

**ST. VINCENT DE PAUL SOCIETY OF LANE COUNTY, INC.
AND SUBSIDIARIES**

**CONSOLIDATED FINANCIAL STATEMENTS
AND SUPPLEMENTARY INFORMATION**

For the Years Ended September 30, 2018 and 2017



ST. VINCENT DE PAUL SOCIETY OF LANE COUNTY, INC. AND SUBSIDIARIES
CONSOLIDATED FINANCIAL STATEMENTS AND SUPPLEMENTARY INFORMATION
For the Years Ended September 30, 2018 and 2017

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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, 2018 and 2017, 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, 2018 and 2017, 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 March 14, 2019 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.

Jones & Roth, P.C.
Eugene, Oregon
March 14, 2019

CONSOLIDATED FINANCIAL STATEMENTS

ST. VINCENT DE PAUL SOCIETY OF LANE COUNTY, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
September 30, 2018 and 2017

	2018	2017
Assets		
Current assets		
Unrestricted cash and cash equivalents	\$ 2,888,075	\$ 1,225,800
Restricted cash and cash equivalents (Note 2)	6,326,228	4,050,371
Total cash and cash equivalents	9,214,303	5,276,171
Accounts receivable, net	1,670,535	2,466,546
Accounts receivable, related parties, net	257,999	268,485
Current portion of development fee receivable, related parties (Note 9)	568,418	-
Prepaid expenses and deposits	643,984	769,855
Inventory	4,705,786	4,593,489
Current portion of interest receivable, related parties	59,539	42,203
Total current assets	17,120,564	13,416,749
Fixed assets, net (Note 4)	54,890,393	42,412,728
Other assets		
Notes receivable, Rural Housing Rehabilitation Program (RHRP), net (Note 6)	2,625,212	2,663,913
Notes receivable, Self-help Homeownership Opportunity Program (SHOP)	401,146	330,685
Notes receivable, related parties, net (Note 9)	6,118,909	6,420,809
Notes receivable, other	40,000	40,000
Long-term portion of interest receivable, related parties, net (Note 9)	442,931	541,727
Long-term portion of development fees receivable, related parties, net (Note 9)	207,392	64,283
Assets held for sale (Note 5)	205,964	319,429
Investments (Note 3)	5,617,539	6,202,708
Beneficial interest in the net assets of related organization	4,893,789	4,893,789
Total other assets	20,552,882	21,477,343
Total assets	\$ 92,563,839	\$ 77,306,820

	<u>2018</u>	<u>2017</u>
Liabilities and Net Assets		
Current liabilities		
Accounts payable and accrued expenses	\$ 1,128,381	\$ 894,716
Payroll and related accruals	885,622	834,847
Security deposits payable	371,268	344,795
Deferred revenue	131,997	353,730
Accrued interest	79,343	59,243
Lines of credit (Note 7)	1,030,543	239,190
Current portion of long-term debt (Note 8)	<u>2,625,715</u>	<u>1,848,421</u>
Total current liabilities	6,252,869	4,574,942
Long-term liabilities		
Long-term debt, net of current portion and unamortized deferred financing costs (Note 8)	<u>34,252,768</u>	<u>26,629,482</u>
Total liabilities	<u>40,505,637</u>	<u>31,204,424</u>
Net assets		
Unrestricted	17,055,601	16,559,487
Temporarily restricted (Note 14)	<u>35,002,601</u>	<u>29,542,909</u>
Total net assets	<u>52,058,202</u>	<u>46,102,396</u>
Total liabilities and net assets	<u>\$ 92,563,839</u>	<u>\$ 77,306,820</u>

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, 2018 and 2017

	2018		
	Unrestricted	Temporarily Restricted	Total
Revenues, gains, and other support			
Contributions	\$ 325,843	\$ 5,339,185	\$ 5,665,028
Contributions, in-kind	2,895,642	-	2,895,642
Retail sales, net	19,735,357	-	19,735,357
Grants	-	6,908,005	6,908,005
Rent income	4,769,960	-	4,769,960
Contract services	4,896,606	-	4,896,606
Interest income on notes receivable	344,370	-	344,370
Gain (loss) on investments	(454,329)	-	(454,329)
Gain on sale of property	154,097	-	154,097
Management fees and partnership reimbursements	723,231	-	723,231
Developer fee income	785,527	-	785,527
Other	744,545	-	744,545
Net assets released from restrictions:			
Satisfaction of program restrictions	6,787,498	(6,787,498)	-
Total revenues, gains, and other support	41,708,347	5,459,692	47,168,039
Expenses			
General, manufacturing, retail, warehouses, and recycling	24,130,160	-	24,130,160
Housing	9,811,313	-	9,811,313
Services and training	4,414,186	-	4,414,186
Development	396,475	-	396,475
Management and general	2,460,099	-	2,460,099
Total expenses	41,212,233	-	41,212,233
Change in net assets	496,114	5,459,692	5,955,806
Net assets, beginning of year	16,559,487	29,542,909	46,102,396
Net assets, end of year	\$ 17,055,601	\$ 35,002,601	\$ 52,058,202

2017		
Unrestricted	Temporarily Restricted	Total
\$ 279,112	\$ 1,024,494	\$ 1,303,606
2,261,546	-	2,261,546
18,424,421	-	18,424,421
-	7,449,241	7,449,241
4,190,478	-	4,190,478
2,978,075	-	2,978,075
304,234	-	304,234
6,194	-	6,194
1,775,911	-	1,775,911
822,421	-	822,421
264,473	-	264,473
374,729	-	374,729
<u>5,741,245</u>	<u>(5,741,245)</u>	<u>-</u>
<u>37,422,839</u>	<u>2,732,490</u>	<u>40,155,329</u>
20,775,787	-	20,775,787
9,337,229	-	9,337,229
4,061,859	-	4,061,859
306,493	-	306,493
<u>2,080,092</u>	<u>-</u>	<u>2,080,092</u>
<u>36,561,460</u>	<u>-</u>	<u>36,561,460</u>
861,379	2,732,490	3,593,869
<u>15,698,108</u>	<u>26,810,419</u>	<u>42,508,527</u>
<u>\$ 16,559,487</u>	<u>\$ 29,542,909</u>	<u>\$ 46,102,396</u>

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, 2018 and 2017

	2018	2017
Cash flows from operating activities		
Change in net assets	\$ 5,955,806	\$ 3,593,869
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	2,095,684	1,780,240
Amortization of deferred financing costs	67,652	47,630
Noncash donations of investments and fixed assets	(1,156,103)	-
Net change in allowance for receivables	(60,616)	(16,804)
Net gain on disposal of fixed assets	(154,097)	(1,775,911)
Unrealized (gain) loss on investments	454,329	(6,194)
(Increase) decrease in:		
Accounts receivable	859,433	(1,490,477)
Accounts receivable, related parties	(106,184)	21,546
Prepaid expenses and deposits	100,268	(302,901)
Inventory	(112,297)	(501,346)
Development fee receivable, related parties	(711,527)	586,443
Interest receivable, related parties	(176,803)	194,403
Increase (decrease) in:		
Accounts payable and accrued expenses	222,955	119,746
Payroll and related accruals	50,775	(13,561)
Other liabilities	(195,906)	351,958
Net cash provided by operating activities	7,133,369	2,588,641
Cash flows from investing activities		
Purchase of fixed assets	(11,318,208)	(4,556,704)
Proceeds from sale of fixed assets	122,766	2,394,900
Purchase of investments	(89,272)	(126,167)
Proceeds from sale of investments	156,222	21,033
Proceeds from assumption of interest in limited partnerships	282,179	220,753
Proceeds from notes receivable, Rural Rehabilitation	220,797	194,468
Issuance of notes receivable, Rural Rehabilitation	(185,885)	(290,739)
Proceeds from notes receivable, SHOP	15,846	-
Issuance of notes receivable, SHOP	(86,307)	(33,713)
Proceeds from notes receivable, related parties	79,000	71,000
Issuance of notes receivable, related parties	(157,933)	(202,067)
Issuance of notes receivable, other	-	(40,000)
Proceeds from sale of assets held for sale	216,049	84,395
Net cash used by investing activities	(10,744,746)	(2,262,841)

