# Table of Contents

<table>
<thead>
<tr>
<th>Section</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>Independent Auditor’s Report</td>
<td>1-2</td>
</tr>
<tr>
<td>Consolidated Financial Statements:</td>
<td></td>
</tr>
<tr>
<td>Consolidated Statements of Financial Position</td>
<td>3-4</td>
</tr>
<tr>
<td>Consolidated Statements of Activities</td>
<td>5-6</td>
</tr>
<tr>
<td>Consolidated Statements of Cash Flows</td>
<td>7-8</td>
</tr>
<tr>
<td>Consolidated Statements of Functional Expenses</td>
<td>9-12</td>
</tr>
<tr>
<td>Notes to Consolidated Financial Statements</td>
<td>13-28</td>
</tr>
<tr>
<td>Single Audit:</td>
<td></td>
</tr>
<tr>
<td>Schedule of Expenditures of Federal Awards</td>
<td>29-30</td>
</tr>
<tr>
<td>Notes to Schedule of Expenditures of Federal Awards</td>
<td>31</td>
</tr>
<tr>
<td>Independent Auditor’s Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards</td>
<td>32-33</td>
</tr>
<tr>
<td>Independent Auditor’s Report on Compliance For Each Major Program and on Internal Control Over Compliance Required by the Uniform Guidance</td>
<td>34-35</td>
</tr>
<tr>
<td>Schedule of Findings and Questioned Costs</td>
<td>36</td>
</tr>
<tr>
<td>Summary Schedule of Prior Audit Findings</td>
<td>37</td>
</tr>
<tr>
<td>Supplementary Information:</td>
<td></td>
</tr>
<tr>
<td>Oakwood Manor Limited Partnership Schedule of Assets, Liabilities, and Partners’ Capital</td>
<td>38</td>
</tr>
<tr>
<td>Oakwood Manor Limited Partnership Schedule of Operations and Partners’ Capital</td>
<td>39</td>
</tr>
<tr>
<td>Oakwood Manor Limited Partnership Schedule of Cash Flows</td>
<td>40</td>
</tr>
<tr>
<td>Oakwood Manor Limited Partnership Computation of Surplus Cash</td>
<td>41</td>
</tr>
<tr>
<td>Sommerville Apartments Schedule of Assets, Liabilities, and Owner’s Equity</td>
<td>42</td>
</tr>
<tr>
<td>Sommerville Apartments Schedule of Operations and Owner’s Equity</td>
<td>43</td>
</tr>
<tr>
<td>Ironwood Village Apartments Schedule of Assets, Liabilities, and Member’s Equity</td>
<td>44</td>
</tr>
<tr>
<td>Ironwood Village Apartments Schedule of Revenues and Expenses</td>
<td>45-46</td>
</tr>
<tr>
<td>Society of St. Vincent de Paul of Lane County Schedule of Assets, Liabilities, and Net Assets</td>
<td>47</td>
</tr>
<tr>
<td>Society of St. Vincent de Paul of Lane County Schedule of Revenue, Expenses, and Change in Net Assets</td>
<td>48</td>
</tr>
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</table>
INDEPENDENT AUDITOR’S REPORT

To the Board of Directors
St. Vincent de Paul Society of Lane County, Inc. and Subsidiaries
Eugene, Oregon

Report on the Financial Statements

We have audited the accompanying consolidated financial statements of St. Vincent de Paul Society of Lane County, Inc. (a nonprofit organization) and subsidiaries, which comprise the consolidated statements of financial position as of September 30, 2016 and 2015, and the related consolidated statements of activities, functional expenses, and cash flows for the years 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 audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audits 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 consolidated 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 consolidated 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 St. Vincent de Paul Society of Lane County, Inc. and subsidiaries as of September 30, 2016 and 2015, and the changes in their net assets and their cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Other Information

Our audits were conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The accompanying schedule of expenditures of federal awards, as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, is presented for purposes of additional analysis and is not a required part of the consolidated financial statements. Also, the supplementary information, as listed in the table of contents, is presented for purposes of additional analysis and is not a required part of the consolidated financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The information has been subjected to the auditing procedures applied in the audits of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the consolidated financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated February 13, 2017 on our consideration of St. Vincent de Paul Society of Lane County, Inc. and subsidiaries’ internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering St. Vincent de Paul Society Inc. and subsidiaries’ internal control over financial reporting and compliance.

Jones & Roth, P.C.
Eugene, Oregon
February 13, 2017
CONSOLIDATED FINANCIAL STATEMENTS
## ST. VINCENT DE PAUL SOCIETY OF LANE COUNTY, INC. AND SUBSIDIARIES

### CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

September 30, 2016 and 2015

<table>
<thead>
<tr>
<th></th>
<th>2016</th>
<th>2015</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Assets</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Current assets</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Unrestricted cash and cash equivalents</td>
<td>$1,013,105</td>
<td>$1,254,734</td>
</tr>
<tr>
<td>Restricted cash and cash equivalents (Note 2)</td>
<td>3,695,945</td>
<td>3,046,473</td>
</tr>
<tr>
<td>Total cash and cash equivalents</td>
<td>4,709,050</td>
<td>4,301,207</td>
</tr>
<tr>
<td>Accounts receivable, net</td>
<td>977,367</td>
<td>800,902</td>
</tr>
<tr>
<td>Accounts receivable, related parties, net</td>
<td>378,857</td>
<td>268,495</td>
</tr>
<tr>
<td>Current portion of development fee receivable, related parties (Note 9)</td>
<td>515,000</td>
<td>583,436</td>
</tr>
<tr>
<td>Advance receivable, related party</td>
<td>-</td>
<td>750,000</td>
</tr>
<tr>
<td>Prepaid expenses</td>
<td>479,019</td>
<td>543,568</td>
</tr>
<tr>
<td>Inventory</td>
<td>4,092,143</td>
<td>3,681,209</td>
</tr>
<tr>
<td>Current portion of interest receivable, related parties</td>
<td>53,770</td>
<td>81,621</td>
</tr>
<tr>
<td><strong>Total current assets</strong></td>
<td><strong>11,205,206</strong></td>
<td><strong>11,010,438</strong></td>
</tr>
<tr>
<td><strong>Fixed assets and intangibles, net (Note 4)</strong></td>
<td><strong>38,990,326</strong></td>
<td><strong>38,234,252</strong></td>
</tr>
<tr>
<td><strong>Other assets</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Notes receivable, Rural Rehabilitation Program, net (Note 6)</td>
<td>2,567,642</td>
<td>2,582,027</td>
</tr>
<tr>
<td>Notes receivable, Self-help Homeownership Opportunity Program (SHOP)</td>
<td>296,972</td>
<td>287,525</td>
</tr>
<tr>
<td>Notes receivable, related parties, net (Note 9)</td>
<td>7,309,708</td>
<td>7,462,641</td>
</tr>
<tr>
<td>Notes receivable, other</td>
<td>-</td>
<td>42,370</td>
</tr>
<tr>
<td>Long-term portion of interest receivable, related parties, net (Note 9)</td>
<td>631,400</td>
<td>702,548</td>
</tr>
<tr>
<td>Development fees receivable, related parties, net (Note 9)</td>
<td>135,726</td>
<td>290,017</td>
</tr>
<tr>
<td>Assets held for sale (Note 5)</td>
<td>414,502</td>
<td>414,502</td>
</tr>
<tr>
<td>Investments (Note 3)</td>
<td>7,000,797</td>
<td>6,745,729</td>
</tr>
<tr>
<td>Beneficial interest in the net assets of related organization (Note 9)</td>
<td>4,893,789</td>
<td>4,888,900</td>
</tr>
<tr>
<td><strong>Total other assets</strong></td>
<td><strong>23,250,536</strong></td>
<td><strong>23,416,259</strong></td>
</tr>
<tr>
<td><strong>Total assets</strong></td>
<td><strong>$ 73,446,068</strong></td>
<td><strong>$ 72,660,949</strong></td>
</tr>
</tbody>
</table>
## Liabilities and Net Assets

<table>
<thead>
<tr>
<th>Description</th>
<th>2016</th>
<th>2015</th>
</tr>
</thead>
<tbody>
<tr>
<td>Current liabilities</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Accounts payable and accrued expenses</td>
<td>$761,177</td>
<td>$635,450</td>
</tr>
<tr>
<td>Payroll and related accruals</td>
<td>848,408</td>
<td>1,050,036</td>
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<tr>
<td>Security deposits payable</td>
<td>320,024</td>
<td>310,549</td>
</tr>
<tr>
<td>Deferred revenue</td>
<td>34,558</td>
<td>31,740</td>
</tr>
<tr>
<td>Accrued interest</td>
<td>51,228</td>
<td>43,534</td>
</tr>
<tr>
<td>Lines of credit (Note 7)</td>
<td>240,268</td>
<td>253,129</td>
</tr>
<tr>
<td>Current portion of long-term debt (Note 8)</td>
<td>990,237</td>
<td>2,323,567</td>
</tr>
<tr>
<td>Total current liabilities</td>
<td>3,245,900</td>
<td>4,648,005</td>
</tr>
</tbody>
</table>

| Long-term liabilities |          |          |
| Long-term debt, net of current portion (Note 8) | 27,691,641 | 26,188,011 |
| Total liabilities | 30,937,541 | 30,836,016 |

| Net assets |          |          |
| Unrestricted | 15,698,108 | 16,906,294 |
| Temporarily restricted (Note 15) | 26,810,419 | 24,918,639 |
| Total net assets | 42,508,527 | 41,824,933 |

| Total liabilities and net assets | $73,446,068 | $72,660,949 |

The accompanying notes are an integral part of these consolidated statements.
### ST. VINCENT DE PAUL SOCIETY OF LANE COUNTY, INC. AND SUBSIDIARIES
### CONSOLIDATED STATEMENTS OF ACTIVITIES
For the Years Ended September 30, 2016 and 2015

<table>
<thead>
<tr>
<th></th>
<th>2016 Unrestricted</th>
<th>Temporarily Restricted</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Revenues, gains, and other support</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Contributions</td>
<td>$ 319,438</td>
<td>$ 792,463</td>
<td>$ 1,111,901</td>
</tr>
<tr>
<td>Contributions, in-kind</td>
<td>2,061,316</td>
<td></td>
<td>2,061,316</td>
</tr>
<tr>
<td>Retail sales, net</td>
<td>16,822,964</td>
<td></td>
<td>16,822,964</td>
</tr>
<tr>
<td>Grants</td>
<td>-</td>
<td>5,978,105</td>
<td>5,978,105</td>
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<tr>
<td>Rent income</td>
<td>3,704,312</td>
<td></td>
<td>3,704,312</td>
</tr>
<tr>
<td>Contract services</td>
<td>1,916,858</td>
<td></td>
<td>1,916,858</td>
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<tr>
<td>Interest income on notes receivable</td>
<td>263,660</td>
<td></td>
<td>263,660</td>
</tr>
<tr>
<td>Gain (loss) on investments</td>
<td>(5,729)</td>
<td></td>
<td>(5,729)</td>
</tr>
<tr>
<td>Management fees and partnership reimbursements</td>
<td>778,984</td>
<td></td>
<td>778,984</td>
</tr>
<tr>
<td>Developer fee income</td>
<td>739,139</td>
<td></td>
<td>739,139</td>
</tr>
<tr>
<td>Other</td>
<td>497,843</td>
<td></td>
<td>497,843</td>
</tr>
<tr>
<td>Net assets released from restrictions:</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Satisfaction of program restrictions</td>
<td>4,878,788</td>
<td>(4,878,788)</td>
<td>-</td>
</tr>
<tr>
<td><strong>Total revenues, gains, and other support</strong></td>
<td>31,977,573</td>
<td>1,891,780</td>
<td>33,869,353</td>
</tr>
<tr>
<td><strong>Expenses</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>General, manufacturing, retail, warehouses, and recycling</td>
<td>19,320,882</td>
<td>-</td>
<td>19,320,882</td>
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<tr>
<td>Housing</td>
<td>8,244,269</td>
<td>-</td>
<td>8,244,269</td>
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<tr>
<td>Services and training</td>
<td>3,526,751</td>
<td>-</td>
<td>3,526,751</td>
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<tr>
<td>Development</td>
<td>262,493</td>
<td>-</td>
<td>262,493</td>
</tr>
<tr>
<td>Management and general</td>
<td>1,831,364</td>
<td>-</td>
<td>1,831,364</td>
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<tr>
<td><strong>Total expenses</strong></td>
<td>33,185,759</td>
<td>-</td>
<td>33,185,759</td>
</tr>
<tr>
<td><strong>Change in net assets</strong></td>
<td>(1,208,186)</td>
<td>1,891,780</td>
<td>683,594</td>
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<tr>
<td>Net assets, beginning of year</td>
<td>16,906,294</td>
<td>24,918,639</td>
<td>41,824,933</td>
</tr>
<tr>
<td>Net assets, end of year</td>
<td>$ 15,698,108</td>
<td>$ 26,810,419</td>
<td>$ 42,508,527</td>
</tr>
<tr>
<td></td>
<td>Unrestricted</td>
<td>Temporarily Restricted</td>
<td>Total</td>
</tr>
<tr>
<td>------------------</td>
<td>--------------</td>
<td>------------------------</td>
<td>----------</td>
</tr>
<tr>
<td>2015</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>$ 349,593</td>
<td>$ 1,072,474</td>
<td>$ 1,422,067</td>
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<tr>
<td></td>
<td>1,734,329</td>
<td>229,869</td>
<td>1,964,198</td>
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<tr>
<td></td>
<td>15,648,507</td>
<td></td>
<td>15,648,507</td>
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<tr>
<td></td>
<td>-</td>
<td>6,364,534</td>
<td>6,364,534</td>
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<tr>
<td></td>
<td>3,404,880</td>
<td></td>
<td>3,404,880</td>
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<tr>
<td></td>
<td>352,436</td>
<td></td>
<td>352,436</td>
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<td>207,154</td>
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<td>207,154</td>
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<td>811,582</td>
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<td>908,436</td>
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<td>908,436</td>
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<td>4,884,808</td>
<td>(4,884,808)</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>-</td>
</tr>
<tr>
<td></td>
<td>29,417,869</td>
<td>2,782,069</td>
<td>32,199,938</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>16,891,115</td>
<td></td>
<td>16,891,115</td>
</tr>
<tr>
<td></td>
<td>7,280,495</td>
<td></td>
<td>7,280,495</td>
</tr>
<tr>
<td></td>
<td>3,492,817</td>
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<td>3,492,817</td>
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<tr>
<td></td>
<td>218,221</td>
<td></td>
<td>218,221</td>
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<tr>
<td></td>
<td>1,613,467</td>
<td></td>
<td>1,613,467</td>
</tr>
<tr>
<td></td>
<td>29,496,115</td>
<td></td>
<td>29,496,115</td>
</tr>
<tr>
<td></td>
<td></td>
<td>(78,246)</td>
<td>2,782,069</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>2,703,823</td>
</tr>
<tr>
<td></td>
<td>16,984,540</td>
<td>22,136,570</td>
<td>39,121,110</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>$ 16,906,294</td>
<td>$ 24,918,639</td>
<td>$ 41,824,933</td>
</tr>
</tbody>
</table>

