National Council of the United States, Society of St. Vincent de Paul, Inc. and Subsidiaries

Consolidated Financial Statements

Year Ended September 30, 2018

National Council of the United States, Society of St. Vincent de Paul, Inc. and Subsidiaries

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Contents

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Independent Auditor's Report

To the Board of Directors
National Council of the United States, Society
of St. Vincent de Paul, Inc. and Subsidiaries

We have audited the accompanying consolidated financial statements of the National Council of the United States, Society of St. Vincent de Paul, Inc. and Subsidiaries (collectively, the "Society"), which comprise the consolidated statement of financial position as of September 30, 2018, and the related consolidated statement of activities, functional expenses, and cash flows for the year then ended, and the related notes to the consolidated financial statements.

Management's Responsibility for the Financial Statements

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the 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 consolidated financial statements.

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

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of the Society as of September 30, 2018, and the changes in its net assets, functional expenses, and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As described in Note 2 to the consolidated financial statements, during fiscal 2018 the Society adopted ASU 2018-08, Not-for-Profit Entities (Topic 958), *Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. Our opinion on the 2018 consolidated financial statements is not modified with respect to this matter.

Other Matter - Prior Period Financial Statements

The 2017 consolidated financial statements of the National Council of the United States, Society of St. Vincent de Paul, Inc. and Subsidiaries were audited by other auditors, whose report dated January 26, 2018, expressed an unmodified opinion on those consolidated financial statements.

BDO USA, LLP

St. Louis, Missouri
August 12, 2019

Consolidated Financial Statements

National Council of the United States, Society of St. Vincent de Paul, Inc. and Subsidiaries

Consolidated Statement of Financial Position

September 30,		2018
Current Assets		
Cash and cash equivalents	$	3,744,999
Investments		5,750,066
Accounts receivable, net		240,221
Grants receivable		335,632
Unbilled grant receivable		1,069,090
Inventory		439,325
In-kind future lease benefit		289,800
Prepaid expenses and other current assets		235,000
Total Current Assets		12,104,133
Noncurrent Assets		
Property and equipment, net		797,906
Intangibles, net		3,713
Assets held under split-interest agreements		79,408
Total Noncurrent Assets		881,027
Total Assets	$	12,985,160
Current Liabilities		
Accounts payable	$	854,439
Accrued salaries and payroll taxes		83,748
Escrow funds		858,062
Deferred revenue		23,134
Total Current Liabilities		1,819,383
Other Liabilities		
Liabilities under split-interest agreements		65,571
Total Liabilities	$	1,884,954
Net Assets		
Unrestricted		3,391,139
Temporarily restricted		7,709,067
Total Net Assets		11,100,206
Total Liabilities and Net Assets	$	12,985,160

See accompanying notes to the consolidated financial statements.

National Council of the United States, Society of St. Vincent de Paul, Inc. and Subsidiaries

Consolidated Statement of Activities

	2018		
Year ended September 30,	Unrestricted	Temporarily restricted	Total
Support and Revenues			
Contributions	$ 2,790,118	$ 4,958,169	$ 7,748,287
Council solidarity	1,684,553	-	1,684,553
Private grants and contracts	9,544	1,440,341	1,449,885
Federal revenue	-	7,123,596	7,123,596
Publication and other sales	148,849	-	148,849
In-kind contributions	27,656	1,135,220	1,162,876
Investment income, net	85,023	20,547	105,570
Net gain on investments	44,369	20,756	65,125
Meeting income	296,032	-	296,032
Net assets released from restrictions:	10,948,241	(10,948,241)	-
Total Support and Revenues	16,034,385	3,750,388	19,784,773
Expenses			
Program activities	13,482,298	-	13,482,298
Membership development	238,311	-	238,311
Management and general	1,206,645	-	1,206,645
Fundraising	556,802	-	556,802
Total Expenses	15,484,056	-	15,484,056
Change in value of split-interest agreements	1,021	-	1,021
Change in Net Assets	549,308	3,750,388	4,299,696
Net Assets beginning of year as previously reported (Note 2)	3,111,679	3,688,831	6,800,510
Adjustment for adoption of new accounting principle (Note 2)	(269,848)	269,848	-
Net Assets, beginning of year -restated	2,841,831	3,958,679	6,800,510
Net Assets, end of year	$ 3,391,139	$ 7,709,067	$ 11,100,206

See accompanying notes to the consolidated financial statements.