	<u>2018</u>	<u>2017</u>
Cash flows from financing activities		
Payments on long-term debt	(2,084,372)	(3,711,739)
Proceeds from issuance of long-term debt	8,960,000	4,002,772
Net draws on line of credit	791,353	(1,078)
Payments of loan fees	<u>(117,472)</u>	<u>(48,634)</u>
Net cash provided by financing activities	<u>7,549,509</u>	<u>241,321</u>
Net increase in cash and cash equivalents	3,938,132	567,121
Cash and cash equivalents, beginning of year	<u>5,276,171</u>	<u>4,709,050</u>
Cash and cash equivalents, end of year	<u>\$ 9,214,303</u>	<u>\$ 5,276,171</u>
Supplemental disclosure of cash flow information		
Cash paid for interest	<u>\$ 1,294,837</u>	<u>\$ 1,022,707</u>
Supplemental disclosure of noncash investing transactions		
Total acquisition of property and equipment	\$ 14,640,152	\$ 6,908,539
Noncash donation of property and equipment	(1,000,000)	-
Noncash assumption of property and equipment	<u>(2,321,944)</u>	<u>(2,351,835)</u>
Total cash paid for property and equipment	<u>\$ 11,318,208</u>	<u>\$ 4,556,704</u>
Total increases to investments	\$ 245,624	\$ 132,361
Donated stock	(156,103)	-
Unrealized gain on investments	<u>(249)</u>	<u>(6,194)</u>
Net cash paid for purchase of investments	<u>\$ 89,272</u>	<u>\$ 126,167</u>
Total sale or disposal of investments	\$ 830,793	\$ 930,450
Impairment of investment interest	(454,578)	-
Decrease due to transfer of interest in limited partnership	<u>(219,993)</u>	<u>(909,417)</u>
Net proceeds from sale of investments	<u>\$ 156,222</u>	<u>\$ 21,033</u>
Total reduction of notes receivable, related parties	\$ 459,833	\$ 1,090,966
Noncash payment due to transfer of interest in limited partnership	<u>(380,833)</u>	<u>(1,019,966)</u>
Total cash received from notes receivable, related parties	<u>\$ 79,000</u>	<u>\$ 71,000</u>
Supplemental disclosure of noncash financing transactions		
Total proceeds from issuance of long-term debt	\$ 10,530,322	\$ 4,606,354
Assumption of long-term debt	<u>(1,570,322)</u>	<u>(603,582)</u>
Total cash proceeds from issuance of long-term debt	<u>\$ 8,960,000</u>	<u>\$ 4,002,772</u>

The accompanying notes are an integral part of these consolidated statements.

ST. VINCENT DE PAUL SOCIETY OF LANE COUNTY, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES
For the Year Ended September 30, 2018

	Program Services			
	General, Manufacturing, Retail, Warehouses, and Recycling	Housing	Services and Training	Total Program Services
Payroll	\$ 11,893,158	\$ 2,632,720	\$ 1,345,964	\$ 15,871,842
Payroll taxes and benefits	2,398,970	512,465	262,317	3,173,752
Purchases and handling	1,504,642	-	-	1,504,642
Utilities	1,153,563	875,586	183,216	2,212,365
Client assistance	-	1,031,286	864,550	1,895,836
Client assistance, in-kind food	-	-	1,125,931	1,125,931
Telephone	164,011	101,524	39,420	304,955
Repairs and maintenance	463,299	1,296,948	46,133	1,806,380
Supplies and office expenses	739,986	108,447	122,221	970,654
Rent	1,803,278	85,476	23,157	1,911,911
Insurance	225,816	196,761	71,427	494,004
Professional services	107,367	211,687	31,553	350,607
Licenses, taxes, and fees	688,843	245,326	21,202	955,371
Interest expense	504,568	507,433	-	1,012,001
Provision for loan loss and bad debt	31,489	27,134	18,811	77,434
Advertising	232,400	3,176	5,162	240,738
Travel, conferences, and meetings	410,812	90,303	36,434	537,549
Vehicles	619,542	43,767	38,208	701,517
Special events	-	-	-	-
Grants to others	-	400,192	-	400,192
Other costs	122,422	191,506	49,559	363,487
Contracted services and labor	<u>374,729</u>	<u>-</u>	<u>-</u>	<u>374,729</u>
 Total functional expenses before depreciation	 23,438,895	 8,561,737	 4,285,265	 36,285,897
Depreciation	<u>691,265</u>	<u>1,249,576</u>	<u>128,921</u>	<u>2,069,762</u>
 Total functional expenses	 <u>\$ 24,130,160</u>	 <u>\$ 9,811,313</u>	 <u>\$ 4,414,186</u>	 <u>\$ 38,355,659</u>

Support Services		
<u>Development</u>	<u>Management and General</u>	<u>Total Expenses</u>
\$ 250,246	\$ 1,670,653	\$ 17,792,741
42,606	284,892	3,501,250
-	-	1,504,642
839	100,383	2,313,587
316	-	1,896,152
-	-	1,125,931
2,770	14,503	322,228
-	-	1,806,380
31,645	64,293	1,066,592
-	5,156	1,917,067
-	19,636	513,640
-	47,810	398,417
2,043	78,151	1,035,565
-	148,700	1,160,701
-	-	77,434
600	-	241,338
50	-	537,599
-	-	701,517
57,860	-	57,860
-	-	400,192
7,500	-	370,987
-	-	374,729
<hr/>	<hr/>	<hr/>
396,475	2,434,177	39,116,549
<hr/>	<hr/>	<hr/>
-	25,922	2,095,684
<hr/>	<hr/>	<hr/>
<u>\$ 396,475</u>	<u>\$ 2,460,099</u>	<u>\$ 41,212,233</u>

The accompanying notes are an integral part of these consolidated statements.

ST. VINCENT DE PAUL SOCIETY OF LANE COUNTY, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES
For the Year Ended September 30, 2017

	Program Services			
	General, Manufacturing, Retail, Warehouses, and Recycling	Housing	Services and Training	Total Program Services
Payroll	\$ 10,559,128	\$ 2,708,238	\$ 1,249,610	\$ 14,516,976
Payroll taxes and benefits	2,061,613	475,200	224,240	2,761,053
Purchases and handling	1,339,442	-	-	1,339,442
Utilities	911,468	708,887	168,048	1,788,403
Client assistance	225,147	1,177,818	652,743	2,055,708
Client assistance, in-kind food	-	-	1,315,038	1,315,038
Telephone	132,407	97,024	25,646	255,077
Repairs and maintenance	335,796	1,145,209	59,493	1,540,498
Supplies and office expenses	594,493	145,786	133,768	874,047
Rent	1,437,798	69,767	24,173	1,531,738
Insurance	187,904	170,781	63,697	422,382
Professional services	18,619	244,630	853	264,102
Licenses, taxes, and fees	559,365	161,454	8,258	729,077
Interest expense	468,603	490,483	86	959,172
Provision for loan loss and bad debt	38,516	327,199	11,025	376,740
Advertising	233,742	3,090	2,079	238,911
Travel, conferences, and meetings	363,644	82,107	27,865	473,616
Vehicles	475,411	36,941	21,703	534,055
Special events	-	-	-	-
Grants to others	75,363	-	-	75,363
Other costs	137,740	179,573	10,184	327,497
Contracted services and labor	64,048	-	-	64,048
Total functional expenses before depreciation	20,220,247	8,224,187	3,998,509	32,442,943
Depreciation	555,540	1,113,042	63,350	1,731,932
Total functional expenses	<u>\$ 20,775,787</u>	<u>\$ 9,337,229</u>	<u>\$ 4,061,859</u>	<u>\$ 34,174,875</u>

Support Services		
<u>Development</u>	<u>Management and General</u>	<u>Total Expenses</u>
\$ 185,469	\$ 1,375,564	\$ 16,078,009
29,957	261,127	3,052,137
-	-	1,339,442
1,116	84,925	1,874,444
75	-	2,055,783
-	-	1,315,038
2,693	11,748	269,518
-	-	1,540,498
23,484	50,730	948,261
-	125,026	1,656,764
-	16,340	438,722
-	42,932	307,034
2,460	62,698	794,235
-	694	959,866
-	-	376,740
-	-	238,911
-	-	473,616
-	-	534,055
55,441	-	55,441
-	-	75,363
5,798	-	333,295
-	-	64,048
<u>306,493</u>	<u>2,031,784</u>	<u>34,781,220</u>
<u>-</u>	<u>48,308</u>	<u>1,780,240</u>
<u>\$ 306,493</u>	<u>\$ 2,080,092</u>	<u>\$ 36,561,460</u>

The accompanying notes are an integral part of these consolidated statements.

