

**Society of St. Vincent de Paul,  
Archdiocese of Galveston-Houston  
and Affiliated Conferences**

Combined Financial Statements  
and Independent Auditors' Report  
for the years ended September 30, 2023 and 2022

# **Society of St. Vincent de Paul, Archdiocese of Galveston-Houston and Affiliated Conferences**

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## Independent Auditors' Report

To the Board of Directors of  
Society of St. Vincent de Paul, Archdiocese of Galveston-Houston  
and Affiliated Conferences:

### Report on the Audit of the Financial Statements

#### *Opinion*

We have audited the financial statements of Society of St. Vincent de Paul, Archdiocese of Galveston-Houston and Affiliated Conferences (collectively the Society), which comprise the combined statements of financial position as of September 30, 2023 and 2022, and the related combined statements of activities, of functional expenses, and of cash flows for the years then ended, and the related notes to the combined financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the combined financial position of the Society as of September 30, 2023 and 2022, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

#### *Basis for Opinion*

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. Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Financial Statements* section of our report. We are required to be independent of the Society and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

#### *Responsibilities of Management for the Financial Statements*

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Society's ability to continue as a going concern for one year after the date that the financial statements are available to be issued.

#### *Auditors' Responsibilities for the Audit of the Financial Statements*

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our

opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

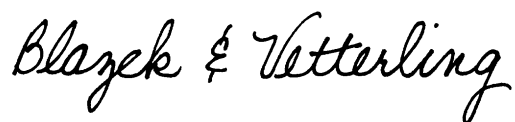
In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Society's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Society's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

### **Report Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated March 4, 2024 on our consideration of the Society's 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 solely 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 the effectiveness of the Society's 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 the Society's internal control over financial reporting and compliance.



March 4, 2024

**Society of St. Vincent de Paul, Archdiocese of Galveston-Houston  
and Affiliated Conferences**

Combined Statements of Financial Position as of September 30, 2023 and 2022

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	<u>2023</u>	<u>2022</u>
ASSETS		
Cash	\$ 2,625,086	\$ 2,021,611
Contributions receivable <i>(Note 8)</i>	774,812	822,586
Food and household goods	82,097	163,540
Prepaid expenses and other assets	48,781	55,763
Investments <i>(Note 3)</i>	1,569,806	1,462,989
Property, net <i>(Note 4)</i>	<u>2,255,177</u>	<u>2,388,056</u>
<b>TOTAL ASSETS</b>	<b><u>\$ 7,355,759</u></b>	<b><u>\$ 6,914,545</u></b>
LIABILITIES AND NET ASSETS		
Liabilities:		
Accounts payable and accrued expenses	\$ 203,951	\$ 169,927
Refundable advances – special events		60,000
Note payable <i>(Note 5)</i>	<u>341,651</u>	<u>431,110</u>
Total liabilities	<u>545,602</u>	<u>661,037</u>
Net assets:		
Without donor restrictions	5,116,281	5,287,397
With donor restrictions <i>(Note 6)</i>	<u>1,693,876</u>	<u>966,111</u>
Total net assets	<u>6,810,157</u>	<u>6,253,508</u>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b><u>\$ 7,355,759</u></b>	<b><u>\$ 6,914,545</u></b>

*See accompanying notes to combined financial statements.*

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**Society of St. Vincent de Paul, Archdiocese of Galveston-Houston  
and Affiliated Conferences**

