect on the financial statements.

Subsequent Events

The Village has evaluated subsequent events through the date these financial statements were available to be issued, which was January 19, 2024. See Note 10 for repayment of debt.

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3. Net Assets with Donor Restrictions

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

December 31,	2022	2021
Net Assets with Purpose or Time Restrictions		
Time-restricted for use in future years	$ **2,004,620**	$ 1,594,876
Charitable remainder trusts	**1,663,890**	1,534,922
Bequests	**3,926,942**	224,300
Pooled income fund	**83,904**	103,418
Earnings on perpetual trusts	**43,026**	33,086
Interim housing	**3,985**	16,427
Kitchen equipment	**-**	7,858
Gift annuity	**1,208**	6,023
Therapeutic childcare center	**3,985**	4,428
	7,731,560	3,525,338
Net Assets with Perpetual Restrictions		
Endowment restrictions:		
Endowments	**3,126,843**	3,122,369
Unappropriated endowment earnings	**965,798**	1,362,781
Other perpetual restrictions:		
St. Vincent de Paul Village fund	**848,249**	960,923
McEvoy Trust	**421,933**	467,485
Charles and Lucille Borgerding fund	**212,047**	241,756
	5,574,870	6,155,314
	$ **13,306,430**	$ 9,680,652

4. Availability and Liquidity

The Village is primarily supported through grants and contributions without donor restrictions, with the remainder funded by grants and contributions with donor restrictions to be used in accordance with the associated purpose restrictions. The Village also receives gifts with perpetual restrictions that are held in the endowment fund; the income generated from the endowment is used to fund programs.

During the years ended December 31, 2022 and 2021, the Village's net assets increased by $2,388,643 and $17,598,658 and cash flows from operations was $9,907,061 and $16,228,305, respectively.

At December 31, 2022 and 2021, the Village's net assets without donor restrictions are $24,689,355 and $25,926,490, and overall net assets are $37,995,785 and $35,607,142, respectively. As of December 31, 2022, the Village has approximately five months of expenses in working capital. As part of the Village's liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due. In addition, the Village sets aside cash in excess of daily requirements in its reserve and investment accounts.

The following tables show the total financial assets held by the Village and the amounts of those financial assets that could readily be made available within one year of the statements of financial position:

December 31,	2022	2021
Financial Assets, year-end		
Cash and cash equivalents	$ 15,966,626	$ 11,681,368
Investments	15,944,772	13,953,964
Grants receivable	5,425,422	6,165,342
Contributions and bequests receivable, net	6,054,562	5,536,639
Insurance receivable	-	2,284,157
Patient receivables, net	405,585	371,032
Split-interest agreements	3,282,227	3,356,470
Endowment investments	4,127,790	4,723,743
Total Financial Assets	51,206,984	48,072,715
Less amounts not available to be used within one year:		
Contributions and bequests receivable, net	767,284	1,363,108
Net assets with donor restrictions that will not be available for general expenditure within one year	7,374,868	7,861,476
Financial Assets Available to Meet General Expenditures Over the Next 12 Months	$ 43,064,832	$ 38,848,131

5. Contributions and Bequests Receivable

Contributions and bequests receivable are recorded in the statements of financial position as follows:

December 31,	2022	2021
Receivable in less than one year	$ 5,287,278	$ 4,173,531
Receivable in one to five years	741,867	1,301,891
Receivable in more than five years	80,000	146,588
	6,109,145	5,622,010
Less: discount	(54,583)	(85,371)
	$ 6,054,562	$ 5,536,639

December 31,	2022	2021
Contributions and bequests receivable, current portion	$ 5,287,278	$ 4,173,531
Contributions and bequests receivable, net	767,284	1,363,108
	$ 6,054,562	$ 5,536,639

6. Contributed Food and Services

Contributed food and services are utilized to support the Village's programs and services.