National Council of the United States, Society of St. Vincent de Paul, Inc. and Subsidiaries

Consolidated Statement of Functional Expenses

	Program Services			Supporting Services				
Year Ended September 30, 2018	Disaster	Council And Conference Assistance	Total Program	Membership Development	Management And General	Fundraising	Total Support	Total
Personnel cost:								
Salaries and payroll taxes	$ 4,159,320	$ 942,561	$ 5,101,881	$ 116,300	$ 601,556	$ 232,758	$ 950,614	$ 6,052,495
Pension	100,991	65,078	166,069	8,164	113,930	16,340	138,434	304,503
Staff insurance	225,960	157,290	383,250	19,754	73,414	39,534	132,702	515,952
Total Personnel Costs	4,486,271	1,164,929	5,651,200	144,218	788,900	288,632	1,221,750	6,872,950
Accounting	-	-	-	-	51,981	-	51,981	51,981
Adminstration	415,736	45,959	461,695	3,547	9,022	19,327	31,896	493,591
Advertising	18,350	2,276	20,626	-	9,464	2,572	12,036	32,662
Computer maintenance	21,857	20,243	42,100	2	17,511	22,357	39,870	81,970
Depreciation and amortization	2,438	43,326	45,764	31,504	3,945	2,175	37,624	83,388
Dues and subscriptions	-	-	-	-	908	2,486	3,394	3,394
Grants and allocations	1,654,315	2,581,625	4,235,940	-	3,821	-	3,821	4,239,761
Insurance	28,127	14,361	42,488	1,789	18,811	2,374	22,974	65,462
Bad debt	-	18,373	18,373	-	-	-	-	18,373
International council	-	278,543	278,543	-	-	-	-	278,543
Legal fees	-	295,370	295,370	-	3,192	-	3,192	298,562
Materials for resale	-	139,393	139,393	-	-	-	-	139,393
Travel, meals and entertainment	357,971	465,139	823,110	42,598	122,031	13,131	177,760	1,000,870
Meetings	-	396,228	396,228	184	4,525	2,013	6,722	402,950
Membership services	-	86,095	86,095	6,407	-	-	6,407	92,502
Office and postage	1,492	18,257	19,749	2,280	73,435	50,105	125,820	145,569
Other	11,435	4,536	15,971	55	806	1,440	2,301	18,272
Materials and printing	-	17,135	17,135	1,221	1,045	799	3,065	20,200
Professional fees	350,739	9,728	360,467	-	47,640	141,077	188,717	549,184
Rent	406,601	-	406,601	-	22,741		22,741	429,342
Repairs and maintenance	3,974	18,791	22,765	2,081	6,084	3,056	11,221	33,986
Telephone	52,763	17,189	69,952	1,718	16,650	4,229	22,597	92,549
Training	-	10,390	10,390	63	150	83	296	10,686
Utilities	16,525	5,818	22,343	644	3,983	946	5,573	27,916
Total Expenses	$ 7,828,594	$ 5,653,704	$ 13,482,298	$ 238,311	$ 1,206,645	$ 556,802	$ 2,001,758	$ 15,484,056

See accompanying notes to the consolidated financial statements.

National Council of the United States, Society of St. Vincent de Paul, Inc. and Subsidiaries

Consolidated Statement of Cash Flows

Year ended September 30,	2018
Cash Flows from Operating activities	
Change in net assets	$ 4,299,696
Adjustments to reconcile change in net assets to net cash provided by operating activities:	
Loss on disposal of equipment	1,170
Depreciation	83,388
Net gain on investments	(170,695)
Change in value of split interest agreements	(580)
Changes in current assets and liabilities:	
Accounts, grant, and unbilled grant receivables	(1,020,679)
Inventory	(182,641)
In-kind future lease benefit	(289,800)
Prepaid expenses and other current assets	(24,063)
Accounts payable	282,258
Accrued salaries and payroll taxes	58,474
Escrow funds	(96,423)
Deferred revenue	(269,215)
Net cash flows from operating activities	2,670,890
Cash Flows from Investing Activities	
Contributed stocks	(1,153,653)
Investment activity, net (Note 4)	689,129
Purchase of property and equipment	(134,676)
Net cash flows used in investing activities	(599,200)
Net Change in Cash and Cash Equivalents	2,071,690
Cash and Cash Equivalents, beginning of year	1,673,309
Cash and Cash Equivalents, end of year	$ 3,744,999
Supplemental Cash Flow Information	
Donation of In-kind contribution-other	27,257
Donation of In-kind contributions of leased space	570,585
Donation of In-kind contributions of supplies	565,034

See accompanying notes to the consolidated financial statements.

