

**CENTRAL COUNCIL OF THE  
SOCIETY OF ST. VINCENT DE PAUL  
IN THE DIOCESE OF ROCKVILLE CENTRE, INC.**

**Financial Statements**

**September 30, 2020**

**CENTRAL COUNCIL OF THE  
SOCIETY OF ST. VINCENT DE PAUL  
IN THE DIOCESE OF ROCKVILLE CENTRE, INC.**

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September 30, 2020**

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Independent Auditor's Report

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# DEMARCO & NESI<sub>LLC</sub>

CERTIFIED PUBLIC ACCOUNTANTS

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## **INDEPENDENT AUDITOR'S REPORT**

To the Board of Directors  
Central Council of the  
Society of St. Vincent de Paul  
In the Diocese of Rockville Centre, Inc.

We have audited the accompanying financial statements of the Central Council of the Society of St. Vincent de Paul in the Diocese of Rockville Centre, Inc., (a nonprofit organization), which comprise the statement of financial position as of September 30, 2020, and the related statements of activities, functional expenses and cash flows for the year 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 audit. We conducted our audit 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 entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of

expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

### **Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Central Council of the Society of St. Vincent de Paul in the Diocese of Rockville Centre, Inc., as of September 30, 2020, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### **Report on Summarized Comparative Information**

We have previously audited the Central Council of the Society of St. Vincent de Paul in the Diocese of Rockville Centre, Inc., 2019 financial statements and we expressed an unmodified opinion on those audited financial statements in our report dated December 20, 2019. In our opinion, the summarized comparative information presented herein as of and for the year ended September 30, 2019, is consistent, in all material respects, with the audited financial statements from which it has been derived.



Garden City, New York

January 8, 2021

**CENTRAL COUNCIL OF THE SOCIETY OF ST. VINCENT DE PAUL  
IN THE DIOCESE OF ROCKVILLE CENTRE, INC.**

**Statement of Financial Position**

**September 30, 2020  
(with comparative financial information as of  
September 30, 2019)**

**Assets**

	<u>2020</u>	<u>2019</u>
Cash and cash equivalents	\$ 333,426	\$ 770,564
Investments	2,164,925	1,809,489
Accounts receivable	33,956	127,532
Inventory	486,438	395,956
Prepaid expenses	105,129	94,029
Land, buildings and equipment, net	<u>2,982,993</u>	<u>3,146,568</u>
 Total Assets	 <u><u>\$ 6,106,867</u></u>	 <u><u>\$ 6,344,138</u></u>

**Liabilities and Net Assets**

Liabilities		
Accounts payable	\$ 94,603	\$ 56,383
Accrued expenses	14,074	75,693
Accrued compensated absences	228,999	186,841
Deferred grant revenue	51,029	92,212
Mortgage payable, net of deferred mortgage finance costs	<u>775,756</u>	<u>970,192</u>
 Total liabilities	 <u><u>1,164,461</u></u>	 <u><u>1,381,321</u></u>
 Commitments and contingencies		
Net assets		
Without donor restrictions	4,942,406	4,962,817
With donor restrictions	<u>-</u>	<u>-</u>
 Total net assets	 <u><u>4,942,406</u></u>	 <u><u>4,962,817</u></u>
 Total liabilities and net assets	 <u><u>\$ 6,106,867</u></u>	 <u><u>\$ 6,344,138</u></u>

See accompanying notes to financial statements.

**CENTRAL COUNCIL OF THE SOCIETY OF ST. VINCENT DE PAUL  
IN THE DIOCESE OF ROCKVILLE CENTRE, INC.**

**Statement of Activities  
Year ended September 30, 2020**

(with summarized financial information for the  
year ended September 30, 2019)

