VINCENT VILLAGE, INC.

CONSOLIDATED FINANCIAL STATEMENTS
AND
INDEPENDENT AUDITORS' REPORT

June 30, 2018 and 2017

VINCENT VILLAGE, INC.

CONTENTS

Independent Auditors' Report

Board of Directors
Vincent Village, Inc.

We have audited the accompanying consolidated financial statements of Vincent Village, Inc. (the Organization), which comprise the consolidated statements of financial position as of June 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 Consolidated 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.

Auditors' 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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

Katz, Sapper & Miller, LLP
Certified Public Accountants

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An Affiliate of
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Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Vincent Village, Inc. as of June 30, 2018 and 2017, 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.

Restatement of 2017 Consolidated Financial Statements

As discussed in Note 11 to the consolidated financial statements, an error resulting in overstatement of unrestricted net assets and an understatement of loans payable was discovered by the Organization during the current year. Accordingly, the amount reported for loans payable has been restated in the 2017 consolidated financial statements now presented, and an adjustment has been made to unrestricted net assets as of June 30, 2016, to correct the error. Our opinion is not modified with respect to that matter.

Katz, Sapper & Miller, LLP

Fort Wayne, Indiana
December 21, 2018

VINCENT VILLAGE, INC.

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
June 30, 2018 and 2017

	2018	Restated 2017
ASSETS		
CURRENT ASSETS		
Cash	$ 243,880	$ 164,772
Receivable - other	15,000	
Grants and reimbursements receivable	151,353	132,350
Prepaid expenses and other assets	3,089	1,101
Total Current Assets	413,322	298,223
PROPERTY AND EQUIPMENT, net	2,392,206	2,238,206
GRANT RECEIVABLE, net	86,709	
BENEFICIAL INTEREST IN COMMUNITY FOUNDATION	16,721	15,200
TOTAL ASSETS	$ 2,908,958	$ 2,551,629
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts payable - trade	$ 97,767	$ 23,307
Accrued expenses and payroll withholdings	29,580	26,278
Deferred revenue	31,500	33,500
Total Current Liabilities	158,847	83,085
LOANS PAYABLE	286,649	111,973
TOTAL LIABILITIES	445,496	195,058
NET ASSETS		
Unrestricted - undesignated	2,033,780	2,075,903
Unrestricted - board designated	73,156	58,380
Unrestricted - board designated endowment	13,797	12,542
Total Unrestricted	2,120,733	2,146,825
Temporarily restricted	339,805	207,088
Permanently restricted - endowment	2,924	2,658
Total Net Assets	2,463,462	2,356,571
TOTAL LIABILITIES AND NET ASSETS	$ 2,908,958	$ 2,551,629

See accompanying notes.

VINCENT VILLAGE, INC.

CONSOLIDATED STATEMENTS OF ACTIVITIES
Years Ended June 30, 2018 and 2017

	2018				Restated 2017			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
REVENUES AND SUPPORT								
Grants and contributions	$ 357,533	$ 446,700		$ 804,233	$ 336,944	$ 377,830		$ 714,774
Government contracts	44,175			44,175	30,012			30,012
Rental income	159,105			159,105	137,766			137,766
Donated property					516,300			516,300
In-kind goods, services and space rental	53,206			53,206	133,086			133,086
Special events	183,549			183,549	267,316			267,316
Less: Direct expenses	(21,757)			(21,757)	(27,055)			(27,055)
Less: Direct expenses - in-kind	(28,000)			(28,000)	(37,100)			(37,100)
Contracted services	22,500			22,500	9,044			9,044
Interest income	91			91	30			30
Change in value of beneficial interest	1,255		$ 266	1,521	1,052		$ 223	1,275
Gain (loss) on disposal of property and equipment	31,975			31,975	(5,063)			(5,063)
	803,632	446,700	266	1,250,598	1,362,332	377,830	223	1,740,385
Net assets released from restrictions	313,983	(313,983)			413,436	(413,436)		
Total Revenues and Support	1,117,615	132,717	266	1,250,598	1,775,768	(35,606)	223	1,740,385
EXPENSES								
Program Services:								
Vincent House	404,512			404,512	437,879			437,879
Village Phase II - Rental Home Program	376,941			376,941	404,516			404,516
Youth and Family Services	127,927			127,927	77,873			77,873
St. Hyacinth Center	21,563			21,563	10,644			10,644
Community Housing Development	29,940			29,940	2,781			2,781
Supporting Services:								
Management and general	120,509			120,509	164,243			164,243
Fundraising	62,315			62,315	43,392			43,392
Total Expenses	1,143,707			1,143,707	1,141,328			1,141,328
CHANGE IN NET ASSETS	(26,092)	132,717	266	106,891	634,440	(35,606)	223	599,057
NET ASSETS								
Beginning of Year, Restated	2,146,825	207,088	2,658	2,356,571	1,512,385	242,694	2,435	1,757,514
End of Year	$ 2,120,733	$ 339,805	$ 2,924	$ 2,463,462	$ 2,146,825	$ 207,088	$ 2,658	$ 2,356,571