1. Organization and Summary of Significant Accounting Policies

The Society of St. Vincent de Paul is an international Catholic organization of lay persons, founded in 1833 by Frederic Ozanam and his companions. The National Council of the United States, Society of St. Vincent de Paul, Inc., a nonprofit organization, incorporated in 1946, receives support from various areas across the United States of America with the purpose of providing services and relief to the needy around the world, particularly those involved in people-centered emergencies or disasters.

In August 2017, Disaster Services Corporation ("DSC"), a wholly owned subsidiary was formed. DSC is a nonprofit corporation, whose purposes is to organize, oversee, and implement the National Council of the United States, Society of St. Vincent de Paul Inc.'s disaster response to national and regional manmade and natural disasters. DSC provides a wide range of disaster recovery related services including disaster preparation and recovery training, disaster relief and recovery assistance, capacity building, training, education, and administration of disaster programs. Sometimes DSC collaborates with other disaster relief and recovery agencies, organizations, and businesses to provide the optimum post-first responder long-term recovery assistance to those in need.

The consolidated financial statements include accounts of the National Council of the United States, Society of St. Vincent de Paul, Inc., Society of St. Vincent de Paul National Foundation, and DSC (collectively the "Society" or the "Organization").

Programs and Services

The Society provides a wide range of human services to people in need in the form of disaster relief, conference assistance, and assistance for the poor. The Society offers tangible assistance to those in need on a person-to-person basis. This aid may take the form of intervention, consultation, or often through direct dollar or in-kind service.

Programs and services are provided in the following principal areas:

Disaster Relief – The Society provides assistance including food and support to other Society entities for victims in times of natural disaster.

Council and Conference Assistance – The Society provides assistance for use by other Society entities to provide direct assistance to the poor.

Basis of Presentation

The Society prepares its consolidated financial statements on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America ("US GAAP").

The accompanying consolidated financial statements are presented in accordance with Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("ASC") 958-210-50. Under ASC 958-210-50, the Society is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted, temporarily restricted, and permanently restricted.

Unrestricted net assets are resources available to support operations.

Temporarily Restricted – The Society reports any funding of cash and other assets as temporarily restricted support if they are received with program stipulations that limit the use of the funds. When a restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the consolidated statement of activities as net assets released from restrictions.

Permanently Restricted - These net assets are restricted by funders who stipulate that resources are to be maintained permanently, but permit the Society to expend all of the income (or other economic benefits) derived from the funds. The Society did not have any permanently restricted assets as of or during the year ended September 30, 2018.

Cash and Cash Equivalents

Cash and cash equivalents consist of cash held in checking accounts with maturities of less than 90 days which are available for current use. The Society maintains its cash accounts at high credit quality financial institutions. Cash balances, at times, exceed the amount of federal deposit insurance.

Investments

The Society records investment purchases at cost. Thereafter, investments are reported at fair value in the statement of financial position. Realized and unrealized gains and losses as well as investment income are all reported in the consolidated statement of activities.

Accounts Receivable

Accounts receivable are stated at the amount management expects to collect from outstanding balances. Management provides for probable uncollectible amounts through a charge to earnings and a credit to a valuation allowance based on collection expectations. The allowance for uncollectible receivables for council support in the unrestricted fund totaled $49,675 at September 30, 2018.

Grants Receivable

Grants receivable are receivables from governmental agencies and are stated at the amount management expects to collect from outstanding balances. These reimbursements are subject to review by the issuing agency and consequently certain costs may be disallowed. Management is of the opinion that any adjustments made due to these reviews would be immaterial. Unbilled grant receivables are due from government agencies where expenses were incurred during the fiscal year but invoiced after year end.

Inventory

Inventory consists primarily of printed materials, supplies or goods held for distribution to a DSC program. Inventory is a mix of inventory donated by individuals, organizations, commercial enterprises or purchased by the Society. Purchased inventory is stated at the lower of cost (first-in, first-out) or net realizable value. Donated goods inventory is recorded at fair value.

Property and Equipment

Property and equipment are carried at cost or, if donated, are recorded based on estimate fair value of the assets at the time of donation. Depreciation is calculated using the straight-line method over the estimated useful lives of the assets ranging from 3-40 years.

