

**SOCIETY OF ST. VINCENT DEPAUL  
COUNCIL OF NORTHERN KENTUCKY**

**FINANCIAL STATEMENTS**

**September 30, 2020 and 2019**

# **SOCIETY OF ST. VINCENT DEPAUL COUNCIL OF NORTHERN KENTUCKY**

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## REPORT OF INDEPENDENT PUBLIC ACCOUNTING FIRM

The Board of Directors of  
Society of St. Vincent DePaul,  
Council of Northern Kentucky  
Erlanger, KY 41017

We have audited the accompanying financial statements of the Society of St. Vincent DePaul, Council of Northern Kentucky (a nonprofit Council) which comprise the statements of financial position as of September 30, 2020 and 2019, 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.

### **Auditor's 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. 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 auditor's 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 Council'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 Council'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 the Society of St. Vincent DePaul, Council of Northern Kentucky as of September 30, 2020 and 2019, 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.

A handwritten signature in blue ink that reads "Munninghoff, Lange & Co." The signature is written in a cursive style and is positioned above a light blue rectangular background.

Covington, KY  
January 29, 2021

**THE SOCIETY OF ST. VINCENT DEPAUL  
COUNCIL OF NORTHERN KENTUCKY  
STATEMENTS OF FINANCIAL POSITION  
September 30, 2020 And 2019**

	<b>ASSETS</b>	
	<u>2020</u>	<u>2019</u>
<b>Current Assets</b>		
Cash and cash equivalents	\$ 580,893	\$ 54,653
Restricted cash	62,600	133,144
Restricted food pantry inventory	8,640	-
Investments	561,661	532,168
Restricted investments	100,000	-
Accrued investment income	2,594	2,966
Prepays and other	6,919	6,925
<b>Total Current Assets</b>	<u>1,323,307</u>	<u>729,856</u>
Land, buildings and equipment	1,384,497	1,264,444
Accumulated depreciation	<u>(939,569)</u>	<u>(880,597)</u>
<b>Net Property and Equipment</b>	<u>444,928</u>	<u>383,847</u>
<b>Total Assets</b>	<u><u>\$ 1,768,235</u></u>	<u><u>\$ 1,113,703</u></u>

See accompanying notes.

**THE SOCIETY OF ST. VINCENT DEPAUL  
COUNCIL OF NORTHERN KENTUCKY  
STATEMENTS OF FINANCIAL POSITION  
September 30, 2020 And 2019**

**LIABILITIES AND NET ASSETS**

	<b>2020</b>	<b>2019</b>
<b>Current Liabilities</b>		
Accounts payable	\$ 19,726	\$ 17,774
Accrued payroll liabilities	37,433	24,439
Accrued sales tax	9,783	6,114
Accrued relief programs payable	8,187	9,187
Notes payable - Commonwealth Bank and Trust	275,000	-
	<b>350,129</b>	<b>57,514</b>
<b>Net Assets</b>		
Without donor restrictions	1,246,866	923,045
With donor restrictions	171,240	133,144
	<b>1,418,106</b>	<b>1,056,189</b>
<b>Total Net Assets</b>	<b>1,418,106</b>	<b>1,056,189</b>
<b>Total Liabilities and Net Assets</b>	<b>\$ 1,768,235</b>	<b>\$ 1,113,703</b>

See accompanying notes.