The accompanying notes are an integral part of these consolidated statements.
ST. VINCENT DE PAUL SOCIETY OF LANE COUNTY, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
For the Years Ended September 30, 2016 and 2015

Cash flows from operating activities

<table>
<thead>
<tr>
<th></th>
<th>2016</th>
<th>2015</th>
</tr>
</thead>
<tbody>
<tr>
<td>Change in net assets</td>
<td>$ 683,594</td>
<td>$ 2,703,823</td>
</tr>
<tr>
<td>Adjustments to reconcile change in net assets to net cash provided by operating activities:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Depreciation and amortization</td>
<td>1,699,966</td>
<td>1,502,747</td>
</tr>
<tr>
<td>Net change in allowance for receivables</td>
<td>293,405</td>
<td>(251,941)</td>
</tr>
<tr>
<td>Net gain on disposal of fixed assets</td>
<td>(61,521)</td>
<td>-</td>
</tr>
<tr>
<td>Unrealized (gain) loss on investments</td>
<td>5,729</td>
<td>(28,837)</td>
</tr>
<tr>
<td>Donation of fixed assets</td>
<td>-</td>
<td>(208,562)</td>
</tr>
<tr>
<td>(Increase) decrease in:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Accounts receivable</td>
<td>(176,465)</td>
<td>(246,707)</td>
</tr>
<tr>
<td>Accounts receivable, related parties</td>
<td>(150,916)</td>
<td>8,988</td>
</tr>
<tr>
<td>Advance receivable, related party</td>
<td>750,000</td>
<td>(750,000)</td>
</tr>
<tr>
<td>Prepaid expenses</td>
<td>64,549</td>
<td>(149,326)</td>
</tr>
<tr>
<td>Inventory</td>
<td>(410,934)</td>
<td>(41,865)</td>
</tr>
<tr>
<td>Development fee receivable, related parties</td>
<td>222,727</td>
<td>(618,629)</td>
</tr>
<tr>
<td>Interest receivable, related parties</td>
<td>(168,562)</td>
<td>2,378</td>
</tr>
<tr>
<td>Increase (decrease) in:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Accounts payable and accrued expenses</td>
<td>125,727</td>
<td>194,142</td>
</tr>
<tr>
<td>Payroll and related accruals</td>
<td>(201,628)</td>
<td>161,282</td>
</tr>
<tr>
<td>Other liabilities</td>
<td>19,987</td>
<td>498</td>
</tr>
<tr>
<td></td>
<td>2,695,658</td>
<td>2,277,991</td>
</tr>
</tbody>
</table>

Cash flows from investing activities

<table>
<thead>
<tr>
<th></th>
<th>2016</th>
<th>2015</th>
</tr>
</thead>
<tbody>
<tr>
<td>Purchase of fixed assets</td>
<td>(2,597,869)</td>
<td>(7,146,264)</td>
</tr>
<tr>
<td>Proceeds from sale of fixed assets</td>
<td>203,350</td>
<td>720,000</td>
</tr>
<tr>
<td>Purchase of investments</td>
<td>(325,913)</td>
<td>(1,201,891)</td>
</tr>
<tr>
<td>Proceeds from sale of investments</td>
<td>60,227</td>
<td>-</td>
</tr>
<tr>
<td>Proceeds from assumption of interest in limited partnership</td>
<td>-</td>
<td>73,248</td>
</tr>
<tr>
<td>Proceeds from notes receivable, Rural Rehabilitation</td>
<td>63,019</td>
<td>270,042</td>
</tr>
<tr>
<td>Issuance of notes receivable, Rural Rehabilitation</td>
<td>(187,345)</td>
<td>(156,579)</td>
</tr>
<tr>
<td>Issuance of notes receivable, SHOP</td>
<td>(9,447)</td>
<td>-</td>
</tr>
<tr>
<td>Payments received on notes receivable, related parties</td>
<td>325,727</td>
<td>457,231</td>
</tr>
<tr>
<td>Issuance of notes receivable, related parties</td>
<td>(19,373)</td>
<td>-</td>
</tr>
<tr>
<td>Proceeds from notes receivable, other</td>
<td>42,370</td>
<td>129</td>
</tr>
<tr>
<td>Investment in the beneficial assets of related organization</td>
<td>-</td>
<td>(4,888,900)</td>
</tr>
<tr>
<td></td>
<td>(2,445,254)</td>
<td>(11,872,984)</td>
</tr>
</tbody>
</table>

Net cash used by investing activities
Cash flows from financing activities

<table>
<thead>
<tr>
<th></th>
<th>2016</th>
<th>2015</th>
</tr>
</thead>
<tbody>
<tr>
<td>Payments on long-term debt</td>
<td>(1,630,623)</td>
<td>(2,025,244)</td>
</tr>
<tr>
<td>Proceeds from issuance of long-term debt</td>
<td>1,800,923</td>
<td>12,499,500</td>
</tr>
<tr>
<td>Net draws on line of credit</td>
<td>(12,861)</td>
<td>2,538</td>
</tr>
<tr>
<td>Payments on capital lease</td>
<td>-</td>
<td>(11,935)</td>
</tr>
<tr>
<td>Net cash provided by financing activities</td>
<td>157,439</td>
<td>10,464,859</td>
</tr>
</tbody>
</table>

Net increase in cash and cash equivalents

<table>
<thead>
<tr>
<th></th>
<th>2016</th>
<th>2015</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash and cash equivalents, beginning of year</td>
<td>4,301,207</td>
<td>3,431,341</td>
</tr>
<tr>
<td>Cash and cash equivalents, end of year</td>
<td>$ 4,709,050</td>
<td>$ 4,301,207</td>
</tr>
</tbody>
</table>

Supplemental disclosure of cash flow information

<p>| | | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash paid for interest</td>
<td>$ 897,572</td>
<td>$ 890,860</td>
</tr>
</tbody>
</table>

Supplemental disclosure of noncash investing transactions

<table>
<thead>
<tr>
<th></th>
<th>2016</th>
<th>2015</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total acquisition of property and equipment</td>
<td>$ (2,597,869)</td>
<td>$ 8,186,393</td>
</tr>
<tr>
<td>Noncash assumption of property and equipment</td>
<td>-</td>
<td>(831,567)</td>
</tr>
<tr>
<td>Donation of property and equipment</td>
<td>-</td>
<td>(208,562)</td>
</tr>
<tr>
<td>Total cash paid for property and equipment</td>
<td>$ (2,597,869)</td>
<td>$ 7,146,264</td>
</tr>
<tr>
<td>Total increases to investments</td>
<td>$ 315,295</td>
<td>$ 1,095,199</td>
</tr>
<tr>
<td>Unrealized (gain) loss on investments</td>
<td>10,618</td>
<td>(28,837)</td>
</tr>
<tr>
<td>Decrease due to transfer of interest in limited partnership</td>
<td>-</td>
<td>135,529</td>
</tr>
<tr>
<td>Net purchase of investments</td>
<td>$ 325,913</td>
<td>$ 1,201,891</td>
</tr>
<tr>
<td>Total reduction of notes receivable, related parties</td>
<td>$ 172,309</td>
<td>$ 655,998</td>
</tr>
<tr>
<td>Decrease in allowance for uncollectible notes receivable</td>
<td>153,418</td>
<td>261,201</td>
</tr>
<tr>
<td>Noncash payment due to transfer of interest in limited partnership</td>
<td>-</td>
<td>(459,968)</td>
</tr>
<tr>
<td>Total cash received from notes receivable, related parties</td>
<td>$ 325,727</td>
<td>$ 457,231</td>
</tr>
</tbody>
</table>

Supplemental disclosure of noncash financing transactions

<table>
<thead>
<tr>
<th></th>
<th>2016</th>
<th>2015</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total proceeds from issuance of long-term debt</td>
<td>$ 1,800,923</td>
<td>$ 12,690,866</td>
</tr>
<tr>
<td>Assumption of long-term debt</td>
<td>-</td>
<td>(191,366)</td>
</tr>
<tr>
<td>Total cash proceeds from issuance of long-term debt</td>
<td>$ 1,800,923</td>
<td>$ 12,499,500</td>
</tr>
</tbody>
</table>

The accompanying notes are an integral part of these consolidated statements.
## CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES

For the Year Ended September 30, 2016

<table>
<thead>
<tr>
<th>Program Services</th>
<th>General, Manufacturing, Retail, Warehouses, and Recycling</th>
<th>Services and Housing</th>
<th>Services and Training</th>
<th>Total Program Services</th>
</tr>
</thead>
<tbody>
<tr>
<td>Payroll</td>
<td>$ 9,934,477</td>
<td>$ 2,375,482</td>
<td>$ 1,094,005</td>
<td>$ 13,403,964</td>
</tr>
<tr>
<td>Payroll taxes and benefits</td>
<td>1,812,855</td>
<td>386,183</td>
<td>194,540</td>
<td>2,393,578</td>
</tr>
<tr>
<td>Purchases and handling</td>
<td>876,400</td>
<td>-</td>
<td>47,932</td>
<td>924,332</td>
</tr>
<tr>
<td>Utilities</td>
<td>1,128,857</td>
<td>599,758</td>
<td>147,449</td>
<td>1,876,064</td>
</tr>
<tr>
<td>Client assistance</td>
<td>1,399</td>
<td>1,434,832</td>
<td>391,886</td>
<td>1,828,117</td>
</tr>
<tr>
<td>Client assistance, in-kind food</td>
<td>-</td>
<td>-</td>
<td>1,241,893</td>
<td>1,241,893</td>
</tr>
<tr>
<td>Telephone</td>
<td>109,312</td>
<td>87,549</td>
<td>20,397</td>
<td>217,258</td>
</tr>
<tr>
<td>Repairs and maintenance</td>
<td>422,518</td>
<td>589,553</td>
<td>75,414</td>
<td>1,087,485</td>
</tr>
<tr>
<td>Supplies and office expenses</td>
<td>627,993</td>
<td>117,696</td>
<td>76,745</td>
<td>822,434</td>
</tr>
<tr>
<td>Rent</td>
<td>1,278,319</td>
<td>37,417</td>
<td>27,991</td>
<td>1,343,727</td>
</tr>
<tr>
<td>Insurance</td>
<td>184,731</td>
<td>157,727</td>
<td>57,025</td>
<td>399,483</td>
</tr>
<tr>
<td>Professional services</td>
<td>231,372</td>
<td>184,457</td>
<td>10,064</td>
<td>425,893</td>
</tr>
<tr>
<td>Licenses, taxes and fees</td>
<td>449,456</td>
<td>205,529</td>
<td>3,916</td>
<td>658,901</td>
</tr>
<tr>
<td>Interest expense</td>
<td>479,435</td>
<td>422,889</td>
<td>2,051</td>
<td>904,375</td>
</tr>
<tr>
<td>Provision for loan loss and bad debt</td>
<td>7,180</td>
<td>255,225</td>
<td>-</td>
<td>262,405</td>
</tr>
<tr>
<td>Advertising</td>
<td>223,289</td>
<td>2,643</td>
<td>1,093</td>
<td>227,025</td>
</tr>
<tr>
<td>Travel, conferences, and meetings</td>
<td>371,661</td>
<td>81,953</td>
<td>21,861</td>
<td>475,475</td>
</tr>
<tr>
<td>Vehicles</td>
<td>450,966</td>
<td>38,210</td>
<td>13,695</td>
<td>502,871</td>
</tr>
<tr>
<td>Special events</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Grants to others</td>
<td>150,129</td>
<td>-</td>
<td>-</td>
<td>150,129</td>
</tr>
<tr>
<td>Other costs</td>
<td>33,104</td>
<td>205,694</td>
<td>41,979</td>
<td>280,777</td>
</tr>
</tbody>
</table>