Combined Statement of Activities for the year ended September 30, 2023

	WITHOUT DONOR <u>RESTRICTIONS</u>	WITH DONOR <u>RESTRICTIONS</u>	<u>TOTAL</u>
REVENUE:			
Contributions:			
Cash and other financial assets <i>(Note 8)</i>	\$ 6,560,951	\$ 1,545,208	\$ 8,106,159
Contributed nonfinancial assets <i>(Note 7)</i>	4,809,715	1,816,665	6,626,380
Special events:			
Revenue		774,929	774,929
Direct donor benefits		(113,005)	(113,005)
Thrift stores and voucher ministry:			
Contributed nonfinancial assets <i>(Note 7)</i>	806,583		806,583
Sales	793,041		793,041
Cost of sales	(792,196)		(792,196)
Net investment return	132,662		132,662
Other income	<u>12,189</u>		<u>12,189</u>
Total revenue	12,322,945	4,023,797	16,346,742
Net assets released from restrictions:			
Satisfaction of program restrictions	<u>3,296,032</u>	<u>(3,296,032)</u>	
Total	<u>15,618,977</u>	<u>727,765</u>	<u>16,346,742</u>
EXPENSES:			
Program services:			
Vincentian services	12,456,904		12,456,904
Thrift stores and voucher ministry	985,617		985,617
Underserved Communities Initiative	708,814		708,814
Food network	547,540		547,540
Resiliency	<u>175,371</u>		<u>175,371</u>
Total program services	14,874,246		14,874,246
Management and general	368,453		368,453
Fundraising	<u>547,394</u>		<u>547,394</u>
Total expenses	<u>15,790,093</u>		<u>15,790,093</u>
CHANGES IN NET ASSETS	(171,116)	727,765	556,649
Net assets, beginning of year	<u>5,287,397</u>	<u>966,111</u>	<u>6,253,508</u>
Net assets, end of year	<u>\$ 5,116,281</u>	<u>\$ 1,693,876</u>	<u>\$ 6,810,157</u>

*See accompanying notes to combined financial statements.*

**Society of St. Vincent de Paul, Archdiocese of Galveston-Houston  
and Affiliated Conferences**

Combined Statement of Activities for the year ended September 30, 2022

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	WITHOUT DONOR <u>RESTRICTIONS</u>	WITH DONOR <u>RESTRICTIONS</u>	<u>TOTAL</u>
REVENUE:			
Contributions:			
Cash and other financial assets <i>(Note 8)</i>	\$ 6,011,244	\$ 1,518,873	\$ 7,530,117
Contributed nonfinancial assets <i>(Note 7)</i>	4,698,763	2,780,576	7,479,339
Thrift stores and voucher ministry:			
Contributed nonfinancial assets <i>(Note 7)</i>	790,279		790,279
Sales	783,378		783,378
Cost of sales	(782,408)		(782,408)
Net investment return	(152,240)		(152,240)
Other income	<u>8,178</u>		<u>8,178</u>
Total revenue	11,357,194	4,299,449	15,656,643
Net assets released from restrictions:			
Satisfaction of program restrictions	<u>3,565,862</u>	<u>(3,565,862)</u>	
Total	<u>14,923,056</u>	<u>733,587</u>	<u>15,656,643</u>
EXPENSES:			
Program services:			
Vincentian services	12,570,002		12,570,002
Thrift stores and voucher ministry	1,031,243		1,031,243
Underserved Communities Initiative	100,000		100,000
Food network	1,234,661		1,234,661
Resiliency	<u>111,686</u>		<u>111,686</u>
Total program services	15,047,592		15,047,592
Management and general	398,854		398,854
Fundraising	<u>451,178</u>		<u>451,178</u>
Total expenses	<u>15,897,624</u>		<u>15,897,624</u>
CHANGES IN NET ASSETS	(974,568)	733,587	(240,981)
Net assets, beginning of year	<u>6,261,965</u>	<u>232,524</u>	<u>6,494,489</u>
Net assets, end of year	<u>\$ 5,287,397</u>	<u>\$ 966,111</u>	<u>\$ 6,253,508</u>

*See accompanying notes to combined financial statements.*

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**Society of St. Vincent de Paul, Archdiocese of Galveston-Houston  
and Affiliated Conferences**