See accompanying notes.

VINCENT VILLAGE, INC.

CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES
Year Ended June 30, 2018

	Vincent House	Village Phase II Rental Home Program	Youth and Family Services	St. Hyacinth Center	Community Housing Development	Total Program	Management and General	Fundraising	Total
Salaries and wages	$ 231,776	$ 162,457	$ 62,867	$ 548	$ 5,389	$ 463,037	$ 63,892	$ 44,100	$ 571,029
Payroll taxes	17,512	12,124	4,726	41	395	34,798	4,495	3,259	42,552
Employee benefits	32,915	24,828	4,736	3,502		65,981	7,827	5,508	79,316
	282,203	199,409	72,329	4,091	5,784	563,816	76,214	52,867	692,897
Auto and travel	2,226	1,545	2,609			6,380	3,197		9,577
Childcare and educational	10,278	5,130	7,952			23,360	1,469	151	24,980
Contracted services	2,141	1,413	230			3,784			3,784
Food	9,328	10,371	831			20,530	327	104	20,961
Equipment and equipment rental	2,606	6,558	866	1,909		11,939	635	270	12,844
Insurance and taxes	6,341	23,365	1,132			30,838	7,192		38,030
Legal and professional	9,695	1,274	1,021	267		12,257	11,205	1,023	24,485
Maintenance and repairs	17,508	34,850	1,399	239	3,300	57,296	2,423	78	59,797
Supportive services	8,908	8,676	5,369			22,953		90	23,043
Office expense	3,039	1,002	1,142	110		5,293	2,539	1,262	9,094
Other expenses	4,151	1,508	6,035	34		11,728	9,567	78	21,373
In-kind rent	1,600	18,000				19,600			19,600
Supplies	11,411	815	3,368			15,594		4,473	20,067
Telephone and utilities	19,780	17,352	18,131			55,263	3,962	1,919	61,144
Subtotal	391,215	331,268	122,414	6,650	9,084	860,631	118,730	62,315	1,041,676
Depreciation	13,297	45,673	5,513	14,913	20,856	100,252	1,779		102,031
TOTAL EXPENSES	$ 404,512	$ 376,941	$ 127,927	$ 21,563	$ 29,940	$ 960,883	$ 120,509	$ 62,315	$ 1,143,707

See accompanying notes.

VINCENT VILLAGE, INC.

CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES
Year Ended June 30, 2017