Total functional expenses before depreciation and amortization: $18,773,453 | $7,182,797 | $3,469,936 | $29,426,186

Depreciation and amortization: $547,429 | $1,061,472 | $56,815 | $1,665,716

Total functional expenses: $19,320,882 | $8,244,269 | $3,526,751 | $31,091,902
The accompanying notes are an integral part of these consolidated statements.
<table>
<thead>
<tr>
<th>Program Services</th>
<th>General, Manufacturing, Retail, Warehouses, and Recycling</th>
<th>Services and Housing</th>
<th>Services and Training</th>
<th>Total Program Services</th>
</tr>
</thead>
<tbody>
<tr>
<td>Payroll</td>
<td>$ 8,690,904</td>
<td>$ 2,083,925</td>
<td>$ 1,086,509</td>
<td>$ 11,861,338</td>
</tr>
<tr>
<td>Payroll taxes and benefits</td>
<td>1,714,805</td>
<td>354,980</td>
<td>200,970</td>
<td>2,270,755</td>
</tr>
<tr>
<td>Purchases and handling</td>
<td>689,595</td>
<td>-</td>
<td>27,618</td>
<td>717,213</td>
</tr>
<tr>
<td>Utilities</td>
<td>928,954</td>
<td>585,196</td>
<td>147,146</td>
<td>1,661,296</td>
</tr>
<tr>
<td>Client assistance</td>
<td>30,477</td>
<td>1,219,315</td>
<td>375,594</td>
<td>1,625,386</td>
</tr>
<tr>
<td>Client assistance, in-kind food</td>
<td>-</td>
<td>-</td>
<td>1,266,384</td>
<td>1,266,384</td>
</tr>
<tr>
<td>Telephone</td>
<td>99,942</td>
<td>93,611</td>
<td>21,601</td>
<td>215,154</td>
</tr>
<tr>
<td>Repairs and maintenance</td>
<td>352,214</td>
<td>399,087</td>
<td>12,621</td>
<td>763,922</td>
</tr>
<tr>
<td>Supplies and office expenses</td>
<td>698,757</td>
<td>132,088</td>
<td>150,852</td>
<td>981,697</td>
</tr>
<tr>
<td>Rent</td>
<td>1,106,013</td>
<td>60,121</td>
<td>24,662</td>
<td>1,190,796</td>
</tr>
<tr>
<td>Insurance</td>
<td>150,394</td>
<td>85,468</td>
<td>39,940</td>
<td>275,802</td>
</tr>
<tr>
<td>Professional services</td>
<td>159,855</td>
<td>177,792</td>
<td>11,464</td>
<td>349,111</td>
</tr>
<tr>
<td>Licenses, taxes and fees</td>
<td>505,026</td>
<td>119,354</td>
<td>5,538</td>
<td>629,918</td>
</tr>
<tr>
<td>Interest expense</td>
<td>447,866</td>
<td>415,685</td>
<td>4,706</td>
<td>868,257</td>
</tr>
<tr>
<td>Provision for loan loss and bad debt</td>
<td>252</td>
<td>141,017</td>
<td>-</td>
<td>141,269</td>
</tr>
<tr>
<td>Advertising</td>
<td>184,727</td>
<td>2,867</td>
<td>1,185</td>
<td>188,779</td>
</tr>
<tr>
<td>Travel, conferences, and meetings</td>
<td>300,921</td>
<td>98,944</td>
<td>21,704</td>
<td>421,569</td>
</tr>
<tr>
<td>Vehicles</td>
<td>394,358</td>
<td>23,169</td>
<td>7,644</td>
<td>425,171</td>
</tr>
<tr>
<td>Special events</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Other costs</td>
<td>45,120</td>
<td>276,015</td>
<td>24,620</td>
<td>345,755</td>
</tr>
<tr>
<td>Total functional expenses before depreciation and amortization</td>
<td>16,500,180</td>
<td>6,268,634</td>
<td>3,430,758</td>
<td>26,199,572</td>
</tr>
<tr>
<td>Depreciation and amortization</td>
<td>390,935</td>
<td>1,011,861</td>
<td>62,059</td>
<td>1,464,855</td>
</tr>
<tr>
<td>Total functional expenses</td>
<td>$ 16,891,115</td>
<td>$ 7,280,495</td>
<td>$ 3,492,817</td>
<td>$ 27,664,427</td>
</tr>
</tbody>
</table>
The accompanying notes are an integral part of these consolidated statements.
1. **Nature of Operations and Summary of Significant Accounting Policies**

**Nature of Operations**

St. Vincent de Paul Society of Lane County, Inc. (the Organization) is a nonprofit organization that creates employment, housing, and multiple training opportunities for low-income people in order to provide avenues out of poverty for those in need. The Organization has formed a sustainable community model that attacks the root causes of poverty and funds these activities with not-for-profit entrepreneurial business ventures.

**Basis of Presentation**

The accompanying consolidated financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America. Net assets and revenues, expenses, gains, and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets of the Organization and changes therein are classified and reported as follows:

- **Unrestricted net assets** – Net assets are not subject to donor-imposed stipulations.

- **Temporarily restricted net assets** – Net assets subject to donor-imposed stipulations that will be met, either by actions of the Organization and/or passage of time. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the consolidated statements of activities as net assets released from restrictions. As of September 30, 2016 and 2015, the Organization had $26,810,419 and $24,918,639, respectively, of temporarily restricted net assets.

- **Permanently restricted net assets** – Net assets subject to donor-imposed stipulations specify that the Organization maintain them permanently. Generally, the donors of these assets permit the Organization to use all or part of the income earned on any related investments for general or specific purposes. As of September 30, 2016 and 2015, the Organization had no permanently restricted net assets.

**Principles of Consolidation**

The accompanying consolidated financial statements include the accounts of the Organization and those of its wholly owned subsidiaries, De Paul RE Services, Inc.; Marion County Elderly, Inc.; De Paul Property Management, LLC; D Lamb, Inc.; Linn County Affordable Housing Acquisition, LLC; and Society of St. Vincent de Paul of Lane County. Inter-company transactions and balances have been eliminated in consolidation. The Organization is also the General Partner for 15 limited partnerships which are not subject to consolidation.

**Use of Estimates**

The preparation of consolidated 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, liabilities, and changes therein, and disclosure of contingent assets and liabilities. Actual results could differ from those estimates.
1. Nature of Operations and Summary of Significant Accounting Policies, continued

Description of Programs

General, Manufacturing, Retail, Warehouses, and Recycling - The Organization operates thrift stores, an economic development department, and a recycling department. Clothing, appliances, furniture, and other durable goods bought at bulk prices, manufactured or donated, are resold to finance the administration of the Organization and special charitable programs.

Housing - The Organization owns, operates, constructs, and renovates housing for low-income families. The low-income housing projects are primarily funded by federal grant programs and rent income.

Services and Training - The Organization, in cooperation with various denominations, operates emergency day and night shelters for the homeless. The Organization also provides emergency medical, food, and other services for the indigent.

Cash and Cash Equivalents

All checking accounts, money market mutual funds, and certificates of deposit with original maturities of 90 days or less are treated as cash and cash equivalents in the consolidated statements of financial position and cash flows.

Accounts Receivable

Accounts receivable is comprised of amounts due from granting agencies, contracts, and other various receivables. Management evaluates the collectability of accounts receivable on a case-by-case basis and writes off any receivables that have been deemed uncollectible. The allowance is composed of amounts due from former tenants that management has deemed potentially uncollectible. At September 30, 2016 and 2015, accounts receivable is presented net of an allowance of $65,573 and $47,685, respectively.

Accounts Receivable, Related Parties

Accounts receivable, related parties is comprised primarily of amounts due to the Organization from its limited partnerships for services rendered and fees earned. Management evaluates the collectability of these accounts receivable on a case-by-case basis and writes off any receivables that have been deemed uncollectible. The allowance is composed amounts due where ultimate collectability is uncertain due to the limited available cash flow from those entities. At September 30, 2016 and 2015, accounts receivable, related parties is presented net of an allowance of $681,419 and $640,865, respectively.

Inventory

Purchased inventory is valued at the lower of cost (first-in, first-out) or market, generally based on an average cost per cubic foot or pounds of merchandise at the end of the year. The Organization also receives donated inventory throughout the year. The value of donated inventory at year end is determined by management based on a cumulative average value of donated inventory received throughout the year.
1. Nature of Operations and Summary of Significant Accounting Policies, continued

Fixed Assets and Intangibles

Purchased land, buildings, equipment, and intangibles are stated at costs and depreciated over the estimated useful lives of the respective assets on a straight-line basis. Donated assets are stated at their estimated fair market value on the date of donation. For assets constructed by the Organization, cost includes interest during the construction period and other carrying costs. When assets are disposed of, the cost and related accumulated depreciation is removed from the accounts, and any gain or loss is recorded. Items of property and equipment with a cost of $5,000 or more are capitalized. The estimated useful lives are 30 - 40 years for buildings, 7 - 15 years for improvements, and 5 - 7 years for equipment.

Investments

The Organization and its subsidiaries have formed various limited partnerships, 15 of which were in existence as of September 30, 2016 and 2015 (see Note 3). The partnerships were formed to construct and operate affordable housing complexes. These investments are either consolidated or accounted for using the equity method depending on the Organization’s direct and indirect ownership interest and the Organization’s ability to exercise influence over operations and financial policies. Investments accounted for using the equity method are carried at cost adjusted annually for the Organization’s proportionate share of earnings or losses.

Notes Receivable, Rural Rehabilitation Program

Notes receivable are stated at their unpaid principal balance plus accrued interest earned. Interest on notes is typically recognized for the first five to seven years of the loan. Interest earned on notes associated with the Rural Rehabilitation Program is calculated using the compound interest method on principal and interest amounts outstanding. Interest earned on all other notes is calculated using the simple interest method on principal amounts outstanding.

Management has elected to provide an allowance for uncollectible notes receivable for the Rural Rehabilitation Program equal to the estimated collection losses that will be incurred. The allowance for loan loss is based upon periodic review of the collectability of the loan in light of historical experiences, the nature and volume of the loan portfolio, adverse situations that may affect the borrower’s ability to repay, estimated value of the underlying collateral, and prevailing economic conditions. This evaluation is inherently subjective as it requires estimates that are susceptible to significant revision as more information becomes available. Once information is available that confirms the amount is uncollectible, the receivable is written off against the allowance.

Notes Receivable, Related Parties and Interest Receivable, Related Parties

Notes receivable, related parties, include notes due from the limited partnerships for which the Organization or its subsidiaries are the General Partner. The notes are stated at their unpaid principal balance. Interest on notes is recognized over the term of the loan. The notes are secured by real estate. Management has elected to provide an allowance for uncollectible notes receivable and interest receivable due from related parties. The allowances are based upon expected ability for the respective limited partnerships to pay the debt before or at the time of assumption of the limited partner interest by the Organization which is to occur at some future point in accordance with the respective partnership agreements. This evaluation is inherently subjective as it requires significant estimates that are susceptible to future revisions.
1. Nature of Operations and Summary of Significant Accounting Policies, continued

Beneficial Interest in the Net Assets of Related Organization

During the year ended September 30, 2015, the Organization contributed $4,888,900 to a related organization, SVDP Leverage Lender (a non-profit organization), which was organized exclusively for the support and benefit of the Organization. The bylaws of SVDP Leverage Lender state that the majority of the board of directors must be individuals who are not then members of the board of directors of the Organization. Due to this stipulation, the Organization is not deemed to have control over SVDP Leverage Lender and, therefore, SVDP Leverage Lender is not required to be consolidated with the Organization for financial reporting under US GAAP. The Organization recognizes its interest in the net assets of the related organization as a beneficial interest in accordance with Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) Topic 958-20-25-2. The amount of the beneficial interest is based on the amount contributed to the related organization and is adjusted annually for the Organization’s share of the change in the net assets of the related organization, which is included with gains (losses) on investments on the consolidated statements of activities.

Income Tax Status

The Organization qualifies as a tax-exempt organization under Section 501(c)(3) of the Internal Revenue Code (IRC). The Organization 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)(vi). The wholly owned subsidiaries of the Organization have various income tax statuses as follows: De Paul RE Services, Inc. and D, Lamb, Inc. – tax-exempt under IRC Section 501(c)(2); De Paul Property Management, LLC and Linn County Affordable Housing Acquisition, LLC - disregarded entities; Marion County Elderly, Inc. – taxable corporation; and Society of St. Vincent de Paul of Lane Count – tax-exempt under IRC Section 501(c)(3). The Organization and its subsidiaries file applicable tax forms in the U.S. federal jurisdiction, the state of Oregon, and the state of California. The returns are generally subject to examination by taxing authorities for a period of three years after filing.