Combined Statement of Functional Expenses for the year ended September 30, 2023

	VINCENTIAN SERVICES	THRIFT STORES AND VOUCHER MINISTRY	UNDERSERVED COMMUNITIES INITIATIVE	FOOD NETWORK	RESILIENCY	MANAGEMENT AND GENERAL	FUNDRAISING	TOTAL
Client assistance:								
Nonfinancial	\$ 6,307,782	\$ 24,613		\$ 400,041				\$ 6,732,436
Financial	5,501,330		\$ 595,000		\$ 72,024			6,168,354
Salaries and related benefits	299,490	572,574	105,809	69,495	95,256	\$ 250,153	\$ 245,497	1,638,274
Professional services	3,300	26,350	3,875	340	640	86,185	236,559	357,249
Office operations and supplies	230,131	59,769	1,313	19,590	1,952	7,844	35,937	356,536
Depreciation	5,351	109,843	827	13,141	987	6,134	5,899	142,182
Insurance	9,042	72,874		21,625		11,121	5,880	120,542
Facility maintenance	1,250	49,538		11,087		1,250	1,250	64,375
Contributions to other Conferences and Councils	51,741							51,741
Travel	20,929	13,055	1,585	2,669	3,684	2,940	454	45,316
Utilities	904	27,846		9,114		904	904	39,672
Interest		24,293						24,293
Dues and subscriptions	19,012	60	250	20		1,239	2,585	23,166
Marketing and outreach	1,050	2,635		35			5,585	9,305
Other	5,592	2,167	155	383	828	683	6,844	16,652
Total expenses	<u>\$12,456,904</u>	<u>\$ 985,617</u>	<u>\$ 708,814</u>	<u>\$ 547,540</u>	<u>\$ 175,371</u>	<u>\$ 368,453</u>	<u>\$ 547,394</u>	15,790,093
Direct donor benefits								113,005
Cost of thrift stores sales								<u>792,196</u>
Total								<u>\$16,695,294</u>

*See accompanying notes to combined financial statements.*



**Society of St. Vincent de Paul, Archdiocese of Galveston-Houston  
and Affiliated Conferences**

Combined Statement of Functional Expenses for the year ended September 30, 2022

	<u>VINCENTIAN SERVICES</u>	<u>THRIFT STORES AND VOUCHER MINISTRY</u>	<u>UNDERSERVED COMMUNITIES INITIATIVE</u>	<u>FOOD NETWORK</u>	<u>RESILIENCY</u>	<u>MANAGEMENT AND GENERAL</u>	<u>FUNDRAISING</u>	<u>TOTAL</u>
Client assistance:								
Nonfinancial	\$ 6,385,349	\$ 27,968		\$ 1,076,254				\$ 7,489,571
Financial	5,560,653		\$ 100,000		\$ 35,370			5,696,023
Salaries and related benefits	280,956	579,953		82,861	74,078	\$ 261,518	\$ 250,573	1,529,939
Professional services	5,630	18,383		2,929	373	85,258	136,147	248,720
Office operations and supplies	228,052	73,374		18,626	145	13,489	29,006	362,692
Depreciation	4,733	110,809		12,401		5,841	4,261	138,045
Insurance	8,560	73,930		19,594		11,067	1,227	114,378
Facility maintenance	2,777	59,731		9,994		13,398	2,777	88,677
Contributions to other Conferences and Councils	50,920							50,920
Travel	21,197	32,525		4,646	1,280	3,037	9,336	72,021
Utilities	829	23,522		7,090		829	829	33,099
Interest		29,675				565		30,240
Dues and subscriptions	14,423					1,543	3,652	19,618
Marketing and outreach	1,128	211		48		58	10,064	11,509
Other	4,795	1,162		218	440	2,251	3,306	12,172
Total expenses	<u>\$12,570,002</u>	<u>\$ 1,031,243</u>	<u>\$ 100,000</u>	<u>\$ 1,234,661</u>	<u>\$ 111,686</u>	<u>\$ 398,854</u>	<u>\$ 451,178</u>	15,897,624
Cost of thrift stores sales								<u>782,408</u>
Total								<u>\$16,680,032</u>

*See accompanying notes to combined financial statements.*

**Society of St. Vincent de Paul, Archdiocese of Galveston-Houston  
and Affiliated Conferences**

Combined Statements of Cash Flows for the years ended September 30, 2023 and 2022