	Without Donor <u>Restrictions</u>	With Donor <u>Restrictions</u>	2020 <u>Totals</u>	2019 <u>Totals</u>
Revenue and other support				
Stores income	\$ 4,293,924	\$ -	\$ 4,293,924	\$ 6,139,219
Government and foundation grants	882,115	184,861	1,066,976	129,679
Public support-contributions	276,629	52,606	329,235	251,440
Bequests	137,164	-	137,164	246,382
Vincian development income	59,732	-	59,732	67,940
Net investment income	218,566	-	218,566	56,021
Special event, net	26,155	-	26,155	64,843
Other income	366,911	-	366,911	4,429
Net assets released from restrictions	<u>237,467</u>	<u>(237,467)</u>	<u>-</u>	<u>-</u>
Total revenue and other support	<u>6,498,663</u>	<u>-</u>	<u>6,498,663</u>	<u>6,959,953</u>
Expenses				
Program services				
Stores expenses	4,328,906	-	4,328,906	4,533,501
Vincian development & community programs	598,202	-	598,202	550,226
Anthony House	-	-	-	14,962
Dismas house	217,071	-	217,071	237,061
Total program services	<u>5,144,179</u>	<u>-</u>	<u>5,144,179</u>	<u>5,335,750</u>
Supporting services				
Management and general	1,148,096	-	1,148,096	1,070,372
Fundraising	226,799	-	226,799	241,242
Total supporting services	<u>1,374,895</u>	<u>-</u>	<u>1,374,895</u>	<u>1,311,614</u>
Total expenses	<u>6,519,074</u>	<u>-</u>	<u>6,519,074</u>	<u>6,647,364</u>
Change in net assets	<u>(20,411)</u>	<u>-</u>	<u>(20,411)</u>	<u>312,589</u>
Net assets, beginning of year	<u>4,962,817</u>	<u>-</u>	<u>4,962,817</u>	<u>4,650,228</u>
Net assets, end of year	<u>\$ 4,942,406</u>	<u>\$ -</u>	<u>\$ 4,942,406</u>	<u>\$ 4,962,817</u>

See accompanying notes to financial statements.

**CENTRAL COUNCIL OF THE SOCIETY OF ST. VINCENT DE PAUL  
IN THE DIOCESE OF ROCKVILLE CENTRE, INC.**

**Statement of Functional Expenses**

**Year ended September 30, 2020  
(with summarized financial information for the  
year ended September 30, 2019)**

	Program Services			Supporting Services			2020 Totals	2019 Totals	
	Direct Costs	Vincentian & Community Development Programs	Dismas House	Total Program Services	Management & General	Fund Raising			Total Supporting Services
Salaries	\$ 2,346,340	\$ 169,539	\$ 139,727	\$ 2,655,606	\$ 678,086	\$ 117,969	\$ 796,055	\$ 3,451,661	\$ 3,173,398
Payroll taxes and employee benefits	583,572	41,602	42,907	668,081	160,144	31,801	191,945	860,026	827,131
Utilities	68,714	-	8,323	77,037	15,424	-	15,424	92,461	114,490
Repairs and maintenance	80,515	-	2,159	82,674	14,175	-	14,175	96,849	112,273
Purchases	105,864	-	-	105,864	-	-	-	105,864	263,924
Supplies	75,783	1,200	614	77,597	20,250	379	20,629	98,226	95,123
Truck expenses and hauling fees	352,299	-	-	352,299	-	-	-	352,299	381,336
Licenses and permits	4,455	165	284	4,904	4,806	1,718	6,524	11,428	13,645
Computer, telephone and office expenses	61,115	2,222	9,775	73,112	92,725	58,473	151,198	224,310	231,861
Auto	2,373	2,044	899	5,316	4,211	35	4,246	9,562	10,045
Insurance	85,428	5,776	9,636	100,840	50,507	-	50,507	151,347	146,632
Professional fees	-	-	-	-	38,823	-	38,823	38,823	35,380
Advertising and public relations	42,785	-	-	42,785	2,518	15,797	18,315	61,100	63,567
Equipment rentals	14,240	-	-	14,240	13,092	-	13,092	27,332	25,205
Interest	59,215	-	-	59,215	-	-	-	59,215	69,391
Credit card charges and bank fees	29,555	-	-	29,555	3,538	-	3,538	33,093	37,452
Depreciation	139,525	-	1,693	141,218	38,196	-	38,196	179,414	176,744
Meetings and conventions	10,383	6,858	1,054	18,295	11,601	627	12,228	30,523	73,938
Conference support	-	111,725	-	111,725	-	-	-	111,725	183,634
Family assistance	266,745	241,574	-	508,319	-	-	-	508,319	596,796
Training and development expenses	-	15,497	-	15,497	-	-	-	15,497	15,399
	<u>\$ 4,328,906</u>	<u>\$ 598,202</u>	<u>\$ 217,071</u>	<u>\$ 5,144,179</u>	<u>\$ 1,148,096</u>	<u>\$ 226,799</u>	<u>\$ 1,374,895</u>	<u>\$ 6,519,074</u>	<u>\$ 6,647,364</u>