Contributed food and services consisted of the following for the years ended:

December 31,	2022			2021		
	Housing and Supportive Services	**Medical Clinic**	**Total**	Housing and Supportive Services	Medical Clinic	Total
Salaries and employee related expenses	$ -	$ 116,361	$ 116,361	$ -	$ 133,757	$ 133,757
Food	1,678,149	-	1,678,149	906,243	-	906,243
Supplies	-	-	-	192,017	-	192,017
Total	**$ 1,678,149**	**$ 116,361**	**$ 1,794,510**	$ 1,098,260	$ 133,757	$ 1,232,017

7. Investments

Investments consist of the following:

December 31,	**2022**	2021
Money market	**$ 1,246,315**	$ 5,934,209
Equity funds:		
Other	**7,832**	8,939
Industrial	**5,097**	522,326
Mutual funds:		
Bond funds	**6,180,138**	4,162,250
Large blend/growth/value	**5,446,648**	5,067,678
Municipal bonds	**4,563,832**	1,318,139
Exchange traded fund	**924,328**	198,261
Exchange traded product	**846,398**	-
Small blend	**755,243**	1,350,478
Real estate	**96,731**	-
Mid-blend	**-**	115,427
	$ 20,072,562	$ 18,677,707

Investments are reported in the statements of financial position as follows:

December 31,	**2022**	2021
Investments	**$ 15,944,772**	$ 13,953,964
Endowment investments	**4,127,790**	4,723,743
	$ 20,072,562	$ 18,677,707

8. Split-Interest Agreements

The following table summarizes the Village's split-interest assets, held at fair value using significant Level 3 inputs, and changes therein, for the years ended December 31, 2022 and 2021:

	Pooled Income Fund	Charitable Remainder Trusts	Beneficial Interest in Gift Annuities	Beneficial Interest in Perpetual Trusts	Total
Balance, January 1, 2021	$ 105,072	$ 1,595,504	$ 5,893	$ 1,354,066	$ 3,060,535
Additions	-	-	-	211,640	211,640
Distributions	-	-	(7,680)	(50,627)	(58,307)
Change in valuation related to actuarial tables or other observable inputs	(1,654)	(60,582)	7,810	197,028	142,602
Balance, December 31, 2021	103,418	1,534,922	6,023	1,712,107	3,356,470
Distributions	-	-	(7,680)	(46,141)	(53,821)
Change in valuation related to actuarial tables or other observable inputs	(19,514)	128,968	2,865	(132,741)	(20,422)
Balance, December 31, 2022	$ 83,904	$ 1,663,890	$ 1,208	$ 1,533,225	$ 3,282,227

The pooled income fund is composed of investment grade fixed-income securities which are adjusted using actuarial tables to estimate the remaining lives of the participants and an appropriate interest rate (ranging from 4.00% to 9.00%) to calculate the net present value of the trust. Total unamortized discount for the pooled income fund was $56,577 and $37,063 as of December 31, 2022 and 2021, respectively.

The Village has an interest in three charitable remainder trusts. One trust had fair values of $152,595 and $181,306 at December 31, 2022 and 2021, respectively, and 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. The other two trusts had fair values of $1,511,294 and $1,353,616 at December 31, 2022, and 2021, respectively, and are composed of interests in real property. These assets are valued using the fair value of the properties and the Village's corresponding interest in the value. The discount rate on the present value of expected benefits is 8.5%. Total unamortized discount for the charitable remainder trust was $257,896 and $253,729 as of December 31, 2022 and 2021, respectively.

Beneficial interests in gift annuities 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 (7.5% and 3.25% at December 31, 2022 and 2021, respectively) to calculate the net present value of the asset.

The Village has an interest in three perpetual trusts. The trusts are composed of mutual funds and are valued using the fair value and the Village's corresponding interest.