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	<u>2023</u>	<u>2022</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Changes in net assets	\$ 556,649	\$ (240,981)
Adjustments to reconcile changes in net assets to net cash provided (used) by operating activities:		
Depreciation	142,182	138,045
Net realized and unrealized (gain) loss on investments	(85,329)	214,696
Changes in operating assets and liabilities:		
Contributions receivable	47,774	(416,342)
Food and household goods	81,443	(17,736)
Prepaid expenses and other assets	6,982	(10,861)
Accounts payable and accrued expenses	34,024	(159,917)
Refundable advances – special events	<u>(60,000)</u>	<u>60,000</u>
Net cash provided (used) by operating activities	<u>723,725</u>	<u>(433,096)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Purchases of property	(9,303)	(148,232)
Proceeds from sale of investments	490	134,945
Purchase of investments	(28,234)	(172,337)
Change in money market mutual funds	102	(7,705)
Principal distributions from notes held by a foundation	<u>6,154</u>	<u>6,497</u>
Net cash used by investing activities	<u>(30,791)</u>	<u>(186,832)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>		
Note payable principal payments	<u>(89,459)</u>	<u>(83,707)</u>
<b>NET CHANGE IN CASH</b>	<b>603,475</b>	<b>(703,635)</b>
Cash in banks, beginning of year	<u>2,021,611</u>	<u>2,725,246</u>
Cash in banks, end of year	<u>\$ 2,625,086</u>	<u>\$ 2,021,611</u>
<i>Supplemental disclosure of cash flow information:</i>		
Interest paid	\$24,293	\$30,240

*See accompanying notes to combined financial statements.*

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## Society of St. Vincent de Paul, Archdiocese of Galveston-Houston and Affiliated Conferences

Notes to Combined Financial Statements for the years ended September 30, 2023 and 2022

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### NOTE 1 – ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization – Society of St. Vincent de Paul, Archdiocese of Galveston-Houston (collectively the Society) is a grassroots, volunteer-based, direct-aid organization that helps people in need get back on their feet by providing short-term financial, material, and emotional support, and works person-to-person through advocacy, education and referral efforts to break cycles of poverty, empower people and promote self-sufficiency. The Society is a Texas nonprofit corporation that has been serving the Greater Houston area since 1871. The Society is affiliated with the National Council of the United States Society of St. Vincent de Paul.

The Society operates in the Catholic Archdiocese of Galveston-Houston (the Archdiocese), is referred to as the Galveston-Houston Archdiocesan Council (The Council) and is composed of 56 parish-based affiliated Conferences. Conferences (the Conferences) are independent groups of people who put their faith in action by responding to the needs of people in their local community. The Council provides oversight and serves as a resource and support system for the Conferences.

Basis of presentation – These combined financial statements include the assets, liabilities, net assets, and activities of the Society and its affiliated Conferences. Balances and transactions between the Society and the Conferences are eliminated in combination.

Program services – Inspired by gospel values, the Society provides services to support the mission of enhancing the quality of life for all people and helping them work toward living self-sufficient, dignified lives. Assistance may include food, clothing, furniture, rent, utility, transportation, medical, emotional and spiritual support. The ultimate goal is to meet emergency or basic needs and keep families together by preventing homelessness and promoting self-sufficiency through the following programs:

*Vincentian services* include the home visit and food assistance ministries conducted through Conferences. The home visit ministry provides home visits to people in need to determine the exact nature and details of help required. This includes direct financial assistance as well as emotional and spiritual support. The food assistance ministry provides food to people in need through pantries operated by 16 Conferences. Through the home visit and food assistance ministries, the Vincentians identify those issues critical to people living in poverty while raising awareness so communities and elected representatives can develop strategies aimed at reducing or eliminating poverty.

*Thrift stores* and the *voucher ministry* collaboratively address families' basic needs by fostering a dignified environment for seniors, parents and children to shop for low-cost goods. Thrift stores are available to the public and the thrifty shopper's community. Stores display vintage, gently used, and occasionally, unused merchandise for those in need to shop and choose from with dignity. There are often sales, special events, and mark-downs that make the merchandise even more accessible. For those individuals and families who lack the resources to purchase items from one of the stores, the Society has a voucher ministry that includes giving vouchers to individuals to redeem for clothing at the two resale stores.

*Underserved Communities Initiative* includes a grant funding program with the goal to create healthy and vibrant Conferences serving at-risk and distressed areas of Galveston-Houston. This program was designed utilizing the *Distressed Communities Index* (DCI) tool, which contains seven metrics to capture distinct aspects of economic distress – education, housing, unemployment, employment instability, poverty rate, income ratio, and business growth. Often these communities have the greatest need but are limited in resources. This program is intended to build both human and financial capacity in areas that have been historically forgotten. Financial assistance is provided by these Conferences to individuals needing assistance with housing, utilities, and other basic needs besides food. This new program was made possible through the establishment of the endowment funds described in Note 2.