Revenue recognition

Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support depending on the existence and/or nature of any donor restrictions. Donor-restricted support is recorded as an increase in temporarily or permanently restricted net assets depending on the nature of the restriction. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), temporarily restricted net assets are reclassified to unrestricted net assets and reported in the consolidated statements of activities as a release from restriction.

Grant revenue for expense reimbursement based grants is recognized as qualified expenses are incurred, subject to the amount authorized in the grant agreement. Unreimbursed grant expenses due from grantor agencies are reflected in the consolidated financial statements as receivables and revenues.

Retail sales revenue is recorded when sales are made and is presented net of returns.

Fee for services revenue, including contract services, management fees and partnership reimbursements, and developer fee income, is recognized when the respective service is performed.
1. **Nature of Operations and Summary of Significant Accounting Policies**, continued

**Donated Services and Materials**

The Organization records the value of donated goods and use of facilities using the estimated fair market value of the donated good at the date of donation. The Organization records the value of donated services when the services meet the criteria for recognition in accordance with U.S. GAAP and there is an objective basis available to measure their value. The donated services included in the consolidated financial statements were valued at the fair market value of similar services. The Organization also receives donated services from a variety of unpaid volunteers who assist with programs in nonspecialized roles. Approximately 25,000 hours were donated by unpaid volunteers in 2016 and 2015. No amounts have been reflected in the consolidated financial statements for these donated hours. Donated materials and supplies are reflected as contributions, in-kind and are valued at the estimated fair market value as of the date the item is received.

**Derivative Financial Instrument Policy – Interest Rate Swap**

The Organization entered into an interest rate swap agreement to manage its interest rate exposure. Interest rate swaps are agreements to exchange interest rate payment streams based on the principal amount. Organization policy requires settlement accounting principles for interest rate swaps in which net interest rate differentials to be paid or received are recorded currently as adjustments to interest expense.

**Advertising Costs**

The Organization’s advertising costs are expensed as incurred.

2. **Cash and Cash Equivalents and Concentration of Credit Risk**

Under the terms of grant agreements, the Organization is required to maintain restricted cash accounts and in some cases segregated bank accounts. The restricted accounts are typically restricted to pay operating expenses of the related programs or as reserves for repairs and replacements on housing projects.

<table>
<thead>
<tr>
<th></th>
<th>2016</th>
<th>2015</th>
</tr>
</thead>
<tbody>
<tr>
<td>Unrestricted cash and cash equivalents</td>
<td>$1,013,105</td>
<td>$1,254,734</td>
</tr>
<tr>
<td>Restricted cash and cash equivalents</td>
<td>3,695,945</td>
<td>3,046,473</td>
</tr>
<tr>
<td><strong>Total cash and cash equivalents</strong></td>
<td><strong>$4,709,050</strong></td>
<td><strong>$4,301,207</strong></td>
</tr>
</tbody>
</table>

Deposits with financial institutions include bank demand deposits, money market accounts, and certificates of deposit. Deposits held at financial institutions are insured by the Federal Deposit Insurance Corporation (FDIC) up to $250,000 at each financial institution. Balances held may from time to time exceed federally insured limits. The total bank balance of these accounts were $4,770,337 and $4,448,057 for the years ended September 30, 2016 and 2015, respectively. Of these deposits, $2,834,456 and $2,666,771 were covered by federal depository insurance at September 30, 2016 and 2015, respectively. Balances of $1,935,881 and $1,781,286 as of September 30, 2016 and 2015, respectively, were not insured.
3. Investments

Investments consist primarily of capital contributed to the entities the Organization and its subsidiaries have formed to construct and operate affordable housing developments for eligible tenants in Oregon. The Organization or one of its subsidiaries is the General Partner and acts as manager of the developments.

At September 30, the Organization and its subsidiaries’ equity (deficit) in the limited partnerships and other investments were as follows:

<table>
<thead>
<tr>
<th>Partnership</th>
<th>2016</th>
<th>2015</th>
</tr>
</thead>
<tbody>
<tr>
<td>Alona Place Limited Partnership</td>
<td>$ -</td>
<td>$ -</td>
</tr>
<tr>
<td>Ash Meadows Limited Partnership</td>
<td>247,781</td>
<td>247,787</td>
</tr>
<tr>
<td>Aurora Housing Limited Partnership</td>
<td>1,330,730</td>
<td>1,330,753</td>
</tr>
<tr>
<td>Bascom Village Limited Partnership</td>
<td>1,246,919</td>
<td>1,205,864</td>
</tr>
<tr>
<td>Corey Commons Limited Partnership</td>
<td>187,355</td>
<td>187,372</td>
</tr>
<tr>
<td>Four Oaks Limited Partnership</td>
<td>116,682</td>
<td>116,699</td>
</tr>
<tr>
<td>Hazel Court Limited Partnership</td>
<td>184,361</td>
<td>102,850</td>
</tr>
<tr>
<td>Heather Glen Limited Partnership</td>
<td>(33)</td>
<td>(15)</td>
</tr>
<tr>
<td>Lamb Building Limited Partnership</td>
<td>1,117,286</td>
<td>1,117,605</td>
</tr>
<tr>
<td>Royal Building Limited Partnership</td>
<td>158,445</td>
<td>158,462</td>
</tr>
<tr>
<td>Santa Clara Limited Partnership</td>
<td>537,224</td>
<td>537,245</td>
</tr>
<tr>
<td>Spruce Terrace Limited Partnership</td>
<td>661,733</td>
<td>661,745</td>
</tr>
<tr>
<td>Stayton Manor Limited Partnership</td>
<td>204,812</td>
<td>96,767</td>
</tr>
<tr>
<td>Stellar Apartments Limited Partnership</td>
<td>745,914</td>
<td>690,107</td>
</tr>
<tr>
<td>Wallerwood Limited Partnership</td>
<td>168,729</td>
<td>129,269</td>
</tr>
<tr>
<td>Other investments</td>
<td>92,859</td>
<td>163,219</td>
</tr>
<tr>
<td>Total investments</td>
<td>$ 7,000,797</td>
<td>$ 6,745,729</td>
</tr>
</tbody>
</table>

The Organization has .01 percent interest in Alona Place Limited Partnership, but as of September 30, 2016 and 2015, the Organization had not yet made a capital contribution.

The Organization and its subsidiaries’ interests in the limited partnerships ranges from .01 percent to .10 percent. The limited partnerships have calendar year ends. The summarized financial information for the above named limited partnerships at December 31, 2015 and 2014 were as follows:

<table>
<thead>
<tr>
<th></th>
<th>2015</th>
<th>2014</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total assets</td>
<td>$ 60,815,129</td>
<td>$ 52,969,479</td>
</tr>
<tr>
<td>Total liabilities</td>
<td>27,971,647</td>
<td>21,680,195</td>
</tr>
<tr>
<td>Net loss</td>
<td>(1,740,405)</td>
<td>(1,513,314)</td>
</tr>
</tbody>
</table>
4. Fixed Assets and Intangibles

At September 30, a summary of fixed assets and intangibles was as follows:

<table>
<thead>
<tr>
<th></th>
<th>2016</th>
<th>2015</th>
</tr>
</thead>
<tbody>
<tr>
<td>Land</td>
<td>$ 9,926,448</td>
<td>$ 8,031,513</td>
</tr>
<tr>
<td>Buildings</td>
<td>37,031,820</td>
<td>36,857,443</td>
</tr>
<tr>
<td>Equipment</td>
<td>3,804,909</td>
<td>3,529,166</td>
</tr>
<tr>
<td>Construction in progress and</td>
<td>50,084</td>
<td>32,716</td>
</tr>
<tr>
<td>assets in development</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Intangible assets – loan and</td>
<td>1,203,840</td>
<td>1,192,956</td>
</tr>
<tr>
<td>financing fees</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>52,017,101</strong></td>
<td><strong>49,643,794</strong></td>
</tr>
<tr>
<td>Accumulated depreciation</td>
<td>(13,026,775)</td>
<td>(11,409,542)</td>
</tr>
<tr>
<td><strong>Fixed assets and intangibles, net</strong></td>
<td><strong>$ 38,990,326</strong></td>
<td><strong>$ 38,234,252</strong></td>
</tr>
</tbody>
</table>

5. Assets Held for Sale

During 2009, the Organization purchased land from the city of Lowell, Oregon and land located in Veneta, Oregon with the purpose of developing the land and selling it to qualified homebuyers in accordance with grants received for that purpose. Costs associated with readying the land for sale are capitalized as land costs. The amounts are included as assets held for sale and is stated at the lower of its carrying amount or fair value, less costs to sell.

6. Notes Receivable, Rural Rehabilitation Program

In 2002, the Organization began the Rural Rehabilitation Program for Lane County which provides loans to eligible homeowners to improve the structure of their homes, and create a safer and healthier environment in which to live. They have subsequently added loans from the cities of Cottage Grove, Florence, Lowell, and Oakridge, Oregon. The loans generally accrue interest annually at 1 to 3 percent for the first 5 to 7 years of the loan. The loans are secured by real estate. Each loan has a 20-year term and can be renewed in 5-year increments after the first 20 years. At September 30, 2016 and 2015, the total amount of notes receivable for this program was $2,795,933 and $2,671,607, respectively. Amounts are net of an allowance for uncollectible accounts of $228,291 and $89,580, for the years ended September 30, 2016 and 2015, respectively. All loans are considered to be long-term.

7. Lines of Credit

The Organization has three revolving lines of credit totaling $1,350,000 with Banner Bank that mature July 5, 2017. Interest is payable monthly based on a variable rate index and is subject to minimum and maximum rate limitations (effective rate of 3.625 percent and 3.375 percent at September 30, 2016 and 2015, respectively). Collateral is provided by accounts receivable, inventory, and equipment. At September 30, 2016 and 2015, outstanding borrowings on the revolving lines of credit were $240,268 and $253,129, respectively, and the amount available on the lines of credit was $1,109,732 and $1,096,871, respectively. The credit agreement requires the Organization to maintain specified reporting requirements and financial covenants which are measured periodically. Management believes the Organization was in compliance with the financial covenants required by the credit agreement as of September 30, 2016 and 2015.
8. Long-term Debt

As of September 30, long-term debt consisted of the following:

<table>
<thead>
<tr>
<th>Note Description</th>
<th>2016</th>
<th>2015</th>
</tr>
</thead>
<tbody>
<tr>
<td>Notes payable, Wells Fargo Community Development Corp., with monthly payments of</td>
<td>$9,200,109</td>
<td>$9,261,988</td>
</tr>
<tr>
<td>$8,993, including interest at 4.60%, monthly payments of interest only at 2.00%,</td>
<td></td>
<td></td>
</tr>
<tr>
<td>and quarterly payments of interest only at 1.02%, due at various dates through</td>
<td></td>
<td></td>
</tr>
<tr>
<td>December 2044, secured by real estate.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Notes payable, Umpqua Bank, with monthly payments of $418 to $19,679, including</td>
<td>4,116,677</td>
<td>4,293,555</td>
</tr>
<tr>
<td>interest at 4.35% to 5.25% and variable rates from 3.45% to 5.5% at September</td>
<td></td>
<td></td>
</tr>
<tr>
<td>30, 2016 and 2015, due at various dates through May 2032, secured by real</td>
<td></td>
<td></td>
</tr>
<tr>
<td>estate.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Notes payable, state of Oregon, OFA Bond, with monthly payments of $18,018,</td>
<td>3,393,200</td>
<td>3,492,403</td>
</tr>
<tr>
<td>including interest at 3.40%, due November 2039, secured by real estate.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Notes payable, city of Eugene, with monthly payments of $-0- to $2,245, including</td>
<td>1,991,388</td>
<td>2,063,136</td>
</tr>
<tr>
<td>interest at 0.00% to 5.00%, due at various dates through July 2038 or when the</td>
<td></td>
<td></td>
</tr>
<tr>
<td>underlying property is sold, secured by real estate.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Note payable, state of Oregon, OECD, with annual payments of $14,070, including</td>
<td>1,600,096</td>
<td>1,681,138</td>
</tr>
<tr>
<td>interest at 5.35%, due December 2029, secured by real estate.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Notes payable, Banner Bank, with monthly payments of $531 to $6,167, including</td>
<td>2,533,798</td>
<td>1,655,158</td>
</tr>
<tr>
<td>interest at 2.25% to 6.95%, due at various dates through January 2036, secured</td>
<td></td>
<td></td>
</tr>
<tr>
<td>by real estate, other assets, and assignment of rents.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Notes payable, Bank of America, with monthly payments of $3,109 to $4,153,</td>
<td>1,523,597</td>
<td>1,609,732</td>
</tr>
<tr>
<td>including interest at 3.72% to 4.64%, due at various dates through February</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2031, secured by real estate.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Notes payable, Network of Affordable Housing (NOAH), with monthly payments of</td>
<td>1,133,359</td>
<td>1,077,187</td>
</tr>
<tr>
<td>$-0- to $3,539, including interest at 2.00% to 5.00%, due at various dates</td>
<td></td>
<td></td>
</tr>
<tr>
<td>through June 2033, secured by real estate.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Notes payable, USDA Rural Development, with monthly payments of $584 to $1,705,</td>
<td>760,537</td>
<td>776,357</td>
</tr>
<tr>
<td>including interest at 5.38% to 5.63%, due at various dates through June 2040,</td>
<td></td>
<td></td>
</tr>
<tr>
<td>secured by real estate.</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