	Vincent House	Village Phase II Rental Home Program	Youth and Family Services	St. Hyacinth Center	Community Housing Development	Total Program	Management and General	Fundraising	Total
Salaries and wages	$ 238,373	$ 179,652	$ 37,050	$ 3,537	$ 895	$ 459,507	$ 58,668	$ 34,910	$ 553,085
Payroll taxes	18,655	14,031	2,897	281	65	35,929	4,501	2,546	42,976
Employee benefits	37,197	17,975	8,640	4,241		68,053	23,586	1,989	93,628
	294,225	211,658	48,587	8,059	960	563,489	86,755	39,445	689,689
Auto and travel	1,009	1,043	973			3,025	97		3,122
Childcare and educational	8,658		3,600			12,258	89		12,347
Contracted services	350	400	510			1,260			1,260
Food	7,954	6,362	76			14,392	208	30	14,630
Equipment and equipment rental	819	4,906	209	1,681		7,615	155		7,770
Insurance and taxes	5,627	19,433	1,538			26,598	16,577		43,175
Legal and professional	5,585	1,879	926	176	1,821	10,387	12,405	1,337	24,129
Maintenance and repairs	18,652	60,713	683	154		80,202	2,566	81	82,849
Supportive services	9,797	6,082	1,303			17,182			17,182
Office expense	2,305	1,531	1,243	107		5,186	1,092	1,129	7,407
Other expenses	4,594	907	4,745	359		10,605	8,744	102	19,451
In-kind rent	18,000	18,000				36,000	20,834		56,834
Supplies	11,930	1,541	386			13,857		953	14,810
Telephone and utilities	23,410	16,897	13,072	108		53,487	4,183	315	57,985
Subtotal	412,915	351,352	77,851	10,644	2,781	855,543	153,705	43,392	1,052,640
Depreciation	24,964	53,164	22			78,150	10,538		88,688
TOTAL EXPENSES	$ 437,879	$ 404,516	$ 77,873	$ 10,644	$ 2,781	$ 933,693	$ 164,243	$ 43,392	$ 1,141,328

See accompanying notes.

VINCENT VILLAGE, INC.

CONSOLIDATED STATEMENTS OF CASH FLOWS
Years Ended June 30, 2018 and 2017

	2018	2017
OPERATING ACTIVITIES		
Change in net assets	$ 106,891	$ 599,057
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	102,031	88,688
Donated property		(516,300)
Change in value of beneficial interest	(1,521)	(1,275)
(Gain) loss on disposal of property and equipment	(30,000)	5,063
Increase in current assets:		
Receivable - other	(15,000)	
Grants and reimbursements receivable	(105,712)	(2,500)
Prepaid expenses and other assets	(1,988)	(110)
Increase (decrease) in current liabilities:		
Accounts payable - trade	3,259	14,625
Accrued expenses and payroll withholdings	3,302	(4,535)
Deferred revenue	(2,000)	33,500
Net Cash Provided by Operating Activities	59,262	216,213
INVESTING ACTIVITIES		
Purchases of property and equipment	(184,830)	(177,296)
Proceeds from sale of property and equipment	30,000	
Net Cash Used by Investing Activities	(154,830)	(177,296)
FINANCING ACTIVITIES		
Proceeds from loans restricted for rehabilitation of homes	174,676	
NET INCREASE IN CASH	79,108	38,917
CASH		
Beginning of Year	164,772	125,855
End of Year	$ 243,880	$ 164,772
SUPPLEMENTAL DISCLOSURES		
Noncash investing activities:		
Donated property		$ 516,300
Purchases of property and equipment in accounts payable	$ 71,201	
In-kind expenses:		
Space rental	19,600	56,834
Professional services	6,605	20,340
Supplies and equipment	27,001	55,912
	$ 53,206	$ 133,086

See accompanying notes.

VINCENT VILLAGE, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
June 30, 2018 and 2017

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

General: Vincent Village, Inc. is an Indiana nonprofit corporation operating since December 1, 1989. Vincent Village, Inc. serves homeless families with children and offers the following primary programs:

Vincent House is a transitional shelter for homeless families primarily residing in Allen County, Indiana providing basic needs, advocacy, referrals, life skills training and supporting services.

Village Phase II Rental Home Program offers independent, scattered site, single-family affordable housing for families who have successfully completed goals in the transitional shelter, are budgeting to pay monthly bills and are ready to move to independent living.

Youth and Family Services coordinates comprehensive services for homeless children ages 0-17 living in four different shelters in the city of Fort Wayne addressing the physical, emotional and cognitive needs of homeless children.

St. Hyacinth Center offers clients that are unemployed or underemployed in all programs, intensive daily workshops that focus on building employment skills, communication skills, self-confidence, wellness, as well as the opportunity to explore post-secondary options.