*Food network* serves ten counties in the Galveston-Houston area by providing administrative and operational support to the sixteen food pantries operated by the Conferences as part of Vincentian services and one pantry operated by The Council. All food pantries supported by The Council are authorized to distribute food commodities for the Emergency Food Assistance Program and promote healthy diets by providing food items, special dietary items, and household goods, such as paper products, baby items and hygiene necessities.

*Resiliency* program includes *Bridges Out of Poverty* and nationally known *Getting Ahead in a Just-Gettin'-By World®* (Getting Ahead). Phase I of the programs consist of a 16-week incentivized program that helps improve people’s lives by assessing their own lives and circumstances and developing tools and skills as part of their move from crisis to self-sufficiency. Getting Ahead participants create their own plan to build more sustainable lives, healthy relationships with community members, short- and long-term goals, and step-by-step plans to achieve those goals. Once participants complete Phase I, they accelerate into Phase II, the Graduate program and are partnered with mentors to elevate their comprehension of financial budgeting and negotiation skills. Learning how to cope with daily life challenges and building the hope that’s needed for a better future enables them to advance to the final phase, the Alumni program. Discovering how the right relationships can be a powerful aid to help people along the journey out of poverty, participants become ambassadors for the Society by becoming actively involved in sharing and promoting the success of the program as well as becoming mentors and program facilitators.

Volunteer services – The Society is a volunteer-based organization. A substantial number of volunteers have contributed significant amounts of time in connection with programs and supporting services for which no amount has been recognized in the financial statements because those services do not meet the criteria for recognition under generally accepted accounting principles. However, those services are indispensable to the Society’s mission and programs. An estimate of the magnitude of services provided by volunteers is as follows:

	<u>2023</u>	<u>2022</u>
Vincentian services:		
Number of volunteers	1,695	1,795
Number of households assisted with rent and utility assistance	11,356	11,501
Volunteer hours provided	129,768	123,596
Food network, voucher ministry, and thrift stores:		
Volunteer hours provided	14,322	16,496
Unreimbursed mileage provided by volunteers	283,227	257,206

Federal income tax status – The Society is exempt from federal income tax under §501(c)(3) of the Internal Revenue Code and is classified as a public charity under §509(a)(1) and §170(b)(1)(A)(vi).

Cash – At times, bank deposits exceed the federally insured limit per depositor per institution.

Food and household goods consist primarily of canned goods, produce, and household goods that have been donated for distribution through the food network program.

Investments are reported at fair value. Net investment return consists of interest and dividends, realized and unrealized gains and losses, net of external and direct internal investment expenses.

Property is reported at cost if purchased and at fair value at the date of gift if donated. The Society capitalizes additions and improvements with a cost of more than \$5,000. Depreciation is provided on a straight-line basis over estimated useful lives of 15 to 25 years for building and leasehold improvements, and 5 to 15 years for furniture and equipment, and vehicles.

Net asset classification – Net assets, revenue, gains, and losses are classified based on the existence or absence of donor-imposed restrictions, as follows:

- *Net assets without donor restrictions* are not subject to donor-imposed restrictions even though their use may be limited in other respects such as by contract or board designation.
- *Net assets with donor restrictions* are subject to donor-imposed restrictions. Restrictions may be temporary in nature, such as those that will be met by the passage of time or use for a purpose specified by the donor, or may be perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Net assets are released from restrictions when the stipulated time has elapsed, or purpose has been fulfilled, or both. Contributions of long-lived assets and of assets restricted for acquisition of long-lived assets are released when those assets are placed in service.

Contributions of cash and other financial assets are recognized as revenue at fair value when an unconditional commitment is received from the donor. Contributions received with donor stipulations that limit their use are classified as *with donor restrictions*. Contributions receivable that are expected to be collected within one year are reported at net realizable value. Contributions receivable at September 30, 2023 are expected to be collected within one year. Conditional contributions are subject to one or more barriers that must be overcome before the Society is entitled to receive or retain funding. Conditional contributions are recognized as revenue at fair value when the conditions have been substantially met.