**THE SOCIETY OF ST. VINCENT DEPAUL  
COUNCIL OF NORTHERN KENTUCKY  
STATEMENTS OF ACTIVITIES**

**Year Ended September 30, 2020 (with Totals for Year Ended September 30, 2019)**

	Without donor restriction 2020	With donor restriction 2020	Total 2020	Total 2019
<b>Revenues and Support</b>				
Sales of donated items	1,888,467	\$ -	\$ 1,888,467	\$ 1,919,075
Grants	421,006	121,506	542,512	394,024
Turkeyfoot trot	35,463	-	35,463	26,320
Donations and memorials	431,219	100,000	531,219	231,662
Investment income net of expense	41,561	-	41,561	8,323
Gain on disposal of property and equipment	-	-	-	2,600
Net assets released from donor restrictions	183,410	(183,410)	-	-
<b>Total revenues and support</b>	<b>3,001,126</b>	<b>38,096</b>	<b>3,039,222</b>	<b>2,582,004</b>
<b>Expenses</b>				
Programs	2,287,166	-	2,287,166	2,033,315
Management and general	185,898	-	185,898	167,620
Fundraising	204,241	-	204,241	162,883
<b>Total expenses</b>	<b>2,677,305</b>	<b>-</b>	<b>2,677,305</b>	<b>2,363,818</b>
<b>Increase (decrease) in net assets</b>	<b>323,821</b>	<b>38,096</b>	<b>361,917</b>	<b>218,186</b>
<b>Net assets - beginning of year</b>	<b>923,045</b>	<b>133,144</b>	<b>1,056,189</b>	<b>838,003</b>
<b>Net assets - end of year</b>	<b>\$ 1,246,866</b>	<b>\$ 171,240</b>	<b>\$ 1,418,106</b>	<b>\$ 1,056,189</b>

See accompanying notes.

**THE SOCIETY OF ST. VINCENT DEPAUL  
COUNCIL OF NORTHERN KENTUCKY  
STATEMENT OF ACTIVITIES  
Year Ended September 30, 2019**

	<b>Without donor restriction 2019</b>	<b>With donor restriction 2019</b>	<b>2019 Total</b>
<b>Revenues and Support</b>			
Sales of donated items	\$ 1,919,075	\$ -	\$ 1,919,075
Grants	234,690	159,334	394,024
Turkeyfoot trot	26,320		26,320
Donations and memorials	231,662		231,662
Investment income net of expense	8,323	-	8,323
Gain on disposal of property and equipment	2,600	-	2,600
Net assets released from donor restrictions	97,880	(97,880)	-
<b>Total revenues and support</b>	<b>2,520,550</b>	<b>61,454</b>	<b>2,582,004</b>
<b>Expenses</b>			
Programs	2,033,315	-	2,033,315
Management and general	167,620	-	167,620
Fundraising	162,883	-	162,883
<b>Total expenses</b>	<b>2,363,818</b>	<b>-</b>	<b>2,363,818</b>
<b>Increase (decrease) in net assets</b>	<b>156,732</b>	<b>61,454</b>	<b>218,186</b>
<b>Net assets - beginning of year</b>	<b>766,313</b>	<b>71,690</b>	<b>838,003</b>
<b>Net assets - end of year</b>	<b>\$ 923,045</b>	<b>\$ 133,144</b>	<b>\$ 1,056,189</b>

See accompanying notes.