ST. VINCENT DE PAUL SOCIETY OF LANE COUNTY, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1. Nature of Operations and Summary of Significant Accounting Policies

Nature of Operations

St. Vincent de Paul Society of Lane County, Inc. 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. St. Vincent de Paul Society of Lane County, Inc. has formed a sustainable community model that attacks the root causes of poverty and funds these activities with not-for-profit entrepreneurial business ventures.

Principles of Consolidation

The accompanying consolidated financial statements include the accounts of St. Vincent de Paul Society of Lane County, Inc. 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, collectively referred to hereafter as “the Organization.” Inter-company transactions and balances have been eliminated.

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, 2018 and 2017, the Organization had \$35,002,601 and \$29,542,909, 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, 2018 and 2017, the Organization had no permanently restricted net assets.

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.

ST. VINCENT DE PAUL SOCIETY OF LANE COUNTY, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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 affordable 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, 2018 and 2017, accounts receivable is presented net of an allowance of \$1,207 and \$66,650, 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 of amounts due where ultimate collectability is uncertain due to the limited available cash flow from those entities. At September 30, 2018 and 2017, accounts receivable, related parties is presented net of an allowance of \$595,183 and \$770,245, 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.

ST. VINCENT DE PAUL SOCIETY OF LANE COUNTY, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1. Nature of Operations and Summary of Significant Accounting Policies, continued

Fixed Assets and Intangibles

Purchased land, buildings, equipment, and leasehold improvements 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. Assets constructed by the Organization are stated at cost, which includes direct costs of construction including interest during the construction period and other carrying costs. When assets are disposed, 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 has formed various limited partnerships some of which are owned 100 percent directly or indirectly by the Organization. As of September 30, 2018 and 2017, the Organization was the General Partner for 10 limited partnerships and 14 limited partnerships, respectively, for which the organization owned a less than 50 percent interest (see Note 3). The partnerships were formed to construct and operate affordable housing complexes. Investments in partnerships for which there is a less than 50 percent interest held by the Organization as General Partner are accounted for using the equity method and are carried at cost adjusted annually for the Organization's proportionate share of earnings or losses. Investments owned 100 percent directly or indirectly by the Organization are accounted for using the consolidation method of accounting under which inter-company transactions are eliminated.

Notes Receivable, Rural Housing 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 Housing Rehabilitation Program (RHRP) is calculated using the compound interest method on principal and interest amounts outstanding. The notes receivable are secured by real estate.

Management has elected to provide an allowance for uncollectible notes receivable for the RHRP 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.

ST. VINCENT DE PAUL SOCIETY OF LANE COUNTY, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1. Nature of Operations and Summary of Significant Accounting Policies, continued

Notes Receivable, Related Parties and Interest Receivable, Related Parties

Notes receivable, related parties, include notes due from the limited partnerships for which the Organization is 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.

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 U.S. 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

St. Vincent de Paul Society of Lane County, Inc. 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 County – 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.

ST. VINCENT DE PAUL SOCIETY OF LANE COUNTY, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1. Nature of Operations and Summary of Significant Accounting Policies, continued

Revenue Recognition

Contributions revenue is recognized when the contribution or promise to contribute is made. Contributions 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.

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

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.

Rent income is recognized in the month in which the space is rented by residential and/or commercial tenants.

Fee for services revenue, including contract services, management fees and partnership reimbursements, and developer fee income, is recognized when the respective service is performed.

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/use of facilities 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 2018 and 2017. 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. The Organization's accounting policies require 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.

ST. VINCENT DE PAUL SOCIETY OF LANE COUNTY, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1. Nature of Operations and Summary of Significant Accounting Policies, continued

Functional Allocations 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.

Recent Accounting Standard Adopted

In April 2015, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) No. 2015-03, *Interest-Imputation of Interest: Simplifying the Presentation of Debt Issuance Costs*. ASU 2015-03 requires the Organization to present debt issuance costs as a direct deduction from the carrying value of the related debt liability and amortization is required to be included with interest expense in the consolidated statements of activities. ASU 2015-03 is effective for fiscal years beginning after December 15, 2015. The Organization has adopted the provisions of ASU 2015-03.

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.

	2018	2017
Unrestricted cash and cash equivalents	\$ 2,888,075	\$ 1,225,800
Restricted cash and cash equivalents	6,326,228	4,050,371
Total cash and cash equivalents	\$ 9,214,303	\$ 5,276,171

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 \$10,056,261 and \$5,719,085 for the years ended September 30, 2018 and 2017, respectively. Of these deposits, \$3,233,243 and \$2,853,977 were covered by federal depository insurance at September 30, 2018 and 2017, respectively. Balances of \$6,823,018 and \$2,865,108 as of September 30, 2018 and 2017, respectively, were not insured.

ST. VINCENT DE PAUL SOCIETY OF LANE COUNTY, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

3. Investments

Investments consist primarily of capital contributed to the entities the Organization has formed to construct and operate affordable housing developments for eligible tenants in Oregon. The Organization serves as the General Partner and acts as manager of the developments.

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

	<u>2018</u>	<u>2017</u>
Alona Place Limited Partnership	\$ 100,711	\$ 100,737
Aurora Housing Limited Partnership	1,330,684	1,330,708
Bascom Village Limited Partnership	1,246,881	1,246,900
Corey Commons Limited Partnership	187,326	187,340
Four Oaks Limited Partnership	-	116,676
Hazel Court Limited Partnership	-	184,357
Heather Glen Limited Partnership	(69)	(51)
Lamb Building Limited Partnership	1,117,256	1,117,271
Myrtlewood Limited Partnership	114,689	25,417
Royal Building Limited Partnership	158,416	158,430
Santa Clara Limited Partnership	537,177	537,204
Stayton Manor Limited Partnership	-	204,810
Stellar Apartments Limited Partnership	745,865	745,891
Wallerwood Limited Partnership	-	168,728
Other investments	<u>78,603</u>	<u>78,290</u>
Total investments	<u>\$ 5,617,539</u>	<u>\$ 6,202,708</u>

The Organization's 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, 2017 and 2016 were as follows:

	<u>2017</u>	<u>2016</u>
Total assets	\$ 59,156,512	\$ 61,684,346
Total liabilities	19,102,231	26,217,896
Net loss	(1,931,222)	(1,876,389)

ST. VINCENT DE PAUL SOCIETY OF LANE COUNTY, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

4. Fixed Assets

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

	<u>2018</u>	<u>2017</u>
Land	\$ 17,016,612	\$ 13,176,541
Buildings and leasehold improvements	48,254,318	38,388,794
Equipment	4,343,664	4,011,385
Landscaping	38,483	64,615
Construction in progress and assets in development	<u>1,549,533</u>	<u>1,023,166</u>
	71,202,610	56,664,501
Accumulated depreciation	<u>(16,312,217)</u>	<u>(14,251,773)</u>
Fixed assets, net	<u>\$ 54,890,393</u>	<u>\$ 42,412,728</u>

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 Housing Rehabilitation Program (RHRP)

In 2002, the Organization began the RHRP 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, 2018 and 2017, the total amount of notes receivable for this program, net of the allowance, was \$2,625,212 and \$2,663,913, respectively. Amounts are net of an allowance for uncollectible accounts of \$232,080 and \$228,291, for the years ended September 30, 2018 and 2017, respectively. All loans are considered to be long-term.