See accompanying notes to financial statements.

**CENTRAL COUNCIL OF THE SOCIETY OF ST. VINCENT DE PAUL  
IN THE DIOCESE OF ROCKVILLE CENTRE, INC.**

**Statement of Cash Flows**

**Year ended September 30, 2020  
(with comparative financial information for the  
year ended September 30, 2019)**

	<u>2020</u>	<u>2019</u>
Cash flows from operating activities		
Change in net assets	\$ (20,411)	\$ 312,589
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities		
Depreciation	179,413	176,743
Amortization of mortgage closing costs	16,340	16,340
Net realized and unrealized (gains)/losses on investments	(230,435)	(49,096)
Gain on disposal of fixed assets	(366,911)	-
Changes in assets and liabilities		
Accounts receivable	93,576	16,945
Grant receivable	-	39,535
Prepaid expenses	(11,100)	4,976
Inventory	(90,482)	(51,656)
Accounts payable	38,220	(40,050)
Accrued expenses	(61,619)	33,501
Accrued compensated absences	42,158	17,536
Deferred grant	(41,183)	92,212
	<u>(432,023)</u>	<u>256,986</u>
Net cash provided by operating activities	<u>(452,434)</u>	<u>569,575</u>
Cash flows from investing activities		
Proceeds from sale of investments	550,000	442,233
Payments to acquire investments	(675,000)	(595,247)
Payments to acquire fixed assets	(26,608)	(158,250)
Proceeds from sale of fixed assets	377,680	12,571
Net cash provided by (used in) investing activities	<u>226,072</u>	<u>(298,693)</u>
Cash flows from financing activities		
Repayment of mortgage payable	<u>(210,776)</u>	<u>(200,600)</u>
Net cash used in financing activities	<u>(210,776)</u>	<u>(200,600)</u>
Net increase in cash	(437,138)	70,282
Cash, beginning of year	<u>770,564</u>	<u>700,282</u>
Cash, end of year	<u>\$ 333,426</u>	<u>\$ 770,564</u>

See accompanying notes to financial statements.



**CENTRAL COUNCIL OF THE  
SOCIETY OF ST. VINCENT DE PAUL  
IN THE DIOCESE OF ROCKVILLE CENTRE, INC.**

**Notes to Financial Statements  
September 30, 2020**

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Note 1 - Nature of Activities and Summary of Significant Accounting Policies

Nature of Activities

The purpose of the Central Council of the Society of St. Vincent de Paul in the Diocese of Rockville Centre, Inc., (the Society) is to service the poor and needy in any way possible. No act of charity is foreign to the Society. Most services are provided on an emergency basis and include cash grants for shelter and for other necessities. The Society is supported primarily through its thrift stores income, government and foundation grants and public contributions.

Basis of Accounting

The financial statements of the Society have been prepared on the accrual basis of accounting and accordingly reflect all significant receivables, payables and other liabilities.

Basis of Presentation

The accompanying financial statements have been prepared in accordance with the Not-for-Profit Entities Topic of the Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 958-205 and subsections.

This Topic establishes standards for general-purpose external financial statements of not-for-profit organizations, including a statement of financial position, statement of activities and statement of cash flows. Under the provisions of this Topic, net assets and revenues, expenses, gains and losses are classified based on the existence or absence of externally donor-imposed restrictions. Accordingly, net assets of the Society and changes therein are classified as follows:

Net Assets without Donor Restrictions - Net assets that are not subject to donor-imposed stipulations. Net assets without donor restrictions may be designated for specific purposes by action of the Board of Directors.