9. Property and Equipment

The Village's property and equipment consist of the following:

December 31,		2022		2021
Equipment, furniture, and vehicles	$	**2,706,928**	$	2,581,210
Buildings and leasehold improvements		**4,400,435**		5,367,239
		7,107,363		7,948,449
Less: accumulated depreciation and amortization		**(4,324,701)**		(5,946,743)
		2,782,662		2,001,706
Construction in process		**162,003**		107,076
Net Property and Equipment	**$**	**2,944,665**	$	2,108,782

10. Debt

Forgivable Loans

In February 2012, the Village was awarded a loan of $1,000,000 from the Emergency Housing and Assistance Program of the State of California (EHAP) for tenant improvements at 15th & Commercial, L.P. The loan was secured by a deed of trust on the property and bore simple interest of 3.0%. The loan and interest were eligible for forgiveness seven years from the project date of completion (June 2012) if certain conditions were met. On May 25, 2021, the entire principal balance of $1,000,000 and all related accrued interest of $258,083 was forgiven.

In September 2013, the Village was awarded a loan of $567,725 from EHAP for tenant improvements at the Village. The loan was secured by a deed of trust on the property and bore simple interest of 3.0%. The loan and interest were eligible for forgiveness seven years from the project date of completion (May 2014) if certain conditions were met. On October 21, 2021, the entire principal balance of $567,725 and all related accrued interest of $130,839 was forgiven.

In October 2013, the Village was awarded a loan of $429,916 from EHAP for tenant improvements at the Village. The loan is secured by a deed of trust on the property (with a net carrying value of $1,500,783 at December 31, 2022) and bears simple interest of 3.0%. The loan and interest will be eligible for forgiveness seven years from the project date of completion (November 2014) if certain conditions are met. The Village had drawn $426,890 of the loan as of December 31, 2022 and 2021. Interest expense related to the loan was $11,739 and $12,806 for the years ended December 31, 2022 and 2021, respectively. Accrued interest related to the loan was $105,444 and $93,705 as of December 31, 2022 and 2021, respectively. Management is currently working on applying for forgiveness of the loan.

The Village applied for and received a forgivable Paycheck Protection Program (PPP) Loan in the amount of $2,719,565, which accrued interest at 1%. The loan was funded on April 16, 2020, and was unsecured. Under the terms of the loan, the balance was forgivable to the extent the proceeds were used for certain qualified costs and that certain employment levels were maintained. The loan and all related accrued interest was forgiven in full by the Small Business Administration (SBA) in June 2021.

The SBA has stated that all PPP loans in excess of $2 million, and other PPP loans as appropriate will be subject to review by the SBA for compliance with program requirements. While the Village believes the PPP loan was properly obtained and forgiven, there can be no assurance regarding the outcome of an SBA review. The Village has not accrued any liability associated with the risk of an adverse SBA review.

Note Payable 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 for the period of 2014 through 2017 funding any operating losses of the Medical Clinic. 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. The note bears simple interest at the rate of 3% per annum and is unsecured. The term is five years with auto-renewal for consecutive periods of two years unless terminated by either party. The current maturity date is December 1, 2023. 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 $103,830 and $108,150 for the years ended December 31, 2022 and 2021. Accrued interest payable was $682,020 and $578,190 as of December 31, 2022 and 2021. The principal amount outstanding was $3,461,000 as December 31, 2022 and 2021. The unpaid principal and accrued interest was subsequently paid in full in January 2023.

The Village held a demand line of credit secured by its investments in the amount of $425,000 with a fluctuating interest rate measured at a spread of 1.5% plus London Interbank Offered Rate (LIBOR) (6.334% at December 31, 2022). No balance was drawn on this account as of December 31, 2022 and 2021. The line of credit is due upon demand and can be cancelled at any time by the bank.

Management is currently working with the financial institution to revise the agreement due to the expiration of LIBOR as an interest rate benchmark, as it expired on June 30, 2023, and will no longer be a benchmark in financial transactions.