7. Lines of Credit

At September 30, 2018, the Organization has three revolving lines of credit totaling \$1,650,000 with Banner Bank that mature July 2019. Interest is payable monthly based on a variable rate index and is subject to minimum and maximum rate limitations (effective rate of 5.125 percent and 4.375 percent at September 30, 2018 and 2017, respectively). Collateral is provided by accounts receivable, inventory, and equipment. At September 30, 2018 and 2017, outstanding borrowings on the revolving lines of credit were \$1,030,543 and \$239,190, respectively, and the amount available on the lines of credit was \$619,457 and \$1,160,810, 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, 2018 and 2017.

ST. VINCENT DE PAUL SOCIETY OF LANE COUNTY, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

8. Long-term Debt

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

	2018	2017
Notes payable, Wells Fargo Community Development Corp., with monthly payments of \$8,993, including interest at 4.60%, monthly payments of interest only at 2.00%, and quarterly payments of interest only at 1.02%, due at various dates from March 2022 through December 2044, secured by real estate.	\$ 9,067,071	\$ 9,135,127
Notes payable, Umpqua Bank, with monthly payments of \$418 to \$3,019 including interest at 4.35% to 5.50%, due at various dates from July 2021 through April 2031, secured by real estate.	1,185,848	1,231,511
Notes payable, state of Oregon, OFA Bond, with monthly payments of \$18,018, including interest at 3.40%, due November 2039, secured by real estate.	3,187,912	3,292,319
Notes payable, city of Eugene, with monthly payments of \$-0- to \$2,245, including interest at 0.00% to 5.00%, due at various dates from July 2029 through July 2038 or when the underlying property is sold, secured by real estate.	1,849,670	1,921,003
Note payable, state of Oregon, OECD, with annual payments of \$14,070, including interest at 5.35%, due December 2029, secured by real estate.	1,424,810	1,514,792
Notes payable, Banner Bank, with monthly payments of \$531 to \$43,403, including interest at 2.25% to 7.00%, due at various dates from January 2021 through April 2043, secured by real estate, other assets, and assignment of rents.	12,056,410	3,222,115
Notes payable, Bank of America, with monthly payments of \$1,714 to \$4,153, including interest at 3.72% to 4.64%, due at various dates from March 2027 through February 2031, secured by real estate.	1,339,763	1,433,663
Notes payable, Network of Affordable Housing (NOAH), with monthly payments of \$-0- to \$4,167, including interest at 2.00% to 5.00%, due at various dates from June 2020 through June 2033, secured by real estate.	3,310,026	3,251,299
Notes payable, USDA Rural Development, with monthly payments of \$584 to \$1,705, including interest at 5.38% to 5.63%, due at various dates from February 2036 through April 2040, secured by real estate.	726,127	743,810

ST. VINCENT DE PAUL SOCIETY OF LANE COUNTY, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

8. Long-term Debt, continued

	2018	2017
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.	684,000	684,000
Note payable, state of California, with monthly payments of \$5,797, including interest at 4.00%, due January 2026, secured by real estate.	337,424	493,139
Notes payable, KeyBank, with monthly payments of \$1,803 and \$3,303, including interest at 5.15%, due at various dates from August 2021 through September 2028, secured by vehicles, equipment, and real estate.	528,005	560,723
Notes payable, Community Frameworks, non-interest bearing, forgivable after various dates from July 2020 through August, 2020, secured by real estate.	270,000	300,000
Notes payable, city of Springfield, with monthly payments of \$106 to \$519, non-interest bearing, due at various dates September 2025 through March 2030 or when underlying property is sold, secured by real estate.	103,608	113,116
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.	97,513	101,990
Note payable, Columbia Bank, with monthly payments of \$2,829, including interest at 3.99%, due August 2019, secured by real property.	27,584	59,712
Note payable, city of Salem, with monthly payments of \$417, non-interest bearing, due January 2034, secured by real estate.	76,387	81,388
Note payable, Summit Bank, with monthly payments of \$766, including interest at 4.21%, due September 2026, secured by real estate.	62,256	68,757
Note payable, Oregon Community Foundation, no monthly payments, non-interest bearing to October 2019, interest at 1.00% beginning thereafter, escalating one percent annually until maturity, due October 2023, secured by real estate.	320,000	-
Note payable, city of Portland, no monthly payments, non-interest bearing, due June 2019, secured by real estate.	1,318,030	1,318,030

ST. VINCENT DE PAUL SOCIETY OF LANE COUNTY, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

8. Long-term Debt, continued

	2018	2017
Note payable, Liguori, interest-only payments at 6.00% with lump sum due December 2019, secured by real estate.	50,000	50,000
	38,022,444	29,576,494
Unamortized deferred financing costs	(1,143,961)	(1,098,591)
Current portion	(2,625,715)	(1,848,421)
Long-term debt, net of current portion and unamortized deferred financing costs	<u>\$ 34,252,768</u>	<u>\$ 26,629,482</u>

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

For the Year Ending September 30,

2019	\$ 2,625,715
2020	2,889,229
2021	2,415,757
2022	1,396,614
2023	1,838,369
Thereafter	26,856,760
Total	<u>\$ 38,022,444</u>

The notes payable require certain covenants related to cash flow, debt service coverage, and financial reporting to the lending institutions. As of September 30, 2018 and 2017, 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:

	2018	2017
Notes receivable, Aurora Housing Limited Partnership, payable with interest only at 3.00% to 5.72% in quarterly installments from available cash flow, due September 2034, secured by real estate.	\$ 849,667	\$ 849,667
Note receivable, Bascom Village Limited Partnership, payable in monthly installments of interest at 0.33% to the extent of available cash flow, due July 1, 2044, secured by real estate.	279,274	339,274
Note receivable, Corey Commons Limited Partnership, payable with interest at 5.46% to the extent of available cash flow, due July 2033, secured by real estate.	275,000	275,000

ST. VINCENT DE PAUL SOCIETY OF LANE COUNTY, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

9. Related Party Transactions, continued

Notes Receivable, Related Parties, continued

	<u>2018</u>	<u>2017</u>
Notes receivable, Four Oaks 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.	-	190,567
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.	1,168,578	1,168,578
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.	560,000	560,000
Notes receivable, Royal Building Limited Partnership, payable with interest only at 2.00% to the extent of available cash flow, due at various dates through September 2036, secured by real estate.	1,250,650	1,250,650
Notes receivable, Santa Clara Limited Partnership, payable with interest only at 3.00% to 5.46% to the extent of available cash flow, due at various dates through July 2034, secured by real estate.	562,230	562,230
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.	813,510	832,509
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.	-	190,267
Note receivable, Myrtlewood Limited Partnership, payable with interest at 3.35% to the extent of available cash flow, due on March 2059, secured by real estate.	<u>360,000</u>	<u>202,067</u>
	6,118,909	6,420,809
Allowance for uncollectible notes receivable	<u>-</u>	<u>-</u>
Notes receivable, related parties, net	<u>\$ 6,118,909</u>	<u>\$ 6,420,809</u>

ST. VINCENT DE PAUL SOCIETY OF LANE COUNTY, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

9. Related Party Transactions, continued

Notes Receivable, Related Parties, continued

Total interest income from these notes was \$201,305 and \$181,565 for the years ended September 30, 2018 and 2017, respectively. Total accrued interest on the notes receivable net of the allowance was \$502,470 and \$583,930 for the years ended September 30, 2018 and 2017, respectively. Total accrued interest is reported net of allowance of \$1,186,622 and \$1,010,522 for the years ended September 30, 2018 and 2017, respectively.