**THE SOCIETY OF ST. VINCENT DEPAUL  
COUNCIL OF NORTHERN KENTUCKY  
STATEMENTS OF FUNCTIONAL EXPENSES**

**Year Ended September 30, 2020 (with Totals for Year Ended September 30, 2019)**

	<u>Programs</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Total 2020</u>	<u>Total 2019</u>
Salaries and wages	\$ 1,239,545	\$ 108,016	\$ 103,049	\$ 1,450,610	\$ 1,342,591
Payroll taxes	96,367	5,889	4,818	107,074	98,532
Payroll service charges	11,028	225	-	11,253	9,237
Employee insurance, training and benefits	157,489	8,749	8,749	174,987	156,417
Conference support	131,506	-	-	131,506	97,144
Bed program expenses	90,768	-	-	90,768	74,475
Food pantry expenses	7,495	-	-	7,495	2,975
Special program expenses	14,140	-	-	14,140	15,004
Fundraising expenses	-	-	9,215	9,215	10,310
Out of area assistance	76,204	-	-	76,204	-
Depreciation	53,075	2,949	2,949	58,972	49,903
Business insurance	40,400	2,244	2,244	44,889	29,607
Utilities	37,355	2,075	2,075	41,505	43,959
Telephone	49,200	2,733	2,733	54,667	45,537
Truck expenses and repairs	22,470	1,248	1,248	24,967	38,336
Supplies	37,506	1,543	1,543	40,592	32,908
Rent	86,409	1,763	-	88,172	89,754
Facility maintenance	114,159	6,342	6,342	126,843	126,376
Legal and accounting	3,658	15,861	9,643	29,161	12,546
Bank charges and fees	7,763	11,644	-	19,407	21,674
Advertising and promotion	-	-	25,832	25,832	18,633
Auto auction expenses	-	-	15,957	15,957	18,163
Meetings	562	31	31	624	4,284
Memberships dues and subscriptions	-	14,352	-	14,352	14,974
Miscellaneous	2,891	161	161	3,212	-
Partners for prosperity	2,637	-	-	2,637	-
Payroll advance	1,293	72	72	1,437	-
Retail beds	3,248	-	7,579	10,827	10,479
<b>Total expenses</b>	<b>\$ 2,287,166</b>	<b>\$ 185,898</b>	<b>\$ 204,241</b>	<b>\$ 2,677,305</b>	<b>\$ 2,363,818</b>

See accompanying notes.

**THE SOCIETY OF ST. VINCENT DEPAUL  
COUNCIL OF NORTHERN KENTUCKY  
STATEMENT OF FUNCTIONAL EXPENSES  
Year Ended September 30, 2019**

	<u>Programs</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Total 2019</u>
Salaries and wages	\$ 1,179,819	\$ 85,836	\$ 76,936	\$ 1,342,591
Payroll taxes	86,587	6,299	5,646	98,532
Payroll service charges	9,052	185	-	9,237
Employee insurance, training and benefits	140,775	7,821	7,821	156,417
Conference support	97,144	-	-	97,144
Bed program expenses	74,475	-	-	74,475
Food pantry expenses	2,975	-	-	2,975
Special program expenses	15,004	-	-	15,004
Fundraising expenses	-	-	10,310	10,310
Out of area assistance	-	-	-	-
Depreciation	44,913	2,495	2,495	49,903
Business insurance	26,647	1,480	1,480	29,607
Utilities	39,563	2,198	2,198	43,959
Telephone	40,983	2,277	2,277	45,537
Truck expenses and repairs	34,502	1,917	1,917	38,336
Supplies	30,326	1,291	1,291	32,908
Rent	87,959	1,795	-	89,754
Facility maintenance	115,592	5,392	5,392	126,376
Legal and accounting	-	12,546	-	12,546
Bank charges and fees	-	21,674	-	21,674
Advertising and promotion	-	-	18,633	18,633
Auto auction expenses	-	-	18,163	18,163
Meetings	3,856	214	214	4,284
Memberships dues and subscriptions	-	14,200	774	14,974
Partners for prosperity	-	-	-	-
Retail beds	3,143	-	7,336	10,479
<b>Total expenses</b>	<b>\$ 2,033,315</b>	<b>\$ 167,620</b>	<b>\$ 162,883</b>	<b>\$ 2,363,818</b>

See accompanying notes.

**SOCIETY OF ST. VINCENT DEPAUL  
COUNCIL OF NORTHERN KENTUCKY  
STATEMENTS OF CASH FLOWS  
Years Ended September 30, 2020 and 2019**