Net Assets with Donor Restrictions - Net assets whose use is limited by law or donor-imposed stipulations. Some donor-imposed restrictions are temporary in nature, such as those that will either expire with the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both.

### 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 the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Accordingly, actual results could differ from those estimates.

### Inventory

Inventory, which is principally composed of donated clothing and furniture, is carried in the accounts at the market value of thrift shop merchandise.

### Land, Buildings and Equipment

The Society capitalizes all expenditures for property and equipment in excess of \$2,500.

Land, buildings and equipment are recorded at cost when purchased. Donated assets are recorded at fair value at the time of donation.

Provision for depreciation has been computed on the straight line method at rates based upon the estimated useful lives of the various classes of assets. The principal estimated useful lives by class of assets, with the exception of leasehold improvements are as follows:

Buildings	25 - 40 years
Equipment	3 - 10 years
Building improvements	10 years

Expenditures for maintenance and repairs are charged to operating expenses as incurred, and the cost of renewals and betterments are capitalized.

The cost and accumulated depreciation and amortization with respect to assets sold or otherwise disposed of are eliminated from the asset and related accumulated depreciation accounts, and any resulting profit or loss is reflected in current operations.

### Revenue Recognition

The Society reports revenues and gifts of cash and other assets as restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, the restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

Donor-restricted contributions whose restrictions are met within the same year as received are reflected as unrestricted contributions in the accompanying financial statements.

### Income Tax Status

The Society is exempt from federal income tax under Section 501(a) of the Internal Revenue Code as an organization described in Section 501(c)(3) and a similar provision under New York State income tax laws. The Society has also been classified as an entity that is not a private foundation within the meaning of Section 509(a) and qualifies for deductible contributions as provided in Section 170(b)(1)(A)(ii). The Society is subject to income taxes only on net unrelated business income. The Society had no unrelated business income for the year ended September 30, 2020.

The Society has adopted the provisions of FASB ASC 740-10-25, which requires that a tax position be recognized or derecognized based on a “more likely than not” threshold. This applies to positions taken or expected to be taken in a tax return. The Society does not believe its financial statements include any uncertain tax positions. The Society is no longer subject to examination by the Internal Revenue Service for years prior to September 30, 2016.

### Expense Allocation

The costs of providing various programs and other activities have been summarized on a program basis in the statement of activities and in a category basis in the statement of functional expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefitted.

### Cash Flows

Cash paid for interest was \$42,875 for the year ended September 30, 2020. In addition, amortization of deferred mortgage financing costs of \$16,340 is also included in interest expense in accordance with ASU 2015-3. Total interest expense was \$59,215 for the year ended September 30, 2020.

### Recently Issued Accounting Pronouncements

In February, 2016, FASB issued ASU 2016-02, Leases. ASU 2016-02 requires entities to recognize all leased assets as assets on the statement of financial position with a corresponding liability resulting in a gross up of the statement of financial position. Entities will also be required to present additional disclosures regarding the nature and extent of leasing activities. The effective date of ASU 2016-02 has been amended for nonpublic business entities for fiscal year reporting period beginning after December 15, 2021. The requirements of this statement are effective for the Society for the year ending September 30, 2023. The Society has not evaluated the impact of this statement.

### Deferred Mortgage Financing Costs

Deferred mortgage financing costs are being amortized over the ten year term of the mortgage note. Annual amortization is reported as interest expense in accordance with ASU 2015-3.

### Comparative Data

The financial statements include certain prior-year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with the Society's financial statements for the year ended September 30, 2019, from which the summarized information was derived.

Certain prior year amounts have been reclassified to conform to the current year's financial statement presentation.

## Note 2 - Land, Building and Equipment

Fixed assets of the Society at cost, and accumulated depreciation, are summarized as follows:

Land	\$1,337,117
Buildings and improvements	5,175,082
Equipment	<u>723,575</u>
	7,235,774
Less, accumulated depreciation	<u>4,252,781</u>
Land, building and equipment, net	<u>\$2,982,993</u>

Depreciation expense for the year ending September 30, 2020 is \$179,414.