Development Fees Receivable, Related Parties

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

	2018	2017
Heather Glen Limited Partnership, payments are subject to the partnership having available cash flow; however, the fee is to be paid in full no later than December 31, 2021.	\$ 29,093	\$ 28,093
Royal Building Limited Partnership, payments are subject to the partnership having available cash flow; however, the fee is to be paid in full no later than December 31, 2019.	165,829	165,829
Myrtlewood Limited Partnership, \$568,418 will be paid in 2019 from capital proceeds; the remainder of \$142,109 will be paid from available cash flow and accrues interest at 8.00% per annum. The fee is to be paid in full no later than September 2048.	710,527	-
Lamb Building Limited Partnership, payments are subject to the partnership having available cash flow.	16,190	16,190
Allowance for uncollectible developer fees	921,639	210,112
Current portion	(145,829)	(145,829)
	(568,418)	-
Development fees receivable, related parties, net of current portion and allowance for uncollectible developer fees	\$ 207,392	\$ 64,283

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, 2018 and 2017, there were 10 and 14 limited partnerships, respectively. Income from property management totaled \$723,231 and \$822,421 for the years ended September 30, 2018 and 2017, respectively.

ST. VINCENT DE PAUL SOCIETY OF LANE COUNTY, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

10. Lease Obligations

The Organization leases, as lessee, 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, 2018 and 2017 was \$1,917,067 and \$1,656,764, including \$1,528,815 and \$1,382,427, respectively, for all facilities under non-cancelable operating leases.

At September 30, 2018, future minimum lease payments under such leases were as follows:

<u>For the Year Ending September 30,</u>	
2019	\$ 1,491,421
2020	1,193,479
2021	1,041,510
2022	1,044,566
2023	993,100
Thereafter	<u>2,968,322</u>
Total	<u>\$ 8,732,398</u>

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. 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, 2018 and 2017, noncash donations were comprised of the following:

	<u>2018</u>	<u>2017</u>
Building	\$ 1,000,000	\$ -
Food	1,164,072	1,315,038
Cars	340,054	345,157
Other goods	370,516	580,351
Use of facilities	<u>21,000</u>	<u>21,000</u>
Contributions, in-kind	<u>\$ 2,895,642</u>	<u>\$ 2,261,546</u>

ST. VINCENT DE PAUL SOCIETY OF LANE COUNTY, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

13. Derivative Financial Instrument – Interest-Rate Swap

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 \$13,421 and \$25,080 as of September 30, 2018 and 2017, and is included in interest expense.

14. Temporarily Restricted Net Assets

Temporarily restricted net assets are available for the following purposes:

	<u>2018</u>	<u>2017</u>
Services and Training program:		
General	\$ 246,081	\$ 398,117
Buildings and equipment	<u>5,992,530</u>	<u>780,840</u>
Total Services and Training program	<u>6,238,611</u>	<u>1,178,957</u>
Housing program:		
General	4,650,515	3,074,108
Grants receivable	-	1,414,596
Buildings and equipment	14,562,076	14,196,249
Assets held for sale	205,964	319,428
Notes receivable – RHRP	2,625,212	2,663,913
Notes receivable – RHRP Opportunity Program	401,146	330,684
Investments in low income housing projects	<u>5,586,219</u>	<u>6,173,476</u>
Total Housing program	<u>28,031,132</u>	<u>28,172,454</u>
Other program:		
General	<u>732,858</u>	<u>191,498</u>
Total temporarily restricted net assets	<u>\$ 35,002,601</u>	<u>\$ 29,542,909</u>

ST. VINCENT DE PAUL SOCIETY OF LANE COUNTY, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

15. Contribution to Related Party - Aster, Inc.

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:

	<u>2018</u>	<u>2017</u>
Cash and reserves	\$ 297,949	\$ 186,640
Accounts receivable	155	1,075
Prepaid expenses	4,005	3,920
Land, building, and leasehold improvements, net of accumulated depreciation of \$1,575,991 in 2018 and \$1,430,663 in 2017	<u>4,731,727</u>	<u>4,877,055</u>
Total assets	<u>\$ 5,033,836</u>	<u>\$ 5,068,690</u>
Accounts payable and other liabilities	\$ 31,794	\$ 34,312
Net assets	<u>5,002,042</u>	<u>5,034,378</u>
Total liabilities and net assets	<u>\$ 5,033,836</u>	<u>\$ 5,068,690</u>

16. Assumption of Limited Partnerships

During the year ended September 30, 2018, De Paul PM, LLC, a wholly owned subsidiary of the Organization, was assigned the exiting limited partners' ownership interest in Four Oaks Limited Partnership, Hazel Court Limited Partnership, Stayton Manor Limited Partnership, and Wallerwood Limited Partnership. At the time the interest was assigned, the partnerships became wholly owned by the Organization. At the time of the assignment, the assets and liabilities of the limited partnership were transferred to the Organization 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.

During the year ended September 30, 2017, De Paul PM, LLC, a wholly owned subsidiary of the Organization, was assigned the exiting limited partners' ownership interest in Spruce Terrace Limited Partnership and Ash Meadow Limited Partnership. At the time the interest was assigned, the partnerships became wholly owned by the Organization. At the time of the assignment, the assets and liabilities of the limited partnership were transferred to the Organization 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.

17. 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.

ST. VINCENT DE PAUL SOCIETY OF LANE COUNTY, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

18. Commitments

During the year ended September 30, 2018, the Organization had entered into a contract for construction services related to Oak Leaf Mobile Home Park in the amount of \$1,896,914 of which \$-0- was completed at September 30, 2018. The construction is expected to be completed in 2019.

During the year ended September 30, 2018, the Organization had entered into a contract for construction services related to the Chad Drive location in the amount of \$545,596 of which \$-0- was completed at September 30, 2018. The construction is expected to be completed in 2019.

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.

On January 1, 2019, the Investor Limited Partner in Corey Commons Limited Partnership and Aurora Housing Limited Partnership assigned its interest in the partnerships to De Paul Property Management, LLC, a wholly owned subsidiary of St. Vincent de Paul Society of Lane County, Inc., which is effectively a donation of its partnership interest. The gain or loss to be recognized due to the donation of the investor interest is not yet determinable.

SINGLE AUDIT

ST. VINCENT DE PAUL SOCIETY OF LANE COUNTY, INC. AND SUBSIDIARIES
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
 For the Year Ended September 30, 2018

Federal Grantor/Pass-through Grantor/Program Title	Contract Number	Federal CFDA Number	Expenditures	Passed Through to Subrecipients
U.S. Department of Agriculture				
<i>Food Distribution Cluster</i>				
Passed-through Food for Lane County, Inc.: Emergency Food Assistance Program		10.569	\$ 124,398	\$ -
U.S. Department of Housing and Urban Development				
<i>CDBG - Entitlement Grants Cluster</i>				
Passed-through Lane County:				
Community Development Block Grant/Entitlement Grants	53451, 53454	14.218	77,343	-
Passed-through city of Portland:				
Community Development Block Grant/Entitlement Grants	Loan no. 3110285	14.218	<u>1,318,029</u>	-
Total CDBG - Entitlement Grants Cluster			1,395,372	-
Passed-through city of Cottage Grove:				
Community Development Block Grants / State's program and Non-Entitlement Grants in Hawaii	CG1	14.228	111,075	-
Passed-through city of Florence:				
Community Development Block Grants / State's program and Non-Entitlement Grants in Hawaii	HR505	14.228	677	-
Passed-through city of Lowell:				
Community Development Block Grants / State's program and Non-Entitlement Grants in Hawaii	HR020021	14.228	22	-
Passed-through city of Junction City:				
Community Development Block Grants / State's program and Non-Entitlement Grants in Hawaii	HR805	14.228	365	-
Passed-through city of Oakridge:				
Community Development Block Grants / State's program and Non-Entitlement Grants in Hawaii	H010007, HR608	14.228	246	-
Passed-through city of Veneta:				
Community Development Block Grants / State's program and Non-Entitlement Grants in Hawaii	H16013	14.228	29,965	-
Passed-through Lane County:				
Emergency Solutions Grant Program	51274, 53451,53454	14.231	186,247	-
Passed-through city of Eugene:				
Home Investment Partnerships Program	2017-02166, 2018-02166	14.239	65,190	-
Passed-through Community Frameworks:				
Self-Help Homeownership Opportunity Program	SVDP-07-01, SVDP-08-01	14.247	282,592	-
Direct Award -				
Continuum of Care Program - Connections	OR0003L0E001609, OR0003L0E001710	14.267	218,601	-
Continuum of Care Program - LIFT	OR0009L0E001609, OR0009L0E001710	14.267	267,082	-