	<b>2020</b>	<b>2019</b>
<b>Cash Flows From Operating Activities</b>		
Change in net assets	\$ 361,917	\$ 218,186
Adjustments to reconcile change in net assets to net cash from operating activities:		
(Gain) loss on sale of investments	15,591	2,855
Unrealized loss (gain) on investments	(47,334)	1,631
Gain on disposal of property and equipment	-	(2,600)
Depreciation	58,972	49,903
Changes in assets and liabilities		
(Increase) decrease in :		
Accrued investment income	372	1,577
Food inventory	(8,640)	-
Prepays and other	6	730
Increase (decrease) in:		
Accounts payable	1,952	(11,648)
Accrued liabilities	15,663	3,278
	<b>398,499</b>	<b>263,912</b>
<b>Cash Flows From Investing Activities</b>		
Purchases of investments	(225,666)	(239,594)
Proceeds from sales of investments	127,915	170,018
Net proceeds from sales of property and equipment	-	2,600
Purchases of property and equipment	(120,052)	(111,245)
	<b>(217,803)</b>	<b>(178,221)</b>
<b>Cash Flows From Financing Activities</b>		
Proceeds from loans	275,000	-
	<b>275,000</b>	<b>-</b>
<b>Net change in cash and cash equivalents</b>	<b>455,696</b>	<b>85,691</b>
<b>Cash and cash equivalents at beginning of year</b>	<b>187,797</b>	<b>102,106</b>
<b>Cash and cash equivalents at end of year</b>	<b>\$ 643,493</b>	<b>\$ 187,797</b>

See accompanying notes.

**SOCIETY OF ST. VINCENT DEPAUL  
COUNCIL OF NORTHERN KENTUCKY  
NOTES TO THE FINANCIAL STATEMENTS  
September 30, 2020 and 2019**

**NOTE 1 – DESCRIPTION OF COUNCIL AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Nature of Operations**

Society of St. Vincent DePaul, Council of Northern Kentucky (the Council), originally known as St. Vincent DePaul Salvage Bureau, was incorporated in November 1954 for the purpose of providing support for all member conferences in the Diocesan Council (Council). The Council provides direct financial support to its member conferences who in turn provide emergency financial assistance (primarily rent and utility support) to those in need in the community. Additionally, the Council redeems clothing, furniture and houseware vouchers issued by those conferences in their mission of assisting those in need in our community. The Council also provides support to member conferences through the administration of its bed program, maintains and operates a food pantry and food distribution program for the Northern Kentucky community, and administers programs designed to meet the root causes of poverty, currently a Microloan Program and a “Partners in Prosperity” mentoring program. The Council has thrift stores in Erlanger, Falmouth, and Florence, Kentucky.

**Basis of Accounting**

The accompanying financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America (GAAP), and these principles have been consistently applied in the preparation of the financial statements.

**New Accounting Pronouncements**

*Not-for-Profit Entities*

In June 2018, the FASB issued ASU 2018-08, “*Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*” (“ASU 2018-08”). The amendments in this standard should assist entities in 1) evaluating whether transactions should be accounted for as contributions (nonreciprocal transactions) within the scope of Topic 958, Not-for-Profit Entities, or as exchange (reciprocal) transactions subject to other guidance and 2) determining whether a contribution is conditional.

The amendment is effective for annual financial statements issued for fiscal years beginning after December 15, 2018, and for interim periods within fiscal years beginning after December 15, 2019. The Council has evaluated the impact of this guidance on its financial statements and was adopted in fiscal year 2020.

**SOCIETY OF ST. VINCENT DEPAUL  
COUNCIL OF NORTHERN KENTUCKY  
NOTES TO THE FINANCIAL STATEMENTS  
September 30, 2020 and 2019**

**NOTE 1 – DESCRIPTION OF COUNCIL AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**

**Use of Estimates**

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts during the reporting period and at the date of the financial statement. Actual results could differ from these estimates.

**Investments**

Investments in marketable securities with readily determinable fair values and all investments in debt securities are reported at their fair market values in the statement of financial position. Unrealized gains and losses are included in the change in net assets. The Council's change in net assets from unrealized gain (loss) on marketable securities was \$47,334 and \$(1,631) for the years ending September 30, 2020 and 2019, respectively. These effects are included in changes in unrestricted net assets, because the gains and losses are unrestricted. Accrued interest income was \$2,594 and \$2,966 at September 30, 2020 and 2019, respectively.