11. Leases

The Village has leased space under noncancelable operating leases with terms that run through December 31, 2023 with options to renew for varying terms at the Village and the respective landlord's discretion. The Village has included one 5 -year option to extend on a lease in the calculation of ROU assets or lease liabilities as it is reasonably certain that the Village will exercise this option. The Village subleases certain space to a related party as described in Note 12.

Under ASC 840, lease expense attributable to the Village was $2,932,445 for the year ended December 31, 2021. Sublease income was $211,405 during the year ended December 31, 2021.

Total operating leases costs were $2,925,178 and cash paid for amounts included in the measurement of operating lease liabilities were $813,915 during the year ended December 31, 2022. Sublease income was $220,432 during the year ended December 31, 2022.

The weighted average remaining lease term at December 31, 2022 was 5.15 years for operating leases. The weighted average discount rate at December 31, 2022 was 2.51%.

Maturities of lease liabilities are as follows:

Year ending December 31,	
2023	$ 850,791
2024	772,009
2025	772,009
2026	772,009
2027	772,009
Thereafter	193,001
	4,131,828
Less: amount representing interest	(255,583)
Total Lease Liability	3,876,245
Less: current portion	(763,266)
Long-Term Portion	$ 3,112,979

12. Related Party Transactions

Related Party Expenses

The Village rents the majority of their facilities from S.V.D.P., Village Place Apartments, L.P., and 15th & Commercial, L.P. under long-term operating leases. The Village's rental expense (including amounts representing interest) to related parties was $2,938,552 and $2,839,144 for the years ended December 31, 2022 and 2021, respectively, and are included in rent on the statements of functional expenses.

An operating subsidy is mandated by the 15th & Commercial, L.P. transitional housing lease. Per the lease agreement, in December of each calendar year the Village shall pay 15th & Commercial, L.P. a subsidy payment or credit 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/(credit) was ($50,736) and $50,961 during the years ended December 31, 2022 and 2021, respectively, and is included in rent on the statements of functional expenses.

As part of the lease, the Village pays common area maintenance (CAM) charges for the property leased from 15th & Commercial, L.P. The CAM charges were $1,197,567 and $871,277 during the years ended December 31, 2022 and 2021, respectively, and is included in rent and utilities on the statements of functional expenses.

The Village has been awarded a grant from the Department of Housing and Urban Development (HUD) to fund the Continuum of Care program at 3143 El Cajon Boulevard, L.P. The Village passed through $35,752 and $23,278 of Continuum of Care funding during the years ended December 31, 2022 and 2021, respectively, and is included in due to related parties on the statements of financial position.

S.V.D.P. has service contracts with the Village to provide administrative, development and grant services. The charges under these contracts were $11,342,868 and $3,764,752 during the years ended December 31, 2022 and 2021, respectively. Charges were made per month as estimated progress payments at $100,000 for administrative services, 20% of revenue recognized related to development services, and 5% of realized grant revenue. In the case that charges are more than actual costs for a fiscal year, S.V.D.P. would only charge the actual costs incurred to Village. S.V.D.P. may opt to donate a portion of its net profit on retail and auto operations to the Village. Effective January 1, 2022, the administrative services charges were modified to be charged based on an allocation of the proportional benefit the Village receives based on cost drivers. All other terms remain unchanged. The term of the agreement is five years with automatic five-year renewals unless either party gives notice of termination.

Related Party Income

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, continuing month to month as of July 1, 2023. The Village's rental income was $220,432 and $211,405 during the years ended December 31, 2022 and 2021, respectively, and is included in other income on the statements of activities. Future minimum sublease income for the year ending December 31, 2023 is expected to be $113,270.

The Village has a service contract with Benson Place, L.P. that commenced September 2020, to provide supportive services including case management, therapy, and other services. The initial rate of $28,792 per month is adjusted annually in September at an increase of 2%. The services continue until terminated by either party. The charges under this contract were $357,597 and $345,501 during the years ended December 31, 2022 and 2021, respectively, and is included in contract income on the statements of activities.