- 20 -
8. **Long-term Debt**, continued

<table>
<thead>
<tr>
<th>Description</th>
<th>2016</th>
<th>2015</th>
</tr>
</thead>
<tbody>
<tr>
<td>Note payable, city of Eugene, non-interest bearing, paid in full in October 2015, secured by real estate.</td>
<td>-</td>
<td>750,000</td>
</tr>
<tr>
<td>Notes payable, Anita B. Stelling, interest only payments with interest at 3.50% to 4.00%, through April 2019 or when underlying property is sold, secured by real estate.</td>
<td>684,000</td>
<td>684,000</td>
</tr>
<tr>
<td>Note payable, state of California, with monthly payments of $5,797, including interest at 4.00%, due January 2026, secured by real estate.</td>
<td>546,192</td>
<td>-</td>
</tr>
<tr>
<td>Note payable, KeyBank, with monthly payments of $3,303, including interest at 5.15%, due September 2028, secured by vehicles, equipment, and real estate.</td>
<td>367,970</td>
<td>387,858</td>
</tr>
<tr>
<td>Notes payable, Community Frameworks, non-interest bearing, forgivable after various dates through August 2020, secured by real estate.</td>
<td>300,000</td>
<td>300,000</td>
</tr>
<tr>
<td>Notes payable, city of Springfield, with monthly payments of $106 to $519, non-interest bearing, due at various dates through March 2030 or when underlying property is sold, secured by real estate.</td>
<td>122,515</td>
<td>132,124</td>
</tr>
<tr>
<td>Notes payable to various individuals or trusts, with monthly payments of $0 to $679, including interest at 0.00% to 5.28%, due at various dates through December 2026, secured by real estate.</td>
<td>106,499</td>
<td>111,054</td>
</tr>
<tr>
<td>Note payable, Lane County, interest-only payments at 6.00%, paid in full in June 2016, secured by real estate.</td>
<td>-</td>
<td>94,500</td>
</tr>
<tr>
<td>Note payable, Pacific Continental Bank, with monthly payments of $2,829, including interest at 3.99%, due August 2019, secured by real property.</td>
<td>90,553</td>
<td>-</td>
</tr>
<tr>
<td>Note payable, city of Salem, with monthly payments of $417, non-interest bearing, due January 2034, secured by real estate.</td>
<td>86,388</td>
<td>91,388</td>
</tr>
<tr>
<td>Note payable, Summit Bank, with monthly payments of $766, including interest at 4.21%, due September 2026, secured by real estate.</td>
<td>75,000</td>
<td>-</td>
</tr>
<tr>
<td>Note payable, Liguori, interest-only payments at 6.00% with lump sum due December 2016, secured by real estate.</td>
<td>50,000</td>
<td>50,000</td>
</tr>
<tr>
<td>Current portion</td>
<td>(990,237)</td>
<td>(2,323,567)</td>
</tr>
<tr>
<td>Long-term debt, net of current portion</td>
<td>$27,691,641</td>
<td>$26,188,011</td>
</tr>
</tbody>
</table>
8. **Long-term Debt**, continued

Maturities of long-term debt for each of the next five years and thereafter are as follows:

<table>
<thead>
<tr>
<th>For the Year Ending September 30,</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>2017</td>
<td>$990,237</td>
</tr>
<tr>
<td>2018</td>
<td>954,118</td>
</tr>
<tr>
<td>2019</td>
<td>1,803,025</td>
</tr>
<tr>
<td>2020</td>
<td>913,511</td>
</tr>
<tr>
<td>2021</td>
<td>2,267,381</td>
</tr>
<tr>
<td>Thereafter</td>
<td>21,753,606</td>
</tr>
<tr>
<td>Total</td>
<td>$28,681,878</td>
</tr>
</tbody>
</table>

The notes payable require certain covenants related to cash flow, debt service coverage, and financial reporting to the lending institutions. As of September 30, 2016 and 2015, the Organization’s management believes the Organization was in compliance with all such covenants.

9. **Related Party Transactions**

**Notes Receivable, Related Parties**

At September 30, notes receivable, related parties consisted of the following:

<table>
<thead>
<tr>
<th></th>
<th>2016</th>
<th>2015</th>
</tr>
</thead>
<tbody>
<tr>
<td>Notes receivable, Ash Meadows Limited Partnership,</td>
<td>$323,271</td>
<td>$323,271</td>
</tr>
<tr>
<td>payable with interest only at 0.00% to 6.49% to</td>
<td></td>
<td></td>
</tr>
<tr>
<td>the extent of available cash flow, due December</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2029, secured by real estate.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Notes receivable, Aurora Housing Limited</td>
<td>849,667</td>
<td>849,667</td>
</tr>
<tr>
<td>Partnership, payable with interest only at</td>
<td></td>
<td></td>
</tr>
<tr>
<td>3.00% to 5.72% in quarterly installments from</td>
<td></td>
<td></td>
</tr>
<tr>
<td>available cash flow, due September 2034, secured</td>
<td></td>
<td></td>
</tr>
<tr>
<td>by real estate.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Note receivable, Bascom Village Limited</td>
<td>410,274</td>
<td>390,902</td>
</tr>
<tr>
<td>Partnership, payable in monthly installments of</td>
<td></td>
<td></td>
</tr>
<tr>
<td>interest at 0.33% to the extent of available cash</td>
<td></td>
<td></td>
</tr>
<tr>
<td>flow, due July 1, 2044, secured by real estate.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Note receivable, Corey Commons Limited Partnership,</td>
<td>275,000</td>
<td>275,000</td>
</tr>
<tr>
<td>payable with interest at 5.46% to the extent of</td>
<td></td>
<td></td>
</tr>
<tr>
<td>available cash flow, due July 2033, secured by</td>
<td></td>
<td></td>
</tr>
<tr>
<td>real estate.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Notes receivable, Four Oaks Limited Partnership,</td>
<td>190,567</td>
<td>190,567</td>
</tr>
<tr>
<td>payable with interest at 1.00% to 3.00% to the</td>
<td></td>
<td></td>
</tr>
<tr>
<td>extent of available cash flow, due at various dates</td>
<td></td>
<td></td>
</tr>
<tr>
<td>through June 2053, secured by real estate.</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
9. Related Party Transactions, continued

Notes Receivable, Related Parties, continued

<table>
<thead>
<tr>
<th>Note Receivable, Related Parties</th>
<th>2016</th>
<th>2015</th>
</tr>
</thead>
<tbody>
<tr>
<td>Note receivable, Hazel Court Limited Partnership, does not accrue interest, secured by real estate, paid in full in December 2015.</td>
<td>-</td>
<td>81,526</td>
</tr>
<tr>
<td>Notes receivable, Heather Glen Limited Partnership, payable with interest only at 5.40% to the extent of available cash flow, due December 2059, secured by real estate.</td>
<td>1,168,578</td>
<td>1,168,576</td>
</tr>
<tr>
<td>Notes receivable, Lamb Building Limited Partnership, payable with interest only at 0.05% to the extent of available cash flow, due August 2039, secured by real estate.</td>
<td>560,000</td>
<td>560,000</td>
</tr>
<tr>
<td>Notes receivable, Royal Building Limited Partnership, payable with interest only at 3.00% to the extent of available cash flow, due at various dates through September 2036, secured by real estate.</td>
<td>1,250,650</td>
<td>1,250,650</td>
</tr>
<tr>
<td>Notes receivable, Santa Clara Limited Partnership, payable with interest only at 1.00% to 5.46% to the extent of available cash flow, due at various dates through July 2034, secured by real estate.</td>
<td>562,230</td>
<td>562,230</td>
</tr>
<tr>
<td>Note receivable, Spruce Terrace Limited Partnership, payable in monthly installments of interest at 3.00% to the extent of available cash flow, due July 2031, secured by real estate.</td>
<td>696,696</td>
<td>696,696</td>
</tr>
<tr>
<td>Note receivable, Stayton Manor Limited Partnership, accrues interest at 4.00%, secured by real estate, paid in full in December 2015.</td>
<td>-</td>
<td>71,895</td>
</tr>
<tr>
<td>Note receivable, Stellar Apartments Limited Partnership, payable in monthly installments of interest at 2.89% beginning August 1, 2013 to the extent of available cash flow, due December 2062, secured by real estate.</td>
<td>832,508</td>
<td>965,354</td>
</tr>
<tr>
<td>Notes receivable, Wallerwood Limited Partnership, payable with interest at 1.00% to 3.00% to the extent of available cash flow, due at various dates through June 2053, secured by real estate.</td>
<td>190,267</td>
<td>229,728</td>
</tr>
<tr>
<td>Allowance for uncollectible notes receivable</td>
<td>-</td>
<td>(153,421)</td>
</tr>
</tbody>
</table>

Notes receivable, related parties, net

$ 7,309,708  $ 7,462,641
9. Related Party Transactions, continued

Notes Receivable, Related Parties, continued

Total interest income from these notes was $127,400 and $150,640 for the years ended September 30, 2016 and 2015, respectively. Total net accrued interest on the notes receivable was $685,170 and $784,169 for the years ended September 30, 2016 and 2015, respectively. Total accrued interest is reported net of allowance of $1,116,540 and $848,979 for the years ended September 30, 2016 and 2015, respectively.

Advance Receivable, Related Party

During the year ended September 30, 2015, the Organization advanced $750,000 to Bascom Village Limited Partnership, a related party, as short term financing for construction related costs. There was no interest charged on the advance. The advance was paid in full during the year ended September 30, 2016.

Development Fees Receivable, Related Parties

At September 30, development fees receivable, related parties consisted of the following:

<table>
<thead>
<tr>
<th>Partnership</th>
<th>2016</th>
<th>2015</th>
</tr>
</thead>
<tbody>
<tr>
<td>Heather Glen Limited Partnership</td>
<td>$32,594</td>
<td>$43,901</td>
</tr>
<tr>
<td>Royal Building Limited Partnership</td>
<td>165,829</td>
<td>169,829</td>
</tr>
<tr>
<td>Bascom Village Limited Partnership</td>
<td>16,942</td>
<td>561,307</td>
</tr>
<tr>
<td>Alona Place Limited Partnership</td>
<td>565,000</td>
<td>76,000</td>
</tr>
<tr>
<td>Lamb Building Limited Partnership</td>
<td>16,190</td>
<td>22,416</td>
</tr>
<tr>
<td>Allowance for uncollectible developer fees</td>
<td>(145,829)</td>
<td>-</td>
</tr>
</tbody>
</table>

Development fees receivable, related parties, net of current portion and allowance for doubtful collections $135,726 $290,017
9. Related Party Transactions, continued

Case Management, Property Management, and Accounting Fees

The Organization acts as property manager for multiple limited partnerships and performs various management and accounting duties for the partnerships. For the years ended September 30, 2016 and 2015, there were 15 limited partnerships. Income from property management totaled $778,984 and $811,582 for the years ended September 30, 2016 and 2015, respectively.

Beneficial Interest in the Net Assets of Related Organization

During the year ended September 30, 2015, the Organization contributed $4,888,900 to SVDP Leverage Lender, a related non-profit organization. The Organization recognizes the contribution as a beneficial interest in the net assets of SVDP Leverage Lender. The beneficial interest will be adjusted annually for the Organization’s share of SVDP Leverage Lenders change in net assets.

10. Lease Obligations

The Organization leases buildings for store operations, the Interfaith Emergency Shelter System, and manufacturing facilities under non-cancelable operating leases expiring at various dates through 2034. Total rent expense for the years ended September 30, 2016 and 2015 was $1,343,727 and $1,190,796, including $1,064,707 and $918,204, respectively, for all facilities under non-cancelable operating leases.

At September 30, 2016, future minimum lease payments under such leases were as follows:

<table>
<thead>
<tr>
<th>For the Year Ending September 30,</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>2017</td>
<td>$ 1,251,536</td>
</tr>
<tr>
<td>2018</td>
<td>1,192,152</td>
</tr>
<tr>
<td>2019</td>
<td>992,065</td>
</tr>
<tr>
<td>2020</td>
<td>810,790</td>
</tr>
<tr>
<td>2021</td>
<td>643,572</td>
</tr>
<tr>
<td>Thereafter</td>
<td>2,473,828</td>
</tr>
<tr>
<td>Total</td>
<td>$ 7,363,943</td>
</tr>
</tbody>
</table>

11. Contingencies

Grants and bequests require the fulfillment of certain conditions as set forth in the instrument of the grant. Failure to fulfill the conditions could result in a request by grantors to return the funds. The Organization’s management considers this contingency to be a remote possibility, since the Board could modify the objectives of the Organization to the provision of the grantor, if necessary.