**Contributed Services**

During the years ended September 30, 2020, and 2019, the value of contributed services meeting the requirements for recognition in the financial statements was not material and has not been recorded. In addition, many individuals volunteer their time and perform a variety of tasks that assist the Council at the operations office, but these services do not meet the criteria for recognition as contributed services. The Council received more than 28,000 (unaudited) and 33,000 (unaudited) volunteer hours for the years ending September 30, 2020 and 2019, respectively.

**Cash and Cash Equivalents**

The Council considers all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents.

**Restricted Cash**

The Council has cash held with restrictions at a credit union to be used as security for loans made under a microloan program. The Council maintains restricted cash related to their Butler Matching grants and new Campbell County location.

**SOCIETY OF ST. VINCENT DEPAUL  
COUNCIL OF NORTHERN KENTUCKY  
NOTES TO THE FINANCIAL STATEMENTS  
September 30, 2020 and 2019**

**NOTE 1 – DESCRIPTION OF COUNCIL AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**

**Inventories**

In 2020, the Council started to record donations of food pantry inventory items using bulk pricing data. The inventory was valued at \$8,640 at year end.

**Property and Equipment**

Property, plant and equipment are recorded at original cost. Depreciation is claimed on straight-line and double declining methods over the estimated useful life of assets that range from three to forty years. Repairs and maintenance items that do not extend the useful life of the asset are expensed as incurred. The Council's policy is to capitalize assets purchased at a cost of \$2,000 or greater. Donations of property and equipment are recorded as support at their estimated fair value.

**Income Taxes**

The Council is exempt from federal and state income taxes under the provisions of IRC 501 (c)(3).

**Compensated Absences**

Employees are entitled to paid vacations, sick days, and personal days off, depending on job classification, length of service, and other factors. It is impractical to estimate the amount of compensation for future absences, and accordingly, no liability has been recorded in the accompanying financial statements. It is the Council's policy to recognize the cost of compensated absences when actually paid.

**Restricted and Unrestricted Support and Revenue**

Contributions received are recorded as net assets with donor restrictions or net assets without donor restrictions, depending on the existence and/or nature of any donor restrictions. Support that is restricted by the donor is reported as an increase in net assets without donor restriction if the restriction expires in the reporting period in which the support is recognized. All other donor-restricted support is reported as an increase with donor restrictions. When restrictions expire (that is, when a stipulated time restriction ends or purpose restriction is accomplished), assets with donor restrictions are reclassified to net assets without donor restriction and reported in the statement of activities as net assets released from restrictions, see Note 13 for further details.

**Reclassifications**

Certain amounts in the prior period presented have been reclassified to conform to the current period financial statement presentation. These reclassifications have no effect on previously reported change in net assets.

**SOCIETY OF ST. VINCENT DEPAUL  
COUNCIL OF NORTHERN KENTUCKY  
NOTES TO THE FINANCIAL STATEMENTS  
September 30, 2020 and 2019**

**NOTE 2 – FAIR VALUE MEASUREMENTS**

GAAP defines fair value, establishes a framework for measuring fair value, and establishes a fair value hierarchy that prioritizes the inputs to valuation techniques. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. A fair value measurement assumes that the transaction to sell the asset or transfer the liability occurs in the principal market for the asset or liability or, in the absence of a principal market, the most advantageous market. Valuation techniques that are consistent with the market, income or cost approach are used to measure fair value.

The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3) described below:

Level 1 – Inputs to the valuation methodology are quoted prices (unadjusted) for identical assets or liabilities in active markets.

Level 2 – Inputs to the valuation methodology include quoted prices for similar assets and liabilities in active markets, and inputs that are observable for the asset or liability, either directly or indirectly, for substantially the full term of the financial instrument.

Level 3 – Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

A financial instrument's categorization within the valuation hierarchy is based upon the lowest level of input that is significant to the fair value measurement. Following is a description of the valuation methodologies used for instruments measured at fair value on a recurring basis, as well as the general classification of such instruments pursuant to the valuation hierarchy:

*Mutual funds and exchange traded funds:* Level 1 securities valued at the net asset value (NAV) of shares held by the Council at year end.