Upon disposition of assets, the cost and related accumulated depreciation is removed with the resulting gain or loss recognized in unrestricted net assets.

Gifts of long-lived assets such as land, buildings, or equipment are reported as unrestricted support unless explicit donor stipulations specify how the donated assets must be used. Gifts of long-lived assets with explicit restrictions that specify how the assets are to be used and gifts of cash or other assets that must be used to acquire long-lived assets are reported as restricted support. Absent explicit donor stipulations about how long those long-lived assets must be maintained, expirations of donor restrictions are reported when the donated or acquired long-lived assets are placed in service.

Intangible Assets

Intangible assets, comprised of a website and logo, are recorded at cost. Amortization is calculated using the straight-line method over the estimated useful life of the assets which are estimated at 7 years for the logo and 5 years for the website.

Assets Held and Liabilities Under Split – Interest Agreements

Under charitable gift annuity contracts, the Society receives immediate and unrestricted title to contributed assets and agrees to make fixed recurring payments over the stipulated period. Contributed assets are recorded at fair value on the date of receipt. The related liability for future payments to be made to the specified beneficiaries is recorded at fair value using present value techniques and risk-adjusted discount rates designed to reflect the assumptions market participants would use in pricing the liability. The excess of contributed assets over the annuity liability is recorded as an unrestricted contribution. In subsequent years, the liability for future annuity payments is reduced by payments made to the specified beneficiaries and is adjusted to reflect amortization of the discount and changes in actuarial assumptions at the end of the year. Upon termination of the annuity contract, the remaining liability is removed and recognized as income.

The Society has various gift annuities. The amount of net present value of the guaranteed payments to beneficiaries under these gift annuity contracts is based upon life expectancies and discount rates. At September 30, 2018 the values of the offsetting assets and payables were $79,408 and $65,571, respectively.

Revenue Recognition

Revenue is recognized when earned. Revenue from grants and contracts is generally recognized to the extent of allowable expenses incurred and the provisions applicable to the grant or contract. Any difference between revenues earned and the total funds received is recorded as a receivable, or deferred revenue, whichever is applicable. Revenue from direct service, contracts and projects are recognized on an accrual basis as earned according to the provisions of the grant.

Contributions received are recorded as increases in unrestricted, temporarily restricted, or permanently restricted net assets, depending on the existence and/or nature of any donor restrictions. The Society reports donations of cash and other assets as restricted support if they are received with donor stipulations that limit the use of the donated assets. When the satisfaction of a restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions. When donor restricted contributions are received and used for the purpose and/or time-period intended during the same year, they are reported as increases in unrestricted net assets.

Donated supplies, equipment and services are recorded as contributions at their value at the date of receipt. There were donated supplies and leased space in the amounts of $565,034 and $570,585, respectively, for the year ended September 30, 2018. Of the $570,585 donated lease space, there was a related in-kind future lease benefit of $289,800 which remains on the consolidated statement of financial position at September 30,2018. There were other miscellaneous in-kind contributions of $27,656 for the year ended September 30, 2018.

Fair Value Measurements

The Society's financial instruments are cash and cash equivalents, investments, receivables, inventory, deferred revenue and payables. The recorded values approximate their fair values based on their short-term nature.

Functional Allocation of Expenses

The costs of program and supporting services activities have been summarized on a functional basis in the consolidated statement of activities and consolidated statement of functional expenses.

Income Taxes

The Society is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code.

The Society follows FASB accounting standards for uncertainty in income taxes. These standards require that uncertain income tax positions be "more likely than not" before the amounts are recognized in the consolidated financial statements. Further, the standards require the benefit or expense be recorded in the consolidated financial statements as the amount most likely to be realized assuming a review by tax authorities having all relevant information and applying current conventions. The Society has assessed its federal and state tax positions and determined there were no uncertainties or possible related effects that need to be recorded as of and for the year ended September 30, 2018.

Open Years – The federal and state income tax returns of the Society are subject to examination by the respective taxing authorities generally for three years after they were filed.

Income Tax Penalties and Interest Policy – Penalties and interest assessed by income taxing authorities are included in operating expenses. The Society did not incur income tax penalties or interest for the year ended September 30, 2018.