ST. VINCENT DE PAUL SOCIETY OF LANE COUNTY, INC. AND SUBSIDIARIES
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS, Continued
For the Year Ended September 30, 2018

Federal Grantor/Pass-through Grantor/Program Title	Contract Number	Federal CFDA Number	Expenditures	Passed Through to Subrecipients
U.S. Department of Housing and Urban Development, continued				
Direct Award, continued				
Continuum of Care Program - Vet LIFT	OR0015L0E001609, OR0015L0E001710	14.267	192,434	-
Continuum of Care Program - First Place Family Center	OR0180L0E001603, OR0180L0E001704	14.267	39,798	-
Passed-through Mainstream Housing Inc.:				
Continuum of Care Program - Home Space / Emerald Options		14.267	<u>23,382</u>	-
Total U.S. Department of Housing and Urban Development			<u>2,813,048</u>	-
U.S. Department of Labor				
Direct Award - Homeless Veterans Reintegration Program	HV-30899-17-60-5-41, HV-30695-17-60-5-41	17.805	<u>354,799</u>	-
U.S. Department of the Treasury				
Passed-through Network for Oregon Affordable Housing:				
Community Development Financial Institutions Program		21.020	<u>890,000</u>	-
General Services Administration				
Direct Award - Donation of Federal Surplus Personal Property		39.003	<u>160,239</u>	-
U.S. Department of Veterans Affairs				
Direct Award - Veteran Rehabilitation - Alcohol and Drug Dependence				
	VA260-14-C-0121	64.019	131,880	-
Direct Award - VA Homeless Providers Grant and Per Diem Program				
	60-30-OR	64.024	180,420	-
Direct Award - VA Supportive Services for Veteran Families				
	18-OR-066	64.033	<u>1,234,045</u>	<u>400,239</u>
Total U.S. Department of Veteran Affairs			<u>1,546,345</u>	<u>400,239</u>
Environmental Protection Agency				
Passed-through Oregon Business Development Department:				
Capitalization Grants for Drinking Water State Revolving Funds	R17009	66.468	<u>11,570</u>	-
U.S. Department of Health and Human Services				
Passed-through Lane County:				
Low-Income Home Energy Assistance	51502, 53471	93.568	<u>10,010</u>	-
U.S. Department of Homeland Security				
Direct Award - Emergency Food and Shelter National Board Program				
		97.024	<u>8,500</u>	-
Total federal awards			<u>\$ 5,918,909</u>	<u>\$ 400,239</u>

ST. VINCENT DE PAUL SOCIETY OF LANE COUNTY, INC. AND SUBSIDIARIES
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended September 30, 2018

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, 2018. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* (CFR) 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.

ST. VINCENT DE PAUL SOCIETY OF LANE COUNTY, INC. AND SUBSIDIARIES
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended September 30, 2018

3. Loans and Loan Guarantee Programs, continued

The Organization has loans due to federal agencies or pass-through agencies for which there are continuing compliance requirements. As of September 30, 2018, the outstanding loan balances on such loans were as follows:

<u>Federal Agency</u>	<u>Program Title</u>	<u>CFDA Number</u>	<u>Outstanding Balance</u>
U.S. Department of Housing and Urban Development: Passed- through city of Portland	Community Development Block Grant	14.218	\$ 1,318,029
U.S. Department of Housing and Urban Development: Passed- through Community Frameworks	Self-Help Home Ownership Opportunity Program	14.247	270,000
U.S. Department of the Treasury: Passed-through Network for Oregon Affordable Housing	Community Development Financial Institutions Program	21.020	<u>875,175</u>
			<u>\$ 2,463,204</u>

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, 2018 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 March 14, 2019.

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.

Jones & Roth, P.C.
Eugene, Oregon
March 14, 2019

**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, 2018. 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* (CFR) 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, 2018.

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.

Jones & Roth, P.C.
Eugene, Oregon
March 14, 2019

ST. VINCENT DE PAUL SOCIETY OF LANE COUNTY, INC. AND SUBSIDIARIES
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended September 30, 2018

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, 2018.
- 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 disclosed during the audit that are required to be reported in this schedule in accordance with the Uniform Guidance.
- The programs tested as major programs were:

U.S. Department of Housing and Urban Development Continuum of Care Program	CFDA # 14.267
U.S. Department of Veteran Affairs Supportive Services for Veteran Families Program	CFDA # 64.033
- The threshold for distinguishing between Type A and Type B programs was \$750,000.
- The Organization qualified as a low-risk auditee.

Findings – Consolidated Financial Statement Audit

None.

Findings and Questioned Costs – Major Federal Award Programs Audit

None.

ST. VINCENT DE PAUL SOCIETY OF LANE COUNTY, INC. AND SUBSIDIARIES
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
For the Year Ended September 30, 2018

Prior Year Findings – Consolidated Financial Statement Audit

None.

Findings and Questioned Costs – Major Federal Award Programs Audit

None.

SUPPLEMENTARY INFORMATION

ST. VINCENT DE PAUL SOCIETY OF LANE COUNTY, INC. AND SUBSIDIARIES
SCHEDULE OF REVENUES AND EXPENSES FOR SELECT RENTAL PROPERTIES
For the Year Ended September 30, 2018

	Skinner Butte	Hope Circle	Mac McDonald	Ross Lane
Revenues				
Rental income, net of vacancies	\$ 209,642	\$ 77,256	\$ 122,676	\$ 208,875
Laundry income	1,476	-	-	3,087
Other income	6,520	41	2,692	1,434
Interest income	-	-	-	-
 Total revenues	 <u>217,638</u>	 <u>77,297</u>	 <u>125,368</u>	 <u>213,396</u>
Expenses				
Salaries, payroll taxes and benefits	35,973	869	23,576	48,843
Utilities	29,225	-	2,003	27,558
Security service fee	224	-	-	-
Garbage	2,285	-	-	11,994
Office supplies and expense	133	-	-	-
Telecommunications	2,781	-	-	3,570
Insurance	-	-	-	-
Repairs and maintenance	23,112	934	31,466	18,275
Landscaping	-	1,900	14,512	10,200
Operating supplies	-	-	-	818
Professional services	128	-	2,498	194
Fees, licenses, and taxes	2,243	2,418	41,531	2,788
Interest expense	-	-	15,695	17,531
Property management fees	-	-	-	-
Resident services	-	-	-	-
Other operating expenses	131	-	-	-
 Total expenses before depreciation	 <u>96,235</u>	 <u>6,121</u>	 <u>131,281</u>	 <u>141,771</u>
 Net income (loss) before depreciation	 <u>121,403</u>	 <u>71,176</u>	 <u>(5,913)</u>	 <u>71,625</u>
Depreciation	<u>31,522</u>	<u>37,217</u>	<u>67,577</u>	<u>114,525</u>
 Total expenses	 <u>127,757</u>	 <u>43,338</u>	 <u>198,858</u>	 <u>256,296</u>
 Net income (loss)	 <u>\$ 89,881</u>	 <u>\$ 33,959</u>	 <u>\$ (73,490)</u>	 <u>\$ (42,900)</u>