*Corporate bonds and Bond funds:* Level 2 securities include corporate debt securities. The fair value measurement is obtained from an independent pricing service and is based on recent sales of similar securities and other observable market data. The fair value measurement of a Level 3 security is based on a discounted cash flow model that incorporates assumptions market participants would use to measure the fair value of the security.

**SOCIETY OF ST. VINCENT DEPAUL  
COUNCIL OF NORTHERN KENTUCKY  
NOTES TO THE FINANCIAL STATEMENTS  
September 30, 2020 and 2019**

**NOTE 2 – FAIR VALUE MEASUREMENTS (CONT'D)**

The following table provides information by level for assets and liabilities that are measured at fair value, on a recurring basis at September 30, 2020 and 2019, respectively:

<b>September 30, 2020</b>	<b><i>Fair Value Measurements Using Inputs Considered As</i></b>			
<b>Description</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
<i>Assets (Investments):</i>				
Exchange Traded Funds	\$ 227,549	\$ -	\$ -	\$ 227,549
Money Market	195,135	-	-	195,135
Corporate Bonds	-	238,977	-	238,977
<b>Total Assets (Investments):</b>	<b>\$ 422,684</b>	<b>\$ 238,977</b>	<b>\$ -</b>	<b>\$ 661,661</b>

<b>September 30, 2019</b>	<b><i>Fair Value Measurements Using Inputs Considered As</i></b>			
<b>Description</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
<i>Assets (Investments):</i>				
Exchange Traded Funds	\$ 248,585	\$ -	\$ -	\$ 248,585
Money Market	-	-	-	-
Corporate Bonds	-	283,583	-	283,583
<b>Total Assets (Investments):</b>	<b>\$ 248,585</b>	<b>\$ 283,583</b>	<b>\$ -</b>	<b>\$ 532,168</b>

Level 1 securities include securities valued at quoted market prices in active markets. If quoted market prices are not available, then fair values are estimated by using pricing models, quoted prices of securities with similar characteristics, or discounted cash flows and would generally be classified within Level 2 of the valuation hierarchy. In certain cases where there is limited activity and less transparency around inputs to valuation, securities are classified within Level 3 of the hierarchy. There were no transfers between Level 1, Level 2 or Level 3 investments for the year ended September 30, 2020 and 2019.

The preceding methods described may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, although the Council believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.



**SOCIETY OF ST. VINCENT DEPAUL  
COUNCIL OF NORTHERN KENTUCKY  
NOTES TO THE FINANCIAL STATEMENTS  
September 30, 2020 and 2019**

**NOTE 3 – INVESTMENTS**

Investment income is comprised of the following:

	<u>2020</u>	<u>2019</u>
Dividends and interest	\$ 14,173	\$ 17,039
Realized and unrealized gain (loss)	<u>31,665</u>	<u>(4,486)</u>
Gross investment income	45,838	12,553
Less investment expenses	<u>4,277</u>	<u>4,230</u>
Net investment income	\$ <u>41,561</u>	\$ <u>8,323</u>

The cost of securities sold is based on the specific identification method and the realized gain or loss is determined and recognized at the trade date of the sale. Interest and dividend income is accrued through the date of the financial statements and includes the amortization of premium and accretion of discount on bonds. Interest income is recognized when earned while dividends are recognized when declared.

Management regularly reviews its investment portfolio to evaluate the necessity of recording impairment losses for other-than-temporary declines in the fair value of investments. A number of criteria are considered during this process including, but not limited to, the current fair value as compared to amortized cost or cost, the length of time the security has been below amortized cost or cost, and by how much, specific credit issues and future prospects relating to the issuer, and current economic conditions.