Contributed nonfinancial assets – Food, clothing, furniture and other goods that are contributed for resale or distribution through the Society's programs are recognized at fair value when an unconditional commitment is received from the donor. Some items received by Conferences for immediate re-distribution through the Vincentian home visit ministry are considered agency transactions and are not recognized as either contributions or expense. Contributions of services are recognized when services received (a) create or enhance nonfinancial assets or (b) require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation.

Special events revenue is the total amount paid by sponsors and attendees of an event and includes elements of both contributions and exchange transactions. Special events revenue is recognized when the event occurs. Direct donor benefits represent the cost of goods and services provided to attendees of the special event.

Thrift stores sales are derived from merchandise sales to the general public at the two resale stores. Thrift stores sales revenue is collected and recognized at the point in time the merchandise is sold to a customer. There are no contract assets or liabilities resulting from thrift stores sales at September 30, 2023, 2022 or 2021.

Functional allocation of expenses – Expenses are reported by their functional classification. Program services are the direct conduct or supervision of activities that fulfill the purposes for which the organization exists. Fundraising activities include the solicitation of contributions of money, securities, materials, facilities, other assets, and time. Management and general activities are not directly identifiable with specific program or fundraising activities. Expenses that are attributable to more than one activity are allocated among the activities benefitted. Salaries and related costs are allocated on the basis of estimated time and effort expended. Depreciation is allocated based on usage of related facilities.

Estimates – Management must make estimates and assumptions to prepare financial statements in accordance with generally accepted accounting principles. These estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, the amounts reported as revenue and expenses, and the allocation of expenses among various functions. Actual results could vary from the estimates that were used.

## NOTE 2 – LIQUIDITY AND AVAILABILITY OF RESOURCES

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use within one year of September 30 comprise the following:

	<u>2023</u>	<u>2022</u>
Financial assets:		
Cash	\$ 2,625,086	\$ 2,021,611
Contributions receivable	774,812	822,586
Investments	<u>1,569,806</u>	<u>1,462,989</u>
Total financial assets	4,969,704	4,307,186
Less financial assets not available for general expenditure:		
Interest in notes held by foundation	(327,603)	(333,757)
Donor-restricted assets for use beyond one year	<u>(615,217)</u>	<u>(34,136)</u>
Total financial assets available for general expenditure	<u>\$ 4,026,884</u>	<u>\$ 3,939,293</u>

For purposes of analyzing resources available to meet general expenditures over a 12-month period, the Society considers all expenditures related to its ongoing program activities, as well as the conduct of services undertaken to support those activities, to be general expenditures. The Society is substantially supported by annual contributions and regularly monitors liquidity required to meet its operating needs and contractual obligations while maximizing investment of available funds. The majority of the Society's investments are held in mutual funds which are readily available, if needed.

The Society has two independent endowment funds which were created with the charitable purpose for long-term support of the Society and its mission of aiding the poor in the Archdiocese of Galveston-Houston, all of which will be used for program service expenses. These funds are held and managed by two community foundations (the foundations). Because the foundations have control and variance power over the ultimate use of the funds, the assets and activities are not recognized in the Society's financial statements. Distributions are recognized as contributions by the Society when unconditional commitments are made by the foundations. The Society recognized contributions of \$346,232 and \$413,193 from the foundations during the years ended September 30, 2023 and 2022, respectively.

### NOTE 3 – INVESTMENTS AND FAIR VALUE MEASUREMENTS

Generally accepted accounting principles require that certain assets and liabilities be reported at fair value and establish a hierarchy that prioritizes inputs used to measure fair value. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The three levels of the fair value hierarchy are as follows:

- *Level 1* – Inputs are unadjusted quoted prices in active markets for identical assets or liabilities that the reporting entity has the ability to access at the reporting date.
- *Level 2* – Inputs are other than quoted prices included in Level 1, which are either directly observable or can be derived from or corroborated by observable market data at the reporting date.
- *Level 3* – Inputs are not observable and are based on the reporting entity’s assumptions about the inputs market participants would use in pricing the asset or liability.