In November 2019, the Society sold one of its properties, Anthony House. The sale of this property resulted in income of \$366,911.

## Note 3 - Pension Plan

The Society has a non-contributory defined contribution pension plan which covers substantially all employees. Employees become eligible to participate and are fully vested after two years of employment. Contributions to the plan are based upon the base salary paid to each employee. The Society funds the plan on a current basis. Pension expense for the year ended September 30, 2020 is \$181,394.

The Society also sponsors a tax deferred annuity plan. The plan is funded solely through employee contributions. All contributions are funded on a current basis.

## Note 4 - Special Event

The Society's annual golf outing did not take place in 2020 due to the COVID-19 pandemic shutdowns. The Society raised \$27,500 related to the outing for the year ending September 30, 2020. Expenses for the golf outing amounted to \$1,345.

Note 5 - Mortgage Payable

The Society has a mortgage payable with an outstanding balance of \$830,761 at September 30, 2020. The note is payable in monthly installments of \$14,888 including interest of 4.5%. In addition, the Society may make an optional payment of \$75,000 annually without penalty. The note matures on August 23, 2023, and any outstanding balance is due with a balloon payment. The note is collateralized by a mortgage and security agreement on property located in Huntington, New York. Loan acquisition costs of \$157,686 were incurred in obtaining the mortgage. These costs are being amortized over the ten year term of the note.

The maturity of the mortgage note over the next three years and in the aggregate is as follows:

<u>Year Ending</u> <u>September</u>	
2021	144,229
2022	154,007
2023	<u>532,525</u>
Total mortgage principal	830,761
Less: Deferred mortgage finance costs, net of amortization of \$102,680 at September 30, 2020	<u>55,005</u>
Mortgage payable, net of deferred mortgage finance costs	<u>\$ 775,756</u>

Note 6 - Commitments and Contingencies

The Society leases trucks and office equipment under operating leases expiring in various years through January 2026. The Society is responsible for excessive wear and tear to the vehicles at the end of the lease.

Minimum future lease payments for each of the next five years and in the aggregate are as follows:

<u>Fiscal Year</u> <u>Ended</u>	<u>Amount</u>
9/30/21	\$243,146
9/30/22	167,549
9/30/23	167,549
9/30/24	149,837
9/30/25	76,083
Thereafter	<u>12,866</u>
Total minimum future rental payments	<u>\$817,030</u>

Total leasing expense for the year ending September 30, 2020, was \$267,188.

Note 7 - Concentration of Credit Risk

At September 30, 2020, the Society had cash deposits within the federally insured limits.

Note 8 - Subsequent Events

Date of Management Evaluation

Management has evaluated subsequent events through January 8, 2021, the date on which the financial statements were available to be issued. The Society is not aware of any subsequent events that would require recognition or disclosure in the accompanying financial statements.

Note 9 - Net Assets Released From Restrictions

The following donor-restricted net assets were released from donor restrictions by incurring expenses which satisfied the restricted purposes specified by the donors or by the implementation of ASU 2018-08:

Community programs	\$ 52,606
Emergency food and shelter program	<u>184,861</u>
	<u>\$237,467</u>

Note 10 - Separate Cash Accounts

All funds awarded to the Society under the Emergency Food and Shelter Program are held in separate cash accounts.

Note 11 - Compensated Absences

Employees earn varying amounts of vacation and sick leave in accordance with the Society's personnel policy. Upon termination, employees are paid for accrued vacation and sick pay under certain guidelines. The Society accrues costs incurred for vacation and sick leave as obligations of unrestricted net assets. At September 30, 2020, the Society had an accrual for compensated absences of \$228,999.

Note 12 - Investments

Investments at fair market value consisted of the following at September 30, 2020:

Mutual funds	\$ 1,396,533
Fixed income securities	<u>768,392</u>
	<u>\$ 2,164,925</u>

Net investment income for the year ended September 30, 2020, consisted of the following:

Interest income	\$ 68,089
Net unrealized gains	169,259
Management fees	<u>(18,782)</u>
	<u>\$ 218,566</u>



## Note 13 - Fair Value Measurements

Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 820, Fair Value Measurements and Disclosures, provides the framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques 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 measurements). The three levels of the fair value hierarchy under FASB ASC 820 are described as follows:

Level 1 Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Society has the ability to access.