Principles of Consolidation: The consolidated financial statements include the accounts of Vincent Village, Inc., Vincent House Community Housing Development Organization, Inc. and Vincent Village Affordable Housing, LLC (collectively, the Organization). Vincent House Community Housing Development Organization, Inc. (Affiliate) is an Indiana nonprofit corporation formed in 2006. Affiliate is a separate organization and exists for the sole purpose of developing affordable housing for Vincent Village, Inc. Vincent Village, Inc. controls and has an economic interest in Affiliate. Vincent Village Affordable Housing, LLC (Subsidiary) is an Indiana limited liability company formed in 2017 as a wholly-owned subsidiary of Vincent Village, Inc. Subsidiary was formed to participate in a partnership, BW at Renaissance Pointe, LLC, with an unrelated third party to acquire and develop properties through tax credit based financing and provide transitional rental housing for the Organization's residents and eventually an affordable permanent housing option. Subsidiary exists for the sole purpose of developing affordable transitional permanent housing for the support of Vincent Village, Inc.'s mission. All material intra-entity accounts and transactions have been eliminated in consolidation.

The Organization's primary sources of revenue are foundation grants, fundraising events, rental income and contributions.

Basis of Presentation: The consolidated financial statements have been prepared using the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America and classify the Organization's activities and net assets based on the existence or absence of donor-imposed restrictions. Accordingly, the Organization's net assets and changes therein are classified and reported as follows:

- ***Unrestricted Net Assets*** represent unrestricted resources available to support the Organization's operations. Unrestricted net assets include funds functioning as endowment through designation by the Board and other Board-designated net assets.

- ***Temporarily Restricted Net Assets*** represent gifts that are subject to donor-imposed purpose or time restrictions that can be fulfilled either by actions of the Organization pursuant to those restrictions, with the passage of time, or both. Upon satisfaction of such restrictions, net assets are released from temporarily restricted net assets and recognized as unrestricted net assets.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

- ***Permanently Restricted Net Assets*** are resources whose use is limited by donor-imposed restrictions that neither expire by being used in accordance with a donor's restriction nor by the passage of time.

Estimates: The preparation of financial statements in accordance with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the consolidated financial statements, and reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

Cash consists of cash on hand or in demand deposit accounts. The Organization maintains its cash in bank deposit accounts which, at times, may exceed the federally insured limits. The Organization has not experienced any losses from its bank accounts.

Grants and Reimbursements Receivable consist of unconditional promises to give that are expected to be collected in future years and grants classified as conditional promises to the extent that conditions have been met but reimbursement from the grantor has not yet been received. Unconditional promises to give expected to be collected within one year are recorded at net realizable value. Amounts expected to be collected in one or more years are recorded at the present value of their estimated cash flows. The discounts on these amounts are computed using risk-adjusted rates in the years in which these promises to give are received. Amortization of the discounts is included in grants and contributions in the consolidated statements of activities. Grants receivable are reported as either temporarily or permanently restricted support unless explicit donor stipulations or circumstances surrounding the pledge make clear the donor intended it to be used to support activities of the current period. Management has evaluated grants receivable and deemed them to be fully collectible, therefore no allowance was necessary as of June 30, 2018 and 2017.

Property and Equipment: Expenditures for property and equipment are stated at cost for purchased assets, or at fair value at the date of donation for donated assets, less accumulated depreciation. Depreciation of property and equipment is provided on a straight-line basis over the estimated useful lives as follows:

Buildings and improvements	7-40 years
Equipment and furnishings	3-10 years
Vehicles	5 years

The Organization's property and equipment are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Recoverability is measured by comparison of the carrying amount to future net undiscounted cash flows expected to be generated by the related asset. If such assets are considered to be impaired, the impairment to be recognized is measured by the amount by which the carrying amount exceeds the fair market value of the assets. No adjustments to the carrying amount of property and equipment were required in 2017 and 2016.