Recent Accounting Pronouncements

In May 2014, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2014-09, *Revenue from Contracts with Customers*. The standard provides entities with a single model for accounting for revenue arising from contracts with customers and supersedes current revenue recognition guidance, including industry-specific revenue guidance. The core principle of the model is to recognize revenue when control of the goods or services transfers to the customer, as opposed to recognizing revenue when the risks and rewards transfer to the customer under the existing revenue guidance. The guidance permits entities to either apply the requirements retrospectively to all prior periods presented, or apply the requirements in the year of adoption, through a cumulative adjustment. In August 2015, the FASB issued ASU 2015-14, which deferred the effective date of the ASU to fiscal years beginning after December 15, 2018. The Society is in the process of evaluating the impact of adoption on its consolidated financial statements.

In February 2016, the FASB issued ASU No. 2016-02, *Leases*. The new standard establishes a right-of-use ("ROU") model that requires a lessee to record a ROU asset and a lease liability on the statement of financial position for all leases with terms longer than 12 months. Leases will be classified as either finance or operating, with classification affecting the pattern of expense recognition in the statement of activities. The new standard is effective for fiscal years beginning after December 15, 2019. A modified retrospective transition approach is required for lessees for capital and operating leases existing at, or entered into after, the beginning of the earliest comparative period presented in the financial statements, with certain practical expedients available. The Society is in the process of evaluating the impact of adoption on its consolidated financial statements.

In August 2016, the FASB issued Accounting Standards Update ASU 2016-14, *Not-for-Profit Entities (Topic 958) – Presentation of Financial Statements of Not-for-Profit Entities*. The ASU amends the current reporting model for nonprofit organizations and enhances their required disclosures. The major changes include: (a) requiring the presentation of only two classes of net assets now entitled "net assets without donor restrictions" and "net assets with donor restrictions," (b) modifying the presentation of underwater endowment funds and related disclosures, (c) requiring the use of the placed in service approach to recognize the expirations of restrictions on gifts used to acquire or construct long-lived assets absent explicit donor stipulations otherwise, (d) requiring that all nonprofits present an analysis of expenses by function and nature in either the statement of activities, a separate statement, or in the notes and disclose a summary of the allocation methods used to allocate costs, (e) requiring the disclosure of quantitative and qualitative information regarding liquidity and availability of resources, (f) presenting investment return net of external and direct internal investment expenses, and (g) modifying other financial statement reporting requirements and disclosures intended to increase the usefulness of nonprofit financial statements. The ASU is effective for the Society's financial statements for fiscal years beginning after December 15, 2017. Early adoption is permitted. The provisions of the ASU must be applied on a retrospective basis for all years presented although certain optional practical expedients are available for periods prior to adoption. The Society is currently evaluating the impact of this ASU on its consolidated financial statements.

In June 2018, the FASB issued ASU 2018-08, *Not-for-Profit Entities (Topic 958)*, C*larifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. This ASU was issued to standardize how grants and other contracts received and made are classified across the sector, as either an exchange transaction or a contribution. The standard provides guidance to assist in the determination of whether a transaction is a contribution or an exchange transaction. If the transaction is deemed to be a contribution the guidance provides factors to consider with regard to whether the contribution is conditional or unconditional. For contributions received, if determined to be an unconditional contribution, the determination will then need to be made as to whether the contribution is restricted. The ASU will assist in the determination of the nature of the transaction, which will then govern the revenue and expense recognition methodology and timing of the transaction. The ASU is effective for transactions in which the entity serves as the resource recipient to annual periods beginning after December 15, 2018. Early adoption is permitted and the Society elected to adopt this accounting guidance in 2018. See Note 2.

Use of Estimates

The preparation of consolidated financial statements in conformity with US GAAP 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. Actual results could differ from those estimates.

2. Change in Accounting Principle

During fiscal year 2018 the Society early adopted ASU 2018-08, *Not-for-Profit Entities (Topic 958)*, C*larifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. It was determined that grants, previously recognized as unrestricted net assets should be recorded as temporarily restricted net assets under ASU 2018-08. Accordingly net assets at September 30, 2017 was reclassified. Unrestricted net assets was reduced by, and temporarily restricted net assets was increased by, $269,848.