Other-than-temporary impairment losses result in a permanent reduction of the cost basis of the underlying investment. Impairment losses recognized for declines in the fair value of invested assets judged to be other-than-temporary are included in investment income. Management has not recognized any other-than-temporary declines during the years ended September 30, 2020 and 2019.

The Council invests in various marketable securities, exchange traded funds and corporate bonds. These securities are exposed to various risks such as interest rate changes, market and credit risks. Due to the level of risk associated with certain securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect total unrestricted net assets and change in unrestricted net assets.

**SOCIETY OF ST. VINCENT DEPAUL  
COUNCIL OF NORTHERN KENTUCKY  
NOTES TO THE FINANCIAL STATEMENTS  
September 30, 2020 and 2019**

**NOTE 4 - INCOME TAXES**

The Council is not aware of any tax positions that require recording of unrecognized tax liabilities along with related interest or penalties as of September 30, 2020. The Council's policy with regard to interest or penalties on such benefits is to record them as part of tax expense.

**NOTE 5 - ADVERTISING**

The Council expenses all advertising and promotional costs when incurred.

**NOTE 6 – PROPERTY AND EQUIPMENT**

The Council has computed depreciation on fixed assets using both straight-line and accelerated methods over the estimated useful lives of the respective assets. Property and equipment as of September 30 is summarized below:

	<u>2020</u>	<u>2019</u>
Land	\$ 66,764	\$ 66,764
Building	259,845	259,845
Building improvements	495,999	385,732
Furniture and fixtures	142,894	133,109
Transportation equipment	351,628	351,628
Machinery and equipment	<u>67,367</u>	<u>67,366</u>
Total at cost	1,384,497	1,264,444
Less: Accumulated depreciation	<u>(939,569)</u>	<u>(880,597)</u>
Property and equipment, net	\$ <u>444,928</u>	\$ <u>343,847</u>

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**NOTE 7 – NOTES PAYABLE**

Long-term debt consists of the following:

	<u>2020</u>	<u>2019</u>
Notes payable issued under the Payroll Protection Program with interest at 1%, issued April 14, 2020. Interest is deferred for the first six months of the note. Principal and interest payable in monthly installments beginning July 29, 2021. Note matures April 14, 2022, pending loan forgiveness.	<u>\$ 275,000</u>	<u>          -</u>
Less current maturities	<u>      275,000</u>	<u>          -</u>
	<u>\$          -</u>	<u>          -</u>

As of January 29, 2021, the Council has applied for loan forgiveness and believes the entire balance of the loan will be forgiven in the 2021 fiscal year.

**NOTE 8 - SIGNIFICANT CONCENTRATIONS OF CREDIT RISK**

Financial instruments that potentially subject the Council to concentrations of credit risk consist principally of cash in excess of FDIC limitations. The Council maintains cash balances at several financial institutions located in Kentucky. Accounts at each institution are insured by the Federal Deposit Insurance Company up to \$250,000. At September 30, 2020 and 2019, the Council's uninsured cash balances were \$357,332 and \$0, respectively.

Financial instruments that are held at brokerage firms are insured by the Securities Investor Protection Corporation (SIPC). From time to time, in the normal course of business, the Council maintains deposits in excess of the SIPC insurance limits.

The Council operates exclusively within the Northern Kentucky region.

**NOTE 9 – RELATED PARTY**

Society of St. Vincent DePaul, Council of Northern Kentucky is the revenue arm of the St. Vincent DePaul National Council. The charitable arms of the Council are termed conferences.

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**NOTE 9 – RELATED PARTY (CONT'D)**

The Diocesan Council of Northern Kentucky has numerous transactions with St. Vincent DePaul National Council and each of the related conferences in the Diocese of Covington. The Diocesan Council is a chapter of a parent entity named St. Vincent DePaul Society.

The Council paid dues, meeting expenses and contributions of \$14,352 and \$13,926 to the National Council and paid support of \$95,133 and \$91,335 to the member conferences for the years ended September 30, 2020 and 2019, respectively.