Assets measured at fair value at September 30, 2023 are as follows:

	<u>LEVEL 1</u>	<u>LEVEL 2</u>	<u>LEVEL 3</u>	<u>TOTAL</u>
Investments:				
Mutual funds:				
Fixed-income	\$ 636,177			\$ 636,177
Equity	591,451			591,451
Money market	14,575			14,575
Interest in notes held by a foundation			<u>\$ 327,603</u>	<u>327,603</u>
Total assets measured at fair value	<u>\$ 1,242,203</u>	<u>\$ 0</u>	<u>\$ 327,603</u>	<u>\$ 1,569,806</u>

Assets measured at fair value at September 30, 2022 are as follows:

	<u>LEVEL 1</u>	<u>LEVEL 2</u>	<u>LEVEL 3</u>	<u>TOTAL</u>
Investments:				
Mutual funds:				
Fixed-income	\$ 624,379			\$ 624,379
Equity	490,176			490,176
Money market	14,677			14,677
Interest in notes held by a foundation			<u>\$ 333,757</u>	<u>333,757</u>
Total assets measured at fair value	<u>\$ 1,129,232</u>	<u>\$ 0</u>	<u>\$ 333,757</u>	<u>\$ 1,462,989</u>

Valuation methods used for assets measured at fair value are as follows:

- *Mutual funds* are valued at the reported net asset value of shares held.
- *Interest in notes held by a foundation* – During 2010, the Archdiocese transferred properties to an unrelated foundation to be sold for the benefit of the Society. That foundation currently holds two mortgage notes from sales of properties. Principal and interest payments received by the foundation are distributed to the Society as collected. Those notes bear interest at 5.5% and 6.0% and the Society estimates that the face amount of those notes approximate fair value.

These valuation methods may produce a fair value that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while the Society believes its valuation methods are appropriate, the use of different methods or assumptions could result in a different fair value measurement at the reporting date.

Investments are exposed to various risks such as interest rate, market, and credit risks. Because of these risks, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect the amounts reported in the statement of financial position and statement of activities.

#### NOTE 4 – PROPERTY

Property consists of the following:

	<u>2023</u>	<u>2022</u>
Land	\$ 926,790	\$ 926,790
Building and leasehold improvements	2,510,237	2,510,237
Furniture and equipment	453,062	443,759
Vehicles	<u>137,673</u>	<u>137,673</u>
Total property, at cost	4,027,762	4,018,459
Accumulated depreciation	<u>(1,772,585)</u>	<u>(1,630,403)</u>
Property, net	<u>\$ 2,255,177</u>	<u>\$ 2,388,056</u>

#### NOTE 5 – NOTE PAYABLE

The note payable is a mortgage secured by purchased property which bears interest at 6.22%. Principal and interest are due in monthly installments of \$9,479 with final principal and accrued interest due at maturity on January 15, 2027. The note is guaranteed by a foundation.

Principal repayments of the note are due as follows:

2024	\$ 95,185
2025	101,277
2026	107,759
2027	<u>37,430</u>
Total note payable	<u>\$ 341,651</u>

#### NOTE 6 – NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions are restricted as follows:

	<u>2023</u>	<u>2022</u>
Subject to expenditure for specified purpose:		
Underserved communities	\$ 1,473,035	\$ 513,193
Vincentian services	107,555	252,151
Food network	102,921	134,517
Voucher ministry	5,116	19,272
Disaster services	217	18,276
Other	<u>5,032</u>	<u>28,702</u>
Total net assets with donor restrictions	<u>\$ 1,693,876</u>	<u>\$ 966,111</u>



**NOTE 7 – CONTRIBUTED NONFINANCIAL ASSETS RECOGNIZED AND NONFINANCIAL CLIENT ASSISTANCE PROVIDED**

Contributed nonfinancial assets are recognized as revenue when an unconditional commitment is received by the Society and as expense when distributed to clients or sold in the thrift stores. Differences between contributed nonfinancial assets recognized and distributed arise due to differences in timing between receipt and distribution and because some food distributed to clients is purchased by the Society. Undistributed nonfinancial assets are reflected in food and household goods inventory.