The effect of the change in accounting principle on the September 30, 2017 consolidated financial statements is as follows:

	As previously reported	Adjustment	As restated
Unrestricted net assets	$ 3,111,679	$ (269,848)	$ 2,841,831
Temporarily Restricted net assets	3,688,831	269,848	3,958,679
Total net assets	$ 6,800,510	$ -	$ 6,800,510

3. Grants Receivable

Grants receivable includes amounts due in connection with reimbursement of allowable expenditures made pursuant to the agreements with the State of Louisiana and the National Voluntary Organizations Active in Disasters. At September 30, 2018, grants receivable totaled $335,632.

4. Investments

The Society invests cash in excess of operating requirements in income producing investments. Investments are reported at fair value. The following is a summary of investments and other financial instruments:

September 30, 2018	Fair Value
Money market	$ 946,030
Certificate of Deposit	1,300,056
Mutual Funds:	
Mid cap	1,387,084
Fixed Income	316,511
International	664,755
Emerging Market	213,583
Real estate	96,710
Bond	825,337
Total	$ 5,750,066

	For the Year Ended September 30, 2018
Net realized and unrealized gain on sale of investments	$ 65,125
Interest and Dividends	105,570
Total Income from investments	$ 170,695

The Society had a net cash inflow from its investment account activity of $689,129, which consisted of deposits totaling $520,987 and withdrawals of $1,210,116 for year ended September 30, 2018.

5. Fair Value Measurements

The Society determines fair value for its financial assets and financial liabilities using the established framework for measuring fair value as required under US GAAP. The framework emphasizes that fair value is a market-based measurement, not an entity-specific measurement, and states that a fair value measurement should be determined based on assumptions that market participants would use in pricing the asset or liability.

FASB ASC Topic 820, *Fair Value Measurement and Disclosures*, establishes a hierarchy of valuation inputs based on the extent to which the inputs are observable in the marketplace. Observable inputs reflect market data obtained from sources independent of the reporting entity and unobservable inputs reflect the entity's own assumptions about how market participants would value an asset or liability based on the best information available. Valuation techniques used to measure fair value under ASC 820 maximizes the use of observable inputs and minimizes the use of unobservable inputs.

The following describes the hierarchy of inputs used to measure fair value and the primary valuation methodologies used by the Society for financial instruments measured at fair value on a recurring basis. The three levels of inputs are as follows:

Level 1 Quoted prices in active markets for identical assets or liabilities that the Society has the ability to access as of the measurement date.

Level 2 Inputs that are observable, either directly or indirectly, such as quoted prices for similar assets or liabilities, quoted prices in markets that are not active, or other inputs that are observable or can be corroborated by observable market data for substantially the same term of the assets or liabilities.

Level 3 Unobservable inputs for the asset or liability. In these situations, the Society develops inputs using the best information available in the circumstances.

The 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, 2018.

Mutual funds: Valued at the daily closing price as reported by the fund. Mutual funds held by the Society are open-end mutual funds that are registered with the SEC. The mutual funds held by the Society are deemed to be actively traded.

Money market funds: The Society's investments in money market funds are valued at the NAV of shares held by the Society at year end based upon quoted market prices.

Bonds and Certificates of Deposit: The Society has investments in certificates of deposit, U.S. Treasury bonds and municipal bonds which are valued at the closing price reported on the active market on which similar instruments are sold.

The table below sets forth by level, within the fair value hierarchy, the Society's instruments measured at fair value at September 30, 2018:

	Level 1	Level 2	Level 3	Total
Money market	$ 946,030	$ -	-	$ 946,030
Mutual Funds:				
Mid Cap	1,387,084	-	-	1,387,084
Fixed Income	316,511	-	-	316,511
International	664,755	-	-	664,755
Emerging Market	213,583	-	-	213,583
Real Estate	96,710	-	-	96,710
Certificate of Deposit	-	1,300,056	-	1,300,056
Bonds	-	825,337	-	825,337
Assets held under split-interest agreements	-	79,408	-	79,408
Total	$ 3,624,673	$ 2,204,801	-	$ 5,829,474

6. Property and Equipment

Property and equipment are stated at cost. According to the Society's purchasing policy, purchases are classified as capital in nature if they have a useful life of greater than one year and cost greater than $3,000. Depreciation is computed on the straight-line method using asset lives as follows:

Assets	Years
Building and improvements	40
Office furniture and equipment	3 - 15

Property and equipment consists of the following:

September 30, 2018	Total
Building and improvements	$ 671,738
Office furniture and equipment	48,087
Database software	495,333
Less – accumulated depreciation	(417,252)
Total	$ 797,906

Depreciation expense for the year ended September 30, 2018 totaled $83,388.