Beneficial Interest in Assets Held by Community Foundation: The Organization established an endowment fund that is perpetual in nature with the Community Foundation of Greater Fort Wayne (Community Foundation) by transferring board designated and donor-restricted assets to the Community Foundation and naming itself as the beneficiary of the fund. The Organization granted variance power to the Community Foundation, which allows the Community Foundation to modify the terms of the fund if continued adherence to any condition or restriction is in the judgment of the Community Foundation's Board of Directors unnecessary, incapable of fulfillment or inconsistent with the charitable needs of the community served by the Community Foundation. The fund is held and invested by the Community Foundation for the benefit of the Organization, and the Organization may draw up to a certain percentage of the value each year, as specified in the Community Foundation's spending policy. The fund is reported at fair value in the consolidated statements of financial position, with distributions and changes in fair value recognized in the consolidated statements of activities. See Note 2 for discussion of fair value measurements.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Contributions and Grants are recognized as support and revenues when they are received or unconditionally pledged. The Organization reports such gifts as restricted support and revenues if they are subject to time or donor-imposed restrictions. Conditional contributions are not recorded as support and revenues until the conditions are substantially met. Government contracts are classified as exchange transactions, which are reciprocal transfers between two entities in which goods and services of equal value are exchanged, and are not recognized until services are performed or allowable expenditures are incurred as specified in the contracts. Government contracts and certain other grants are subject to audit by the government or granting agency, and as a result of such audit, adjustments to revenue and support could be required.

In-kind Contributions: Contributions of services are recorded at estimated fair value when received if such services require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not donated. Contributions of food, equipment, facilities and other goods are recorded at estimated fair value when received.

Special Event Revenue, including related sponsorship revenue and other contributions, is recognized upon occurrence of the event. The portion of a special event payment that is a contribution is recognized as revenue when received if the contribution is not conditional on the event taking place. Revenue and other support received for events occurring subsequent to the consolidated statement of financial position date is reflected as deferred revenue.

Functional Allocation of Expenses: The costs of providing various programs and other activities have been summarized on a functional basis in the consolidated statements of activities and functional expenses. Directly identifiable expenses are charged to the specific programs and supporting services benefited. Expenses related to more than one function are allocated among program and support services based on space occupied, time spent by Organization's staff, or other estimates made by the Organization's management. Management and general expenses include those expenses that are not directly identifiable with any other specific function but provide for the overall support and direction of the Organization.

Income Taxes: Vincent Village, Inc. and Vincent House Community Housing Development Organization, Inc. (Affiliate) are exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code. Vincent Village Affordable Housing, LLC (Subsidiary) is a single member limited liability company that is treated as a disregarded entity for federal and state income tax purposes. In addition, Vincent Village, Inc. and Affiliate have been determined by the Internal Revenue Service not to be private foundations within the meaning of Section 509(a) of the Internal Revenue Code. There was no unrelated business income tax for the years ended June 30, 2018 and 2017.

Vincent Village, Inc. and Affiliate file U.S. federal and Indiana information or income tax returns. Vincent Village, Inc. and Affiliate are no longer subject to U.S. federal and state income tax examinations by tax authorities for fiscal years before 2015.

Reclassifications: Certain amounts in the 2017 consolidated financial statements have been reclassified to conform to the presentation of the 2018 consolidated financial statements.

Subsequent Events: Management has evaluated the consolidated financial statements for subsequent events occurring through December 21, 2018, the date the consolidated financial statements were available to be issued.

NOTE 2 - FAIR VALUE MEASUREMENTS

The Organization has categorized its assets and liabilities that are measured at fair value into a three-level fair value hierarchy. The hierarchy prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). The asset or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

The three levels of the fair value hierarchy are described as follows:

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

Level 2 – Inputs to the valuation methodology may include: quoted prices for similar assets or liabilities in active markets; quoted prices for identical or similar assets or liabilities in inactive markets; inputs other than quoted prices that are observable for the asset or liability; and/or inputs that are derived principally from or corroborated by observable market data by correlation or other means. If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.

Level 3 – Inputs to the valuation methodology are unobservable and significant to the fair value measurement. In situations where there is little or no market activity for the asset or liability, the Organization makes estimates and assumptions related to the pricing of the asset or liability including assumptions regarding risk.

Assets Measured at Fair Value on a Recurring Basis: Following is a description of the valuation methodology used by the Organization for assets that are measured at fair value on a recurring basis. There have been no changes in the methodology used at June 30, 2018 and 2017.

Beneficial Interest in Community Foundation: Valued based on the Organization's proportionate share of the fair value of the underlying investments in the Community Foundation's pooled investment portfolio as a practical expedient, without adjustment. See Note 3 for additional information about the characteristics of these funds.