<u>Blue Belle I</u>	<u>Blue Belle II</u>	<u>Hilyard Terrace</u>	<u>Oak Terrace</u>	<u>Stayton Family</u>	<u>Ash Meadows</u>	<u>Spruce Terrace</u>
\$ 55,893	\$ 16,771	\$ 122,815	\$ 253,046	\$ 306,273	\$ 119,303	\$ 211,919
-	-	1,415	4,398	397	-	4,309
975	292	1,384	8,525	7,173	1,882	2,102
-	-	5	36	40	1	332
<u>56,868</u>	<u>17,063</u>	<u>125,619</u>	<u>266,005</u>	<u>313,883</u>	<u>121,186</u>	<u>218,662</u>
10,305	3,092	-	50,718	26,379	-	28,406
3,324	997	9,161	39,369	67,739	3,199	34,442
-	-	-	-	-	-	-
2,488	747	3,373	19,133	1,718	4	12,936
-	-	-	290	348	-	284
1,507	452	-	-	-	-	-
-	-	8,772	10,912	17,530	4,773	11,022
6,299	1,890	16,401	33,028	49,890	12,111	20,625
4,538	1,362	11,000	12	-	20,573	6,670
-	-	-	-	-	-	-
-	-	3,653	294	1,399	8,797	8,883
668	201	1,350	3,341	13,957	6,561	12,592
-	-	6,461	16,825	32,173	10,934	13,989
-	-	9,977	22,573	32,794	12,501	27,268
-	-	6,609	256	-	22	-
-	-	805	7,261	8,150	938	7,400
<u>29,129</u>	<u>8,741</u>	<u>77,562</u>	<u>204,012</u>	<u>252,077</u>	<u>80,413</u>	<u>184,517</u>
<u>27,739</u>	<u>8,322</u>	<u>48,057</u>	<u>61,993</u>	<u>61,806</u>	<u>40,773</u>	<u>34,145</u>
<u>25,131</u>	<u>7,541</u>	<u>52,625</u>	<u>66,074</u>	<u>69,296</u>	<u>28,919</u>	<u>55,778</u>
<u>54,260</u>	<u>16,282</u>	<u>130,187</u>	<u>270,086</u>	<u>321,373</u>	<u>109,332</u>	<u>240,295</u>
<u>\$ 2,608</u>	<u>\$ 781</u>	<u>\$ (4,568)</u>	<u>\$ (4,081)</u>	<u>\$ (7,490)</u>	<u>\$ 11,854</u>	<u>\$ (21,633)</u>

ST. VINCENT DE PAUL SOCIETY OF LANE COUNTY, INC. AND SUBSIDIARIES
SCHEDULE OF REVENUES AND EXPENSES FOR SELECT RENTAL PROPERTIES
For the Period January 1, 2018 through September 30, 2018

	<u>Wallerwood</u>	<u>Four Oaks</u>	<u>Hazel Court</u>	<u>Stayton Manor</u>
Revenues				
Rental income, net of vacancies	\$ 100,544	\$ 108,003	\$ 73,270	\$ 74,747
Laundry income	984	893	674	447
Other income	1,736	4,875	27,004	23,674
Interest income	<u>20</u>	<u>25</u>	<u>33</u>	<u>27</u>
 Total revenues	 <u>103,284</u>	 <u>113,796</u>	 <u>100,981</u>	 <u>98,895</u>
Expenses				
Salaries, payroll taxes and benefits	-	-	-	-
Utilities	25,539	25,951	22,831	22,274
Security service fee	3,007	3,328	-	-
Garbage	2,727	2,119	1,489	1,525
Office supplies and expense	-	-	-	-
Telecommunications	-	-	-	-
Insurance	3,498	4,811	3,204	3,305
Repairs and maintenance	35,426	11,504	14,848	3,544
Landscaping	2,590	3,840	2,800	2,680
Operating supplies	-	-	-	-
Professional services	10,892	10,424	8,953	8,819
Fees, licenses, and taxes	8,525	9,598	2,656	2,924
Interest expense	14,165	11,712	5,815	9,080
Property management fees	6,590	7,089	4,828	4,885
Resident services	-	-	-	-
Other operating expenses	<u>336</u>	<u>2,088</u>	<u>-</u>	<u>-</u>
 Total expenses before depreciation	 <u>113,295</u>	 <u>92,464</u>	 <u>67,424</u>	 <u>59,036</u>
 Net income (loss) before depreciation	 <u>(10,011)</u>	 <u>21,332</u>	 <u>33,557</u>	 <u>39,859</u>
 Depreciation	 <u>21,281</u>	 <u>37,152</u>	 <u>27,511</u>	 <u>14,424</u>
 Total expenses	 <u>134,576</u>	 <u>129,616</u>	 <u>94,935</u>	 <u>73,460</u>
 Net income (loss)	 <u>\$ (31,292)</u>	 <u>\$ (15,820)</u>	 <u>\$ 6,046</u>	 <u>\$ 25,435</u>

OAKWOOD MANOR LIMITED PARTNERSHIP
SCHEDULE OF ASSETS, LIABILITIES, AND PARTNERS' CAPITAL
September 30, 2018

Assets

Current assets

Cash in bank	\$	127,174
Petty cash		50
		127,224
Prepaid insurance		4,322
Tenant accounts receivable		2,126
		133,672

Funded reserves

Tenant security deposits		42,937
Replacement reserve		37,408
Insurance reserve		14,197
		94,542

Rental property

Building and improvements		2,098,071
Furniture and fixtures		7,801
Landscaping		1,827
		2,107,699
Accumulated depreciation		(880,583)
		1,227,116
Land		412,300
		1,639,416

Total assets

\$ 1,867,630

Liabilities and Partners' Capital

Current liabilities

Deferred rent revenue	\$ 2,964
Deferred insurance proceeds from casualty event	<u>100,571</u>

Total current liabilities 103,535

Notes payable

Note payable, State of Oregon Housing and Community Services	1,424,810
Note payable, city of Eugene	314,861
Unamortized deferred financing costs	<u>(44,451)</u>

Total notes payable, net of unamortized deferred financing costs 1,695,220

Other liabilities

Due to General Partner	146,915
Tenant security deposits	<u>42,937</u>

Total other liabilities 189,852

Total liabilities 1,988,607

Partners' capital (deficit)

(120,977)

Total liabilities and partners' capital

\$ 1,867,630

OAKWOOD MANOR LIMITED PARTNERSHIP
SCHEDULE OF OPERATIONS AND PARTNERS' CAPITAL
For the Year Ended September 30, 2018

Revenue	
Net rental income	\$ 394,502
Interest income	66
Laundry fees	6,853
Other income	<u>4,313</u>
 Total revenue	 <u>405,734</u>
Operating expenses	
Depreciation	140,788
Insurance	17,347
Interest, including \$4,103 of amortization of deferred financing costs	92,065
Licenses and fees	7,793
Miscellaneous	1,709
Property management	18,711
Repairs and maintenance	31,969
Salaries and related payroll taxes and benefits	82,452
Telephone	4,751
Trash removal	18,590
Utilities	<u>51,092</u>
 Total operating expenses	 <u>467,267</u>
 Net loss before non-operating revenue and expenses	 (61,533)
Non-operating revenue and expenses	
Insurance proceeds from casualty event	396,860
Repairs expenses from casualty event	<u>(396,860)</u>
 Total non-operating revenue and expenses	 <u>-</u>
 Net loss	 (61,533)
Partners' capital (deficit), beginning of year	<u>(59,444)</u>
Partners' capital (deficit), end of year	<u><u>\$ (120,977)</u></u>

OAKWOOD MANOR LIMITED PARTNERSHIP
SCHEDULE OF CASH FLOWS
For the Year Ended September 30, 2018

Cash flows from operating activities

Net loss	\$ (61,533)
Noncash items included in net loss:	
Depreciation	140,788
Amortization of deferred financing costs	4,103
Adjustments to reconcile net loss to net cash used by operating activities:	
(Increase) decrease in:	
Prepaid insurance	41
Tenant accounts receivable	769
Increase (decrease) in:	
Deferred rent revenue	(1,881)
Deferred insurance proceeds from casualty event	(213,464)
Due to General Partner	43,258
Tenant security deposits liability	<u>(1,884)</u>
Net cash used by operating activities	<u>(89,803)</u>

Cash flows from investing activities

Change in security deposits reserve	(124)
Deposits to funded reserves	(34,527)
Withdrawals from funded reserves	<u>28,227</u>
Net cash used by investing activities	<u>(6,424)</u>

Cash flows from financing activities

Payments on notes payable	<u>(104,461)</u>
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Net decrease in cash (200,688)

Cash, beginning of year 327,912

Cash, end of year \$ 127,224

OAKWOOD MANOR LIMITED PARTNERSHIP
 COMPUTATION OF SURPLUS CASH
 For the Year Ended September 30, 2018