Level 2 Inputs to the valuation methodology include:

- quoted prices for similar assets or liabilities in active markets;
- quoted prices for identical or similar assets or liabilities in inactive markets;
- inputs other than quoted prices that are observable for the asset or liability;
- inputs that are derived principally from or corroborated by observable market data by correlation or other means.

If the asset or liability has a specified (contractual) term, the level 2 input must be observable for substantially the full term of the asset or liability.

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

The asset or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of the observable inputs and minimize the use of unobservable inputs.

Following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used at September 30, 2020.

Mutual funds: Valued at the net asset value (NAV) of shares held by the Society at year end.

Fixed income securities: Valued at the closing price reported in the active market in which the individual securities are traded.

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 Society 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.

The following table sets forth by level, within the fair value hierarchy, the Society's assets at fair value as of September 30, 2020:

	Measured at NAV	Level 1	Level 2	Level 3	Total
Mutual funds	\$1,396,533	\$ -	\$ -	\$ -	\$ 1,396,533
Treasury bills	-	-	-	-	-
Fixed income securities	-	-	768,392	-	768,392
Total investments at fair value	<u>\$1,396,533</u>	<u>\$ -</u>	<u>\$768,392</u>	<u>\$ -</u>	<u>\$ 2,164,925</u>

Note 14 - Net Assets

Net assets without donor restrictions are available for the following purposes:

Undesignated	\$4,942,406
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Note 15 - Liquidity and Availability

The Society has \$2,481,278 of financial assets available within one year of the statement of financial position date. The accounts receivable balance primarily consists of receivables for wholesale clothing which will be collected within one year. As part of the Society's liquidity management, they invest in mutual funds, fixed income securities and treasury bills.

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the statement of financial position date, comprise the following:

Cash and cash equivalents	\$ 333,426
Investments	2,164,925
Accounts receivable	33,956
Less: restricted by donors with purpose or time restrictions	<u>(51,029)</u>
Total available for general expenditures	<u>\$ 2,481,278</u>

Note 16 - Expense Allocation

The financial statements report certain categories of expenses that are attributed to more than one program service or support activity. Therefore, these expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include insurance, advertising, travel and meetings and expense related to various individuals' salaries, benefits, payroll taxes. These expenses are allocated on a basis determined annually based on actual time spent on the different program services, supporting activities and thrift stores.

Note 17 - Paycheck Protection Program Loan

On April 17, 2020, the Society entered into a loan agreement and promissory Note (collectively the "PPP Loan") with Flushing Bank pursuant to the Paycheck Protection Program under the Coronavirus Aid, Relief, and Economic Security Act ("CARES Act") administered by the U.S. Small Business Administration. The Society received total proceeds of \$797,115.

The PPP Loan is scheduled to mature on April 17, 2022 and has an interest rate of 1.00% annum and is subject to the terms and conditions applicable to loans administered by the U.S. Small Business Administration under the CARES Act. Subject to certain conditions, the PPP Loan may be forgiven in whole or in part by applying for forgiveness pursuant to the CARES Act and the PPP. The amount of loan proceeds

eligible for forgiveness is based on a formula based on a number of factors, including the amount of loan proceeds used by the Society during the 24-week period after the loan origination for certain purposes, including payroll costs, rent payments on certain leases and certain qualified utility payments, provided that, among other things, at least 60% of the loan amount is used for eligible payroll costs, the employer maintaining or rehiring employees and maintaining salaries at certain level.

In accordance with the requirements of the CARES Act and the Paycheck Protection Program, the Society used the proceeds from the PPP Loan for payroll costs. The Society intends to apply for forgiveness of the PPP Loan during the fourth quarter of 2020. While there can be no assurance that the Society will be granted forgiveness of the PPP Loan in whole or in part, based on the criteria for forgiveness by the U.S. Small Business Administration it is likely the loan will be forgiven in its entirety.