For those assets measured at fair value, management determines the fair value measurement policies and procedures. Those policies and procedures are reassessed at least annually to determine if the current valuation techniques are still appropriate. At that time, the unobservable inputs used in the fair value measurements are evaluated and adjusted, as necessary, based on current market conditions and other third-party information.

The preceding method may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, although the Organization's management believes its valuation method is appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of this asset could result in a different fair value measurement at the reporting date.

Following is a summary, by major nature and risks class within each level of the fair value hierarchy, of the Organization's assets that are measured at fair value on a recurring basis as of June 30, 2018 and 2017.

2018	**Level 3**	**Total**
Assets		
Beneficial Interest in Community Foundation	$16,721	$16,721
2017		
Assets		
Beneficial Interest in Community Foundation	$15,200	$15,200

NOTE 2 - FAIR VALUE MEASUREMENTS (CONTINUED)

At June 30, 2018 and 2017, the Organization had no other assets and no liabilities that are measured at fair value on a recurring basis.

Activity during the years ended June 30, 2018 and 2017 related to assets measured at fair value on a recurring basis using Level 3 valuation methodologies was as follows:

	Beneficial Interest In Community Foundation
Balance at June 30, 2016	$13,925
Change in value of beneficial interest	1,275
Balance at June 30, 2017	15,200
Change in value of beneficial interest	1,521
Balance at June 30, 2018	$16,721

Quantitative Information about Significant Unobservable Inputs Used in Level 3 Fair Value Measurements

The valuation methodology for the beneficial interest in net assets held by Community Foundation does not utilize any unobservable inputs.

NOTE 3 - ENDOWMENT

The Organization's endowment includes both donor-restricted and board designated funds and is held with the Community Foundation. As required by accounting principles generally accepted in the United States of America, net assets associated with endowment funds, including funds designated by the Board to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions. The Organization classifies as permanently restricted net assets the original value of gifts donated to the permanent endowment and any accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The remaining portion of the donor-restricted endowment fund that is not classified in permanently restricted net assets is classified as temporarily restricted net assets until those amounts are appropriated for expenditure by the Organization. Funds designated by the Board to function as endowments are classified as unrestricted.

Interpretation of Relevant Law

The Uniform Prudent Management of Institutional Funds Act (UPMIFA) was adopted by Indiana in 2007. The Organization interprets UPMIFA to permit the Organization to appropriate for expenditure or accumulate so much of a donor-restricted endowment fund that the Organization determines is prudent for the uses, purposes, and duration of the endowment fund, unless there are explicit donor stipulations to the contrary. In accordance with UPMIFA, the Organization considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

- The purposes of the donor-restricted endowment fund
- General economic conditions
- The possible effect of inflation and deflation
- The expected total return from income and the appreciation of investments
- Other resources of the Organization
- The investment policies of the Organization

NOTE 3 - ENDOWMENT (CONTINUED)

The endowment net asset compositions by type of fund as of June 30, 2018 and 2017 were as follows:

2018	**Unrestricted**	**Permanently Restricted**	**Total**
Board designated endowment fund	$13,797		$13,797
Donor-restricted endowment fund		$2,924	2,924
Total Funds	$13,797	$2,924	$16,721
2017			
Board designated endowment fund	$12,542		$12,542
Donor-restricted endowment fund		$2,658	2,658
Total Funds	$12,542	$2,658	$15,200

Activity in the endowment by net asset class for the years ended June 30, 2018 and 2017 is summarized as follows:

	Unrestricted	**Permanently Restricted**	**Total**
Endowment Funds at June 30, 2016	$11,490	$2,435	$13,925
Change in value of beneficial interest	1,052	223	1,275
Endowment Funds at June 30, 2017	12,542	2,658	15,200
Change in value of beneficial interest	1,255	266	1,521
Endowment Funds at June 30, 2018	$13,797	$2,924	$16,721

Return Objectives, Risk Parameters and Strategies

The Organization's objective for the endowment fund is to provide a predictable stream of funding for the programs supported by the endowment while maintaining the purchasing power of the endowment assets. The endowment has been invested in the Community Foundation; and therefore, asset management is governed by the investment policies and appropriations are limited to the spending policies of the Community Foundation.