Cash

Cash on hand	\$ 127,224
Resident security deposits	42,937
Rent receivable	<u>2,126</u>
 Total cash	 <u>172,287</u>

Current obligations

Delinquent mortgage principal payments	-
Delinquent deposits to reserve for replacements	-
Accounts payable	-
Accrued expenses	-
Prepaid rents	2,964
Resident security deposit liability	42,937
Mortgage tax and insurance reserve deficiency	-
Other: Deferred insurance proceeds from casualty event	100,571
Other: Due to General Partner	<u>146,915</u>
 Total current obligations	 <u>293,387</u>

Surplus cash (deficiency)

\$ (121,100)

SOMMERVILLE APARTMENTS
 SCHEDULE OF ASSETS, LIABILITIES, AND OWNER'S EQUITY
 September 30, 2018

Assets

Rental property	
Building and improvements	\$ 1,226,057
Accumulated depreciation	<u>(116,858)</u>
	1,109,199
Land	<u>129,070</u>
Rental property, net	<u>1,238,269</u>
Funded reserves	
Tenant security deposits	17,185
Operating reserve	44,199
Replacement reserve	73,843
Insurance and tax reserve	<u>20,468</u>
Total funded reserves	<u>155,695</u>
Other assets	
Accounts receivable	<u>2,452</u>
Total assets	<u><u>\$ 1,396,416</u></u>

Liabilities and Owner's Equity

Liabilities applicable to investment in real estate	
Note payable, Network for Oregon Affordable Housing	\$ 609,722
Unamortized deferred financing costs	<u>(6,344)</u>
Notes payable, net of unamortized deferred financing costs	<u>603,378</u>
Other liabilities	
Due to owner	785,504
Accounts payable	2,671
Tenant security deposits	17,185
Deferred rent	<u>1,179</u>
Total other liabilities	<u>806,539</u>
Total liabilities	1,409,917
Owner's equity (deficit)	<u>(13,501)</u>
Total liabilities and owner's equity	<u><u>\$ 1,396,416</u></u>

SOMMERVILLE APARTMENTS
SCHEDULE OF OPERATIONS AND OWNER'S EQUITY
For the Year Ended September 30, 2018

Revenue

Net rental income	\$ 179,852
Interest income	94
Other income	<u>2,927</u>
 Total revenue	 <u>182,873</u>

Operating expenses

Depreciation	29,694
Insurance	7,983
Interest, including \$375 of amortization of deferred financing costs	12,225
Licenses and fees	13,472
Repairs and maintenance	32,381
Salaries and related payroll taxes and benefits	22,159
Telephone	1,861
Utilities	<u>37,793</u>
 Total operating expenses	 <u>157,568</u>

Net income

25,305

Owner's equity (deficit), beginning of year	<u>(38,806)</u>
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Owner's equity (deficit), end of year	<u>\$ (13,501)</u>
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LINN COUNTY AFFORDABLE HOUSING, LLC
 IRONWOOD VILLAGE APARTMENTS
 SCHEDULE OF ASSETS, LIABILITIES, AND MEMBER'S EQUITY
 September 30, 2018

Assets

Current assets

General operating account	\$	26,433
Tax and insurance reserve		6,814
Replacement reserve		90,209
Tenant security deposits		11,217
Accounts receivable (0-30 days), net of allowance of \$1,207		<u>537</u>
 Total current assets		 <u>135,210</u>

Capital assets

Land		261,206
Building and improvements		<u>1,117,773</u>
		1,378,979
Accumulated depreciation		<u>(369,804)</u>
 Capital assets, net		 <u>1,009,175</u>

Total assets	\$	<u>1,144,385</u>
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Liabilities and Member's Equity

Current liabilities

Accounts payable (0-30 days)	\$	4,746
Unearned revenues		495
Tenant security deposits		<u>12,313</u>
 Total current liabilities		 17,554

Notes payable-USDA RD		<u>726,124</u>
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Total liabilities		743,678
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Member's equity		<u>400,707</u>
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Total liabilities and member's equity	\$	<u>1,144,385</u>
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LINN COUNTY AFFORDABLE HOUSING, LLC
 IRONWOOD VILLAGE APARTMENTS
 SCHEDULE OF REVENUES AND EXPENSES
 For the Year Ended September 30, 2018

Operating revenue

Rents	\$ 69,022
Rental assistance received	99,385
Interest subsidy	27,958
Laundry and vending	484
Interest	46
Other	<u>2,787</u>

Total operating revenue	<u>199,682</u>
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Operating expenses

Operating and maintenance:	
Maintenance and repairs	31,612
Payroll	33,651
Payroll taxes and benefits	6,743
Utilities:	
Electricity	3,840
Water	5,701
Sewer	9,565
Garbage and trash removal	4,282
Administrative:	
Management fee	15,344
Telephone and internet	3,868
Office supplies	627
Training	85
Taxes and insurance	6,751
Other taxes, licenses, and permits	3,704
RD debt payments	17,686
Interest	41,785
Manager's rent free unit	8,400
Bad debt	3,242
Miscellaneous	<u>263</u>

Total operating expenses	<u>197,149</u>
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Net operating income	<u>2,533</u>
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LINN COUNTY AFFORDABLE HOUSING, LLC
IRONWOOD VILLAGE APARTMENTS
SCHEDULE OF REVENUES AND EXPENSES, Continued
For the Year Ended September 30, 2018

Non-operating revenues (expenses)

Other debt payments for non-USDA debt	<u>-</u>
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Total non-operating revenues (expenses)	<u>-</u>
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Net income before GAAP reconciliation	2,533
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Reconciliation to GAAP

Depreciation	33,531
Principal debt payments	<u>(17,686)</u>

Net loss	<u>\$ (13,312)</u>
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SOCIETY OF ST. VINCENT DE PAUL OF LANE COUNTY
 SCHEDULE OF ASSETS, LIABILITIES, AND NET ASSETS
 September 30, 2018

Assets

Current assets

Cash	\$ 182,164
Accounts receivable	110,591
Inventory	452,710
Prepaid expenses	<u>29,157</u>
Total current assets	<u>774,622</u>

Fixed assets

Buildings and improvements	7,013,805
Equipment and fixtures	<u>609,039</u>
	7,622,844
Accumulated depreciation	<u>(1,042,051)</u>
Fixed assets, net	<u>6,580,793</u>

Other assets

Due from related organization	<u>76,157</u>
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Total assets	<u>\$ 7,431,572</u>
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Liabilities and Net Assets

Current liabilities

Accounts payable	\$ 49,158
Accrued payroll and related liabilities	<u>71,680</u>
Total current liabilities	<u>120,838</u>

Long-term liabilities

Notes payable	8,000,000
Unamortized deferred financing costs	<u>(821,544)</u>
Notes payable, net of unamortized deferred financing costs	<u>7,178,456</u>
Total liabilities	7,299,294

Net assets, unrestricted	<u>132,278</u>
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Total liabilities and net assets	<u>\$ 7,431,572</u>
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SOCIETY OF ST. VINCENT DE PAUL OF LANE COUNTY
 SCHEDULE OF REVENUE, EXPENSES, AND CHANGE IN NET ASSETS
 For the Year Ended September 30, 2018

Unrestricted revenue

Retail sales	\$ 3,770,937
Contract services	123,948
Donations	87,461
Other income	<u>24,208</u>

Total unrestricted revenue	<u>4,006,554</u>
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Expenses

Payroll, benefits, and taxes	2,739,724
Purchases	154,486
Utilities	358,722
Telephone	13,082
Repairs and maintenance	45,587
Operating supplies	28,088
Equipment rental	873
Professional services	1,070
Taxes, licenses, and fees	75,777
Interest expense	144,394
Bad debt expense	13,058
Advertising	805
Travel, conferences, and meetings	3,419
Vehicle expenses	31,398
Depreciation	<u>279,628</u>

Total expenses	<u>3,890,111</u>
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Change in net assets, unrestricted	116,443
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Net assets, unrestricted, beginning of year	<u>15,835</u>
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Net assets, unrestricted, end of year	<u><u>\$ 132,278</u></u>
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