The Village has entered a service contract with 14th & Commercial CIC, L.P. and 14th & Commercial CIC-VHHP, L.P. that commenced December 2019. The Village was to provide design and lease-up services leading up to the construction completion and provide social services for a period of 15 years. The charges under this contract were $2,144,904 and $150,000 during the years ended December 31, 2022 and 2021, respectively, and is included in contract income on the statements of activities.

Due to Related Parties

The Village owed S.V.D.P. and the L.P.s $2,916,983 and $3,850,576 as of December 31, 2022 and 2021, respectively.

13. Endowment Funds

As required by the accounting principles generally accepted in the United States of America, net assets associated with endowment funds, including quasi-endowments, are classified and reported based on the existence or absence of donor-imposed restrictions.

The Village's endowment funds consist of nine individual funds: several containing donor restrictions, established to provide funding for general operations, education and children's programs; and a fund designated by the Board of Directors (quasi-endowment).

Interpretation of Relevant Law

The Village has interpreted the State of California Uniform Prudent Management of Institutional Funds Acts (UPMIFA) as requiring the preservation of the fair value of the original gift, as of the date of the gift of the donor-restricted endowment funds, absent explicit donor stipulations to the contrary. As a result of this interpretation, the Village classifies as net assets with perpetual endowment restrictions (a) the original value of gifts donated to the perpetual endowment and (b) the original value of subsequent gifts to the perpetual endowment. The remaining portion of the donor-restricted endowment fund that is not classified as perpetually restricted is classified as unappropriated earnings until those amounts are appropriated for expenditure in a manner consistent with the standard of prudence prescribed by UPMIFA. In accordance with UPMIFA, the Village considers the following factors in making a determination to appropriate or accumulate donor-restricted funds:

- The duration and preservation of the endowment fund.
- The purposes of the Village and the donor-restricted endowment fund.
- General economic conditions.
- The possible effect of inflation or deflation.
- The expected total return from income and the appreciation of investments.
- The investment policies of the Village.
- Other resources of the Village.

Endowment net assets consist of the following:

December 31, 2022

		With Donor Restrictions		
	Without Donor Restrictions	Unappropriated Earnings	Perpetual	Total
Donor-restricted endowment	$ -	$ 965,798	$ 3,126,843	$ 4,092,641
Board-designated quasi-endowment	35,149	-	-	35,149
Total Funds	$ 35,149	$ 965,798	$ 3,126,843	$ 4,127,790

December 31, 2021

		With Donor Restrictions		
	Without Donor Restrictions	Unappropriated Earnings	Perpetual	Total
Donor-restricted endowment	$ -	$ 1,362,781	$ 3,121,669	$ 4,484,450
Board-designated quasi-endowment	239,293	-	-	239,293
Total Funds	$ 239,293	$ 1,362,781	$ 3,121,669	$ 4,723,743

Changes to endowment net assets are as follows:

Year ended December 31, 2022

		With Donor Restrictions		
	Without Donor Restrictions	Unappropriated Earnings	Perpetual	Total
Endowment Net Assets, January 1, 2022	$ 239,293	$ 1,362,781	$ 3,121,669	$ 4,723,743
Investment return	(204,144)	(396,983)	-	(601,127)
Contributions	-	-	5,174	5,174
Endowment Net Assets, December 31, 2022	$ 35,149	$ 965,798	$ 3,126,843	$ 4,127,790

Year ended December 31, 2021

		With Donor Restrictions		
	Without Donor Restrictions	Unappropriated Earnings	Perpetual	Total
Endowment Net Assets, January 1, 2021	$ 111,486	$ 1,005,528	$ 3,121,669	$ 4,238,683
Investment return	127,807	357,253	-	485,060
Endowment Net Assets, December 31, 2021	$ 239,293	$ 1,362,781	$ 3,121,669	$ 4,723,743

Return Objectives and Risk Parameters

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.