7. Related Parties

The Society receives support from the Society's councils located within the United States noted as council solidarity. Each council is charged a fee per year based on the councils' revenue. This support is used for the general administration of the Society. Additionally, the other amounts received from and paid to councils and conferences for other support amounted to $1,568,553 and $1,900,500, respectively, for the year ended September 30, 2018.

The Society supports the International Council General, Society of St. Vincent de Paul, Inc. located in Paris, France. The amount remitted was $278,543 for the year ended September 30, 2018. The Society paid additional support to international councils totaling $715,063 for year ended September 30, 2018.

The National Council Society of St. Vincent de Paul Foundation (the "Foundation"), formed on June 9, 2017, is a nonprofit corporation wholly owned by the Society. Donations made to the Foundation will solely support the charitable mission of the Society. There was $53,000 recorded to contributions during the year ended September 30, 2018.

8. Pension Plans

The Society currently funds two pension plans:

1. Deferred Contribution Simplified Employee Pension Plan – This plan allows discretionary employer contributions for certain national office employees. Currently the Society contributes 8% of eligible employees' compensation. Employees are considered 100% vested upon eligibility. Contributions for the year ended September 30, 2018, totaled $304,503.

2. Tax – Deferred Annuity Plan (TDA) – This plan allows employees to defer compensation as provided in Section 403(b) of the Internal Revenue Code. This plan is voluntary and contributions are made based upon a percentage of compensation elected by the employee.

9. Line of Credit

The Society has a $250,000 line of credit with a bank, which expired July 31, 2019. Subsequent to year end, the Society renewed its line of credit. The line of credit has interest payable at 3.25% over the one-month LIBOR rate and is secured by certain investments. No amounts were outstanding on the line of credit at September 30, 2018.

10. Commitments and Contingencies

Lease Commitments

DSC has entered into various noncancelable operating lease agreements for office facilities. Total lease expense for the year ended September 30, 2018, was $429,342, which was inclusive of $280,785 of donated in-kind lease expense. Future minimum lease payments are as follows:

Years Ending September 30,	2018
2019	$ 157,655
2020	11,849
2021	2,399
2022	1,800
Total	$ 173,703

11. Board Designated Net Assets

As of September 30, 2018, the Board of Directors has designated a portion of unrestricted net assets as a general endowment to support the operations of the Society. Since that amount resulted from an internal designation and is not donor-restricted, it is classified and reported with unrestricted net assets.

The composition of and changes in endowment unrestricted net assets were as follows:

Year Ended September 30,	2018
Board-designated endowment net assets, beginning of year	$ 951,998
Contributions	678,043
Investment income	37,751
Net appreciation	28,137
Amounts appropriated for expenditure	(89,433)
Board-designated endowment net assets, end of year	$ 1,606,496

The Society's Board-designated unrestricted net assets are allocated for the following purposes:

September 30,	2018
Special Purpose Fund	$ 1,520
Domestic Extension/Twinning Fund	17,771
Ozanam Cause Fund	27,787
Direct Mail Revenue Fund	46,040
Bequests Fund	1,513,378
Board-designated endowment net assets	$ 1,606,496

12. Temporarily Restricted Net Assets

Temporarily restricted net assets include the following balances, which are restricted to specific services as follows:

September 30,	2018
Building Funds	$ 429,348
Dismas Ministry Grant	9,112
Domestic Disaster Fund	926,844
EWTN Grant Fund	100,360
Friends of the Poor	436,687
Friends of the Poor Walk Fund	363,791
Haiti Scholarship Fund	164,818
Haiti Vincentian Family Fund	58,807
Immersion Grants	150,000
International Disaster Appeal	349,915
International Twinning	17,949
Mentoring	75,063
Neighborhood of Hope Grant	6,750
Payday Loan Grant	8,201
Reentry Funds	80,911
Regional Extension	2,250
Scholarship Fund	4,150
Urban Farming Grant	1,512
Youth & Young Adults	32,639
Disaster Case Managements	1,802,366
House in a Box Program	1,712,770
Recent hurricanes	862,835
Hope program	60,710
Louisiana floods	5,801
North Carolina relief effort	3,639
Other disaster relief	41,839
Total Temporarily Restricted Net Assets	$ 7,709,067

13. Subsequent Events

Management has evaluated subsequent events through August 12, 2019, the date through which the consolidated financial statements were available for issue.