Spending Policy and How the Investment Objectives Relate to Spending Policy

The Organization has a policy consistent with the policy of the Community Foundation and shall be designed to take into account total return concepts of investment and spending, with the goal of preserving the real spending power of the endowment over time while balancing the need for consistent spending to support the charitable and similar exempt purposes of such endowment.

NOTE 4 - GRANTS AND REIMBURSEMENTS RECEIVABLE

Grants and reimbursements receivable consisted of the following at June 30, 2018 and 2017:

	2018	2017
Expected to be collected in less than one year:		
Unrestricted:		
City of Fort Wayne – CHDO	$ 66,956	
City of Fort Wayne – Farm	9,397	
McMillen Foundation		$ 6,670
Temporarily Restricted – Purpose Restrictions:		
J. Cox Family Foundation – Parents & Teacher Program	10,000	20,000
Plymouth Congregational Church – Youth and family services		1,250
St. Mary's Heritage Foundation – Youth and family services		5,000
McMillen Foundation – Capital improvements		5,830
United Way – Vincent House shelter and food	20,000	20,000
Temporarily Restricted – Time Restrictions:		
Lutheran Foundation		28,600
Foellinger Foundation	45,000	45,000
	151,353	132,350
Expected to be collected in one to five years:		
Temporarily Restricted – Time Restrictions:		
Foellinger Foundation	90,000	
Unamortized discounts	(3,291)	
	86,709	
	$238,062	$132,350

Grants receivable are discounted at a rate of 2.52% as of June 30, 2018.

NOTE 5 - PROPERTY AND EQUIPMENT

The Organization's property and equipment are as follows at June 30, 2018 and 2017:

	2018	2017
Buildings and improvements	$ 3,094,898	$ 2,932,759
Equipment and furnishings	365,562	286,971
Vehicles	61,024	61,024
	3,521,484	3,280,754
Construction in process	15,301	
Less: Accumulated depreciation	(1,144,579)	(1,042,548)
Total Property and Equipment, Net	$ 2,392,206	$ 2,238,206

NOTE 6 - NET ASSETS

Certain board designated net assets consisted of funds designated by the Board of Directors for future purchase and maintenance of buildings and homes for the Organization. The balance designated for this purpose as of June 30, 2018 and 2017 was $73,156 and $58,380, respectively. Board designated net assets also include funds designated to function as an endowment. See Note 3.

NOTE 6 - NET ASSETS (CONTINUED)

Temporarily restricted net assets were released from restriction for the following purpose and time restrictions for the years ended June 30, 2018 and 2017:

	2018	2017
Purpose Restrictions:		
Education	$ 2,500	$ 84
Family enhancement	4,775	5,088
Fundraising events		32,600
Phase II rental home program	1,500	
Vincent House shelter and food	145,807	155,151
C.N.A. Scholarships	5,365	65
Capital improvements and projects	45,607	117,417
Parent & Teacher Program	10,000	10,000
Pride program		3,935
Youth and family services	66,129	20,496
	281,683	344,836
Time Restrictions:		
Operations	32,300	68,600
	$313,983	$413,436

Temporarily restricted net assets were available for the following purpose and time restrictions as of June 30, 2018 and 2017:

	2018	2017
Purpose Restrictions:		
Education	$ 3,000	
Family enhancement		$ 4,775
Phase II rental home program	78,500	
Vincent House shelter and food	80,000	75,807
C.N.A. Scholarships	105	2,270
Capital improvements	20,223	15,830
Parent & Teacher Program	10,000	20,000
Youth and family services	12,977	56,106
	204,805	174,788
Time Restrictions:		
Operations	135,000	32,300
	$339,805	$207,088

NOTE 7 - LOANS PAYABLE

The Organization entered into a loan agreement with the City of Fort Wayne (City) to receive up to $530,439 for the rehabilitation and construction of seven homes. The loan agreement calls for costs incurred in the rehabilitation or construction of homes to be loaned to the Organization. Upon completion of all of the homes and the property being occupied by qualified tenants, the funds advanced to the Organization under the agreement will be formalized as a promissory note between the Affiliate and the City for a twenty year period. The loan terms call for no interest and principal payments over the life of the loan and the City may forgive the loan in full at maturity. If the loan is forgiven, then any outstanding balance on the loan would be recognized as unrestricted support in the statements of activities. The loan is secured by the properties. As of June 30, 2018, the Organization has completed four homes that are occupied with qualified tenants. The Organization had an amount outstanding of $174,676 on this loan agreement as of June 30, 2018.