12. Functional Allocation of Expenses

The costs of providing the various programs and other activities have been summarized on a functional basis in the consolidated statements of functional expenses. Accordingly, certain costs have been allocated among the programs and support services benefited.
13. Contributions, In-Kind

The Organization receives noncash donations throughout the year including food from Food for Lane County, donated cars, donated use of facilities, and other donated goods. The food received is distributed as direct aid to individuals. For the years ended September 30, 2016 and 2015, noncash donations were comprised of the following:

<table>
<thead>
<tr>
<th>Type</th>
<th>2016</th>
<th>2015</th>
</tr>
</thead>
<tbody>
<tr>
<td>Food</td>
<td>$1,241,893</td>
<td>$1,294,684</td>
</tr>
<tr>
<td>Cars</td>
<td>305,366</td>
<td>342,995</td>
</tr>
<tr>
<td>Other goods</td>
<td>493,057</td>
<td>305,519</td>
</tr>
<tr>
<td>Use of facilities</td>
<td>21,000</td>
<td>21,000</td>
</tr>
<tr>
<td>Contributions, in-kind</td>
<td>$2,061,316</td>
<td>$1,964,198</td>
</tr>
</tbody>
</table>


The Organization entered into an interest-rate swap agreement related to the bond issuance. The Organization will pay a fixed interest rate of 4.48 percent to KeyBank. KeyBank has agreed to pay a variable rate on the principal amount of the bonds. During 2009, the bonds associated with the interest-rate swap were paid in full. However, the interest-rate swap agreement is still in effect until March 1, 2019. The loss on the interest-rate swap was $37,394 and $47,441 as of September 30, 2016 and 2015, and is included in interest expense.

15. Temporarily Restricted Net Assets

Temporarily restricted net assets are available for the following purposes:

<table>
<thead>
<tr>
<th>Type</th>
<th>2016</th>
<th>2015</th>
</tr>
</thead>
<tbody>
<tr>
<td>Services and Training program:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>General</td>
<td>$264,474</td>
<td>$358,021</td>
</tr>
<tr>
<td>Buildings and equipment</td>
<td>786,288</td>
<td>669,118</td>
</tr>
<tr>
<td>Total Services and Training program</td>
<td>1,050,762</td>
<td>1,027,139</td>
</tr>
<tr>
<td>Housing program:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>General</td>
<td>2,969,387</td>
<td>2,284,121</td>
</tr>
<tr>
<td>Buildings and equipment</td>
<td>12,113,584</td>
<td>11,229,910</td>
</tr>
<tr>
<td>Assets held for sale</td>
<td>414,502</td>
<td>414,502</td>
</tr>
<tr>
<td>Notes receivable – Rural Rehabilitation</td>
<td>2,567,642</td>
<td>2,582,027</td>
</tr>
<tr>
<td>Notes receivable – Self-help Homeownership Opportunity Program</td>
<td>296,972</td>
<td>287,525</td>
</tr>
<tr>
<td>Investments in low income housing projects</td>
<td>6,973,653</td>
<td>6,649,673</td>
</tr>
<tr>
<td>Total Housing program</td>
<td>25,335,740</td>
<td>23,447,758</td>
</tr>
<tr>
<td>Other program:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>General</td>
<td>423,917</td>
<td>443,742</td>
</tr>
<tr>
<td>Total temporarily restricted net assets</td>
<td>$26,810,419</td>
<td>$24,918,639</td>
</tr>
</tbody>
</table>

During 2008, the Organization contributed $1,168,914 for the formation of Aster, Inc., a 501(c)(3) nonprofit organization. Aster, Inc. was formed for the purpose of constructing and operating an affordable housing project. Aster, Inc. is a related party that shares some management and board members with the Organization, but Aster, Inc. is not controlled by the Organization. As of September 30, assets, liabilities, and net assets of Aster, Inc. consisted of the following:

<table>
<thead>
<tr>
<th></th>
<th>2016</th>
<th>2015</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash and reserves</td>
<td>$262,639</td>
<td>$293,510</td>
</tr>
<tr>
<td>Accounts receivable</td>
<td>23,827</td>
<td>-</td>
</tr>
<tr>
<td>Prepaid expenses</td>
<td>2,995</td>
<td>2,941</td>
</tr>
<tr>
<td>Note receivable</td>
<td>-</td>
<td>27,031</td>
</tr>
<tr>
<td>Land, building and leasehold improvements, net</td>
<td>5,014,962</td>
<td>5,170,183</td>
</tr>
<tr>
<td>of accumulated depreciation of $1,292,756 in 2016 and $1,137,536 in 2015</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total assets</td>
<td>$5,304,423</td>
<td>$5,493,665</td>
</tr>
<tr>
<td>Accounts payable and other liabilities</td>
<td>$129,923</td>
<td>$33,939</td>
</tr>
<tr>
<td>Net assets</td>
<td>5,174,500</td>
<td>5,459,726</td>
</tr>
<tr>
<td>Total liabilities and net assets</td>
<td>$5,304,423</td>
<td>$5,493,665</td>
</tr>
</tbody>
</table>

17. Assumption of Limited Partnerships

During the year ended September 30, 2015, De Paul PM, LLC, a wholly owned subsidiary of the Organization, was assigned the exiting limited partners’ ownership interest in Hilyard Terrace Limited Partnership. At the time the interest was assigned, the partnership became wholly owned by the Organization and subsidiaries. At the time of the assignment, the assets and liabilities of the limited partnership were transferred to the Organization and subsidiaries in satisfaction of the amounts due to the Organization. The assets were recorded at their estimated fair market value based on the restricted rents cash flow at the date of the assignment. At the time of the transfer, the Organization had amounts due from the limited partnership classified as investments in the partnerships and various receivables due from the partnerships which approximated the fair value of the net assets received at the time of the transfer; therefore, no gain or loss was recognized on the transaction.

18. Reclassifications

Certain prior year amounts have been reclassified to conform to the current year presentation. Such reclassifications have no effect on previously stated net assets or change in net assets.
19. Subsequent Events

Management evaluates events and transactions that occur after the consolidated statement of financial position date as potential subsequent events. Management has performed this evaluation through the date of the independent auditor’s report.

Subsequent to year end, in December 2016, the Investor Limited Partner in Ash Meadows Limited Partnership exited the partnership at which time the limited partner’s interest was transferred by the exiting investor to De Paul Property Management, LLC, a wholly owned subsidiary of St. Vincent de Paul Society of Lane County, Inc.
SINGLE AUDIT
<table>
<thead>
<tr>
<th>Federal Grantor/Pass-through Grantor/Program Title</th>
<th>Contract Number</th>
<th>CFDA Number</th>
<th>Expenditures</th>
<th>Passed Through to Subrecipients</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>U.S. Department of Agriculture</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>SNAP Cluster</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Passed-through Oregon Department of Human Services:</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>State Administrative Matching Grants for the Supplemental Nutrition Assistance Program</td>
<td>146937</td>
<td>10.561</td>
<td>$790</td>
<td>$-</td>
</tr>
<tr>
<td><strong>Food Distribution Cluster</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Passed-through Food for Lane County, Inc.:</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Emergency Food Assistance Program</td>
<td>10.569</td>
<td>116,411</td>
<td>-</td>
<td></td>
</tr>
<tr>
<td>Passed-through Oregon Department of Human Services:</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Supplemental Nutrition Assistance Program, Process and Technology Improvement Grants</td>
<td>146939</td>
<td>10.580</td>
<td>6,525</td>
<td>-</td>
</tr>
<tr>
<td><strong>Total U.S. Department of Agriculture</strong></td>
<td></td>
<td></td>
<td>123,726</td>
<td>-</td>
</tr>
<tr>
<td><strong>U.S. Department of Housing and Urban Development</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>CDBG - Entitlement Grants Cluster</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Passed-through Lane County:</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Community Development Block Grant/Entitlement Grants</td>
<td>51274, 51307</td>
<td>14.218*</td>
<td>68,639</td>
<td>-</td>
</tr>
<tr>
<td>Passed-through city of Eugene:</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Community Development Block Grant/Entitlement Grants</td>
<td>2015-02150</td>
<td>14.218*</td>
<td>160,273</td>
<td>-</td>
</tr>
<tr>
<td><strong>Total CDBG - Entitlement Grants Cluster</strong></td>
<td></td>
<td></td>
<td>228,912</td>
<td>-</td>
</tr>
<tr>
<td>Passed-through city of Cottage Grove:</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Community Development Block Grant</td>
<td>CG1</td>
<td>14.228</td>
<td>114,375</td>
<td>-</td>
</tr>
<tr>
<td>Passed-through city of Florence:</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Community Development Block Grant</td>
<td>HR505</td>
<td>14.228</td>
<td>408</td>
<td>-</td>
</tr>
<tr>
<td>Passed-through city of Lowell:</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Community Development Block Grant</td>
<td>HR020021</td>
<td>14.228</td>
<td>906</td>
<td>-</td>
</tr>
<tr>
<td>Passed-through city of Junction City:</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Community Development Block Grant</td>
<td>HR805</td>
<td>14.228</td>
<td>1,721</td>
<td>-</td>
</tr>
<tr>
<td>Passed-through city of Oakridge:</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Community Development Block Grant</td>
<td>14.228</td>
<td>H010007, HR608</td>
<td>1,827</td>
<td>-</td>
</tr>
<tr>
<td>Passed-through Community Frameworks:</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Self-Help Homeownership Opportunity Program</td>
<td>SVDP-07-01, SVDP-08-01</td>
<td>14.247</td>
<td>6,487</td>
<td>-</td>
</tr>
<tr>
<td>Self-Help Homeownership Opportunity Program</td>
<td>SVDP-07-01, SVDP-08-01</td>
<td>14.247</td>
<td>300,000</td>
<td>-</td>
</tr>
<tr>
<td>Passed-through Lane County:</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Emergency Solutions Grant Program</td>
<td>51274, 51307</td>
<td>14.231</td>
<td>168,676</td>
<td>-</td>
</tr>
<tr>
<td>Homeless Prevention Emergency Solutions Grant</td>
<td>51307</td>
<td>14.231</td>
<td>12,039</td>
<td>-</td>
</tr>
<tr>
<td>Passed-through city of Eugene:</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Home Investment Partnerships Program - Bascom</td>
<td>2013-02080</td>
<td>14.239</td>
<td>19,373</td>
<td>-</td>
</tr>
<tr>
<td>Home Investment Partnerships Program - CHDO</td>
<td>4317</td>
<td>14.239</td>
<td>50,000</td>
<td>-</td>
</tr>
<tr>
<td>Passed-through Oregon Housing and Community Services:</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Home Investment Partnerships Program - CHDO</td>
<td>2016-02193</td>
<td>14.239</td>
<td>15,907</td>
<td>-</td>
</tr>
<tr>
<td>Federal Grantor/Pass-through Grantor/Program Title</td>
<td>Contract Number</td>
<td>CFDA Number</td>
<td>Expenditures</td>
<td>Passed Through to Subrecipients</td>
</tr>
<tr>
<td>--------------------------------------------------</td>
<td>----------------</td>
<td>-------------</td>
<td>--------------</td>
<td>--------------------------------</td>
</tr>
<tr>
<td><strong>U.S. Department of Housing and Urban Development, continued</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Direct Award - Continuum of Care Program - Connections</td>
<td>OR0003L0E001407/ OR0003L0E001508</td>
<td>14.267</td>
<td>223,581</td>
<td>-</td>
</tr>
<tr>
<td>Continuum of Care Program - LIFT</td>
<td>OR0009L0E001407/ OR0009L0E001508</td>
<td>14.267</td>
<td>267,710</td>
<td>-</td>
</tr>
<tr>
<td>Continuum of Care Program - Vet LIFT</td>
<td>OR0015L0E001407/ OR0015L0E001508</td>
<td>14.267</td>
<td>161,009</td>
<td>-</td>
</tr>
<tr>
<td>Continuum of Care Program - First Place Family Center</td>
<td>OR0180L08001401/ OR0180L0E001502</td>
<td>14.267</td>
<td>32,977</td>
<td>-</td>
</tr>
<tr>
<td>Passed-through Mainstream Housing Inc.: Continuum of Care Program</td>
<td></td>
<td>14.267</td>
<td>24,470</td>
<td>-</td>
</tr>
<tr>
<td>Total U.S. Department of Housing and Urban Development</td>
<td></td>
<td></td>
<td>1,630,378</td>
<td>-</td>
</tr>
<tr>
<td><strong>U.S. Department of Labor</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Direct Award - Homeless Veterans Reintegration Program</td>
<td>HV-25967-14-60-5-41/HV-29052-16-60-5-41</td>
<td>17.805</td>
<td>211,813</td>
<td>-</td>
</tr>
<tr>
<td><strong>General Services Administration</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Direct Award - Donation of Federal Surplus Personal Property</td>
<td>39.003</td>
<td></td>
<td>37,276</td>
<td>-</td>
</tr>
<tr>
<td><strong>U.S. Department of Veterans Affairs</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Direct Award - Veteran Rehabilitation - Alcohol and Drug Dependence</td>
<td>VA260-14-C-0121</td>
<td>64.019</td>
<td>114,718</td>
<td>-</td>
</tr>
<tr>
<td>Direct Award - VA Homeless Providers Grant and Per Diem Program</td>
<td>60-30-OR</td>
<td>64.024</td>
<td>186,103</td>
<td>-</td>
</tr>
<tr>
<td>Direct Award - VA Supportive Services for Veteran Families</td>
<td>12-OR-066/ C15-OR-500A</td>
<td>64.033*</td>
<td>1,362,900</td>
<td>343,406</td>
</tr>
<tr>
<td>Total U.S. Department of Veteran Affairs</td>
<td></td>
<td></td>
<td>1,663,721</td>
<td>343,406</td>
</tr>
<tr>
<td><strong>U.S. Department of Education</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Passed-through Oregon Department of Human Services Rehabilitation Services - Vocational Rehabilitation</td>
<td>149585</td>
<td>84.126</td>
<td>4,000</td>
<td>-</td>
</tr>
<tr>
<td><strong>U.S. Department of Health and Human Services</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Passed-through Lane County: Low-Income Home Energy Assistance</td>
<td>51502</td>
<td>93.568</td>
<td>7,118</td>
<td>-</td>
</tr>
<tr>
<td><strong>TANF Cluster</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Passed-through Oregon Department of Human Services: Temporary Assistance for Needy Families</td>
<td>148353</td>
<td>93.558</td>
<td>174,282</td>
<td>-</td>
</tr>
<tr>
<td>Total U.S. Department of Health and Human Services</td>
<td></td>
<td></td>
<td>181,400</td>
<td>-</td>
</tr>
<tr>
<td>Total federal awards</td>
<td></td>
<td></td>
<td>3,852,314</td>
<td>-</td>
</tr>
</tbody>
</table>