Strategies Employed for Achieving Objectives

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.

Spending Policy and How the Investment Objectives Related to the Spending Policy

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. There were no appropriations for the years ended December 31, 2022 and 2021. Adequate funding was available from other sources to cover the purposes of these endowments. 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.

Funds with Deficiencies

Occasionally, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor or UPMIFA requires the Village to retain in perpetuity. There were no such deficiencies as of December 31, 2022 and 2021.

14. 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 Village's operations or financial position.

In 2022, the Village became a defendant in three general wage and hour class actions against S.V.D.P. and the Village (collectively the Organization). All three class actions have been consolidated into one for pre-trial purposes. The Organization has undergone two mediation attempts, which has resulted in a settlement. All parties are currently negotiating the terms of the settlement agreement. Based on the preliminary settlement agreement reached by both parties, the Organization has accrued a loss of $3,250,000 plus payroll taxes for the year ended December 31, 2022. Of the total preliminary settlement loss, the Village will be allocated $2,514,785 based on total number of employees between S.V.D.P and the Village.

Legislation

The healthcare industry is subject to numerous laws and regulations of federal, state, and local governments. Compliance with these laws and regulations is subject to future government review and interpretation, as well as regulatory actions unknown or unasserted at this time. Government activity continues to increase with respect to investigations and allegations concerning possible violations by healthcare providers of fraud and abuse statutes and regulations, which would result in the imposition of significant fines and penalties, as well as significant repayments for patient service previously billed. Even if the Village were to ultimately prevail, a significant governmental inquiry or action under one of the above laws, regulations, or rules could have a material adverse impact on it.

The Village is not aware of any material claims, disputes, or unsettled matters that would require adjustments or disclosure in the accompanying financial statements.

The Village participates in the State of California FQHC 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.

Malpractice Insurance

The Village insures its medical malpractice risks on a claims-made basis. The Village is insured for losses up to $2,000,000 per claim and $4,000,000 in the aggregate per policy period. Should the Village not renew its policy or replace it with equivalent insurance, occurrences during its term but asserted after its term will be uninsured unless the Village obtains tail coverage. The Village has considered a loss accrual for unasserted claims or unreported incidents at December 31, 2022 and

2021, and determined that no accrual was necessary, as no malpractice claims in excess of insurance coverage individually, or in the aggregate, have been asserted against the Village.

Grant Commitments

The Village has entered into grant agreements with the HUD whereby these grants will subsidize a portion of the operating costs of various programs. The Village is committed to certain matching funds that are to be provided by fundraising. The match is 25% of HUD committed funds. As of December 31, 2022, the Village has committed to a match of $843,179.

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 subrecipients to perform the tasks required by the project agreements. As of December 31, 2022, the Village has conditionally committed $338,447 of funding to subrecipients.

15. Medical Self-Insurance

The Village self-insures its medical insurance plan for employees. The plan is self-funded by the Village, which means that the Village is financially responsible for the payment of plan benefits. The Village has purchased specific stop-loss insurance to protect itself from large individual claims and is currently set at $100,000 as well as maximum annual aggregate stop loss set at $2,000,000. To be eligible for benefits, the individual must complete one month of employment and be a regular and active employee who is paid on a regular basis through the Village payroll system. At December 31, 2022 and 2021, a reserve of $315,737 and $516,460, respectively, has been recorded to set aside funds to pay for future claims. The sufficiency of the reserve will be monitored and adjusted as historical data can be analyzed. Claims paid and plan expenses during the years ended December 31, 2022 and 2021, were $2,733,792 and $2,731,417, respectively, and are included in employee benefits expense on the statements of functional expenses. Because of the inherent uncertainties in estimating future medical claims, it is at least reasonably possible that the estimates used will change in the near term, and the change could be material.