**NOTE 10 – DESIGNATION OF NET ASSETS WITHOUT DONOR RESTRICTION**

It is the policy of the Council's Board of Directors to periodically review the Council's needs and goals regarding needed repairs, improvements and renovations, equipment needs for the future. The Board may then designate appropriate sums of unrestricted net assets to assure adequate financing of such improvements and acquisitions.

**NOTE 11 – LEASE AGREEMENTS**

In January 2014, the Council entered into a lease agreement commencing in May, 2014 for a new outlet store in Florence, KY for a minimum term of five years to expire in April, 2019 with an option to renew an additional five years. The option to renew was exercised in January 2019, which is set to expire May 2024 with a option to renew for five additional years. The minimum monthly rent is \$5,000 plus estimated taxes, insurance and common area maintenance charges.

At September 30, 2020, future minimum commitments under these operating leases are as follows:

2021	\$ 60,000
2022	60,000
2023	60,000
2024	<u>40,000</u>
Total	<u>\$220,000</u>

Total rent expense for these operating leases amounted to \$88,172 and \$89,754 for the fiscal years ended 2020 and 2019, respectively.

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**NOTE 12 – DEFINED CONTRIBUTION PLAN**

The Council has a 403(b) plan, whereby eligible regular and part time employees may elect to make deferrals pursuant to a salary reduction agreement upon meeting a 90 day length-of-service requirement. The Council may contribute an additional 25% discretionary match of each employee’s payroll deducted contribution to their plan account. For the years ended September 30, 2020 and 2019, the Council contributed \$6,570 and \$8,144, respectively.

**NOTE 13 – NET ASSETS WITH DONOR RESTRICTION**

Net assets with donor restriction at September 30, were available for the following purposes:

	<u>2020</u>	<u>2019</u>
Food Pantry	\$ 8,640	\$ 78,049
Micro Loan	45,005	-
Campbell County Store Fund	100,000	-
Butler Matching Grant	<u>17,595</u>	<u>55,095</u>
Total net assets with donor restriction	<u>\$ 171,240</u>	<u>\$ 133,144</u>

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purpose or by occurrence of other events specified by donors. Net assets with donor restrictions were released and used for the following purposes:

	<u>2020</u>	<u>2019</u>
Food Pantry	\$ 78,415	\$ 2,975
Butler Matching Grant	<u>104,995</u>	<u>94,905</u>
Total net assets with donor restriction released	<u>\$ 183,410</u>	<u>\$ 97,880</u>

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**NOTE 14 – LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS**

The following reflects the Council’s financial assets as of the statement of financial position date, reduced by the amounts not available for general use because of contractual or donor-imposed restrictions within one year of the statement of financial position date.

	<u>2020</u>	<u>2019</u>
Financial assets at year-end	\$1,307,748	\$722,931
Less those unavailable for general expenditures within one year, due to:		
Donor-restricted for expenditures	<u>171,240</u>	<u>133,144</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$1,136,508</u>	<u>\$ 589,787</u>

**NOTE 15 – SUBSEQUENT EVENTS**

The Council’s policy with regard to subsequent events is that management evaluates both recognizable and non-recognizable events and determines their significance to the financial statements. Management’s review of subsequent events has been evaluated through January 29, 2021, which is the date the financial statements were available to be issued.

Subsequent to year end, the Coronavirus (COVID-19) has affected the Council’s operating area. Governments worldwide are reacting to the pandemic through emergency measures which include travel bans, closing all non-essential businesses for an undetermined length of time, self-imposed quarantines, and social distancing. These measures have led to disruptions in supply chains including the prioritization of essential grocery and medical supplies. Governments are enacting monetary and fiscal interventions to limit the economic impact of this pandemic. At this time, it is too early to know how long this pandemic will last or the extent of its impact on the economy. Due to the uncertainty it is not possible to estimate the impact the pandemic will have on the Council. The Council is responding to the situation to protect its employees and customers while limiting as much as possible the impact on its operations