* Denotes major program
1. Organization of the Schedule

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal award activity of St. Vincent de Paul Society of Lane County, Inc. and subsidiaries under programs of the federal government for the year ended September 30, 2016. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance). Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the consolidated financial statements. The Schedule is not intended to and does not present the financial position, changes in net assets, or cash flows of the Organization.

2. Summary of Significant Accounting Policies

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

Expenditures reported on the Schedule include non-monetary assistance in the form of food and other commodities received. The amount expended is determined based on the values provided by the grantor.

For revolving loan programs, loans of such funds to eligible recipients and eligible administrative costs are considered expenditures.

The Organization has elected to use the ten percent de minimis indirect cost rate as allowed under the Uniform Guidance.

3. Loans and Loan Guarantee Programs

For loan and loan guarantee programs for which there are continuing federal compliance requirements, the amount of expenditures reported on the Schedule is the sum of the loan balance at the beginning of the year, the value of new loans made during the year, and cash or administrative cost allowance received during the year.

The Organization has loans due to federal agencies or pass-through agencies for which there are continuing compliance requirements. As of September 30, 2016, the outstanding loan balances on such loans were as follows:

<table>
<thead>
<tr>
<th>Federal Agency</th>
<th>Program Title</th>
<th>CFDA Number</th>
<th>Outstanding Balance</th>
</tr>
</thead>
</table>

The proceeds of loans that were received and expended in prior years are not considered federal awards expended when the laws, regulations, and the provisions of contracts or grant agreements pertaining to such loans impose no continuing compliance requirements other than to repay the loans and have been excluded from the Schedule and the notes to the Schedule.
INDEPENDENT AUDITOR’S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

To the Board of Directors
St. Vincent de Paul Society of Lane County, Inc. and Subsidiaries
Eugene, Oregon

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States, the consolidated financial statements of St. Vincent de Paul Society of Lane County, Inc. (a nonprofit organization) and subsidiaries (the Organization), which comprise the consolidated statement of financial position as of September 30, 2016 and the related consolidated statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated February 13, 2017.

Internal Control Over Financial Reporting

In planning and performing our audit of the consolidated financial statements, we considered the Organization’s internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the consolidated financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Organization’s internal control. Accordingly, we do not express an opinion on the effectiveness of the Organization’s internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity’s consolidated financial statements will not be prevented, or detected and corrected on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.
Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Organization’s consolidated financial statements are free from material misstatement, we performed tests of their compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of consolidated financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests did not disclose instances of noncompliance or other matters that are required to be reported under Government Auditing Standards.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Organization’s internal control or on compliance. This report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the Organization’s internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Jones & Roth, P.C.
Eugene, Oregon
February 13, 2017
INDEPENDENT AUDITOR’S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

To the Board of Directors
St. Vincent de Paul Society of Lane County, Inc. and Subsidiaries
Eugene, Oregon

Report on Compliance for Each Major Federal Program

We have audited St. Vincent de Paul Society of Lane County, Inc. and subsidiaries’ (the Organization) compliance with the types of compliance requirements described in the OMB Compliance Supplement that could have a direct and material effect on each of the Organization’s major federal programs for the year ended September 30, 2016. The Organization’s major federal programs are identified in the summary of auditor’s results section of the accompanying schedule of findings and questioned costs.

Management’s Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor’s Responsibility

Our responsibility is to express an opinion on compliance for each of the Organization’s major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Organization’s compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the Organization’s compliance.
Opinion on Each Major Federal Program

In our opinion, St. Vincent de Paul Society of Lane County, Inc. and subsidiaries complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended September 30, 2016.

Report on Internal Control Over Compliance

Management of the Organization is responsible for establishing and maintaining effective internal control over compliance with the types of compliances requirements referred to above. In planning and performing our audit of compliance, we considered the Organization’s internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Organization’s internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Jones & Roth, P.C.
Eugene, Oregon
February 13, 2017
Summary of Auditor’s Results

- The independent auditor’s report expresses an unmodified opinion on the consolidated financial statements of St. Vincent de Paul Society of Lane County, Inc. and subsidiaries (the Organization) for the year ended September 30, 2016.

- No significant deficiencies and no material weaknesses in internal control were disclosed by the audit of the consolidated financial statements.

- No instances of noncompliance material to the consolidated financial statements of the Organization, which would be required to be reported in accordance with Government Auditing Standards, were disclosed during the audit.

- No significant deficiencies and no material weaknesses were disclosed during the audit of the major federal award programs.

- The independent auditor’s report on compliance for the major federal award programs for the Organization expresses an unmodified opinion on all major federal programs.

- There are no audit findings or questioned costs that are required to be reported in this schedule in accordance with the Uniform Guidance.

- The programs tested as major programs were:
  
<table>
<thead>
<tr>
<th>CFDA #</th>
<th>Program Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>14.218</td>
<td>CDBG – Entitlement Grants Cluster: Community Development Block Grants</td>
</tr>
<tr>
<td>64.033</td>
<td>Supportive Services for Veteran Families</td>
</tr>
</tbody>
</table>

- The threshold for distinguishing between Type A and Type B programs was $750,000.

- The Organization did not qualify as a low-risk auditee.

Findings – Consolidated Financial Statement Audit

None.

Findings and Questioned Costs – Major Federal Award Programs Audit

None.
Prior Year Findings – Consolidated Financial Statement Audit

Finding 2015-001

_Type of Finding:_ Material weakness in internal controls over financial reporting

**Condition:** While performing audit procedures, we identified numerous accounts that required adjustment in order to be properly recorded in accordance with U.S. GAAP. Due to the number of audit adjustments required and the dollar amount of some of the adjustments, we are considering this deficiency to be a material weakness in internal control over financial reporting. The misstatements that were discovered as a result of audit procedures that were corrected would have materially misstated the consolidated financial statements if left uncorrected.

**Current Status:** Corrected.

Findings and Questioned Costs – Major Federal Award Programs Audit

Finding 2015-002

_Type of Finding:_ Material weakness in internal control over compliance  
_Federal Program:_ All federal programs  
_Questioned Costs:_ None.

**Condition:** While performing audit procedures on the schedule of expenditures of federal awards (SEFA), we noted the internal controls that are currently in place with the intent to identify federal awards and to capture all relevant information for federal awards are not well designed and have not been fully implemented. We also noted a material federal award was not included on the SEFA provided at the commencement of the audit.

**Current Status:** Corrected.
SUPPLEMENTARY INFORMATION
# OAKWOOD MANOR LIMITED PARTNERSHIP
## SCHEDULE OF ASSETS, LIABILITIES, AND PARTNERS’ CAPITAL
### September 30, 2016

### Assets

#### Current assets
<table>
<thead>
<tr>
<th>Description</th>
<th>$</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash in bank</td>
<td>22,490</td>
</tr>
<tr>
<td>Petty cash</td>
<td>50</td>
</tr>
<tr>
<td>Prepaid insurance</td>
<td>2,798</td>
</tr>
<tr>
<td>Tenant accounts receivable</td>
<td>1,474</td>
</tr>
<tr>
<td>Other receivables - operating receivable from General Partner</td>
<td>7,381</td>
</tr>
<tr>
<td><strong>Total current assets</strong></td>
<td><strong>34,193</strong></td>
</tr>
</tbody>
</table>

#### Funded reserves
<table>
<thead>
<tr>
<th>Description</th>
<th>$</th>
</tr>
</thead>
<tbody>
<tr>
<td>Tenant security deposits</td>
<td>47,555</td>
</tr>
<tr>
<td>Replacement reserve</td>
<td>94,393</td>
</tr>
<tr>
<td>Insurance reserve</td>
<td>12,838</td>
</tr>
<tr>
<td><strong>Total funded reserves</strong></td>
<td><strong>154,786</strong></td>
</tr>
</tbody>
</table>

#### Rental property
<table>
<thead>
<tr>
<th>Description</th>
<th>$</th>
</tr>
</thead>
<tbody>
<tr>
<td>Building and improvements</td>
<td>2,098,073</td>
</tr>
<tr>
<td>Furniture and fixtures</td>
<td>7,801</td>
</tr>
<tr>
<td>Landscaping</td>
<td>1,827</td>
</tr>
<tr>
<td><strong>Total rental property</strong></td>
<td><strong>2,107,701</strong></td>
</tr>
<tr>
<td>Accumulated depreciation</td>
<td>(597,708)</td>
</tr>
<tr>
<td>Land</td>
<td>412,300</td>
</tr>
<tr>
<td><strong>Rental property, net</strong></td>
<td><strong>1,922,293</strong></td>
</tr>
</tbody>
</table>

#### Other assets
| Description                                                    | $     |
|                                                              |-------|
| Loan fees, net of accumulated amortization of $17,097          | 52,657|
| **Total assets**                                              | **$ 2,163,929** |

### Liabilities and Partners' Capital

#### Current liabilities
<table>
<thead>
<tr>
<th>Description</th>
<th>$</th>
</tr>
</thead>
<tbody>
<tr>
<td>Deferred revenue</td>
<td>1,660</td>
</tr>
</tbody>
</table>

#### Liabilities applicable to investment in real estate
<table>
<thead>
<tr>
<th>Description</th>
<th>$</th>
</tr>
</thead>
<tbody>
<tr>
<td>Note payable, State of Oregon Housing and Community Services</td>
<td>1,600,157</td>
</tr>
<tr>
<td>Note payable, city of Eugene</td>
<td>344,440</td>
</tr>
<tr>
<td><strong>Total liabilities applicable to investment in real estate</strong></td>
<td><strong>1,944,597</strong></td>
</tr>
</tbody>
</table>

#### Other liabilities
<table>
<thead>
<tr>
<th>Description</th>
<th>$</th>
</tr>
</thead>
<tbody>
<tr>
<td>Tenant security deposits</td>
<td>47,555</td>
</tr>
<tr>
<td><strong>Total liabilities</strong></td>
<td><strong>1,993,812</strong></td>
</tr>
</tbody>
</table>

#### Partners’ capital
<table>
<thead>
<tr>
<th>Description</th>
<th>$</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>170,117</td>
</tr>
</tbody>
</table>

#### Total liabilities and partners’ capital
<table>
<thead>
<tr>
<th>Description</th>
<th>$</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Total liabilities and partners’ capital</strong></td>
<td><strong>$ 2,163,929</strong></td>
</tr>
</tbody>
</table>
### OAKWOOD MANOR LIMITED PARTNERSHIP

**SCHEDULE OF OPERATIONS AND PARTNERS’ CAPITAL**

For the Year Ended September 30, 2016

<table>
<thead>
<tr>
<th>Revenue</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Net rental income</td>
<td>$437,897</td>
</tr>
<tr>
<td>Interest income</td>
<td>177</td>
</tr>
<tr>
<td>Laundry fees</td>
<td>7,628</td>
</tr>
<tr>
<td>Other income</td>
<td>3,605</td>
</tr>
<tr>
<td><strong>Total revenue</strong></td>
<td><strong>449,307</strong></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Operating expenses</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Amortization</td>
<td>4,103</td>
</tr>
<tr>
<td>Depreciation</td>
<td>142,348</td>
</tr>
<tr>
<td>Insurance</td>
<td>32,552</td>
</tr>
<tr>
<td>Interest</td>
<td>99,979</td>
</tr>
<tr>
<td>Licenses and fees</td>
<td>8,003</td>
</tr>
<tr>
<td>Miscellaneous</td>
<td>1,769</td>
</tr>
<tr>
<td>Professional services</td>
<td>268</td>
</tr>
<tr>
<td>Property management</td>
<td>22,277</td>
</tr>
<tr>
<td>Repairs and maintenance</td>
<td>98,570</td>
</tr>
<tr>
<td>Salaries and related payroll taxes and benefits</td>
<td>58,424</td>
</tr>
<tr>
<td>Telephone</td>
<td>3,835</td>
</tr>
<tr>
<td>Trash removal</td>
<td>17,474</td>
</tr>
<tr>
<td>Utilities</td>
<td>51,773</td>
</tr>
<tr>
<td><strong>Total operating expenses</strong></td>
<td><strong>541,375</strong></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Net loss</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>(92,068)</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Partners’ capital, beginning of year</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>262,185</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Partners' capital, end of year</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>$170,117</td>
</tr>
</tbody>
</table>
OAKWOOD MANOR LIMITED PARTNERSHIP  
SCHEDULE OF CASH FLOWS  
For the Year Ended September 30, 2016