The Society recognized the following contributed nonfinancial assets and nonfinancial client assistance during 2023:

	VINCENTIAN SERVICES	FOOD NETWORK	THRIFT STORES AND VOUCHER MINISTRY	TOTAL
Food commodities:				
Government funded	\$ 1,743,880	\$ 72,785		\$ 1,816,665
Non-government funded	4,200,718	327,256		4,527,974
Clothing, furniture, and other household goods	<u>281,741</u>	<u>          </u>	<u>\$ 806,583</u>	<u>1,088,324</u>
Total contributed nonfinancial assets	<u>\$ 6,226,339</u>	<u>\$ 400,041</u>	<u>\$ 806,583</u>	<u>\$ 7,432,963</u>
Nonfinancial client assistance and cost of goods sold*	<u>\$ 6,307,782</u>	<u>\$ 400,041</u>	<u>\$ 816,809</u>	<u>\$ 7,524,632</u>

The Society recognized the following contributed nonfinancial assets and nonfinancial client assistance during 2022:

	VINCENTIAN SERVICES	FOOD NETWORK	THRIFT STORES AND VOUCHER MINISTRY	TOTAL
Food commodities:				
Government funded	\$ 2,423,165	\$ 357,412		\$ 2,780,577
Non-government funded	3,828,863	718,842		4,547,705
Clothing, furniture, and other household goods	<u>151,057</u>	<u>          </u>	<u>\$ 790,279</u>	<u>941,336</u>
Total contributed nonfinancial assets	<u>\$ 6,403,085</u>	<u>\$ 1,076,254</u>	<u>\$ 790,279</u>	<u>\$ 8,269,618</u>
Nonfinancial client assistance and cost of goods sold*	<u>\$ 6,385,349</u>	<u>\$ 1,076,254</u>	<u>\$ 810,376</u>	<u>\$ 8,271,979</u>

\*Includes other nonfinancial assistance provided by the Conferences related to furniture, clothing, other goods, legal, medical, dental and other services, and voucher ministry assistance.

Food commodities are received from area food banks and from the general public. Food commodities are distributed to people in need through the Vincentian services and food network program activities. Food commodities are generally restricted to distribution to households whose income does not exceed 185% of the federal poverty guidelines or are affected by a household crisis. Food commodities are valued based on the average price per pound of a typical basket of commodities estimated by the most recent Feeding America Product Valuation Survey.

During 2023, the Society received and distributed approximately 3.4 million pounds of food commodities valued at \$1.93 per pound. During 2022, the Society received and distributed approximately 3.8 million pounds of food commodities valued at \$1.92 per pound. A portion of the food commodities received from area food banks is funded by grants from government agencies and are passed through to the Society to distribute in accordance with compliance requirements set forth by those government agencies. These contracts are subject to review and audit by the pass-through and government agencies, which could result in the discovery of unallowable costs and activities. A funding source may, at its discretion, request reimbursement for expenses or return of funds in the event of noncompliance by the Society. Management believes such disallowances, if any, would not be material to the Society's financial position or changes in net assets.

Clothing, furniture, and other household goods are received from the general public and are sold in the Society's thrift stores or are distributed to people in need through Vincentian services and voucher ministry programs. These items are valued based on the selling price of items of similar type and condition.

#### **NOTE 8 – ARCHDIOCESE AND PARISH SUPPORT**

The Archdiocese solicits an annual special collection at parishes throughout the Archdiocese for the benefit of the Society. Parishes of the Archdiocese also sponsor special collections for the benefit of their local Conference at their discretion. The Archdiocese and its parishes act as agents in collecting and distributing these contributions to the Society and the amounts collected, but not remitted, are reported as Archdiocesan collections receivable.

The Archdiocese and its parishes also make voluntary contributions to the Society. The Society recognized contributions of approximately \$5,600,000 in 2023 and \$4,383,000 in 2022 from or collected by the Archdiocese and its parishes. At September 30, 2023 and 2022, \$496,963 and \$459,899, respectively, were due from the Archdiocese related to these collections. The Archdiocese also owns the land on which the Society's administrative offices are located.

#### **NOTE 9 – SUBSEQUENT EVENTS**

Management has evaluated subsequent events through March 4, 2024, which is the date that the financial statements were available for issuance. As a result of this evaluation, no events were identified that are required to be disclosed or would have a material impact on reported net assets or changes in net assets.