NOTE 7 - LOANS PAYABLE (CONTINUED)

The Organization also entered into a loan agreement in fiscal year 2014 with the City to receive up to $111,973 for the rehabilitation of one home. The rehabilitation was completed in fiscal year 2015 and formalized with a promissory note in the amount of $111,973. The note calls for no interest or principal payments with a maturity date in 2035 at which time the City may forgive the balance due. The loan is secured by the property. The Organization had an amount outstanding of $111,973 as of June 30, 2018 and 2017.

NOTE 8 - LEASES

The building used as a shelter by Vincent Village, Inc. was owned by the Diocese of Fort Wayne-South Bend, Inc. (Diocese). An independent appraisal was acquired after all renovations were completed for purposes of establishing a fair rental. The Board concluded based on the appraisal and evaluation of similar rent charged for other properties in the area the fair rental value of $1,000 per month for the building. The Diocese donated the rent as in-kind space rental of $10,000 for the year ended June 30, 2017.

A second building was owned by the Diocese and has been renovated to be used by Vincent Village, Inc. as apartments. A fair rental value of $800 per month has been established by the Board. The Diocese donated the rent as in-kind space rental of $8,000 for the year ended June 30, 2017.

The administrative offices of Vincent Village, Inc. are located at the St. Hyacinth's Community Center which was owned by the Diocese. The value was established by the Organization's Board and the Diocese based on the fair market value of similar space in the same geographic area. The Diocese donated the rent as in-kind space rental of $20,834 for the year ended June 30, 2017.

In May 2017, the above mentioned properties were donated to the Organization by the Diocese. The value of the properties was recorded as donated property in the consolidated statement of activities for the year ended June 30, 2017.

The Organization rents and utilizes a building for programming and maintenance from an unrelated third party. A fair rental value of $1,500 per month has been established by the Board. The unrelated third party donated the rent as in-kind space rental of $18,000 for the years ended June 30, 2018 and 2017. The agreement expires in April 2028 and is cancelable by either party, without penalty, with ninety days written notice.

The Organization entered into an agreement with another organization (lessee) to hold space in the St. Hyacinth Community Center for lease upon the completion of renovations paid for by the lessee. The agreement requires payments of $1,000 per month until occupied by the lessee and is renewable on a monthly basis. Total revenue recognized from the above lease agreements was $12,000 and $11,000 for the years ended June 30, 2018 and 2017, respectively.

The Organization also receives rents from individuals and families for the use of rooms at Vincent House Shelter or houses located throughout Vincent Village. These rents are based on lease agreements renewed on an annual basis. Total revenue earned from these agreements was $147,105 and $126,766 for the years ended June 30, 2018 and 2017, respectively.

NOTE 9 - PENSION PLAN

Vincent Village, Inc. provides a SIMPLE IRA plan which covers all employees and provides for a match of 3% of an employee's eligible compensation. All plan participants are permitted to make salary reduction contributions to the Plan. The total contributions for the years ended June 30, 2018 and 2017 was $2,443 and $3,362, respectively.

NOTE 10 - CONCENTRATION OF REVENUES

The Organization had revenue from two and one funding sources which made up 22% and 12% of its total revenue and support, excluding in-kind donations, for the years ending June 30, 2018 and 2017, respectively.

NOTE 11 - RESTATEMENT OF THE 2017 FINANCIAL STATEMENTS

During 2018, management determined that a loan received prior to fiscal year 2017 was classified incorrectly as restricted grant funds and released from restriction to unrestricted net assets and should have been reflected as a loan payable. As a result, beginning unrestricted net assets as of June 30, 2016 was decreased by $111,973 and loans payable as of June 30, 2017 was increased by $111,973 from amounts previously reported.