Cash flows from operating activities

Net loss $ (92,068)
Noncash items included in net loss:
Depreciation and amortization 146,451

Adjustments to reconcile net loss to net cash provided by operating activities:
(Increase) decrease in:
Prepaid insurance (2,798)
Tenant accounts receivable (1,474)
Other receivables - operating receivable from General Partner 37,577

(Decrease) increase in:
Deferred revenue 1,660
Tenant security deposits liability (1,904)

Net cash provided by operating activities 87,444

Cash flows from investing activities

Change in security deposits reserve 1,904
Deposits to funded reserves (31,474)
Withdrawals from funded reserves 60,467

Net cash provided by investing activities 30,897

Cash flows from financing activities

Payments on notes payable (95,801)

Net increase in cash 22,540

Cash, beginning of year -

Cash, end of year $ 22,540
### OAKWOOD MANOR LIMITED PARTNERSHIP
### COMPUTATION OF SURPLUS CASH
### For the Year Ended September 30, 2016

#### Cash
- Cash on hand $22,540
- Resident security deposits 47,555
- Rent receivable 1,474
- Other - operating receivable due from General Partner 7,381

**Total cash** 78,950

#### Current obligations
- Accrued mortgage interest payable 
- Accounts payable 
- Accrued expenses 
- Short term notes due within 30 days 
- Prepaid rents 1,660
- Resident security deposit liability 47,555
- Mortgage tax and insurance reserve deficiency 
- Delinquent mortgage principal payments 
- Delinquent deposits to reserve for replacements 

**Total current obligations** 49,215

#### Surplus cash
$29,735
## SOMMERVILLE APARTMENTS
### SCHEDULE OF ASSETS, LIABILITIES, AND OWNER'S EQUITY
#### September 30, 2016

### Assets

<table>
<thead>
<tr>
<th>Description</th>
<th>Value</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Rental property</strong></td>
<td></td>
</tr>
<tr>
<td>Building and improvements</td>
<td>$1,226,056</td>
</tr>
<tr>
<td>Accumulated depreciation</td>
<td>$(57,471)</td>
</tr>
<tr>
<td>Land</td>
<td>129,070</td>
</tr>
<tr>
<td><strong>Rental property, net</strong></td>
<td>1,297,655</td>
</tr>
<tr>
<td><strong>Funded reserves</strong></td>
<td></td>
</tr>
<tr>
<td>Operating reserve</td>
<td>44,128</td>
</tr>
<tr>
<td>Replacement reserve</td>
<td>30,336</td>
</tr>
<tr>
<td>Insurance and tax reserve</td>
<td>20,033</td>
</tr>
<tr>
<td><strong>Total funded reserves</strong></td>
<td>94,497</td>
</tr>
<tr>
<td><strong>Other assets</strong></td>
<td></td>
</tr>
<tr>
<td>Loan fees, net of accumulated amortization of $406</td>
<td>7,094</td>
</tr>
<tr>
<td><strong>Total assets</strong></td>
<td>$1,399,246</td>
</tr>
</tbody>
</table>

### Liabilities and Owner's Equity

<table>
<thead>
<tr>
<th>Description</th>
<th>Value</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Liabilities applicable to investment in real estate</strong></td>
<td></td>
</tr>
<tr>
<td>Note payable, Network for Oregon Affordable Housing</td>
<td>$593,877</td>
</tr>
<tr>
<td><strong>Other liabilities</strong></td>
<td></td>
</tr>
<tr>
<td>Due to owner</td>
<td>811,710</td>
</tr>
<tr>
<td>Accounts payable</td>
<td>-</td>
</tr>
<tr>
<td>Tenant security deposits</td>
<td>16,272</td>
</tr>
<tr>
<td>Deferred rent</td>
<td>-</td>
</tr>
<tr>
<td><strong>Total other liabilities</strong></td>
<td>827,982</td>
</tr>
<tr>
<td><strong>Total liabilities</strong></td>
<td>1,421,859</td>
</tr>
<tr>
<td><strong>Owner's equity (deficit)</strong></td>
<td>$(22,613)</td>
</tr>
<tr>
<td><strong>Total liabilities and owner's equity</strong></td>
<td>$1,399,246</td>
</tr>
</tbody>
</table>

- 42 -
SOMMERVILLE APARTMENTS  
SCHEDULE OF OPERATIONS AND OWNER'S EQUITY  
For the Year Ended September 30, 2016

<table>
<thead>
<tr>
<th>Revenue</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Net rental income</td>
<td>$182,076</td>
</tr>
<tr>
<td>Interest income</td>
<td>60</td>
</tr>
<tr>
<td>Other income</td>
<td>9,485</td>
</tr>
<tr>
<td><strong>Total revenue</strong></td>
<td><strong>191,621</strong></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Operating expenses</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Amortization</td>
<td>375</td>
</tr>
<tr>
<td>Bad debt expense</td>
<td>3,502</td>
</tr>
<tr>
<td>Depreciation</td>
<td>29,694</td>
</tr>
<tr>
<td>Insurance</td>
<td>11,731</td>
</tr>
<tr>
<td>Interest</td>
<td>17,891</td>
</tr>
<tr>
<td>Licenses and fees</td>
<td>18,288</td>
</tr>
<tr>
<td>Miscellaneous</td>
<td>131</td>
</tr>
<tr>
<td>Professional services</td>
<td>8,212</td>
</tr>
<tr>
<td>Repairs and maintenance</td>
<td>59,954</td>
</tr>
<tr>
<td>Salaries and related payroll taxes and benefits</td>
<td>30,108</td>
</tr>
<tr>
<td>Telephone</td>
<td>1,566</td>
</tr>
<tr>
<td>Utilities</td>
<td>35,277</td>
</tr>
<tr>
<td><strong>Total operating expenses</strong></td>
<td><strong>216,729</strong></td>
</tr>
</tbody>
</table>

Net loss                          (25,108)

Owner's equity, beginning of year | 2,495

Owner's equity (deficit), end of year $ (22,613)
LINN COUNTY AFFORDABLE HOUSING, LLC  
IRONWOOD VILLAGE APARTMENTS  
SCHEDULE OF ASSETS, LIABILITIES, AND MEMBER’S EQUITY  
September 30, 2016

### Assets

**Current assets**
- General operating account $32,752
- Tax and insurance reserve $8,368
- Replacement reserve $90,316
- Tenant security deposits $11,634
- Accounts receivable (0-30 days), net of allowance of $0- $2,162

Total current assets $145,232

**Capital assets**
- Land $261,206
- Building and improvements $1,117,773
- Accumulated depreciation $(302,743)

Total capital assets, net $1,076,236

**Total assets** $1,221,468

### Liabilities and Member’s Equity

**Current liabilities**
- Accounts payable (0-30 days) $5,953
- Unearned revenues $404
- Tenant security deposits $11,871

Total current liabilities $18,228

**Notes payable-USDA RD** $760,536

Total liabilities $778,764

**Member’s equity** $442,704

**Total liabilities and member’s equity** $1,221,468
### Operating revenue

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Rents</td>
<td>$62,771</td>
</tr>
<tr>
<td>Rental assistance received</td>
<td>$100,980</td>
</tr>
<tr>
<td>Interest subsidy</td>
<td>$27,958</td>
</tr>
<tr>
<td>Laundry and vending</td>
<td>$501</td>
</tr>
<tr>
<td>Interest</td>
<td>$64</td>
</tr>
<tr>
<td>Tenant charges</td>
<td>$5,375</td>
</tr>
<tr>
<td>Other</td>
<td>$5,035</td>
</tr>
</tbody>
</table>

Total operating revenue: $202,684

### Operating expenses

**Operating and maintenance:**
- Maintenance and repairs: $34,528
- Payroll: $35,581
- Payroll taxes and benefits: $7,116

**Utilities:**
- Electricity: $4,226
- Water: $4,734
- Sewer: $9,188
- Garbage and trash removal: $4,222

**Administrative:**
- Management fee: $15,097
- Advertising: $44
- Telephone and internet: $3,313
- Office supplies: $1,992
- Training: $370
- Taxes and Insurance: $9,920
- Other taxes, licenses, and permits: $15,820
- RD debt payments: $43,283
- Manager’s rent free unit: $8,400
- Legal: $159
- Bad debt: $-
- Miscellaneous: $1,178

Total operating expenses: $199,171

Net operating income: $3,513
Non-operating revenues (expenses)
Other debt payments for non-USDA debt

Total non-operating revenues (expenses)

Net income before GAAP reconciliation

Reconciliation to GAAP
Depreciation/amortization
Principal debt payments

Net loss

LINN COUNTY AFFORDABLE HOUSING, LLC
IRONWOOD VILLAGE APARTMENTS
SCHEDULE OF REVENUES AND EXPENSES, Continued
For the Year Ended September 30, 2016

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Non-operating revenues (expenses)</td>
<td></td>
</tr>
<tr>
<td>Other debt payments for non-USDA debt</td>
<td>-</td>
</tr>
<tr>
<td>Total non-operating revenues (expenses)</td>
<td>-</td>
</tr>
<tr>
<td>Net income before GAAP reconciliation</td>
<td>3,513</td>
</tr>
<tr>
<td>Reconciliation to GAAP</td>
<td></td>
</tr>
<tr>
<td>Depreciation/amortization</td>
<td>32,960</td>
</tr>
<tr>
<td>Principal debt payments</td>
<td>(15,820)</td>
</tr>
<tr>
<td>Net loss</td>
<td>$ (13,627)</td>
</tr>
</tbody>
</table>
## Assets

### Current assets
- Cash: $118,191
- Accounts receivable: 124,715
- Inventory: 334,705
- Prepaid expenses: 9,079

**Total current assets**: $586,690

### Fixed assets
- Buildings and improvements: 6,984,710
- Equipment and fixtures: 622,239

**Accumulated depreciation**: (490,920)

**Fixed assets, net**: 7,116,029

### Other assets
- NMTC fees, net of accumulated amortization of $40,175: 584,732
- NMTC sub-allocation fee, net of accumulated amortization of $20,194: 299,806

**Total other assets**: 884,538

### Total assets
**$8,587,257**

## Liabilities and Net Assets

### Current liabilities
- Accounts payable: $27,148
- Accrued payroll and related liabilities: 48,634
- Accrued interest: 6,783
- Due to related organization: 403,578

**Total current liabilities**: 486,143

### Long-term liabilities
- Notes payable: 8,000,000

**Total liabilities**: 8,486,143

### Net assets, unrestricted
**101,114**

### Total liabilities and net assets
**$8,587,257**
<table>
<thead>
<tr>
<th><strong>Unrestricted revenue</strong></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Retail sales</td>
<td>$3,261,167</td>
</tr>
<tr>
<td>Other income</td>
<td>53,917</td>
</tr>
<tr>
<td><strong>Total unrestricted revenue</strong></td>
<td>3,315,084</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th><strong>Expenses</strong></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Payroll, benefits, and taxes</td>
<td>2,479,251</td>
</tr>
<tr>
<td>Purchases</td>
<td>344,292</td>
</tr>
<tr>
<td>Utilities</td>
<td>207,034</td>
</tr>
<tr>
<td>Telephone</td>
<td>10,512</td>
</tr>
<tr>
<td>Repairs and maintenance</td>
<td>87,125</td>
</tr>
<tr>
<td>Operating supplies</td>
<td>35,863</td>
</tr>
<tr>
<td>Professional services</td>
<td>41,299</td>
</tr>
<tr>
<td>Taxes, licenses, and fees</td>
<td>62,693</td>
</tr>
<tr>
<td>Interest expense</td>
<td>88,183</td>
</tr>
<tr>
<td>Vehicle expenses</td>
<td>18,681</td>
</tr>
<tr>
<td>Other expenses</td>
<td>1,935</td>
</tr>
<tr>
<td>Depreciation and amortization</td>
<td>309,096</td>
</tr>
<tr>
<td><strong>Total expenses</strong></td>
<td>3,685,964</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th><strong>Change in net assets, unrestricted</strong></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>(370,880)</td>
<td></td>
</tr>
</tbody>
</table>

| **Net assets, unrestricted, beginning of year** | 471,994  |
| **Net assets, unrestricted, end of year** | $101,114 |